Scottish Local Government Pension Scheme
www.lgpsab.scot

Scheme Advisory Board

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June 2026

BULLETIN

The SAB received and discussed a presentation on work to address the **Gender Pensions Gap** being undertaken in England and Wales. The SAB's own working group is due to convene and consider work in the Scottish context. Two videos of the previous webinar on this issue are available here and here.

The decision by HM Treasury to change in the **SCAPE discount rate** from CPI+1.7% to CPI+2.0% was noted by the SAB. This will result in a range of changes, including early retirement factors, which will be phased in over a period of months.

The SAB held a workshop to consider advice to Ministers on aspects of the **Fit for the Future** consultation undertaken by the UK Government, specifically Governance, Local Investment, and Pooling/Consolidation. From this event, the SAB agreed five recommendations to Ministers:

1. That Scottish Ministers should support greater collaboration by asking SAB to work with Funds to identify initial asset classes where collaboration would be beneficial and produce recommendations for funds to take this forward.

2. That any local investment approach from LGPS funds, should not be at the expense of delivering the required risk and return profile, and noting that a flexible definition of 'local investment' and encouraging bottom-up collaboration via 'coalitions of the willing' has the potential for more success.

3. That Funds should be encouraged to build on existing good practice in governance and make it the standard across the scheme. The SAB should receive an annual update, different from the annual report, on the number of funds that comply with KPI, disclosure requirements from the annual report guidance, and other relevant statutory requirements.

4. That Pension boards and committees adopt minimum training standards for members, with proportionate compliance assurance and follow up where gaps persist, to demonstrate and maintain sufficient knowledge and understanding. Ask Scottish Ministers to adopt a similar regulatory approach as take in licensing in Scotland regarding knowledge and understanding for members of pensions committees.

5. That Pension boards should encourage independent advice where helpful and SAB should promote independent professional observers (IPO) as good practice

A **good governance survey** of all pension board and committee members, in addition to fund officers, was agreed to be circulated. Please look out for this.

Preparations for the quadrennial Scottish LGPS **scheme valuation** are underway. The key assumptions underlying this are set by HM Treasury, but a number are set by Scottish Ministers. The Government Actuaries Department consulted with the SAB on its proposals, which were accepted.

GAD undertakes certain work to ensure the scheme functions in line with the statutory framework for public service pension schemes. Previously, these **actuarial costs** have been absorbed by the SPPA, but Ministers have written to the SAB indicating that they intend to seek the to recover these costs from Administering Authorities.

An update on the recruitment process for a **policy advisor to the SAB** was also received.

The SAB is also keen to hear **your views** on this bulletin, and how it can be improved.
Please email the joint secretaries garethd@cosla.gov.uk and s.watson@unison.co.uk.

Further details on our website www.lgpsab.scot.