

12. CONSULTATION ON THE REVIEW OF THE STRUCTURE OF THE SCOTTISH LOCAL GOVERNMENT PENSION FUND – LOTHIAN PENSION FUND RESPONSE

The Council Executive considered a report (copies of which had been circulated) by the Head of Finance and Property Services providing a copy of Lothian Pension Fund's interim response to the consultation on the review of the structure of the Scottish Local Government Pension Fund.

The report recalled that the Local Government Pension Scheme in Scotland (SLGPS) was Scotland's largest pension scheme with around £42 billion of assets and 400,000 members.

The Scheme covered local authorities, colleges of education and a variety of other public bodies and charitable organisations. The Scheme was administered by 11 separate authorities whose funds ranged in size from approximately £20 billion to £300 million.

In June 2018 the Scottish Local Government Pension Scheme Advisory Board's Consultation on Structure was launched with the following four options for the future of the Scottish Local Government Pension Scheme.

- Option 1 – Retain the current structure of 11 Scottish LGPS Funds
- Option 2 – Promote greater co-operation in administration and investing between the 11 funds.
- Option 3 – Pool investments between the 11 Funds.
- Option 4 – Merge the 11 Funds into one or more new Funds.

The report advised that the Pensions Committee of Lothian Pension Fund which was responsible for administering, investing and managing the council's pension fund agreed its interim response that option 4, merger of funds into one or more new fund, was the preferred option.

A copy of the consultation document was attached as appendix 1 and Lothian Pension Fund's interim response was attached as appendix 2

The report concluded that the Heads of Agreement signed in 2013 between CoSLA and the Trade Unions contained a commitment to review the structure of the Scottish Local Government Pension Scheme. The Lothian Pension Fund response stated that support for option 4 was based on an assumption that the funding position of individual employers was protected.

The report recommended that the Council Executive:-

1. Note the content of the report and Lothian Pension Fund's interim response to the Consultation which was attached as an appendix to the report.

2. Agree that officers should provide further updates when there were any future developments.

Motion

Council Executive agrees Recommendations 1 and 2 but as a contributing council with 5,305 staff and 3,395 former employees in receipt of a pension from the fund, we consider that Option 2 Promote greater co-operation in administration and investing the 11 Funds' is the preferred option, being the position agreed by Cosla at Leaders meeting on 30 November 2018.

Council Executive instructs the Chief Executive to write to Lothian Pension Fund to advise it of this view.

- Moved by the Chair and seconded by Councillor Kirsteen Sullivan

Decision

To approve the terms of the motion.