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# Scottish Local Government Pension Scheme Advisory Board - SPPA Update

## 1. Update on Exit Credits – Action

1.1 The consultation on changes to provide administering authorities with a discretion to determine the amount of exit credit which should be payable to an employer leaving the LGPS, closed on 30/05/2024.

1.2 Scottish Ministers received a number of responses voicing concerns over possible outcomes for employers and the need for guidance to accompany these regulations.

1.3 In response to similar concerns in E&W, their SAB set up a working group to provide draft guidance and therefore the Scottish regulations were put on hold until guidance was made available.

1.4 SPPA have been provided with a view of draft guidance (Paper 1) and we have been advised by the Secretary to the group that this can be shared confidentially as it is pending review by the CIPFA panel. Grateful if the Scottish SAB would share their views on whether this guidance should also be adopted in Scotland.

1.5 The aim will be to lay the amended regulations once the guidance is published, in line with responses to the consultation. This delay will affect the 'coming into force' date but is unlikely to affect the 'effective' date, as set out in the draft regulations.

## 2. Consultation - McCloud Remediable Service (Scotland) Regulations 2023– for information

2.1 The purpose of this consultation was to seek views of stakeholders on changes to the Local Government Pension Scheme (Remediable Service) (Scotland) Regulations 2023. The consultation closed on 28 October 2024.

2.2 These minor amendments will bring the Scottish LGPS scheme in line with the schemes in E&W), and Northern Ireland.

2.3 They also include a change to the requirement for Administering Authorities (AAs) to provide McCloud underpin information to the 2023/24 benefits statements and a further dispensation for the period 2024/25, if the required information is not available to AAs.

2.4 The consultation responses are now being considered. Scottish Ministers intend to make these changes before the end of December.

### **3. Advice to Scottish Ministers – Action**

3.1 In February 2024 Mr Arthur wrote to the SAB (Paper 2) to ask for their views on the intentions of the UK Government and their ‘pooling agenda’, as set out in “Next steps on investments”, in the Chancellor’s Autumn Statement in 2023.

3.2 The Chancellor set a deadline of March 2025 for the accelerated consolidation of Local Government Pension Scheme (England and Wales) assets, setting a direction towards fewer pools exceeding £50 billion Assets Under Management, and implementing a 10% allocation ambition for investments in private equity.

3.3 Mr Arthur also asked the SAB to investigate and provide a report on how much each of the funds currently invests in Scottish infrastructure projects and Scottish Equities.

3.3 The deadline for funds in E&W to transfer assets to the ‘pools’ is intended to be 31 March 2025., SPPA would be grateful for receive advice from the Scottish SAB at the earliest opportunity.

### **4. GAD McCloud Interest Calculator – for information**

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

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

4.3 The Calculator was shared initially with Strathclyde Pension Fund for quality assurance and testing.

4.4 Testing has now been completed and the calculator has been shared with the LGA, to be uploaded to the LGA website and shared with administrating authorities.

### **SPPA 13 November 2024**

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