

7 Tweedside Park  
Tweedbank  
GALASHIELS  
TD1 3TE

Scottish Teachers' Superannuation Scheme consultees

[www.sppa.gov.uk](http://www.sppa.gov.uk)

Tel: 01896 893000  
Fax: 01896 893214  
[stsspensionreform@scotland.gsi.gov.uk](mailto:stsspensionreform@scotland.gsi.gov.uk)

6 November 2014

Dear Colleague

## **The Teachers' Pension Scheme (Amendment) (Scotland) Regulations 2014.**

I enclose for any comments that you have, a draft of the Teachers' Pension Scheme (Amendment) (Scotland) Regulations 2014 and a short commentary on the proposed changes. I would be grateful if you would distribute this letter and attachments as widely as possible. A brief commentary on the proposed amendments is set out in the attached Annex.

### **This Consultation will run from 6 November 2014 to 4 January 2015**

You can respond to this consultation on line via the following link:

[https://www.surveymonkey.com/s/STSS\\_Regulations\\_2014](https://www.surveymonkey.com/s/STSS_Regulations_2014)

Alternatively you may complete the Consultation Response Form attached at Annex C which can be submitted electronically to [stsspensionsreform@scotland.gsi.gov.uk](mailto:stsspensionsreform@scotland.gsi.gov.uk) or by post to the following address:

STSS Consultation (2015 Reform Amendments)  
SPPA Policy  
7 Tweedside Park  
TWEEDBANK  
Galashiels  
TD1 3TE

A copy of the consultation documentation is also available on the Agency's website at:

<http://www.sppa.gov.uk/Documents/STSS/STSS%20Useful%20Resources/Consultations/2014/Consultation%20Amendment%20Regulations%202014.pdf>

We intend to publish a summary of consultation responses in due course and would like to be able to include any response you make in that summary. However, if you ask us not to



publish your response to this consultation, we will regard it as confidential, and we will treat it accordingly.

Respondents should also be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and will have to respond appropriately to any relevant request made to the SPPA under that Act for information concerning this consultation exercise.

Yours faithfully



Chad Dawtry  
Director of Policy



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Workers Educational Association

Scottish Qualifications Authority

Educational Institute of Scotland

Scottish Secondary Teachers' Association

VOICE the union

National Association of Schoolmasters/Union of Women Teachers

Association of Headteachers and Deputies in Scotland

School Leaders Scotland

University and College Union

Association of Teachers and Lecturers

Scottish Government

HM Treasury

Government Actuary's Department

Department for Education, England & Wales

Department for Education, Northern Ireland

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## BACKGROUND

In 2010, the UK Government gave a commitment to review the long-term affordability and sustainability of public service pension schemes. Although Scottish Ministers have executive powers to make and amend regulations covering the Scottish Teachers' Superannuation Scheme (STSS) overall occupational pensions policy remains reserved to Westminster.

Lord Hutton of Furness was commissioned to conduct a fundamental structural review of public service pension provision and his recommendations were considered by the UK Government. These were subsequently reflected in the Public Service Pensions Act 2013 which sets out the new public service pensions landscape which introduces reformed schemes from 1 April 2015.

From April 2012 negotiations through the Scottish Teachers' Pension Scheme Negotiating Group (STPSNG) commenced using as a benchmark the reformed scheme for the Teachers' Pensions Scheme for England and Wales. Due to the constraints on scheme design arising from the development and introduction of the Public Service Pensions Act 2013 it was not possible to achieve a distinctly Scottish specific teachers' pension scheme. As a result, in December 2013, the benchmark scheme design was applied in Scotland.

On 20 December 2013 SPPA consulted on the first tranche of the regulations needed to introduce the reform scheme from 1 April 2015 and provide the necessary protections available to eligible scheme members. The enclosed draft regulations build on those initial regulations and include scheme valuations and provision for winding down retirement for transitional members which is individual to Scotland. Further details are provided in the brief commentary below

Please note that both employee and employer contribution rates due from 1 April 2015 have still to be finalised. The employee contribution rates remain subject to further discussion with the STPSNG) and the employer contribution along with the employer cost cap will be set by the 31 March 2012 valuation which is due to conclude shortly and both will be inserted into the regulations when confirmed.



## COMMENTARY ON THE TEACHERS' PENSION SCHEME (SCOTLAND) AMENDMENT REGULATIONS 2014

### **Paragraphs 3 to 16**

These set out amendments to reflect changes made in consequence of Part 7 of the Children and Families Act 2014 which makes provision for new entitlements to shared parental leave and statutory shared parental pay in place of additional paternity leave and additional statutory paternity pay.

Changes are also made to references which relate to the normal minimum pension age. This is currently age 55 but the UK Government recently announced that this age would move in line with increases in state pension age. Therefore references to age "55" are replaced by "normal minimum pension age" which is defined in Part 1 regulation 3 of the main 2015 scheme regulations

### **Paragraphs 17**

This removes the administrative cost levy of % of pensionable earnings which applies to England and Wales, but was incorrectly included in the Scottish 2014 regulations.

### **Paragraphs 18 and 21**

These remove the requirement for an application for a statement of entitlement to be made within 12 months of joining the receiving scheme.

### **Paragraphs 20**

This amends the upper age for acceptance of a transfer to normal pension age.

### **Paragraph 23**

This amendment is to ensure that employers record earnings from residential benefits in kind.

### **Paragraph 24**

An amendment to introduce scheme valuation and employer cost cap with an additional schedule being added as detailed in paragraph 42.

### **Paragraph 25**

Where the overall amount of extra pension increases, this amendment allows for rounding to the nearest £100.

### **Paragraphs 29 and 30**

Amendments are made to be clear that full protection and any entitlement to tapered protection remains where the member returns to pensionable service under the existing scheme with less than a five year break.

### **Paragraph 31**

An amendment is made to be clear that any application for existing scheme benefits under the 2005 regulations by a transition member must be made under regulation 159 of the 2015 scheme regulations. In addition the amendment provides that elections to pay monthly contributions for additional pension under paragraph 3(a) of Schedule of the 2005 Regulations can be made before active membership of the existing scheme ends.



### **Paragraph 33**

At the time of writing a decision on whether Winding Down should be included in the 2015 scheme had not been finalised. However some transition members will be able to commence Winding Down employment where their tapered protection ends before they reach their existing scheme's normal pension age. The amendment aims to provide that where the Winding Down employment continues then at retirement for existing scheme benefits the members final pensionable pay continues to be determined under regulation E34(15) of the 2015 Regulations i.e. the indexed pensionable salary for the 365 days prior to commencement of Winding Down

### **Paragraphs 34 to 36**

Provide clarity on claims made for ill-health pensions, total incapacity pension and a short service serious ill-health grant where an application is made by a transition member before their transition date and that application is subsequently successfully determined. For an ill-health pension in these circumstances any entitlement arising from the 2015 scheme will be paid with the existing scheme benefits. Where applications are made after the members transition date any entitlement to ill health benefits will be determined and paid under the 2015 regulations.

A transition member who becomes entitled to payment of a total incapacity pension or a short-service serious ill-health grant after their transition date is not entitled to the equivalent payment under the 2005 regulations. However similar provisions apply to those given for ill health pensions where any application is made before the member's transition date.

### **Paragraphs 37 and 39**

Provide clarity in the titles of these sub-paragraphs.

### **Paragraph 41**

Provides for a member to commute a small pension with service in both this and the existing scheme.

### **Paragraph 42**

The Public Service Pensions Act 2013 sets out those schemes must undertake scheme valuations and set out an employer cost cap. The details of both are set out by HM Treasury directions and regulations which cover the technical details of the processes involved. Scheme valuations will be undertaken every four years and the current valuation based on the scheme as at 31 March 2012 is due to conclude shortly. This valuation will provide both the employer contribution rate going forward from April 2015 and also set the employer cost cap. Movements in the cost cap will be measured at future valuations the first one being the valuation for the scheme as at 31 March 2016. The result of that valuation will be applied to the scheme from 1 April 2019. Draft Schedule 4 provides for both the valuation and employer cost cap and also sets out the process to be taken in the event that the cost cap is breached.

Details of the HM Treasury Directions are available on the HM Government website through the following link – [Public service pensions: actuarial valuations and the employer cost cap mechanism: supplementary documents - Publications - GOV.UK](https://www.gov.uk/government/publications/public-service-pensions-actuarial-valuations-and-the-employer-cost-cap-mechanism-supplementary-documents)  
<https://www.gov.uk/government/publications/public-service-pensions-actuarial-valuations-and-the-employer-cost-cap-mechanism-supplementary-documents>

### **Paragraphs 19, 22, 26, 27, 28, 32, 38 and 40**

These paragraphs are miscellaneous amendments which add clarity to the meaning in the regulations.



# CONSULTATION RESPONSE FORM

## SCOTTISH TEACHERS SUPERANNUATION SCHEME

### CONSULTATION ON THE DRAFT TEACHERS' PENSION SCHEME (SCOTLAND)

#### AMENDMENT REGULATIONS 2014

(please complete and return to the address at the end of the form to ensure that we handle your response appropriately).

#### 1. Name/Organisation

Organisation Name

Title

Surname

Forename

#### 2. Postal Address





Postcode

Phone

Email

**3. Permissions - I am responding as...** (please complete either sections (a), (b) and (d) or sections (c) and (d):

**Individual** or **Group/Organisation**

**(a)** Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

*Please state yes or no:* \_\_\_\_\_

**(b)** Where confidentiality is not requested, we will make your responses available to the public on the following basis

*Please state yes to one of the following:*

Yes, make my response, name and address all available .....

or

Yes, make my response available, but not my name and address .....

or

Yes, make my response and name available, but not my address .....

**(c)** The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

*Please state yes or no:* .....

**(d)** We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

*Please state yes or no:* .....



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## ABOUT YOU

I am responding ...

- as a scheme member
- on behalf of an Employer Organisation
- on behalf of a Trade Union/Staff Association
- other (please specify)

What is your gender?

- I am female
- I am male

I am employed as...

- a primary school teacher (local authority)
- a secondary school teacher (local authority)
- a head teacher or depute head teacher (local authority)
- an educational psychologist
- a lecturer in further or higher education
- a teacher in an independent school
- I'm retired
- other (please specify)

What is your working pattern?

- I work part-time
- I work full- time
- Not applicable



## CONSULTATION QUESTIONS

**Question 1: Does the proposed transitional regulation for Winding Down adequately allow any existing scheme benefit accrued prior to the member transferring to the 2015 scheme to be fully recognised?**

Yes

No

Comments:

**Question 2: Does the Valuation and Employer cost cap adequately reflect the policy intention of Regulations 11 and 12 of the Public Service Pensions Act 2013 and the related HM Treasury directions and regulations?**

Yes

No

Comments:



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Please use this space to provide any further comments on any of the other planned amendments.

Comments:

Please e-mail your response to [stsspensionsreform@scotland.gsi.gov.uk](mailto:stsspensionsreform@scotland.gsi.gov.uk) or send via mail to:

STSS Consultation (2015 reform)  
SPPA Policy  
7 Tweedside Park  
Tweedbank  
Galashiels  
TD1 3TE

The closing date for receipt of comments is **Sunday 4<sup>th</sup> January 2015.**



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