

# Pensions Committee

11.00am, Wednesday, 27 September 2017

## Lothian Pension Fund Staffing Update

Item number	5.13
Report number	
Executive/routine	
Wards	All
Council Commitments	<a href="#">Delivering a Council that works for all</a>

### Executive Summary

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In 2015, key investment staff were transferred to LPFE Limited, a newly established company owned by the Lothian Pension Fund. In March 2017, Committee agreed that the remaining pension fund staff should be transferred to LPFE Limited subject to the appropriate consultation with staff and trades unions and the conclusion of legal and risk analysis.

Since March 2017, the legal and risk analysis has been concluded and consultation with staff and trades unions is in progress with a proposed transfer date of 31 October 2017. A verbal update will be provided to Committee.

## Lothian Pension Fund Staffing Update

### 1. Recommendations

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Committee is requested to:

- 1.1 Invite the Pension Board to raise any relevant matters or concerns which the Committee should consider.

### 2. Background

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- 2.1 In May 2015, 6 posts (at the time, 11 staff members) were transferred to LPFE Limited, a new vehicle wholly owned and controlled by the City of Edinburgh Council (acting in its capacity as administering authority of the Lothian Pension Funds). The board of LPFE Limited is made up of the Executive Director of Resources (chair), the Convener of the Pensions Committee, the City of Edinburgh Council's Head of Finance, Head of Human Resources and the Chief Executive of LPFE Limited / Lothian Pension Fund. The Committee also agreed that additional consideration should be given to the transfer of other pension fund staff in due course, cognisant of the issues which may arise as a result of operating a dual employer structure within the pension fund team.
- 2.2 In March 2017, Committee agreed that the remaining pension fund staff should be transferred to LPFE Limited subject to the appropriate consultation with staff and trades unions and the conclusion of legal and risk analysis. Employing all staff in one entity would also facilitate collaboration with other funds, to enhance sustainability.

### 3. Main report

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- 3.1 Legal and risk analysis on the transfer was concluded in May 2017 and consultation with staff and trades unions commenced via face-to-face meetings and email briefings.
- 3.2 The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) apply to the proposed transfer and proposed changes (or 'measures') to some terms of conditions of employment were communicated to staff to align with those of current LPFE staff. The date for the transfer was initially proposed to be 30 September but this has been put back to 31 October to allow further consultation with staff and unions.

- 3.3 The measures include changing the way in which appraisals are undertaken and how they will affect remuneration and at the time of writing, these proposals are being developed in more detail. A meeting of the Board of LPFE Limited is scheduled for 6 September to discuss these issues, after which consultation will continue.
- 3.4 A verbal update on the transfer will be provided to Committee.

#### **4. Measures of success**

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- 4.1 The success of the staffing arrangements is reflected in the general performance of the pension funds. Staff satisfaction is a key performance indicator for the Funds.

#### **5. Financial impact**

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- 5.1 There are no financial implications as a result of this report.

#### **6. Risk, policy, compliance and governance impact**

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- 6.1 Governance arrangements are in place for LPFE Limited.
- 6.2 The transfer of the remaining pension fund staff to LPFE Limited could impact on staff morale. This risk will need to be managed accordingly. Communication will be particularly important.

#### **7. Equalities impact**

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- 7.1 There are no equalities implications as a result of this report.

#### **8. Sustainability impact**

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- 8.1 The transfer of the remaining pension fund staff to LPFE Limited is expected to enhance the sustainability of the current pension fund team. Further it would facilitate collaboration with other funds to further enhance sustainability.

#### **9. Consultation and engagement**

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- 9.1 The Pension Board, comprising employer and member representatives, is integral to the governance of the Fund.
- 9.2 Consultation and engagement with associated staff will be important as the options for change are developed.

## 10. Background reading/external references

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10.1 None.

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## 11. Appendices

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None