

# National LGPS Technical Group

## Agenda item

The following should be completed by a member of the National LGPS Technical Group and sent to [Kelly.Scottford@royalgreenwich.gov.uk](mailto:Kelly.Scottford@royalgreenwich.gov.uk) the Secretary and [jayne.wiberg@local.gov.uk](mailto:jayne.wiberg@local.gov.uk) LGA by no later than 5.00 pm on the date shown in the minutes.

**For meeting to be held on: 1 October 2021**

**Raised by: Kim Linge**

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### **Description of agenda item to be discussed: SPPA Update**

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#### **1. Regulations - Draft Amendments to The Local Government Pension Scheme (Scotland) Regulations 2018 (SSI 2018/141)**

1.1 As a result of the McCloud judgement, Scottish Ministers intend to make regulations to introduce the 'underpin' changes for the Scottish Local Government Pension Scheme, after the primary legislation is in force, in England & Wales.

1.2 In the meantime, we are making an amending instrument to clarify the calculation of the underpin. These regulations will correct the method for calculating the underpin, which currently does not take the actuarial reduction into consideration, when comparing the two options.

1.3 Some members who have left the scheme are not receiving the correct level of pension benefits and administrators will be able to recalculate affected pensions, once the regulatory powers are put in place.

1.4 The regulations will also provide further flexibilities for funds dealing with exiting employers. These changes are as a result of the consultation, earlier this year, on deferred debt arrangements and recommendations from the Scottish Scheme Advisory Board.

1.5 The amending regulations are currently with our legal team for review and we anticipate consulting on them later this month.

## **2. Government Actuary's Department (GAD) - Cost Cap update**

2.1 The 2014 valuation of the new scheme set an employer cost cap of 15.5% of pensionable payroll. After publishing the report, GAD identified an error, relating to the allowance for mortality improvements within their calculations. Correcting this error will set the cost cap at 15.2%.

2.2 In order for GAD to finalise the result of the 2017 valuation, the cost cap in the scheme regulations will need to be amended accordingly with retrospective effect to 1 April 2015. We will include this change with supporting explanatory notes in the consultation on the draft amendments to The Local Government Pension Scheme (Scotland) Regulations 2018.

2.3 HM Treasury provided Draft amending directions in March 2021, to determine the cost of scheme benefits prior to the outcome of the McCloud judgement as at 31 March 2017. Taking into account the above correction, the employer contribution cost in 2017 valuation remains at 2.9% lower than the employer cost cap. Full cost cap results will follow in the autumn.

## **3. New SPPA LGPS Policy Officer**

3.1 I'd like to introduce Victoria Antcliff, our interim LGPS Policy Officer. Victoria replaces Roddy MacLeod who has joined the IT department at SPPA. SPPA will shortly be advertising two Policy Officer posts in the LGPS team.

Contact: [kimberly.linge@gov.scot](mailto:kimberly.linge@gov.scot) or [Victoria.antcliff@gov.scot](mailto:Victoria.antcliff@gov.scot)