



## **Pensions Committee**

2.00pm, Wednesday, 21 June 2023

### **LPF – ‘Project Forth’**

#### **Item number 9.2**

#### **1. Recommendations**

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The Pensions Committee (Committee) is requested to:

- 1.1 agree to cease any further development of the merger of Falkirk Council and Lothian LGPS pension funds, in line with the guidance provided by the City of Edinburgh Council but continue discussions with Falkirk Council around enhancing the collaboration between Falkirk and Lothian LGPS based on existing operational arrangements.
- 1.2 note the Lothian Pension Fund and Falkirk Council Pension Fund project forth cessation communications plan (appendix 2) which is predicated on this agreement.

#### **David Vallery**

Chief Executive Officer, Lothian Pension Fund

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# LPF – ‘Project LPF – ‘Project Forth’

## 2. Background

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- 2.1 The Pension Committees of both LPF and Falkirk Council Pension Fund (FCPF) approved a merger and the key basis of the merger in December 2021. The merger is subject to approval by both City of Edinburgh Council (**CEC**) and Falkirk Council (**FC**), as well as the completion of a legal process, regulatory approval from the Financial Conduct Authority (**FCA**) and receipt of tax clearances.
- 2.2 The Committees authorised officers to set up a project to complete remaining aspects of due diligence of the proposed structure and progress towards legal completion with an initial target date of 31 March 2023. That date being advantageous in terms of being the financial year end and triennial valuation date as well as reducing project risk and colleague uncertainty through a longer period to completion.
- 2.3 On the 8 March 2023 the Chief Executive of City of Edinburgh requested that Project Forth be paused to allow consideration of its progress and alignment with other council priorities.

## 3. Executive Summary

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- 3.1 The purpose of this report is to enable committee to consider the email received from the CEO of City of Edinburgh Council on 1 June 2023. The email sent to David Vallery, CEO, LPF, communicates the view of Group Leaders of the City of Edinburgh Council and their preference not to prioritise the proposed merger for FCPF and LPF at this time.
- 3.2 The report also provides committee with oversight of the cessation communications plan for Forth including the proposed announcements following the communication from the CEC Chief Executive about Project Forth.
- 3.3 The Committee should note that the Falkirk Council Pension Fund committee and board were being informed of the views outlined in the communication from the CEC Chief Executive and thereby the expectation that Forth would not be progressing at this time.

## **4. Main Report**

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- 4.1 On 1 June 2023, David Vallery, LPF CEO received written confirmation from the City of Edinburgh Council (CEC) that, based on an informal and high-level consideration of various risks and issues, there is currently no appetite to explore further fundamentally changing the existing model of Lothian Pension Fund.
- 4.2 This message has been relayed to the Chief Executive of Falkirk Council by the CEC Chief Executive verbally and in writing, and also to the Falkirk Council Finance Director who is the responsible officer for FCPF and co-sponsor of the project.
- 4.3 Appendix one of this report sets out the email from Andrew Kerr, CEO of the City of Edinburgh Councils to David Vallery communicating the view of the Group Leaders of the City of Edinburgh Council.
- 4.4 Appendix two of this report sets out the merger (Project Forth) cessation communications overview ensuring that all LPF and Falkirk stakeholders are notified of the recent decision.

## **5. Stakeholder/Regulatory Impact**

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- 5.1 There is no regulatory impact although both the SPPA and FCA will be informed as part of the communications plan.

## **6. Background reading/external references**

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- 6.1 None.

## **7. Appendices**

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Appendix 1 – Email from Andrew Kerr, CEO of the City of Edinburgh Council.

Appendix 2 - The Lothian Pension Fund and Falkirk Council Pension Fund project forth cessation communications plan.