

Pensions Committee

2.30 p.m., Wednesday, 25 March 2015

Update on Employers participating in Lothian Pension Fund

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| Item number | 5.11 |
| Report number | |
| Executive/routine | |
| Wards | All |

Executive summary

This report provides updates on:

- Employers who are currently looking to join the Fund;
- Employers leaving the Fund; and
- Other current matters affecting employers participating in the Fund

Links

Coalition pledges

Council outcomes [CO26](#)

Single Outcome Agreement

Update on Employer participating in Lothian Pension Fund

Recommendations

- 1.1 Note the changes to the employers participating in Lothian Pension Fund.

Background

- 2.1 Responsibilities of both the City of Edinburgh Council, as administering authority of the Fund, and the participating employers are set out in the Funding Strategy statement and the Pensions Administration Strategy.
- 2.2 The Funding Strategy Statement includes the 'Admission Policy' (for employers joining the Fund), the 'Policy on Employers leaving the Fund' (cessation policy) and the 'Charging Policy' outlining when charges will be levied by the Fund.
- 2.3 The Pensions Administration Strategy sets out standards for exchange of information, including the requirement for the employer to keep the Fund informed about planned changes to their pension provision, including bulk transfers of staff and any outsourcing.

Main report

Employers joining the Fund

- 3.1 As covered elsewhere on the agenda, a new special purpose vehicle, LPFE is being created which will directly employ certain members of staff of Lothian Pension Fund. To provide staff with continuity of employment conditions, LPFE has applied to become an admitted body under the Scheme regulations. The Fund's admission policy requires any new admitted body to provide a guarantor and the City of Edinburgh Council has indicated they will act as guarantor for LPFE.

Employers leaving the Fund

- 3.2 Mental Welfare Commission, an admitted body to the Fund has indicated that following the retiral of their last active member on 31 March 2015, they will be leaving the Fund. As required under the Scheme regulations, a cessation valuation will be carried out to identify any deficit payment required from Mental Welfare Commission to the Fund.
- 3.3 Pilton Community Health Project has advised that following a period of staff consultation they will be leaving the Fund with effect from 1 April 2015. A cessation valuation will be carried out to identify any deficit payment required from Pilton Community Health Project.

Forth Estuary Transport Authority (FETA)

- 3.4 As previously reported to Committee, FETA will be dissolved in June 2015. A new contractor (Amey) has been appointed to operate both the Forth Bridge and the new Forth Crossing. Current FETA employees will be transferring to Amey under TUPE and to ensure continuity of pension provision, Amey will be applying for admission to Lothian Pension Fund. The Scottish Ministers will act as guarantors for Amey and an admission agreement has been drafted and issued via Transport Scotland.
- 3.5 The Fund is continuing to liaise with the Scottish Government on documentation reflecting provisions of the Forth Road Bridge Act 2013. The Act provides for the transfer of liabilities to the Scottish Government which has agreed to act as guarantor for legacy pension liabilities in respect of former FETA employees.

Other employer changes

- 3.6 11 members employed with the City of Edinburgh Council transferred to the Department of Work and Pensions (DWP) in November 2014 as part of the introduction of a Single Fraud Investigation Service. Members will be provided with the option to transfer benefits to the Civil Service Pension Scheme and the Fund is liaising with the DWP and the Fund Actuary on the terms of the transfer.
- 3.7 Discussions continue with Citadel Youth Centre with regard to a revision of their admission agreement to take into account their imminent change from an unincorporated body to a Scottish Charitable Incorporated Organisation (SCIO).
- 3.8 Committee were previously advised of staff transfers from outside organisations to the Services for Communities department within the City of Edinburgh Council. Transfers from Police Scotland and MITIE have been completed, however a further transfer exercise involving recycling staff from PALM recycling and FMG recycling is still ongoing.
- 3.9 The Fund is also starting to work with a number of existing admitted bodies in the Fund to update admission agreements.

Measures of success

- 4.1 Employers continue to take decisions in full knowledge of Local Government Pension Scheme (LGPS) Regulations and with awareness of policies put in place by the Fund to protect the Fund as a whole.

Financial impact

- 5.1 There is no financial impact arising directly from this report. However, proactive monitoring of employers participating in the Fund and appropriate admission agreements for employers help to protect the financial position of the Fund and other contributing employers.

Risk, policy, compliance and governance impact

- 6.1 Ongoing employer monitoring and engagement, together with robust policies on admission and cessation help to mitigate the risk of employer actions having an adverse impact on the Fund. Risks are also regularly reviewed via the Lothian Pension Fund risk register.

Equalities impact

- 7.1 There is no equalities impact as a result of this report.

Sustainability impact

- 8.1 There is no sustainability impact arising from this report.

Consultation and engagement

- 9.1 The Fund engages with participating employers on a regular basis via monthly bulletins highlighting relevant issues and employer events held throughout the year. The Fund continues to remind employers of the importance of keeping the Fund informed of any changes that could have an impact on their pension arrangements
- 9.2 Changes to relevant regulations and policies and the implications of these changes are communicated to employers, with consultation exercises carried out where appropriate.
- 9.3 In addition, the Consultative Panel for the Lothian Pension Funds, comprising employer and member representatives, is integral to governance.

Background reading / external references

None.

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Links

Coalition pledges

Council outcomes CO26 - The Council engages with stakeholders and works in partnerships to improve services and deliver agreed

Single Outcome

Agreement

Appendices