

Scottish LGPS Scheme Advisory Board
Meeting 18 August 2021
Cessation Issues

At its meeting on 19 May, the SAB received a paper considering the outcome of a working group on cessation issues. These relate to the ability of employers to leave the LGPS, and the implications on them when doing so. Funds are granted flexibilities in the LGPS (Scotland) regulations on this issue, but the SAB has issued no guidance as to how these should be exercised. It was agreed to review the implications of the proposals with SAB advisors and take a paper back to the next SAB meeting.

The following proposals are placed before the SAB for endorsement in relation to cessation:

To issue guidance to Funds that they should:

- Ask administering authorities to engage with admitted bodies, on request, as to the extent and limitations of any guarantees so they are aware of the outcome of leaving the fund before any decision is made.

Include in their Funding Strategy Statements:

- Relevant steps to permit transfers of staff between funds as a pragmatic solution to cessation issues
- Include proportionate steps for identifying historic liabilities which are relevant to the specific admission agreement and exit plan.
- Their approach to using the 90-day stability option, when this is available in regulations.

On wider issues around cessation, the SAB should:

- Consider the E&W SAB draft guidance (see appendix) on cessation flexibilities, and share this with the working group and Funds for comment.
- Subsequently consider issuing guidance to ensure Scottish fund authorities are treating employers in a fair and transparent way.
- Consider any new ICAS guidance when it is available, and whether to endorse and circulate it.