



SLGPS Consultation Review Launch Event

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Overview of Structure review options for the Local Government Pension Scheme in Scotland

1. Overview of the Journey so far
2. Objective of the review
3. SAB Working Group
4. Options proposed
5. Implications on administration and funding



Overview of the Journey so far

- Pathfinder Project (2007 Deloitte's review)
- APG Review
- Audit Scotland Review (2011)



Overview of the Journey so far

- 2015 Scheme Advisory Board introduced
- 2015 Review of structure of the SLGPS included in SAB workplan
- 2016 SAB working group set up to prepare options appraisal
- 2017 SAB working group presented report to SAB and Scottish Ministers
- 2018 Cabinet Secretary for Finance and the Constitution asked SAB to progress to consultation



Objective of the review

- Focus on governance
- Challenges facing the Scottish LGPS
- Changes in pooling in England & Wales LGPS
- Drivers for infrastructure investment



SAB Working Group

- Formed 2016
- Representatives - Employers; Trade Unions; Fund Advisers
- Remit to deliver an options appraisal
- Not a decision making group
- Commissioned two reports - Mercers and Academic
- Output – Structure review options report Feb 2017



Options Proposed

Status Quo with 11 funds

Collaborative approach

Investment pooling

Merge into one or more new funds



Option 1 – Status Quo

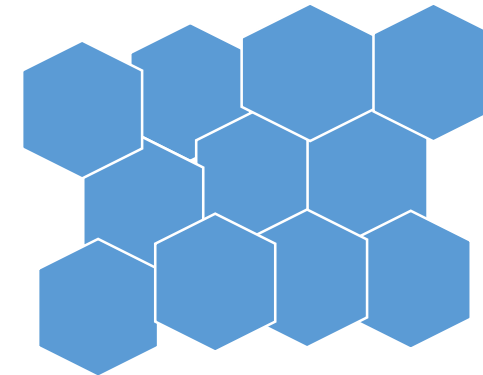
- Do nothing?
- Retain current structure with 11 funds





Option 2 – Collaborative approach

- Promote co-operation in investing and administration between funds
- Co-investment
- Shared Services





Option 3 – Investment pooling

- One or more common investment pools
- Each fund retains governance and administration
- Similar to England and Wales



Option 4 – Merge into one or more new funds

- One or more larger funds
- Merge assets and liabilities
- Challenge with employer allocation





Administration and funding

Drivers for change?

What are the implications?





Overview of Structure review options for the Local Government Pension Scheme in Scotland

- Four options to consider in consultation
- Consultation report and accompanying reports
- SAB Website lgpsab.scot