

# Pensions Committee

2pm, Tuesday, 24 September 2013

## Update on Employers participating in Lothian Pension Fund

Item number	5.6
Report number	
Wards	All

### Links

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Coalition pledges	
Council outcomes	CO26
Single Outcome Agreement	

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# Executive summary

## Update on Employers participating in Lothian Pension Fund

### Summary

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This report provides updates on

- Employers who are currently looking to join the Fund;
- Employers leaving the Fund;
- Mergers of Colleges;
- Other current matters.

### Recommendations

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To recommend that the Pensions Committee note the changes to the employers participating in Lothian Pension Fund.

### Measures of success

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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

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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 helps to protect the financial position of the Fund and the remaining employers.

### Equalities impact

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

### Sustainability impact

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There is no sustainability impact arising from this report.

### Consultation and engagement

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The Consultative Panel for the Lothian Pension Funds, comprising employer and member representatives, is integral to governance.

The Fund engages with employers on a regular basis as follows:

- monthly bulletins are issued to employer contacts highlighting relevant issues;
- employer events are held throughout the year;
- by providing dedicated resource in the form of an Employer Relations Officer.

Changes to relevant regulations and policies and the implications of these changes are communicated to employers, with consultation exercises carried out where appropriate.

### **Background reading / external references**

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None

## Update on Employers participating in Lothian Pension Fund

### 1. Background

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- 1.1 Responsibilities of both the Council, as administering authority of Lothian Pension Fund ('the Fund') and the participating employers are set out in the Funding Strategy Statement and the Pensions Administration Strategy. Both these documents have been previously approved by Committee.
- 1.2 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.
- 1.3 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.

### 2. Main report

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#### Employers joining the Fund

- 2.1 The report to Committee in March 2013 noted that BaxterStorey had applied for admission to the Fund under Regulation 5 of the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008 following the transfer of nine staff from Queen Margaret University. The admission agreement has now been signed, and additional security in the form of either a signed guarantee or a bond is now being sought. We are in discussions with Queen Margaret University and BaxterStorey to resolve this in order to conclude this admission.

#### Scotland's Rural College

- 2.2 As noted in the report to Committee in March 2013, the newly created Scotland's Rural College (SRUC) applied for admission to the Fund to ensure continuity of pension provision for those staff previously part of the Fund as a result of their employment with Oatridge College. The admission process for SRUC is now complete. Arrears of contributions which had been due since the date of transfer (1 October 2012) have been paid.

## **Edinburgh College**

- 2.3 The merger of Telford College, Stevenson College and Jewel and Esk College to form Edinburgh College took effect from 1 October 2012. Edinburgh College is a Scheduled body (an employing body listed in Schedule 2 of the Local Government Pension Scheme (Administration) Scotland Regulations 2008). A revised employer contribution rate reflecting the combined position of all three bodies has been calculated by the Fund's Actuary and is now being paid by the College.

## **Employers leaving the Fund**

- 2.4 The report to Committee in March 2013 noted that Children 1<sup>st</sup> had given notice to terminate their admission agreement. A cessation payment of £168,000 reflecting the difference between the liabilities (calculated using a gilt discount rate) and the notional share of assets at 30 April 2013 was paid in July 2013.
- 2.5 As noted in the report to Committee in March 2013, Lothian Centre for Inclusive Living had given notice to leave the Fund and a cessation valuation had been carried out to calculate the deficit due. A schedule for the payment of the deficit has now been agreed.

## **Forth Estuary Transport Authority (FETA)**

- 2.6 The report to Committee in March 2013 noted that FETA will be dissolved with all remaining employees expected to transfer to the contractor who will operate the bridge. This is expected to happen in June 2015.
- 2.7 In order to meet the liabilities of former FETA employees, the Scottish Ministers have agreed in principle to guarantee in full the legacy pension liabilities.
- 2.8 An initial draft guarantee has been drawn up by the Fund's legal advisers and reviewed by officers. The intention on both sides is for the agreement to be signed as soon as possible.

## **Citadel Youth Centre**

- 2.9 The Fund is in discussion with Citadel Youth Centre (an admitted body with the Fund) who is in the process of changing from an unincorporated body to a Scottish Charitable Incorporated Organisation (SCIO). Citadel Youth Centre wishes to continue as an admitted body with the Fund. The Fund is in discussions with legal advisers and with Citadel Youth Centre as to the best way to regularise the situation.

## Canongate Youth Project YTS

- 2.10 The Fund is also working with Canongate Youth Project and Canongate Youth Project YTS. Both are admitted bodies to the Fund. Canongate Youth Project YTS is being wound up, with all employees, assets and liabilities being transferred to Canongate Youth Project, which will continue as a going concern and which will continue to be an admitted body in the Fund.
- 2.11 The Fund has sought advice from legal advisers in order to establish the best way that this change can be reflected in the agreement with Canongate Youth Project.

## 3. Recommendations

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- 3.1 To recommend that the Pensions Committee note the changes to the employers participating in the Fund.

## Alastair MacLean

Director of Corporate Governance

## Links

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### Coalition pledges

Council outcomes CO26

Single Outcome Agreement

Appendices None