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**Consultation: Draft Local Government Pension Scheme (Scotland) (Amendment) (No. 2) Regulations 2024**

Thank you for seeking views on the consultation on the draft Local Government Pension Scheme (Scotland) (Amendment) (No. 2) Regulations 2024 ('the Regulations'). The Regulations propose changes to exit credits.

I respond on behalf of the Local Government Association (LGA) and the Local Government Pension Committee (LGPC) in respect of the Local Government Pension Scheme (LGPS).

The LGA is a politically led, cross-party membership organisation that works on behalf of councils to ensure local government has a strong, credible voice with national government. 315 councils in England including district, county, metropolitan, unitary, London boroughs and the City of London are members of the LGA. There are 22 Welsh unitary authorities in membership via the Welsh Local Government Association (WLGA). The LGPC is a committee of councillors constituted by the LGA, the WLGA and the Convention of Scottish Local Authorities (COSLA). The LGPC considers policy and technical matters affecting the Local Government Pension Scheme (LGPS).

I hope the content is helpful. Please do not hesitate to contact me if you have any questions about this response.

Yours faithfully



Joanne Donnelly  
**Head of Pensions**

## Six-month deadline

Regulation 61(2D)(b) introduces a six-month deadline from the exit date to pay the exit credit. The employer and the administering authority can agree to extend this deadline. Currently, there is no deadline to pay exit credits.

The new deadline also applies to cases where the employer exited before the date the regulations come into force and the exit credit has yet to be paid. In some of these cases, the six-month deadline will expire shortly after the regulations come into force or may have already expired. Where the deadline will shortly expire and the exit credit cannot be paid before then or where the deadline has already expired, the administering authority will need to liaise with the employer about agreeing a new deadline.

To avoid any confusion and additional delays, we recommend setting a specific deadline for these cases. For example, six-months beginning with the date the regulations come into force (or such longer period as the employer and administering authority may agree).

## Right to appeal

Due to the wording of regulation 69(1) of the LGPS (Scotland) Regulations 2018, an exiting employer is unable to use the internal dispute resolution procedure (IDRP) should they disagree with how the administering authority has exercised its discretion to determine the exit credit amount. Is this intentional?

The corresponding provision in LGPS (England and Wales) allows exiting employers to use the IDRP for these appeals. This was confirmed in the [Government's consultation response](#) (paragraph 3.4) when making similar changes to exit credits in LGPS (England and Wales).

## References to 61(2A)

With effect from 28 March 2024, the LGPS (Scotland) (Amendment) Regulations 2024 introduced 'indicative valuations'. This is set out in regulation 61(2A) of the LGPS (Scotland) Regulations 2018.

As a result, exit credits will be considered by reference to actuarial valuations obtained under regulation 61(2) or 61(2A), as the case may be. The draft regulations however do not in all instances reflect this. Therefore, the following regulations need to also refer to 61(2A):

- 61(2F)(a)

- 61(10) (definition of “exit credit”).

These amendments should take effect in line with the changes to 61(2A): 28 March 2024.

Though not relevant to the draft regulations, the definition of “exit payment” in regulation 61(10) should also refer to 61(2A).

### **Minor technical comments**

#### Regulation 61(2E)

The regulation refers to “surplus assets”. For consistency with the rest of regulation 61, amend to “excess of assets”.

#### Regulation 61(2F)(c)

The regulation says: “where the employer participates in the scheme...”.

As the employer no longer participates in the scheme, amend “participates” to “participated”.