

February 2018

BULLETIN

Structure Review

The Cabinet Secretary for Finance has responded to the SAB's options paper on the structure review. He has asked the SAB to consult on the future structure of the scheme based on the options identified in the report:

- Status quo of eleven funds in Scotland.
- Retain the eleven funds, but with closer collaboration.
- One or more common investment pools.
- Merge the funds into one or more new funds.

SAB officers are drafting a consultation paper and timetable for the next SAB meeting in April.

Audit Scotland overview report

The SAB received a presentation from Audit Scotland on their overview report on local government pension funds. This is a high level look at funds based on their financial accounts. Audit Scotland highlighted the significant increase in asset value and liabilities as well as other challenges facing the scheme. These will be addressed in more detail when the scheme valuation is considered later this year.

http://www.audit-scotland.gov.uk/uploads/docs/report/2017/nr_171128_local_government_finance_supp2.pdf

Governance Review

The SAB agreed an action plan on the implementation of governance review. The main actions for the SLGPS involved strengthening training and communications, particularly with pension boards at fund level.

Annual report

A revised draft report was agreed at the last SAB meeting. The final statistical analysis is being completed and the report should be published later this month.

Regulations

The SPPA reported on draft regulations that had been out for consultation. Some changes will be made and the final regulations will be presented to Parliament in April.

Pension Developments

The FCA's Investor Disclosure Working Group (IDWG) is working on templates for cost and fee disclosure by asset managers to institutional investors, including pension funds. Many of the biggest advisors have already signed up to the LGPS code. The working group has recently published an update of its work.

<https://www.fca.org.uk/publication/minutes/idwg-progress-december-2017.pdf>

The UK government has announced that it intends to lower the age for automatic enrolment in workplace pensions from 22 to 18. However, the change will not take place until the mid 2020s.

The UK government is consulting on rules that will make it easier for pension schemes to make investment decisions to fight climate change. Friends of the Earth Scotland has published a new analysis of fossil fuel investment in Scotland and UNISON has commissioned a guide on this issue from Share Action.

Further details on our website www.lgpsab.scot