
Scottish Local Government Pension Scheme Advisory Board - SPPA Update

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

1.1 On 1st October 2023, the Local Government Pension Scheme (LGPS) Regulations were amended in Scotland to remedy the unlawful discrimination identified by the courts in *McCloud*. Appropriate changes were to the final salary statutory underpin protection.

1.2 Subsequent to those changes, E&W made further amendments which SPPA considers should be incorporated to the Scottish regulations in order to bring the scheme in line with the schemes in E&W and NI.

1.3 Changes to these regulations are important to limit any further risks to legal challenge regarding unlawful discrimination, and ensure the remedy works as intended. The regulations are due to be laid on 12 December 2024

2. Exit Credits

2.1 A change to the Regulations was made in 2018 to allow the sharing of risk fairly between exiting employers and administering authorities. Previously scheme employers were responsible for any estimated shortfall against their liabilities at the point of exit. There was no access to any surplus.

2.2 Changes were subsequently made to the regulations in E&W in 2020, to provide that administering authorities have a discretion to determine the amount of exit credit which should be payable to an employer leaving the LGPS.

2.3 SPPA recently consulted on draft regulations to amend the Scheme Regulations 2018 to create a similar discretion for administering authorities in Scotland.

2.4 SPPA received a number of responses containing concerns over possible outcomes for employers and the need for guidance to accompany these regulations. The SAB has set up a working group to provide draft guidance and therefore the draft regulations have been put on hold over summer recess.

2.5 This delay will affect the 'coming into force' date but is unlikely to affect the 'effective' date, as set out in the draft regulations.

3. Government Actuary Department – McCloud Interest Calculator

3.1 SPPA issued a circular to confirm that it is the intention to make changes to existing LGPS Scotland McCloud interest regulations such that they are consistent with LGPS E&W. The calculator has therefore been set up to calculate McCloud interest in line with the LGPS E&W regulations.

3.2 GAD will update the references in the calculator and user guide once the LGPS Scotland regulations are amended in due course.

3.3 The Calculator has been shared initially with Strathclyde Pension Fund to check the calculator is working as expected. Following testing, this will be given wider distribution and uploaded to the LGA website.

4. Guidance updates

4.1 McCloud Retrospective Guidance has been sent to Funds.

4.2 Incoming & Outgoing transfer note guidance is undergoing final amendments prior to being sent to the Funds.

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