EXECUTIVE NOTE

THE POLICE PENSIONS (ADDITIONAL VOLUNTARY CONTRIBUTIONS) AMENDMENT (SCOTLAND) REGULATIONS 2010

2010 No. 320

The above instrument is made in exercise of the powers conferred by sections 1 to 7 of the Police Pensions Act 1976. Functions under that Act as regards Scotland have been executively devolved to the Scottish Ministers. The instrument is subject to negative resolution procedure. The instrument extends only to Scotland.

The instrument makes legislative provision to close the Police Additional Voluntary Contribution (AVC) scheme to new business with effect from 1st October 2010. Police officers have been able to supplement their occupational pension by making additional voluntary contributions since 6 April 1990.

The instrument also corrects an error in regulation E8(2B)(a) of the Police Pensions Regulations 1987 (S.I. 1987/257) which was created by regulation 3(b) of the Police Pensions Amendment (Increased Pension Entitlement) (Scotland) Regulations 2009 (S.S.I. 2009/185) and identified by the Subordinate Legislation Committee on 21 May 2009.

Policy Objectives

The option for AVCs was given to police officers, in line with most other major public service schemes, as a more flexible and more affordable alternative to topping up pension entitlement through "added years" which are both costly and inflexible. However, take-up amongst police officers has always been low, particularly as officers already pay 11% of their salary in pension contributions under the Police Pension Scheme 1987. When the AVC scheme was set up, there was a relatively small amount of extra pension that most officers could add to their existing entitlement on retirement without breaching pensions taxation limits. Even after those limits were removed in April 2006, take-up of the AVC scheme has remained low. In addition when the new police pension scheme was introduced for officers appointed from 6 April 2006 the AVC facility was not extended to that scheme thus restricting access to a growing number of police officers.

There are now greater and more flexible options for providing for retirement than an in-house AVC scheme, through private arrangements such as stakeholder pension. Given the low take up (fewer than 20 police officers contribute to the AVC scheme in Scotland) it no longer seems appropriate to offer this scheme with the associated risk and administrative burden.

The removal of this particular facility is part of a planned number of changes that will make additional pension savings for police officers more flexible and accessible.

Sensitivity

The Regulations are not contentious and have been agreed with key stakeholders and no adverse media interest is anticipated.

Consultation

In accordance with the provisions of section 1 of the Police Pensions Act 1976 this instrument was sent in draft to the Police Negotiating Board for the United Kingdom for consultation. It has also been the subject of consultation with other Government departments, Scottish stakeholders and other interested parties. Similar changes are being made to the AVC regulations in England and Wales.

Financial implications

It is not expected that any new costs will arise from this amendment.

Regulatory Impact

A Regulatory Impact Assessment has not been prepared for this instrument as it has no adverse impact on business, charities or voluntary bodies.