
STATUTORY INSTRUMENTS

1987 No. 1850

**The Local Government Superannuation
(Scotland) Regulations 1987**

**PART K
GRATUITIES**

Interpretation

K1. In this Part, unless the context otherwise requires—

“annual pay” means the remuneration received by an employee in respect of his employment with an employing authority during the final year of his employment, except that if the annual remuneration in either of the two consecutive preceding years was higher, then the pay received in either of those years, whichever is the greater, shall be deemed to be the annual pay received by the employee in the final year of his employment with an employing authority;

“benefits” means any allowance or lump sum payable under this Part;

“employing authority” means a scheduled body or the Scottish Special Housing Association in whose employment the employee was immediately before he ceased to be employed under the terms of regulation K2;

“lower earnings limit” means the lower earnings limit prescribed for the purposes of section 4(1) of the Social Security Act 1975(1) applying at the time the employee ceases to be employed or, if earlier, at the end of the period used to determine annual pay;

“relevant policy scheme” means the Federated Superannuation System for Universities or the Federated Superannuation Scheme for Nurses and Hospital Officers or a scheme which the Secretary of State approved for the purposes of regulation P13 of the 1974 Regulations or approved under rule 3 or 3A of the Superannuation (Policy and Local Government Schemes) Interchange (Scotland) Rules 1948 to 1971(2) or a scheme to which any person contributed by reason of regulation N12(2) of the 1974 Regulations;

“upper earnings limit” means the upper earnings limit prescribed for the purposes of section 4(1) of the Social Security Act 1975 applying at the time the employee ceases to be employed or, if earlier, at the end of the period used to determine annual pay;

“war service” means 50% of any period after 2nd September 1939 and before 30th June 1950 during which the employee concerned was over 18 years of age and was serving in the armed forces of the Crown, the merchant navy or mercantile marine, or in any of the women’s services specified in Schedule 14 and after which the employee concerned before 1st July 1950 entered the employment of an employing authority and remained in the employment of such a body, without there having been a continuous period of 12 months or more during which he was not employed by an employing authority, but does not include any war service of a kind specified in regulation F2(1) or taken into account for the purposes of Part F of these Regulations.

(1) Section 4(1) was amended by the Social Security Pensions Act 1975 (c. 60), Schedule 4, Part I, paragraph 36(a).
(2) S.I. 1948/1462, 1955/982, 1971/1879

Persons to whom Part K applies

K2.—(1) This Part shall apply to an employee who ceases to be employed by an employing authority and who—

- (a) has not attained the age of 60 but has completed not less than 5 years' service; or
- (b) has not attained the age of 60 but has completed not less than one year's service and is incapable of discharging efficiently the duties of that employment by reason of permanent ill-health or infirmity of mind or body; or
- (c) has attained age 60 and completed not less than one year's service;

and, where an employee dies while in the employment of an employing authority, to his widow or any other dependant provided that the employee was a person to whom this regulation would have applied had he remained in service to age 60, or where at the time of his death his age exceeded 60 and he had completed at least one year's service.

(2) With consent of the Secretary of State this Part may apply to a former employee of an employing authority or to the widow or any other dependant of such an employee.

Payment of benefit

K3.—(1) An employing authority may pay to any person to whom this Part applies a benefit of an amount not exceeding that determined in accordance with regulation K4.

(2) Any benefit payable under paragraph (1) may take the form of—

- (a) a lump sum; or
- (b) an annuity, the capital value of which does not exceed the amount payable under paragraph (1).

(3) Where an employing authority have granted a benefit to an employee under paragraph (1) by way of an annuity, and the employee dies before receiving an aggregate amount equal to the capital value of the annuity, the authority may grant a benefit to the widow or any other dependant of the employee and for that purpose regulation K2 shall have effect as if the employee had died while in the employment of the authority but as if for the amount specified in paragraph (2) there were substituted the difference between the capital value of the annuity and the aggregate amount of the payments made to the employee before his death.

Calculation of benefit

K4.—(1) Where an employing authority have granted a benefit in respect of an employee under regulation K3, subject to paragraph (2) the amount of that benefit shall not exceed the aggregate of—

- (a) 5% of his annual pay for each year of service, including war service, prior to 1st April 1986 with an employing authority in respect of which he is not entitled to receive a benefit under a public service scheme; and
- (b) 5% of either his annual pay or the lower earnings limit, whichever is the lower, for each year of service after 31st March 1986 with an employing authority in respect of which—
 - (i) he is not entitled to receive a benefit under a public service scheme; and
 - (ii) he, not having attained the age of 55 on 1st April 1986, could not have exercised an option under regulations B2, B3, B4(1) or B4(4); and
- (c) 5% of the excess of his annual pay over the upper earnings limit for each year of service after 1st April 1986 with an employing authority in respect of which—
 - (i) he was not entitled to receive a benefit under a public service scheme; and

- (ii) he, not having attained the age of 55 on 1st April 1986, could not have exercised an option under regulations B2, B3, B4(1) or B4(4).
- (2) For the purposes of this regulation—
- (a) no account shall be taken of service before the age of 18 and after attaining the age of 70;
 - (b) no account shall be taken of service for which a payment has been made under the Act of 1953, the former Regulations, the 1974 Regulations or this Part of these Regulations;
 - (c) no account shall be taken of service after 1st April 1986 for which a return of contributions under the terms of regulation C12 has been made;
 - (d) no account shall be taken of service for which the employee has rights in a relevant policy scheme;
 - (e) no account shall be taken of service exceeding 40 years in total and, where actual service exceeds 40 years, the period of service after 1st April 1986 shall be reduced by that excess; and
 - (f) no payment under this regulation shall exceed an amount equal to twice annual pay.

Financial

- K5.** Any benefit under this Part shall not be paid out of the superannuation fund.