

Scottish Local Government Pension Scheme Advisory Board

SPPA Update - 27 February 2024

1. Local Government Pension Scheme (Scotland) (Amendment) Regulations 2024

1.1 [The Local Government Pension Scheme \(Scotland\) \(Amendment\) Regulations 2024](#) were signed by Ministers on the 6 February and laid in the Scottish Parliament on 8 February 2024.

1.2 Under these amended Regulations, the revaluation date for pension benefits in the LGPS is moved to 6 April each year to align with the HMRC annual allowance assessment period.

1.3 The regulations also remove the need to disclose employer liabilities in the Rates and Adjustments (R&A) certificate and provide clarification of the requirement for an indicative cessation valuation to be “fixed for a period of 90 days” from a specified date. This change will allow the employer to exit the scheme knowing the extent of their liabilities to the fund.

1.4 Further questions on how these changes will be administered will be covered in guidance to be provided by the Scottish SAB.

1.5 The regulations will apply retrospectively from 31 March 2023, except for Regulation 8(1) which has effect from 1 June 2022 and Regulation 8(2) which has effect from 28 March 2024.

2. GAD Transfer Guidance

2.1 There are changes to the calculation and information to be exchanged when a member protected by the McCloud remedy transfers between Club Schemes. The Club memorandum was updated and GAD has reviewed their guidance to reflect these changes. Administering authorities (AA's) were notified in November of last year that transfers should be suspended until new guidance was provided.

2.2 The Occupational Pension Schemes (Transfer Values) Regulations 1996 set out the deadline to provide transfers. Ordinarily, AAs must calculate the CETV within a three-month period, beginning with the member's application. However, where AAs are unable to provide the CETV within this deadline ‘for reasons beyond their control’, the guarantee date can instead be ‘within such longer period as they may reasonably require’ (though not exceeding the end of the six-month period beginning with the member's application).

2.3 GAD have now completed their draft transfer guidance for Scottish Funds, based on the guidance for E&W, which was also reviewed by the Local Government Association. We expect to be in a position share this guidance shortly.

3. Exit Credits

3.1 Exit credit payments were introduced for the Scottish LGPS in 2018. Based on the wording of the legislation, an exiting employer has an automatic entitlement to be paid the exit credit by the administering authority (AA).

3.2 The results from the 2023 triennial valuations show that the funding position of LGPS funds has improved significantly and admission bodies who previously had significant deficits in June 2021, exited in the first half of 2023 with surpluses that required an exit credit to be paid.

3.3 As a result of representation from fund authorities, SPPA has begun work on legislative amendments and guidance to allow certain factors to be taken into account where an exit credit is due when an employer leaves the fund, in line with regulations and guidance provided in E&W.

4. Updated Ill-health Guidance

4.1 The purpose of the Guide to Ill Health Retirement and Early Payment of Deferred Benefits is to provide guidance to employing & administering authorities about ill health retirement, the Internal Dispute Resolution Procedure (IDRP) and is of particular relevance to Line Managers, HR Staff and Appointed Persons reviewing appeals at Stage 1 of the IDRP.

4.2 As a result of comments from stakeholders, changes have been made to clarify the requirements of employers and administrators. The updated Ill-health guidance is with SPPA's comms team and will be sent out via circular next week.

5. The Finance Act 2004 (Registered Pension Schemes and Annual Allowance Charge) Order 2024

5.1 HMRC released a [Technical consultation](#) on 29 January 2024 on draft regulations to make changes to how pension input is calculated in a legacy public service pension scheme against the Annual Allowance.

5.2 This draft statutory instrument contains provisions for pensionable service in specified legacy (closed) and service in a reformed (open) public service pension scheme to be combined for the purposes of calculating an individual's pension input amount against their Annual Allowance.

5.3 This change will allow the offset of pension input in a legacy scheme against input in a reformed scheme where they relate to the same employment.

This will be of interest to scheme administrators of public service pension schemes and individuals who are in both a legacy and reformed public service pension scheme.

5.4 This consultation closes on 26 February 2024.

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