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24<sup>th</sup> November 2025

Dear Andy,

## **Actuarial Services – Scottish Local Government Pension Scheme**

As you are aware, in addition to the routine work that fund actuaries undertake in support of administering authorities, the Scottish Local Government Scheme (“SLGPS”) regulations require the appointment of an actuary to undertake certain work to ensure the scheme functions in line with the statutory framework for public service pension schemes. This is consistent with the other public service schemes including the four unfunded devolved schemes (Teachers, NHS, Police and Firefighters). The Government Actuary is the appointed actuary, and work is undertaken by her department (GAD).

There have been previous exchanges between the Scottish Government and the Scheme Advisory Board (SAB) on the matter of meeting these costs, which until now have been met by SPPA. This position is not sustainable. The agency’s principal responsibility is to administer the four devolved unfunded schemes, and it should not absorb extraneous costs for scheme management or those applicable to other schemes. I am writing to advise that from 2026/27, SPPA will seek to recover costs from the 11 SLGPS administering authorities for these services.

Costs are variable depending on the work undertaken in any scheme year. The most significant costs incurred are in relation to the quadrennial scheme valuation, undertaken at a national level; the Section 13 Report, which assesses the triennial local fund valuations; and the provision of actuarial factors and guidance in respect of member benefits and options. The statutory valuation is sufficiently advanced that SPPA has covered the bulk of costs in this financial year. The most significant costs for next year will be the review of factors that will be triggered by any announcement on the SCAPE discount rate by the UK Government.

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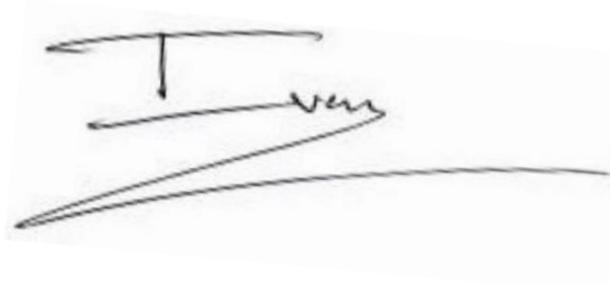
I am aware that SAB has not supported this position in the past. However the Scottish Government considers that these costs should and can be met by the funds, as they are a cost for scheme management provided for by the Local Government Pension Scheme (Management and Investment of funds) (Scotland) Regulations 2010. This broadly mirrors the approach taken for the other devolved schemes, where the actuarial costs are met by the relevant scheme workforce portfolio.

In anticipation of your agreement on this matter, and in the interests of transparency, I have asked officials to ensure that administering authorities are provided with a note of SLGPS-related work undertaken by GAD in each year. This will be provided to SAB shortly after the conclusion of each scheme year

The estimated cost for 2026/27 is £338,500, and SPPA officials will approach the administering authorities to discuss the recovery process in due course. In principle it seems fair to split the overall costs equally between the 11 authorities, but SPPA would be happy to enter any alternative arrangements as long as all costs are recoverable.

I am grateful for your understanding in this matter and will take the opportunity to thank you for the valuable work the Board undertakes in supporting Scottish Ministers on matters relating to the SLGPS.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ivan McKee', written over a light grey rectangular background.

**IVAN MCKEE MSP**

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