

Item 4.1 - Minutes

Pensions Committee

2pm, Tuesday 24 September 2013

Present

Councillor Rankin (Convener), Councillor Child, Councillor Bill Cook, Alison Cosgrove, Darren May, Councillor Orr, and Councillor Rose.

Consultative Panel Members Present:

John Anzani, Sharon Dali, Guy Hughes and Eric MacLennan.

1. Minutes

Decision

To approve the minute of the Pensions Committee of 24 June 2013 as a correct record.

2. Lothian Pension Funds Annual Report 2013 Audited

Details were provided of the External Auditor's report on the audit of the Annual Report for the year ended 31 March 2013 for the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund. The Lothian Pension Funds Annual Report was also presented.

Decision

- 1) To note the External Auditor's report on the audit of the Annual Report for the year ended 31 March 2013 for the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund.
- 2) To note the Lothian Pension Funds Annual Report 2013 Audited.

(Reference –report by the Director of Corporate Governance, submitted.)

3. Annual Performance Report 2012/13

Details were provided of the key performance indicators for 2012/13 and a comparison of the Fund's pension administration costs with other local government pension funds.

Decision

To note the annual performance report.

(Reference – report by the Director of Corporate Governance, submitted.)

4. Service Plan Progress

An update was provided on the 2013-2016 Service Plan, in particular highlighting performance indicators and the key actions planned to meet the Fund's key objectives. Approval was sought to relocate the Fund's staff to Atria on Morrison Street.

Decision

- 1) To note the progress of the Fund against its 2013-2016 Service Plan.
- 2) To approve the relocation of the staff of the Fund to Atria on Morrison Street and the associated capital budget provision for 2013/14 of £132,000.
- 3) To request that the Director of Corporate Governance provides a briefing on the transition progress regarding the implementation of the new investment strategies.
- 4) To request that the Director of Corporate Governance provides details of the financial implications of the office move.

(Reference – report by the Director of Corporate Governance, submitted.)

5. Funding and Contribution Stability

Work was ongoing to develop a contribution stability mechanism in accordance with the Funding Strategy Statement (FSS) commitment.

Decision

To note the report and that the date of the next internal training session was 12 November 2013.

(Reference – report by the Director of Corporate Governance, submitted.)

6. Pensions Administration Strategy Review

The Lothian Pension fund adopted a Pension Administration Strategy effective from 1 April 2010. This had been subsequently reviewed and approval was sought for the amended strategy.

Audit Scotland had previously highlighted poor employer performance. Regulation 38A of the Local Government Pension Scheme Scotland (Administration) Scotland Regulations 2008, allowed the fund to recover additional costs from an employer where these have been incurred due to an action or an omission by an employer. The strategy outlined in what circumstances this power may be used,

Decision

- 1) To approve the Pensions Administration Strategy as attached in the appendix to the Director of Corporate Governance's report.
- 2) To note section 8 of the strategy which included the circumstances where the Fund may recover costs from employers.

- 3) To request regular updates reporting instances when costs from employers were recovered in regard to poor employer performance.

(Reference – report by the Director of Corporate Governance, submitted.)

7. Update on Employers Participating in Lothian Pension Fund

An update was provided on employers who were currently looking to join the fund, employers leaving the fund and the merger of colleges.

Decision

To note the changes to the employers participating in Lothian Pension Fund.

(Reference – report by the Director of Corporate Governance, submitted.)

8. Reform of the Local Government Pension Scheme in Scotland and Regulatory Update

An update was provided of progress towards scheme specific regulation for the reform of the design and structure of the Local Government Pension Scheme in Scotland by April 2015, reform of the Pension Scheme in England and Wales and the proposal to introduce a flat-rate state pension from April 2016.

Decision

To note the regulatory update in the report, the significant implications for Lothian Pension Fund and Lothian Buses Pension Fund of the Public Services Pensions Act 2013 and the tight timescales for the implementation of a new Local Government Pension Scheme in Scotland.

(Reference – report by the Director of Corporate Governance, submitted.)

9. Risk Management

The Committee were asked to scrutinise a summary of the risk register.

Decision

To note the Risk Summary.

(Reference – report by the Director of Corporate Governance, submitted.)