

Draft response by Glasgow Kelvin College

Review of the Structure of the Scottish Local Government Pension Scheme

CONSULTATION RESPONSE FORM

Instructions

Responses in this form should be drafted in conjunction with the accompanying consultation report. To respond, please complete the **respondent details** and as many of the **consultation questions** your organisation wishes to complete and return the form via email to the Pensions Institute at consultation@pensions-institute.org no later than **Friday, 7 December 2018**.

This consultation is being conducted in electronic form only, so **responses must be emailed**; hard copy posted or delivered responses cannot be received. Any queries about the consultation should be addressed to Matthew Roy, Fellow, Pensions Institute at matthew.roy@pensions-institute.org.

RESPONDENT DETAILS

Name of responding organisation(s)

Please list the full name of each organisation participating in this response.

Organisation type

Is your organisation an administering authority, employer, or employee group? Please record for each responding organisation.

full names of responding organisations

Glasgow Kelvin College

Employer

Authors

Please list any people that wish to be recorded as authors of this response, including name, job title and organisation.

Consent

Please confirm each author consents to their information being retained for analysing the consultation responses by writing 'confirm' by their name.

James Gow, Vice Principal Finance and Corporate Services

Confirm

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Date

Please date the response.

26/10/2018

Covering information

If you wish to include covering information with your response, please include the text here. The text can wrap onto additional pages if needed.

Glasgow Kelvin College is an Employer Member of the Strathclyde Pension Fund.

Key figures for Glasgow Kelvin College as at October 2018 are as follows.

Employer Profile	Glasgow Kelvin College is the newest of Glasgow's three regional further education colleges, formed by the merger of John Wheatley, North Glasgow and Stow colleges in November 2013. Glasgow Kelvin College's ethos derives from its commitment to Excellence, Progression and Enterprise. It seeks to provide learning opportunities of the highest quality, which engage learners from the widest range of backgrounds, and support their progression to employment or to further study. It seeks to develop enterprise in individuals – as a core skill for learning, life and work; and to support enterprise in both organisations and communities – by developing the capacity of both employers and employees and of community representatives.
Membership of Strathclyde Pension Fund	Glasgow Kelvin College currently has 200 employee members of the Strathclyde Pension Fund.
Investment	<p>Glasgow Kelvin College pays a contribution rate of 19.3% (of pensionable payroll). This rate has been stable since 2010 and will continue until at least 2021. Employees contribute between 5.5% and 11.2% (of pensionable payroll).</p> <p>Total contributions for the financial year 17/18 were in excess of £1.2m.</p>

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Question 5: Preferred and additional options

The text can wrap onto additional pages.

a) Which option does your organisation prefer? Please explain your preference.

Glasgow Kelvin College is entirely supportive of the draft response to the consultation prepared by the Strathclyde Pension Fund (SPF). It has a high degree of confidence in the management and governance of the SPF and does not see any benefit to either the College (as an employer making substantial cash contributions) nor employees through the adoption of any of the alternative models outlined in the consultation document. Therefore the College is not supportive of structural change in respect of the SPF.

The College is seriously concerned about the potential additional risks and costs associated with any of the proposed changes. These are outlined in some detail by the SPF in its response.

Additionally the College is concerned about the repeated suggestion in the consultation document that investment by pension funds in infrastructure projects is related to the way in which pension funds are organised. The College would support the SPF views on this matter.

The College would express considerable concern in respect of a proposed merger of pension funds. Merger is likely to be extremely costly, disruptive, take an extended period of time and have a significant opportunity cost as management time is allocated to a structural merger process rather than the management of funds. Work published by Audit Scotland has repeatedly questioned the effectiveness of merger processes in the public sector.

b) What other options should be considered for the future structure of the LGPS?

If there are drivers for structural changes within the LGPS these could be addressed more locally.

c) What would be the advantages and disadvantages of these other option for funds' investment costs, governance, operating risks and ability to invest in infrastructure?

d) Are there any other comments you would like to make?

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The consultation questions end.