



Important notice – LGPS Scotland Amendment of Benefit Structure

Government Actuary's Department: Withdrawal of some GAD Local Government Pension Scheme Scotland Passports

On 16 May 2007 we issued a note explaining that it had become necessary to withdraw all GAD Certificates of Broad Comparability for the Local Government Pension Scheme (LGPS), in England and Wales issued before 26 April 2007. This followed the issue of regulations amending the benefit and contribution structure of the LGPS in England and Wales.

In that note we gave advance warning that similar changes were expected in due course in the LGPS in Scotland and the Scottish Public Pensions Agency (SPPA) announced the measures agreed in February 2008. Contractors have therefore been able to start reconsidering the design of their schemes to ensure the broad comparability requirement is satisfied against the new LGPS scheme in Scotland.

The purpose of this note is to announce the withdrawal of any GAD LGPS Scotland passports for schemes which do not already make adequate provision for the new benefit structure with immediate effect.

Local Government Pension Scheme (Scotland) – Notice of withdrawal of GAD Passports

The changes agreed for the LGPS in Scotland have been confirmed by the laying of SSI 2008/230 on 6th June 2008. Although the changes are not due to be implemented until 1 April 2009 the changes would have affected all transferring members had they remained in public sector employment beyond that point. The principles for assessment of broad comparability as set out in our Statement of Practice www.gad.gov.uk/Publications/PPP_PFI require recognition of such known future changes in the broadly comparable assessment process.

From similar work GAD has undertaken on broad comparability tests for the LGPS in England and Wales, we expect that the majority of contractors would need to make changes to their schemes in order to continue to meet the broadly comparable test given the magnitude of the changes to the benefit structure of the LGPS in Scotland. However, we are aware that some contractors have already implemented such changes and so not all certificates will need to be withdrawn. Although there will be no requirement to mirror the differing accrual (and other) bases applying for service before and after April 2009 in the LGPS in Scotland, contractors should be aware that GAD will take account of new LGPS basis from 1 April 2009 (ie 60ths accrual with cash by commutation and earnings related member contribution rates) as part of the assessment. Further details can be found on the SPPA website http://www.sppa.gov.uk/local_gov/home.htm

Contracting authorities should contact GAD to determine whether a particular LGPS Scotland passport remains valid.

We will be writing separately to affected contractors and are also notifying consultants, trade bodies and other stakeholders of the passport withdrawal. Queries should be addressed to your normal GAD actuary or to enquiries@gad.gov.uk.

Notes for contractors seeking to obtain a revised certificate

Contractors seeking to replace withdrawn certificates should liaise with their normal GAD actuary. General enquiries should be addressed to enquiries@gad.gov.uk.

Local Government Pension Scheme in Northern Ireland

The Local Government Pension Scheme in Northern Ireland is also currently under review and we expect similar action will be necessary in respect of passports for this scheme as soon as the regulations are laid before parliament.

A handwritten signature in black ink, appearing to read 'A. Johnston', with a large checkmark-like flourish below it.

Andrew Johnston
Deputy Government Actuary
13 August 2008