

Agenda Item	4
Report No	PC/02/26

HIGHLAND COUNCIL

Committee: Pensions Committee

Date: 16 March 2026

Report Title: Pension Fund Administration

Report By: Chief Officer, Corporate Finance

1 Purpose/Executive Summary

1.1 The purpose of this periodic report is to update Members on matters relating to the administration of the Highland Pension Fund (HPF).

2 Recommendations

2.1 Members are asked to consider this report and note the following:

- i. current HPF administration performance and performance updates (section 6);
- ii. update on Pension Dashboard connection (section 7);
- iii. Investors In People accreditation standard award and training (section 8); and
- iv. consultation responses (section 10).

3 Implications

3.1 There are resource implications as processes should be in place to ensure that there are adequate resources in place to support the Pensions Administration work.

3.2 In terms of legal implications, the governance of the HPF must comply with all Local Government Pension Scheme (LGPS) legislation and regulations and TPR requirements, or the Fund could be non-compliant and in breach of Regulator requirements.

3.3 The risk management framework is an integral part of governance and risks are considered as part of all the areas covered in this report. There is a Pension Fund risk register which is regularly updated, and project risk registers are in place for the Engage and Altair projects.

3.4 There are no Health and Safety (risks arising from changes to plant, equipment, or people) or Gaelic implications arising as a direct result of this report.

4. Impacts

4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.

4.3 This is a monitoring and update report and therefore an impact assessment is not required.

5. Introduction

5.1 The Highland Council is the Administering Authority for the Highland Pension Fund. In addition to the Highland Council, 23 employers participate as admitted or scheduled Bodies in the HPF.

5.2 Participating employers are required to calculate and deduct the appropriate rate of pension contributions from salaries in addition to an employer's contribution in accordance with guidance issued by the Highland Council Pension Section. These contributions are remitted monthly to the HPF. The statutory deadline for payment to be made is the 22nd of each month.

5.3 This report also includes budget monitoring for the HPF to 31 July 2025 (section 13) and an update on all relevant pensions administration matters which includes performance.

6. Administration performance

6.1 In September 2025, officers provided Committee with data on current HPF administration performance, action being taken to improve performance, and advised that regular updates would be provided to Pensions Committee. A general update on performance is provided in this section.

6.2 There was additional resource recruited to the team in June/July 2025 which is having a positive impact on processing benefits and managing workloads. The number of outstanding cases has continued to reduce since data was last reported to Committee (September 2025) with a general increase in the percentage of outstanding tasks completed.

6.3 The current data on case volumes and number of cases actioned is set out in the following table. The position continues to improve with an overall net reduction since 1 April 2025 of 1,177 cases with there being 6,231 outstanding cases to be processed at the end of January 2026.

KPI PROCESSES

Month	Outstanding (O/S) at Period Start	New tasks created in Period	Total Cases	Completed by End of Period	Outstanding at End of Period	% of total O/S tasks completed	Overall change in O/S cases (month)	Overall change in O/S cases (year to date)
Apr-25	7,408	646	8,054	796	7,258	9.9%	150	150
May-25	7,258	607	7,865	758	7,107	9.6%	151	301
Jun-25	7,107	691	7,798	754	7,044	9.0%	63	364
Jul-25	7,044	663	7,707	780	6,927	10.0%	117	481
Aug-25	6,927	500	7,427	672	6,755	9.7%	172	653
Sep-25	6,755	1,022	7,777	752	7,025	11.1%	-270	383
Oct-25	7,025	588	7,613	853	6,760	12.1%	265	648
Nov-25	6,760	627	7,387	871	6,516	12.9%	244	892
Dec-25	6,516	653	7,169	798	6,371	12.2%	145	1,037
Jan-26	6,371	557	6,928	697	6,231	10.9%	140	1,177

6.4 The payment of retirement and death grants is a key focus for the team, and the team has improved performance in this area. The time taken to process retirements has reduced considerably. In January 2026, on average retirements now take 19.8 days to be processed compared to 39.1 days in July 2025 and we continue to work on service improvement and meeting performance targets.

6.5 The systems team continue to identify processes where bulk processing can be used to automate tasks and improve efficiency to streamline operations. Employers now submit electronic forms alongside i-connect monthly submissions which are directly loaded to member records. The use of the online portal My Pension continues to be developed so that members can access information, submit documentation online and access correspondence securely.

6.6 Aggregation cases are where a member's separate LGPS records need to be combined into a single active or deferred record. This happens because many LGPS members move between employers or leave and re-join the scheme or have several posts which creates multiple pension records. Aggregation rules ensure these are brought together (or kept separate, where appropriate) in line with scheme regulations. Before a member retires, records must be aggregated and the approach to aggregations has been to prioritise members aged over 55, those transferring or members who have requested this data.

6.7 A key focus for the team is reducing aggregation cases particularly in view of the future rollout of the Pension Dashboard (more information on this provided in section

7). HPF will receive 6 months' notice before the roll out of the Pension Dashboard, a portal which will provide the public with access to their pension records across multiple schemes. Where this information cannot be provided by a pension scheme, the Pensions Regulator could potentially issue compliance notices or fines.

- 6.8 In November 2025, staff resources were reviewed and an updated structure put in place with one of the key objectives of this being to increase flexibility in the team so resources can be directed to reduce volumes of outstanding aggregation cases and improve service performance against targets. In the service plan at agenda item 3, additional resource is included in the 2026/27 budget to support a performance improvement recovery plan to reduce the number of outstanding cases quicker and improve performance against targets.
- 6.9 My Pension is the online, self-service portal which enables members to make nominations, perform estimate calculations and submit paperwork in order to access information they require quickly and complete the retirement process more efficiently by completing online forms. Members using My Pensions to complete tasks supports HPF staff with processing benefit payments as quickly as possible to improve service delivery. <https://highlandpensionfund.mypensiondetails.co.uk/login>
- 6.10 With regard to My Pension uptake, in February 2026, 49% of all members were registered for My Pension (40% target to be achieved by December 2025), with 63% of active members currently registered to use the portal. Active members and Pensioner members have been contacted to encourage them to create a My Pension account. Deferred members were contacted in advance of notification of Annual Benefits Statements at the end of August and another exercise was completed in early 2026 to contact deferred members with the tracing of members ongoing. Data cleansing continues to improve data quality and ensure that email and postal contact addresses are up to date and encourage members to use My Pension.

7. Pensions Dashboard

- 7.1 The Pensions Dashboard initiative will enable individuals to access their pensions information online, securely and all in one place, thereby supporting better planning for retirement. All Local Government Pension Funds (LGPS) must connect to the Pensions Dashboard by October 2025 as part of the Government initiative to "allow people to see all their pensions information together in one, online and secure place". <https://www.pensionsdashboardsprogramme.org.uk/about>
- 7.2 Officers successfully connected HPF to the Dashboard by October 2025 supported by Heywood. Alongside the Pensions Dashboard connection testing, officers are completing regular data cleansing in order to maintain complete and accurate member records. As noted in section 6, there a performance improvement recovery plan being developed to reduce outstanding cases quicker and improve performance.
- 7.3 The Pensions Dashboard project is currently at Phase 2 testing, which started on 2nd March 2026 and involves increasing numbers of users across a range of

demographic groups and pension types. The Money and Pension Service (MaPS) is currently advertising to recruit testers for this phase of the project. The aim of this consumer testing is to support MaPS with further refining and improving the service before it becomes publicly available.

<https://www.pensionsdashboardsprogramme.org.uk/publications/news/testers-wanted-for-moneyhelper-pensions-dashboard>

8. Investors In People (IIP) and training

- 8.1 In December 2025, as part of the Highland Council Corporate Cluster, the Pensions team received the Standard IIP accreditation after a comprehensive review was undertaken by an external evaluation team.
- 8.2 Following on from this review a feedback session was completed for the Corporate Finance team. Also, as part of the regular Pensions Team meetings, in February 2026 the team discussed the IIP output. A number of actions will be implemented which include scheduling dedicated staff development time, regular sessions to discuss technical updates on pensions administration regulations and how these impact processes, and general refresher training.
- 8.3 In November 2025 a staff training session was held on customer service which set out key customer service principles and the customer service charter. In February 2026 sessions were held with the team on the retirement process and supporting members which included a complaint case study. In March 2026 specialist training on aggregations is to be provided to staff by Hyman. In the service plan at agenda item 3, budget is requested for training to support and develop pensions administration staff.

9. The Pensions Regulator – General Code of Practice and reporting

- 9.1 The Pensions Regulator (TPR) issued a revised General Code of Practice (GCoP) which was effective from March 2024. In February 2025, officers reviewed compliance against GCoP and an action plan to address areas of non-compliance was approved by Pensions Committee. In 2026, as part of addressing these actions, there are a number of policies that are to be developed and implemented.

10. Consultation responses

- 10.1 In September 2025, there was a consultation on regulations to amend the Local Government Pension Scheme Regulations 2018. The objective of these changes was to bring the Scottish scheme in line with scheme changes in England & Wales, and Northern Ireland. It also proposes minor changes to the Local Government Pension Scheme (Remediable Service) (Scotland) Regulations 2023 (“the 2023 regulations”).
- 10.2 Officers at Highland Pension Fund collaborated with other Scottish LGPS Funds to submit a response from the Scottish Pensions Liaison Group (SPLG) in November

2025. The SPLG is a network of LGPS officer representing all Scottish Funds which meets quarterly. A copy of the response that was submitted is at Appendix 1.

- 10.3 In January 2026, TPR issued a survey on Good Governance which was to be completed by the scheme manager or their representative, working with the pension board chair. The Pension Fund Manager worked with the Pension Board Chair and submitted a response to this questionnaire. When TPR publishes the overall results, these will be shared with Pensions Committee.

11. Scheme Employers Pension Contributions

- 11.1 Pension contributions received from employers are checked for accuracy against known parameters and the dates received are recorded and monitored.
- 11.2 Contact is made with an employer in instances where payments are received late or not to the expected value.
- 11.3 Contributions from scheme employers are mostly being received on time and all contributions are up to date.

12. Employers leaving/joining HPF

- 12.1 In financial year 2023/24 one of the employers went into liquidation (Sight Action). The Fund Actuary calculated a cessation value in accordance with the Funding Strategy Statement and the LGPS regulations. At the time of cessation Sight Action was assessed to be in a pension asset position, and in February 2026 payment was made to the liquidator.
- 12.2 The Fund continues to work with WIPRO to manage the cessation of the admission agreement as part of the transfer of the service back to the Council. One pension scheme member remains an employee of WIPRO until the end of the contract and then will revert to Highland Council.
- 12.3 No employers have joined the Fund.

13. HPF budget monitoring and costs

- 13.1 The budget monitoring reporting sets out actual expenses to 31 December 2025. Currently, forecast year end expenditure is generally expected to be in line with budget, though the following should be noted with regard to these year-end forecasts:
- despite the 2025/26 pay award of 4% being higher than the 2.5% budgeted, an underspend is expected for Pensions Admin staff costs. This is due to new recruits starting end of June/beginning of July instead of at the start of the year (1 April).
 - similarly, the underspend on Pensions Investment and Accounting staff is due to vacancies.

- an overspend on computer and ICT is forecast due to development work by systems provider Heywood to factor the McCloud remedy into calculations.
- the overspend on postage fees is due to HPF completing member tracing exercises and postage being charged direct HPF rather than through central cost allocation.
- the overspend on legal cost was due to advice required from an external firm regarding new investment with Fund Manager.
- fund manager fees are based on market values and the performance of investments which can be volatile. There is a year-end adjustment completed to reflect fund manager fees where costs are netted off investments.

	Actuals to 31 Dec 2025	Annual Budget 2025/26	Forecast year end 2025/26	Year end Variance 2025/26
Administrative expenses				
Medical Exams (Staff)	4	5	5	-
Conference Travel	-	1	1	-
Subscriptions To Organisations	28	30	30	-
Bank Charges	2	2	2	-
Other Fees/Charges	-	3	3	-
Central support recharges	10	162	156	(6)
Pensions Admin staff costs	1,003	1,320	1,281	(39)
Computer and ICT (external providers)	458	460	480	20
Travel and accommodation	-	2	2	-
Printing and stationery	-	1	1	-
Postages	6	4	10	6
Other pensions admin costs (phone, insurance, subscriptions)	6	8	8	-
	1,517	1,998	1,979	(19)
Oversight and Governance costs				
Actuarial Fees	18	100	100	-
Audit Fees	5	45	45	-
Pension Investments and Accounting staff	122	271	251	(20)
Central Support - Pensions Investment team direct	-	22	22	-
Conference & Seminar (training)	-	10	10	-
Subsistence and travel	-	1	1	-
Investment Consultant Fees	53	100	100	-
Performance Management Fees (custodian)	14	50	50	-
Legal Services costs	11	10	15	5
	223	609	594	(15)
Investment Management Expenses				
Investment Expenses	361	350	350	-
Custodian fees	34	100	100	-
Transaction costs	-	350	350	-
Fund Manager Fees	1,890	10,556	10,556	-
	2,285	11,356	11,356	-
Management Expenses	4,025	13,963	13,929	(34)

14. Guaranteed Minimum Pension Comparison Exercise

- 14.1 Pension schemes, including those in the public sector, are required to undertake a data reconciliation exercise with HMRC. This will ensure that both details of Guaranteed Minimum Pensions (GMP) and periods of contracted out service, which are used to determine entitlement to the new single state pension, are up to date and robust.

14.2 The reconciliation exercise for the Highland Council Pension Fund is complete, and final reviews are being undertaken. The remedy is that any negatively affected pensioners have received arrears payments with interest; and any incomplete GMP details for active and deferred members will be uploaded, in the near future. This work will be progressed as soon as possible.

15. Additional Voluntary Contribution (AVC's)

15.1 Prudential has been the appointed Additional Voluntary Contribution (AVC) provider to the Highland Council Pension Fund since 1989.

15.2 To maximise the range of benefits offered to employees, Highland Council has entered into an agreement with AVC wise (a company specialised in this discipline) to provide a Shared Cost AVC scheme to qualifying scheme members.

Designation: Chief Officer, Corporate Finance

Date: 26 February 2026

Author: Catriona Stachan, Pension Fund Manager

Background Papers: LGPS regulations, TPR, GCoP

Appendix 1 Scottish Pension Liaison Group response to Consultation on Regulations to amend the LGPS Regulations 2018

CONSULTATION RESPONSE FORM

These Regulations will amend the Local Government Pension Scheme Regulations 2018 to bring the Scottish scheme in line with scheme changes in England & Wales, and Northern Ireland. It also proposes minor changes to the Local Government Pension Scheme (Remediable Service) (Scotland) Regulations 2023 ("the 2023 regulations").

These amendments cover a number of proposals relating to pension benefits for scheme members, including forfeiture, opt outs, removal of the age 75 limit for death benefit payments, gender pension gap reporting, McCloud and other technical amendments.

It also provides for the transfer of Scottish Fire and Rescue Staff to the Strathclyde Pension Fund, and the addition of Neonatal care leave to the definition of child related leave.

1. Name/Organisation

Organisation Name

Title

Surname

Forename

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3. Permissions - I am responding as... (please complete either sections (a), (b) and (d) or sections (c) and (d):

Individual or Group/Organisation

(a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

(b) Where confidentiality is not requested, we will make your responses available to the public on the following basis:
Please state yes to one of the following:
 Yes, make my response, name and address all available
 Yes, make my response available, but not my name and address
 Yes, make my response and name available, but not my address

(c) The name and address of your organisation will be made available to the public (in the Scottish Government library and/or on the Scottish Government web site).
 Are you content for your response to be made available?
 Please state yes or no: Yes

(d) We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?
 Please state yes or no: Yes

ABOUT YOU

I am responding ...

as a scheme member
 on behalf of an Employer Organisation
 on behalf of a Trade Union

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other (please specify)
 On behalf of the Scottish Pension Liaison Group (SPLG). SPLG consists of officers from the 11 Administering Authorities of the LGPS in Scotland.

CONSULTATION COMMENTS

Please use this space to provide any comments on the amendments.

Question 1: Do you have any comments on Scottish Ministers' proposals to remove the upper age limit of 75 for death grants from the LGPS Regulations, backdated to 6 April 2011?

We welcome the retrospective removal of the death grant cap to 6 April 2011 for members over age 75. Though we note that other UK LGPS regulations are only making the amendment retrospective to the point their schemes reformed to become CARE schemes, we strongly agree that the regulations for the Scottish LGPS should be amended to align with the date the overriding restriction was lifted as we believe this will better address any potential inequality issues and does not present any additional administrative issues. Additionally, given the target group, it is unlikely that the increased number of cases that would fall between 2011 and 2015 is likely to be material for the majority of funds. It is, however noted that, regardless of whether the amendment regulations point to 2015 or 2011, administrators may face issues with locating beneficiaries when implementing this policy change if a survivor's benefit is not currently in payment. To this end we would welcome accompanying guidance that covered issues such as the timescales for implementation, bearing in mind some funds are still working towards completing the implementation of the McCloud remedy, the level of tracing funds should undertake to identify beneficiaries and the interest due on any payments made. Any changes should also be reflected in associated unused AVC death benefits due.

Question 2: Do you agree that all authorised unpaid absences over 30 days should be automatically pensionable?

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The group believe this question been included in error?
The amendments, as framed, do not currently deliver this change in approach.

If, however, the intention is to introduce a provision that all authorised unpaid absence over 30 days is automatically pensionable, then the group disagree. In the groups view, members should be free to decide whether they want to buy back any lost pension.

Question 3: Do you agree with the proposal to change the time-limit for buying back unpaid leave pension absences from 30 days to 1 year, or when the employment ends?

The group supports the extension to the time limit for members to buy back lost pension, from 30 days to 12 months.

The group also believe a time limit should remain and 12 months can be considered a reasonable timeframe for members returning to decide whether they should replace any lost pension. The amendment should be clear that the option to buy back lost pension expires on cessation of the employment should that fall before the 12 month period expires.

Question 4: Do you agree with updating the definition of child-related leave to include all periods of additional maternity, additional adoption and shared parental leave when on reduced or no pay?

The group agrees with updating of the definition of child related leave and that the change will positively impact many LGPS members, which should be encouraged. We believe there are further issues that must be considered. See response to next question for further detail on the anticipated issues.

Question 5: Do you agree that the contribution cost of this should be met by LGPS employers?

If the additional costs associated with the proposed changes are not to be met by scheme members, there appears no alternative to the scheme employer becoming liable. The group believe that the following should be considered:

1. Additional scheme employer costs.
It is expected that rising costs for child related leave will be unwelcome amongst scheme employers already experiencing budgetary pressures.

2. Software updates.

Software systems are likely to process contributions, assumed pensionable pay and member / employer contributions based on the current approach. A change of this nature at short notice will undoubtedly pose problems for scheme employers and LGPS administrators. These factors should be considered when planning implementation dates.

Given the cost implications and required software updates, scheme employer responses may provide a more concentrated view than that of scheme administrators.

Question 6: Do you agree that gender pension gap reporting should be mandatory in the LGPS?

The group agree that gender pension gap reporting should be mandatory in the LGPS.

The group also believe that the proposed changes are a positive step in narrowing the gap as it currently stands.

Standardised, consistent reporting must be mandatory for any proposed measures to have the desired impact. In the group's view, this can be achieved via statutory guidance. Any guidance should clearly outline what information is mandatory and how it will be used to close the gap.

The group would also welcome confirmation when mandatory reporting will be introduced.

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Question 7: Do you agree with the threshold of 100 LGPS members for defining which employers must report on their gender pension gap?

The group's view is that whilst 250 scheme members remains the threshold for assessing the gender pay gap, that the threshold in the LGPS should be the same.

Question 8: Do you agree with the definition of 'gender pension gap' and 'gender pensions savings gap'?

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The group believe that further guidance on gender pension gap reporting is required before any definition can realistically be assigned.

For example, how would Scottish Government intend to capture data on pension accrual out with the LGPS? The group believe that capturing all member pension savings is the only way to provide a true reflection of any gaps.

It is expected that any progress in reducing the gap between male and female member pensions savings will be realised over a long-term period, most likely in line with similar changes in society.

The group would suggest that Scottish Ministers consider reporting year on year accrual if 'whole pot' data is not possible.

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Question 9: Do you agree that the annual report is the best method for reporting on participation and opt out data?

We understand that the policy intent is that this information will be used to monitor participation and opt-out rates across the Local Government Pension Scheme in Scotland as a whole, rather than to monitor or compare the rates in each fund.

Reporting individual fund data may give rise to unhelpful comparisons between funds. We further understand that by monitoring opt-out and participation rates, the intention is that the additional data collected will inform future policy development. As it is for the Scottish Government to set out policy, rather than individual funds, it would be more appropriate for information to be collated centrally.

As such, we believe a better approach would be for employers to report this information to the ONS, which could then pass it to the Scottish Government without the involvement of the AA.

This would allow Scottish LGPS data to be analysed collectively by the SAB or SPPA rather than at fund level in annual reports, and it could be included in the SAB annual report. Such an approach may provide a more comprehensive overview of the situation and increase the likelihood of meaningful actions being taken based on the data.

Based on the consultation document, it appears that the expectation is for AAs to hold the additional information and report it as part of their annual report, which raises some concerns. We do not believe AAs should hold this extra information for non-members of the scheme under GDPR. We also have concerns about storing this information, particularly as we are unlikely to have a pension record for these individuals.

We would require clarity on whether the policy intent is for the additional information form to go directly to SPPA, with employers only reporting basic opt-out information to the AA. If this is the intention, we would argue that all information should be reported by SAB or SPPA rather than at fund level.

In addition, centralising data collection through ONS or SPPA would:

- Ensure consistency in reporting standards and definitions across all employers.
- Reduce the administrative burden on AAs and employers, avoiding duplication of effort.
- Minimise GDPR risks by limiting the number of entities handling sensitive information.
- Enable faster, more accurate analysis at a national level, supporting timely and effective policy decisions.

We believe this approach would deliver better governance, improve data security, and provide a clearer picture of participation and opt-out trends across Scotland.

Question 10: Do you foresee any issues with AA's ability to gather data on opt-outs?

Currently, employers do not appear to report all opt-outs to administering authorities (in particular, those employees opting-out immediately), and we have concerns about some employers having the time and resources to produce reports and provide the necessary information. This raises the risk of incomplete or inconsistent data, which could undermine the accuracy of any analysis and subsequent policy decisions.

We would also want detailed guidance for employers on what is required of them, along with sufficient time to update their systems to produce the required reports. Clear templates and technical specifications should be provided to ensure consistency across all employers and reduce the administrative burden.

In addition, consideration should be given to the following:

Support and Training: Providing practical support, such as training sessions, guidance notes or FAQs, to help employers understand and meet their

obligations.

Data Security and Compliance: Ensuring that any new reporting processes comply with GDPR and minimise the risk of data breaches, especially where sensitive information is involved.

Without these measures, there is a significant risk that reporting will be inconsistent or delayed, limiting the usefulness of the data collected. We would also suggest that due to time required to update employer software systems, it may be appropriate to delay this

Some employers have reported very low uptake from employees in providing the type of information requested as part of the joining/HR process, which may result in incomplete datasets and skewed analysis. This raises concerns about the reliability of any conclusions drawn from such data.

We believe that address or postcode may be a relevant piece of information missing from the list of requested data, as it is an important socio-economic factor likely to influence opt-out decisions—potentially more so than gender or sexuality. Postcode data is routinely collected, less intrusive, and could provide valuable insight into regional and socio-economic trends without increasing privacy concerns.

In addition, consideration should be given to supplementing postcode data with other non-sensitive indicators, such as job grade or salary band, to improve the robustness of the analysis. This approach would reduce administrative burden, avoid unnecessary collection of sensitive personal data, and provide a more accurate basis for policy decisions.

Finally, it is important to recognise that employees may be reluctant to share sensitive personal information such as gender or sexuality due to privacy concerns. Collecting data that is already available through standard HR processes, such as postcode, would therefore be a more practical and effective way to achieve meaningful insights while maintaining compliance

with data protection requirements.

Question 11: When updating the annual report guidance to reflect opt-out data collection, what information would be most useful to include?

As noted above, we do not believe that the annual report is the most appropriate method for reporting on participation and opt-out data. However, if the proposed amendment is made, when updating the annual report guidance to reflect opt-out data collection, the most useful information to include would be:

- **Data Requirements:** A detailed list of the specific data fields required from employers.
- **Reporting Format and Templates:** Standardised templates to ensure consistency across employers and funds, reducing the risk of incomplete or inconsistent data.
- **Data Security and Compliance Guidance:** Instructions on GDPR compliance, including how sensitive data should be handled and stored, especially if this is expected to be held by the AA.
- **Purpose and Use of Data:** An explanation of how the data will be used at a national level (e.g., by SAB or SPPA) to improve transparency and encourage participation, so employers understand the value of accurate reporting. This will also help Administering Authorities amend privacy notices

The consultation document notes that annual report guidance (via SAB) will set-out the information to be provided by employers and also proposes that employees will be asked to complete (at their discretion) an additional form providing the reason for opting out plus additional information. Some of this information is already included in the proposed additional SAB guidance and this duplication seems redundant and time-consuming.

This will help ensure clarity and consistency, while improving the quality of data collected.

The amendment regulations are effective from 1 April 2026 and would therefore note that this would mean the first reporting in the annual report would be in the 2026/27 annual reports. The unaudited version of these is generally available around June/July 2027, followed thereafter by the audited version. This will mean a further delay whereas data from ONS or otherwise direct to SAB/SPPA could be available more quickly.

Finally, if the intention is to report from 1 April 2026, the annual report guidance will require updating and the time available to update this and distribute guidance to funds and other stakeholders is now very short.

Question 12: Do you have any comments on the collection of additional information?

The draft amendments require additional information to be provided to the administering authority in a 'form approved for that purpose from time to time by the Scheme Advisory Board'. This amendment is due to take effect from 1 April 2026 and therefore the form must be available well in advance of this date to allow any personalisation and upload to fund websites etc. The consultation document does not entirely match the wording in the proposed amendments. Paragraph 3.3 suggests that an additional form is completed by the member, however the draft amendment regulations are not clear on this. We would suggest the wording is amended to clarify that only one form is mandatory.

We note the similar consultation previously carried out in England & Wales included amendments which resulted in optants-out being required to complete 2 forms:

- One mandatory form to notify their decision to opt-out. This form is to be returned to the employer.

- Another non-mandatory and anonymous form which includes the additional information to facilitate data collection. This form is to be returned directly to MHCLG.

We believe that this two-form approach (which also seems to be suggested in the consultation document) makes sense as it means that opt-outs can be processed quickly. If the additional form is sent directly to SPPA/SAB the more detailed, personal information will not be seen by either employer or AA. Arguably neither party needs to know this information and a higher response rate may result as the member may feel more comfortable sending it to an unknown party.

Question 13: Do you agree that the three-month time limit for an LGPS employer to make an application for a forfeiture certificate should be removed?

Yes.
However, bearing in mind that Scheme employers would need to advise Scottish Ministers of the amount of benefit that is available for forfeiture when applying for a forfeiture certificate, we would request that any supporting guidance to this regulation makes clear what rights may be forfeit and how administrators should determine this.

Question 14: Do you agree with or have any comments on these technical remedy amendments?

Please provide clarification on Pension Debit Members – there has been no amendment to the regulations to require a recalculation of pension debit (for a member qualifying for underpin protection, where the PSO took effect between 01/04/2015 and 30/09/2023 and the recalculated CEV exceeds the original amount). Is this the intention?

If this is the intention, we agree with the regulations.

Other than the above, we agree with these amendments.

Question 15: Do you agree with these changes to allow those who left the scheme prior to 1 April 2015 to commute small pensions?

The group supports the amendment to the regulations to extend the scope to pay de-minimis commutation payments to members who left the scheme prior to 1 April 2015. This amendment will ensure all scheme members, irrespective of when they left the scheme, are being treated the same.

The amendment however only appears to amend the LGPS (Scotland) Regulations 1998. We want the amendment to also extend to leavers between 1 April 2009 and 31 March 2025. This requires amendments to be made to regulation 39 LGPS (Benefits, Membership and Contributions)

(Scotland) Regulations 2008 and regulation 98 of the LGPS (Administration) (Scotland) Regulations 2008.

Question 16: Do you agree with the changes proposed to the Lifetime allowance regulations?

The group agree with the proposed changes and welcome the updated actuarial guidance being published.

Question 17: Do you agree with the proposed amendments to the Regulations?

- Scottish Local Authorities would welcome the removal of the 5-year refund period.
- We would appreciate clarification within the regulations as to whether the amendment applies to all refunds not yet paid i.e. late payments made after 31 March 2026 do not breach LGPS regulations, even if the 5-year period expired earlier.
- We would appreciate clarification within the regulations that, where a member leaves the LGPS with a deferred refund and rejoins after a gap of more than five years - whether this occurs before or after 1 April 2026 - and where the five-year period expired before 1 April 2026 with no refund paid, the intention is to aggregate benefits rather than pay a refund, as this would constitute an unauthorised payment.
- There are some concerns over the removal of entitlement / the right to refund over age 75.
 - With the proposed amendment of Regulation 19 of the LGPS (Scotland) Regulation 2018, any refund paid after age 75 would be an unauthorised payment under the Finance Act 2004, no longer meeting the conditions for a short service refund lump sum – it would seem then there would be no flexibility beyond age 75 to pay a refund if, for example, we only recently traced the member or they left service just before age 75 and did not complete forms on time etc
 - Could it be that a refund after age 75 could be paid as a small pot payment under Regulation 11/12 of the Registered Pension Schemes (Authorised Payments) Regulations 2009 so no need to remove entitlement at age 75?
 - If the right to refund were to be removed, it would seem sensible that this be forward looking so we can advise new members of consequences of not claiming refund before age 75.

- What constitutes reasonable steps to obtain the information necessary to pay the refund before the member attains age 75? Could we be challenged by members/their representatives?
- Sometimes when we lose track of deferred refund members, a death notification enables us to contact next of kin. If this death is after age 75 then no death grant (refund of contributions) would be payable if entitlement was removed at age 75. This seems contradictory to extending death grants to those beyond age 75 in other circumstances.

Child's pension under the 1998 regulations, bereaved paternity leave & Retained EU Law:

The group agrees with the proposed modifications and amendments.

Question 18: Do you agree with adding the definition of 'local government service' to Schedule 1?

The group agree with the definition being reintroduced and expect that it will be added retrospectively.

Repealing regulation 29(14) would, in the groups view, remove the uncertainty caused by its prior inclusion. The group believe that the change should be retrospective to ensure consistency of approach in relation to deferred members.

Employments relating to the provision of education – no question posed but see comments below.

Amendment regulation 5 allows those employees who have been moved out of the Scottish Teachers' Superannuation and Pension Schemes but who are now eligible to be members of the Scottish Teachers' Pension Scheme (STPS) to remain in the LGPS until they leave that post. This measure is designed to enable affected members to retain continuity of pensionable service in the LGPS should they not wish to return to the STPS.

However, we believe, that to ensure the policy intention of providing continuity of pension provision is met, this should be caveated to say affected members should only be allowed to remain in the LGPS until they leave that post or, if earlier, elect to opt out of the LGPS. If no caveat is placed then

affected members would be able to opt to move, at will, between the STPS and LGPS until they leave their post. This would create significant administrative issues, in addition to potential equality issues with other scheme members who would not have the same ability to move between schemes.

Additionally, there are affected members who currently have less than 2 years service in the LGPS. If these people were to elect to return to the STPS they would be offered a refund, a cash transfer sum or a Club transfer. In these circumstances, and to align with the policy intention of continuity of pension provision, we would suggest that the affected members should automatically be given a Club transfer. A right to a refund or cash transfer sum should not apply.

Similarly, a member treated as having more than two years pensionable service will have the option to retain deferred benefits or take a cash equivalent transfer value or Club transfer. Again, to align with the policy intention and the transfer restrictions applying to members of the STPS, we do not believe that these affected members should be able to take a cash equivalent transfer value because had they had continuity of service in the STPS this option would not be available to them.

Our final concern centres on the benefits that will be provided to affected members following the transfer of benefits from the LGPS to the STPS. It is unclear whether it is intended to provide a reinstatement of STPS benefits or if a CARE pension credit calculated in line with the Club Memorandum is to be provided. It is noted that due to the way the Club Memorandum works, affected members will receive a lower member pension on transfer due to the higher survivor benefit proportion that's payable under the STPS. Additionally, the in-service revaluation that relates to the transferred in LGPS CARE pension will be at a lower rate than that applied to the rest of the member's STPS CARE benefits.



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Question 19: Do you agree with the change to part 2 of schedule 4 transferring all SFRS staff to Glasgow City Council?

The group agree with the regulations being updated to reflect that the transfer has taken place.

Question 20: Do you agree to the addition of Neo-natal care to the definition of child related leave?

The group agrees with the addition.

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Question 21: Do you agree with the proposed amendment to Regulation 10(B)?

Concurrent Membership Aggregation:

Yes, most administering authorities have been applying the policy intention from the 1st April 2015 and would agree that the amendment should be retrospective to this date.

Please e-mail your response to SPPAPolicyConsultationResponses@gov.scot or send via post to:

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The closing date for receipt of comments is 25 November 2025.

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