

Pensions Committee

2pm, Wednesday, 27 September 2023

Project Forth

Executive/routine
Wards

1. Recommendations

1.1 Committee is asked to note the contents of this report.

Andrew Kerr

Chief Executive

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Report

Project Forth

2. Main report

- 2.1 Before you at this Pension Committee is a paper from the Chief Executive of Lothian Pension Fund (“LPF”) in relation to Project Forth. This was the draft LPF paper from March 2023 and which Committee has requested sight of.
- 2.2 Whilst it is not specifically detailed within today’s report, I wanted to ensure that Committee members were aware that the section 95 officer of LPF (at that time), as well as others, had expressed concerns and reservations about the proposals at the time.
- 2.3 I consider it important that Committee members are made aware of the full background here and why Council officers were not supportive of the paper proceeding at that time. Hence the reason for this supplementary report.
- 2.4 Council officers make no comment as to whether the concerns of the section 95 officer (as well as other officers in LFP) were/are justified or reasonable but that is precisely why they would require to be considered in detail before any decision to proceed. I do not consider that simply referring to such risks in the report but not referring to the strength of feeling from such a key officer sufficiently highlights the issues. It is clearly important that any proposals for a Council decision are subject to appropriate, robust and agnostic analysis to ensure that all options and associated risks and benefits have been appropriately considered. With that in mind, as you may be aware I approached the Group Leaders to seek a steer as to whether they considered that Council would wish to divert officer time to address this potential project as a priority. The feedback received was that it was not a key priority and accordingly this message was fed back. I spoke directly to the Chief Executive of Falkirk Council to provide an update in this regard.
- 2.5 Hopefully you will understand that I feel the need to bring such matters directly to your attention to ensure that full information is available for your deliberations. To be clear, Council officers have no strong view on the “why” and “how” of Project Forth. However, if in the future it is to be taken forward by the Council then it is clear that all options would need to be properly analysed to ensure that any decision to proceed with a merger of such magnitude would do so on the basis of clear knowledge and analysis of the options and associated risks and benefits.
- 2.6 Accordingly, if Project Forth were to proceed in the future then in my view Council would need to agree in advance as to the resources required to be able to present

such a properly analysed proposal later to Council. Given competing priorities and per the discussion with Group Leaders, this would likely mean that other Council activity may need to cease or be delayed.