

Registers of Scotland**RoS Board****10 December 2024****Civil Service Pension Scheme – Paper for Noting****Purpose**

1. This is a short update paper on the civil service pension schemes and where the liability for the fund sits.

Recommendation

2. The board is invited to note this update.

Background

3. At the September board, as part of the discussion around the sign off of the annual report and accounts the non-exec directors expressed an interest in understanding how the pensions for RoS staff are accounted for and it was agreed that the Chief Finance Officer would write a short note to describe how pensions work for colleagues at RoS.

4. RoS provides pension benefits for its staff through the civil service pension scheme. The scheme (like most of the schemes in central government) operates on a 'pay-as-you-go' (or 'unfunded') basis, whereby contributions made by employers and current employees are used to pay pensions to retired scheme members.

5. The unfunded public service schemes undertake actuarial valuations every four years to determine how much employers and employees need to contribute. These valuations include an estimate of the future cost of pensions accrued by current employees, and of costs relating to deferred members and pensioners. The last actuarial valuation was as at 31 March 2020 with the results published in September 2023. HM Treasury, the central government department responsible for all UK public service pensions policy and for monitoring costs to the taxpayer, makes a balancing payment if contributions are insufficient to cover pensions paid in any given year.

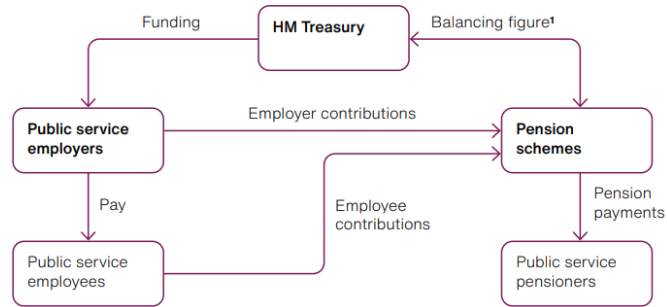
6. As a result of these arrangements there are no pension fund liabilities for RoS as these are covered by the UK central government. However, if the actuarial review indicates that changes to employer pension contribution rates are required then RoS pay costs would be impacted.

7. The full funding cycle of the scheme can be seen in the diagram below from the National Audit Office.

Figure 1

Payments and contributions in the UK's pay-as-you-go pension schemes

Pay-as-you-go public service pensions are paid for by staff, through employee contributions, and taxpayers, through employer contributions and a balancing payment from HM Treasury



Notes

1 Should pension payment exceed contributions in any year, HM Treasury covers the deficit through a balancing payment. Any surplus of contributions over pension payments is returned to HM Treasury.

2 Arrows represent the direction of funding flows.

Source: National Audit Office

8. Full details of the types of civil service pensions available can be found in the remuneration report in the published [annual report and accounts](#)

Conclusion

9. The board is invited to note this update.

CFO

Policy and Corporate Services

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