

25 November 2025

The Local Government Pensions Policy Team
Scottish Public Pensions Agency
7 Tweedside Park
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RE: Changes to The Local Government Pension Scheme (Scotland) Regulations 2018

We welcome the opportunity to respond to the Scottish Government's consultation on changes to LGPS regulations.

Pensions UK is the voice of pensions in the UK, trusted and heard by the government and the pensions industry. For more than 100 years we've delivered influential thought leadership, practical guidance and research for our members; pro-actively solving the sector's biggest issues and setting the future direction. As a not-for-profit organisation, we exist for the benefit of our members, and to deliver the best possible outcome for savers in the UK, so they can retire in confidence and with dignity.

Our membership and reach

We're the voice of pension schemes that together provide a retirement income to more than 30 million savers in the UK and invest £2 trillion in the UK and abroad. Our members also include asset managers, consultants, law firms, fintechs, and others who play an influential role in people's financial futures.

Across our work in strategic and regulatory policy development, advocacy, membership engagement, events and communications, we engage with over 2,500 organisations, with nearly 16,000 contacts within our membership and a further 17,000 in the pensions and financial services industries.

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Pensions UK engaged with its Local Government Pension Scheme (LGPS) members to gather views in relation to this consultation. We welcome the proposals included in the document, which will bring Scottish LGPS in line with changes being implemented in England and Wales.

Due to the overall positive impact of the proposals being consulted on, Pensions UK is only replying to the questions which our members have significant views on.

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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 introduction of mandatory reporting for the LGPS would be a significant step towards raising awareness of gender pension gap and could serve as an example for similar initiatives.

Nonetheless, the decision to set the threshold at 100 members warrants further scrutiny in light of existing gender pay gap regulations, which substantially impact the gender pension gap. Companies with more than 250 employees are already required to report on the gender pay gap within their organisation and we question whether smaller organisations will have this information readily available, and will therefore be able to report on the gender pensions gap.

We would recommend a threshold for reporting of 250 Scheme members, which broadly aligns with the gender pay gap reporting. Employers who are close to the threshold could choose to participate on a voluntary basis.

Question 10 – Do you foresee any issues with administering authorities’ ability to gather data on opt-outs?

Improving opt-outs data will allow a better understanding of the types of members which are most likely to leave the scheme and the drivers of these behaviours.

However, collecting this information can prove challenging for LGPS Funds: in the cases where opt-outs occur in the first three months of an individual being enrolled, most LGPS Funds will not hold this data, which sits with the employers; there is also a concern regarding GDPR rules if a Fund holds data for an individual which is not a member of the LGPS.

Given the substantial number of employers involved in the LGPS and their differing levels of engagement with the scheme, gathering this data may present

challenges. However, since employers are required to retain this information for auto-enrolment purposes, it should be readily available to send to the relevant central government entities which will collate this data. We also note Government will detail out their expectations on how Funds must include the opt-out data in their annual reports in updated guidance. Pensions UK would welcome further information in relation to how the process can be streamlined and provide assurances to Funds of GDPR compliance.

Administrative impact

Although not included in the consultation questions, Pensions UK LGPS members are concerned about the administrative impact of making a number of changes simultaneously. This would place an additional strain on LGPS administrators, especially at a time when teams are already stretched, having to learn, understand and implement the various projects such as McCloud remedy and Pension Dashboards, in addition to providing a first-class service to their LGPS members.

Some of the proposed changes will require manual calculations or historical investigations in order to apply retrospective amendments, in particular regarding death grants after age 75. This process will be considerable in scope, since much of the analysis must be done manually in order to review the circumstances of each specific case.

Pensions UK LGPS members are therefore concerned about the combined impact which implementing these measures could have not only on the quality of service they deliver to all their stakeholders, but also to their staff and the potential to create recruitment and retention issues. For these reasons, Pensions UK would support a staggered approach to implementation, with clear guidance from Scottish Government on priority order and suggestions of workload management.

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We thank the Scottish Public Pensions Agency for the opportunity to respond to this consultation and look forward to seeing the outcome of it. If you have any queries or require further information, please do not hesitate to contact me.

Best regards,

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