

# Pensions Committee

2.00pm, Monday, 26 March 2018

## Employers Participating in Lothian Pension Fund

Item number	5.11
Report number	
Executive/routine	
Wards	All
Council Commitments	<a href="#">Delivering a Council that works for all</a>

### Executive Summary

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The purpose of this report is to provide an update on current matters affecting employers participating in the Fund and in particular to highlight:

- The steady number of employers leaving the Fund and efforts made to recover exit payments; and
- Other relevant issues including bulk transfers of employers.

## Employers Participating in Lothian Pension Fund

### 1. Recommendations

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Committee is requested to:

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

### 2. Background

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- 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.

### 3. Main report

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#### Employers leaving the Fund

- 3.1 The Fund has continued discussions with Age Scotland, a former Fund employer with regards to repayment of cessation debt. An update is included in agenda item B1.1.
- 3.2 The Fund has continued discussions with Edinburgh Rape Crisis Centre regarding repayment of cessation debt following the retirement of the last active member in August 2016. An update is provided in agenda item B1.1.
- 3.3 As previously reported to Committee, Streetwork left the Fund in August 2017 following the retiral of the last active member. Further information is included in agenda item B1.1.
- 3.4 Victim Support Scotland chose to leave the Fund with effect from 1 September 2017. Further information is included in agenda item B1.1.
- 3.5 Pilton Youth and Children's Project chose to leave the Fund with effect from 1 November 2017. Further information is included in agenda item B1.1.

- 3.6 As previously reported to Committee, Queensferry Churches Care Community Project chose to leave the Fund with effect from 1 November 2017. An update is included in agenda item B1.1.
- 3.7 As previously reported to Committee, two admitted bodies, Four Square and Keymoves merged. As a result, Keymoves is being wound up and left the Fund in July 2017. Further information is included in item agenda B1.1.

### **Other Changes**

- 3.8 As reported to Committee in March 2017, Citadel Youth Centre has advised that it is changing status to become a Scottish Charitable Incorporated Organisation. A new admission agreement has been prepared to reflect this change in legal status, including commitment that the new entity has responsibility for previous pension liabilities. Confirmation of the change from the Office of the Scottish Charity Regulator has now been received and it is expected that the revised admission agreement will be signed imminently.
- 3.9 As previously reported to Committee, employees of the City of Edinburgh Council, East Lothian Council and West Lothian Council involved in the creation of a Single Fraud Service transferred to the Civil Service Pension Scheme in 2014. Although the transfer of pension arrangements for the relevant West Lothian Council member has been completed, no further updates have been provided in relation to the rest of the members. The Fund continues to pursue the matter via the Fund Actuary who has been working with the Government Actuary's Department who are working on this transfer for the Civil Service Pension Scheme.
- 3.10 As previously advised to Committee, following changes made by the City of Edinburgh Council, to arrangements for city development, EDI is expected to leave the Fund during 2018. Fund officers have been in discussion with the Actuary, EDI Group and the City of Edinburgh Council regarding pension liabilities on exit. The City of Edinburgh Council (as guarantor) have agreed that the cessation valuation will be carried out on the ongoing basis.
- 3.11 The City of Edinburgh Council entered into a contract with Mite PFI Ltd to provide cleaning and janitorial services in schools. Mitie PFI Ltd were admitted to the Fund in 2008, by way of a tri-partite admission agreement between the Fund, the City of Edinburgh Council and Mitie PFI Ltd. Mitie have now advised the Fund that they intend to transfer all employees, currently employed by a number of Mitie companies, to a single employing entity. This means that staff currently covered by the admission agreement will be employed by Mitie Limited with effect from 1 April 2018. Given the change in employment relationship, a new admission agreement is required. This will include the requirement for Mitie Limited to take responsibility for previously accrued liabilities.

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

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- 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.

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

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- 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.

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

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- 6.1 Ongoing monitoring and engagement, together with robust policies on admission and cessation help to mitigate the risks of employer actions having an adverse impact on the Fund.

#### **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 There is no sustainability impact arising from this report.

#### **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 and they are invited to comment on the relevant matters at Committee meetings.
- 9.2 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.
- 9.3 Changes to relevant regulations and policies and the implications of these changes are communicated to employers, with consultation exercises carried out where appropriate.

## 10. Background reading/external references

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10.1 None.

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## 11. Appendices

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None