



Annual Report 2018-19

Scottish Local Government Pension Scheme Advisory Board (SAB) Annual Report 2018-19

Opening Remarks from the Chair

On behalf of the Local Government Pension Scheme Advisory Board, I am delighted to be able to present the fourth SAB Annual Report. The aim of this Annual Report is to provide a primary source of information about the work of the Board over the last financial year, 2018-19 for LGPS members, employers, and other stakeholders.

This report summarises the financial position of funds across Scotland, and each local Pensions Committee has made decisions to invest their funds bearing in mind their own fiduciary duty. Although the positions of individual funds vary, overall across Scotland the LGPS is fully funded and sustainable, which is very welcome.

I hope you find this report useful. The Board welcomes feedback on the information provided and how this can be developed for future reports. More information can be found about the Board's work at our website: lgpsab.scot

Andy Thompson
Chair of SAB

Introduction

The Scottish Local Government Pension Scheme Advisory Board (SAB) was established under the Public Service Pensions Act 2013 to provide advice to Scottish Government Ministers on the desirability of changes to the design of the scheme and the implication of other policy issues.

The SAB also provides advice to the Scheme Managers or the Scheme's Pension Boards in relation to the effective and efficient administration and management of the scheme.

The Scheme Advisory Board is responsible for:

- Providing advice on request about the desirability of changes to the design of the scheme; policy issues and changes to scheme regulations.
- Discussing and commenting on the potential implications of future valuation outcomes.
- Making recommendations on adjustments to the Scheme, in the event that costs breach the employer cost cap.
- Providing advice to the Scheme Managers or the Scheme's Pension Boards in relation to the effective and efficient administration and management of the Scheme.

Structure and People

The SAB is a bipartite Board comprising equal representation from employers and employee representatives. It meets four times a year and considers Scotland-wide issues relating to the governance of the scheme.

In the past, these have included Fiduciary Duty, “pensions choice”, scheme governance, reviews of pension regulations, Guaranteed Minimum Pensions, and the Audit Scotland review of funds.

Current issues include investment cost transparency, cessation valuations for admitted bodies, scheme valuation and quality of individual fund valuations, fund structures and board member training.

The partnership approach is also reflected in our administration arrangements with Joint Chairing on a rotational basis between the two sets of representatives and a Joint Secretariat sourced from existing resources within the Employers and Trade Union organisations.

Current SAB Members

Chair – Andy Thompson, GMB

Vice Chair – Cllr Jim Goodfellow, East Lothian Council

Members representing Scheme Member interests:

Simon Watson, UNISON

Stephen Smellie, UNISON

Dr Davena Rankin, UNISON

Brian Robertson, Unite (from July 2019)

Wendy Dunsmore, Unite

Andy Thompson, GMB

Annette Drylie, GMB (from July 2019)

Members representing Councils, Scheduled and Admitted Bodies:

Cllr Alastair Rankin, City of Edinburgh Council

Cllr Jim Goodfellow, East Lothian Council

Cllr Richard Thomson, Aberdeenshire Council (until January 2020)

Cllr David Parker, Scottish Borders Council

Cllr Simon Mountford, Scottish Borders Council

Brian Strathie, Scottish Water

Lynne Robertson, Inspire (from January 2020)

Joint Secretary – Employers

Jonathan Sharma, COSLA

Kathy Cameron, COSLA

Joint Secretary – Trade Unions

Simon Watson, UNISON

There are a number of observers and advisers who support the SAB in the deployment of Board business. These include representatives from, and on behalf of, the Scottish Government, formal COSLA officials, pension scheme managers and representatives from professional associations.

The Local Government Pension Scheme

The tables below give a snapshot of the Local Government Pensions Scheme as at 31 March 2019, showing the total numbers for the scheme.

Table 1 – Local Government Pension Scheme in Numbers



Table 2– Local Government Pension Scheme in Numbers by Pension Fund

<i>18/19 numbers as at 31st March 2019</i>	Contributors	Pensioners	Deferred Members	TOTAL
Shetland	3,339	1,967	2,193	7,499
Falkirk	14,857	10,636	6,320	31,813
Highland	12,599	10,035	8,975	31,609
Orkney	1,969	974	958	3,901
NESPF	25,934	21,458	20,724	68,116
Tayside	19,091	16,102	8,838	44,031
Fife	16,670	13,151	7,293	37,114
Strathclyde	100,441	79,234	62,599	242,274
Dumfries & Galloway	6,317	4,886	4,807	16,010
Lothian	34,569	29,468	20,280	84,317
Borders	4,376	3,707	2,878	10,961
TOTAL	240,162	191,618	145,865	577,645

Communications

The SAB has developed a bespoke website to act as a unique source of information and advice to all stakeholders. The site includes the minutes of SAB meetings along with other governance documentation, guidance documents and details of the Board's membership. The content of the website will develop as the work of the Board continues. Similar information is also published on the local government pages of the Scottish Public Pensions Agency (SPPA) website - www.sppa.gov.uk.

A short bulletin is also published after each meeting covering the key decisions. This bulletin is circulated to key stakeholders and is available on the SAB website – lqpsab.scot.

SPPA links and useful resources for local government employers to each Fund: <https://pensions.gov.scot/local-government/about-local-government-pensions/useful-links>

Links to local government employer websites: <https://www.cosla.gov.uk/>

Links to Funds: <https://lqpsab.scot/related-websites/>

Financial report

The regulations underpinning the 2013 Act allow the SAB to collect a levy to support its work. In the first year of operation, the SAB adopted a straight proportion of the levy raised by our equivalent SAB in England and Wales equating to £40,000. The SAB secretariat and support function is used from existing resources within both employer and trade union organisations to minimise the financial impact of our work on the public purse. During the business year 2018-19, the SAB primarily used these funds to support our structure review (see below). In the coming year, the costs of the online fee transparency portal will also be taken from these funds. A regular financial report is considered by the SAB at each meeting and any monies not used are held over for the following financial year.

Workplan

The Workplan drives the agenda of the Board and reflects its role in advising both the responsible authority (currently Kate Forbes, the Cabinet Secretary for Finance) and Scheme managers. The current Workplan is set out in Appendix I. This shows the workplan areas as at January 2020 and is included to show how the SAB has prioritised its work going on from 2018/19. For instance, progress on the Structure Review consultation is summarised here. Further information on the SAB's ongoing work will be included in the 2019/20 Annual Report.

Structure Review

The focus of the Board's work over the recent period has been a structural review of the funds in Scotland. The Board commissioned the Pensions Institute to analyse and provide conclusions from the consultation with employer and employee stakeholders, which concluded in December 2018. The consultation covered four options for funds in Scotland – status quo, enhanced co-operation, pooling and fund merger.

The Board received a report by from the Pensions Institute in April 2019 which, from the outcome of its analysis, concluded that there were four priority issues: evaluating the case for a merger; investigating how the Scottish Government can boost the supply of

infrastructure investment propositions; improving reporting on investment costs; and supporting multi-fund employers.

The SAB wrote to the then-Cabinet Secretary, Derek Mackay, stating that it intended to commission further work on the merger model, including a fuller comparison of the status quo/collaboration and merger options, investigating how costs of change compare with the potential organisational, operational and investment benefits and what different governance arrangements would be required under the merger scenario.

The Cabinet Secretary has encouraged the SAB to continue work to look at the structure of the SLGPS and monitor the impact of pooling in England and Wales. The SAB is therefore undertaking scoping work to expedite this.

Financial Overview

As with 2017/18, Audit Scotland published a supplement to their annual Financial Overview of Local Government in Scotland 2018/19 on the SLGPS. This describes the scheme and governance arrangements together with an analysis of the financial position. Its conclusions were as follows:

- SLGPS funding levels have reduced compared to last year and across Scotland the average funding level for 2018/19 is at 82 per cent. The value of scheme liabilities increased by 13 per cent, more than the growth in assets of seven per cent.
- Across the SLGPS, total contribution income from current members is increasingly less than the benefits paid. The difference is now -£75 million.
- Investment returns for each fund were between 5.3 and 8.8 per cent in 2018/19. These returns are more consistent across funds than in 2017/18.
- Six pension funds didn't meet their benchmark returns last year, but most of them exceeded their five-year benchmark.
- A decision by the Supreme Court in June 2019 (the 'McCloud Ruling') came after the unaudited accounts were prepared. Funds requested revised reports from their actuaries in order to quantify the increase in estimated liabilities as a result of the ruling. The estimated combined increase in the value of promised retirement benefits totalled around £500m.
- Management expenses are under-disclosed and there is a complex relationship between risk, return and costs.

The supplement can be found on Audit Scotland's website, link below:

<https://www.audit-scotland.gov.uk/report/local-government-in-scotland-financial-overview-201819>

LGPS Funds Accounts and Net Assets as at 31 March 2019 are detailed at Appendix II.

Scheme Membership

The Board has once again carried out a data collection exercise in relation to membership. The Board collated from councils, who make up 75% of the scheme membership, employee data by spinal column point and gender. A summary table is detailed below.

This year's annual report is enhanced with additional data for more scheduled bodies data.

Initial Assumptions on patterns of workforce membership of the SLGPS

	2013	2016	2017	2018	2019
	*based on 27 councils	*based on 27 councils			
TOTAL NO OF EMPLOYEES	186,110	188,656	197,018	209,789	220,215
FEMALE	130,585	135,673	138,763	147,817	158,015
MALE	55,525	52,983	58,255	61,971	62,200
FEMALES IN SCHEME	92,770	105,143	110,950	117,731	128,918
UNDER SPINAL COLUMN POINT (SCP)21	15,243	22,204	21,321	22,414	22,420
MALES IN SCHEME	43,400	43,612	49,815	51,279	52,846
UNDER SCP 21	5,056	6,666	6,421	7,065	7,151
ALL NON MEMBERS	12,125	9,371	36,253	33,999	38,451
UNDER SCP 21	4,335	3,572	14,509	12,264	17,991

INITIAL ASSUMPTIONS

- steady increase in female workforce, less marked in male employees
- Trends suggest female employees remain scheme members
- Under scp21, female employees in scheme appears to remain steady
- Appears to be a slight increase in male employees in scheme, as with male employees under scp21
- However, there also appears to be a marked increase in numbers out of scheme since 2018, even more so on under scp21

Further work will be carried out by the joint secretaries to determine whether this is indeed the case and what actions may be needed to address this issue.

Initial examination of Fund websites and annual reports suggests a varied reporting on complaints. Further work on this issue will be necessary to gather more information.

Scottish Government publishes statistics on life expectancy in the Scottish area, including Council areas. Further analysis will be needed to determine whether this information will be of assistance to the SAB in relation to future planning.

Table 2 – 2018 Membership Levels (local authority; Scottish Water and Police Scotland)

	Actual	Actual		
	2019	2018	%	Comparison to 2018
Total No of Employees	220,215	209,789	100.00	
Female	158,015	147,817	71.75	↑
Male	62,200	61,971	28.25	↑
Female Employees In Scheme	128,918	117,731	81.59	↑
& Under SCP 21	22,420	22,414	17.39	↑
Male Employees In Scheme	52,846	51,279	84.96	↑
& Under SCP 21	7,151	7,065	13.53	↑
Employees Not in Scheme	38,451	33,999	16.21	↑
& Under SCP 21	17,991	13,264	39.01	↑

Transparency of Investments

With more than £48bn of assets, there is significant interest in how contributions are invested and in maximising the financial benefit for scheme members and employers.

The Board has focussed on transparency of investment fees and costs by adopting and promoting templates to report these, first developed by the Institutional Disclosure Working Group and now taken forward by the Cost Transparency Initiative (CTI). These represent a step forwards in having a common and comparable system of reporting investment costs.

The next step is enabling boards to compare costs, notwithstanding that there will always be local differences and minor variations. So, the SAB has supported the development of an online “portal” through which funds can require investment managers to report their fees and costs. This has been commissioned and is due to be launched in March 2020. It will provide basic data validation and provide average costs of investments for various asset classes. This is very much the start of developing a more granular system which will help shine a light on the totality of investment costs.

Pensions Funds have continued to promote the Transparency Code and have engaged with their asset managers to ensure the Code is adopted. Evidence is that the majority of fund managers are adopting the Code, while for others this is still work in progress.

Funds are continuing to notice a modest improvement in the granularity of costs being disclosed, with cost templates covering up to 31 March 2019 being provided. However, there remains more work to be done working with private markets, in particular in providing cost transparency. Funds are adopting the CTI and expect to be reporting on this basis in the 2020/21 financial period.

Report on Fund Valuations

The SAB received a report into the actuarial valuations of the 11 pension funds from the Government Actuaries Department (GAD). This analysis, required under section 13 of the Public Service Pensions Act 2013, assesses whether the four main aims [compliance, consistency, solvency and long-term cost effectiveness] have been achieved.

The report found that fund valuations were compliant with relevant regulations. In aggregate, LGPS Scotland is in a strong financial position with funding improved from 94% at 2014 to 102% at 2017, and 6 out of the 11 open funds being fully funded. It also found that there were some inconsistencies in the approach taken, assumptions and disclosures between different funds, and recommended that there should be more standardised ways of presenting relevant disclosures and making funding calculations to enable cross comparison of funds.

Cessation Issues

Smaller employers, typically outwith the public sector, are members of various LGPS funds in Scotland. They typically have weaker covenants than local authorities, and therefore are at higher risk and have to pay higher contributions. In addition, when they no longer have any active members, the employers are required to address any funding deficits. These arrangements vary by fund.

At the request of Scottish Ministers, the SAB has convened a working group to explore guidance to address the differences in the treatment of different employers in different funds and ensure a fair, consistent and transparent approach to cessation issues.

Employment Tribunal (McCloud)

The SAB has been keenly aware of the December 2018 Court of Appeal ruling on transitional protections in the Judicial and firefighters pension scheme, which it found unlawfully discriminated against younger workers. However, the specific protection in the LGPS differs from the other public service pension schemes – the statutory underpin in the transitional regulations applies only to those within ten years of retirements on 31 March 2012. The UK Treasury is taking forward work on this, and the SAB will consider proposals from the SPPA in due course. Uncertainty around the implications of this judgement, and especially any costs involved, has also **led to a delay in considering the valuation of the Scottish LGPS scheme and if the cost cap has been breached.**

Guaranteed Minimum Pension

In 2008/2009 Guaranteed Minimum Pension (GMP) - related overpayments across the public service schemes were identified and Scottish Ministers chose to allow the pension in payment to remain unadjusted for affected pensioners in the LGPS.

A recent GMP reconciliation exercise required all schemes to reconcile their GMP's with those held on HMRC's records by December 2018. Regulations provide for a new scheme award known as an Increased Pension Entitlement (IPE) which reflects the GMP-related overpayment. Pensions currently in payment will remain unadjusted and the regulations (**The Local Government Pension Scheme (Scotland) Pensions Amendment (Increased Pension Entitlement) Regulations 2019**) came into force at the end of 2019.

Member Training

As part of taking forward the outcomes of its governance review, the SAB has sought updated information from Pension Boards on training for board members. It considered the training requirements and good practice for board members, and SAB members and agreed that links with Boards needed to be strengthened. A training programme is being developed in conjunction with SAB advisers and will be brought forward in the coming year. In more general terms, the SAB has considered what advice it needs to take forward its work and how best to utilise the skills and experience of its advisers.

Future Work

The Board plans to progress the areas set out above and in its current workplan (Appendix 1). This includes anticipated work to further scope work to assess options under the structure review; work to further develop transparency of investments; and work on training for board members.

Current Workplan areas

No	Title	Description	Output Required	Completion Date	Update
1	SPPA Governance Review	Following the report from KPMG and the actions being taken forward by SPPA, SAB to agree an action plan.	An action plan covering training and communications actions for the Board to consider	Ongoing	Further discussion on training plan at 29 th January meeting.
2a	Structure Review	Following from the data collection exercise, to complete a review of the structure of the Scottish LGPS.	A report from the Scheme Advisory Board outlining the results of the review exercise.	The consultation was issued on 18 th June with a launch event held with employer and employee representatives and closed on 7 December 2018.	Joint secretaries will report at the 29 th January meeting on progress in scoping a detailed specification, to be issued to consultants to take forward the structure review work.
2b	Infrastructure Investment/ multi-fund employers	It was agreed that the workplan would be updated to take account of the need to address the other issues raised in the consultants' report on Structure Review concerning investment cost transparency, infrastructure investment and multi-fund employers. Investment cost transparency is included at workplan area 3 below.	Reports to be brought to the SAB covering infrastructure investment and multi-fund employers	SAB to agree timescales for this work, however it is proposed that reports are brought to either the March or June 2020 meetings, depending on agenda priorities.	No further update at this stage.

3	Transparency of Investments	To consider how to improve transparency across the Funds in relation to investment decisions.	Guidance on transparency around investment costs and to ensure that this reflects best practice.	Ongoing	The SAB agreed to provide funding for the development of a web portal for boards to share and analyse transparency data, due in mid-2019. The SAB will receive a presentation from BYRHAS, who are developing the transparency portal, at the 29 th January meeting.
5	Collection and Consistency of Fund Data	To scope out a body of work which will consider the collection of data across Scottish Local Government Pension funds.	A benchmarking exercise providing information on data collected by individual funds.	Ongoing	The original work was completed in 2016. Further consideration on data collection, as identified by the Annual report working group, will now form part of the 2018/19 Annual Report. The SAB will consider the draft Report at the 29 th January meeting.
6	Valuation Outcomes and Impact on Cost Cap	A triennial agenda item whereby GAD report will inform the Scheme Advisory Board on the outputs of the most recent valuation exercise and provide advice on any impact on the cost cap.	To allow the Board to consider the information provided by Funds from the recent valuation exercise.	2020	As advised by GAD the cost cap is currently on hold pending the outcome of UK Government's appeal to the recent court ruling. GAD to advise on progress of the Valuation in due course. A further update on progress is awaited and SPPA will advise on this.

Completed workplan areas

7	Fiduciary Duty	To review the main fiduciary duties as they apply at all levels of the Scottish LGPS and consider appropriate guidance.	To provide guidance if required across the Scheme on fiduciary duty, taking account of recent evidence and opinion, including the recent Law Commission report.	31 st March 2015	Complete – guidance now issued to funds and available on the SAB website. http://lgpsab.scot/fiduciary-duty-guidance/
8	Funding Issues for the Local Government Pension Scheme	To consider the issue of funding within the Scheme and how this impacts nationally and at fund level.	This item will cover all funding issues for the LGPS in Scotland.	Training session provided by Hymans Robertson in August 2015. Standard agenda item.	No further update.
No	Title	Description	Output Required	Anticipated Timescale	Update
9	Cessation Valuation: Guidance and Regulation Review	To consider a range of matters raised as a result of recent activity on cessation valuations	That there are two areas for consideration by SAB and Scottish Government on 1) regulation review and 2) good practice guidance for Funds.	Exercise should consider SPPA data collection exercise which is ongoing. Urgency around issue would suggest 30 th June 2015 at the latest.	No further update
10	50:50 option review	To scrutinise the impact of the 50:50 option within the Scheme.	To allow for a meaningful consideration of the impact of the 50:50 offer within the Scheme.	June 2016.	SAB to clarify if further work to be undertaken on this.

Original Workplan Items now Standing Items on Board Meeting Agendas.

No	Title	Description	Output Required	Anticipated Timescale	Update
11	Communications Strategy	To consider an appropriate strategy on communications for members and on guidance for funds where required	This item will be a standing meeting item and will ensure that the Board are communicating effectively with all stakeholders.		No further update.
12	Review of Regulations	A standing item to ensure that regulations reflect legislation and are fit for purpose.	This item will be a standing meeting item and will inform/reflect the Board's response to existing regulations or those in draft form.		To be considered under the SPPA's Agenda item.
13	Funding Levy mechanism	To agree a mechanism to allow the Scheme Advisory Board to fund the development work required to carry out its role.	That an agreed levy approach is agreed to support the work of the Board.	Ongoing	The original work was completed in 2015. The levy is now being collected each financial year and the SAB considers a financial report at each of its meetings.

Appendix II : Fund Account as at 31st March 2019															
	Aberdeen	Dumfries &	Falkirk	Fife	Highland	Lothian	NESPF	Orkney	Scottish	Scottish	Shetland	Strathclyde	Strathclyde	Tayside	TOTAL
Fund account for year ended	Transport	Galloway							Borders	Homes			No 3 Fund		
31/03/2019	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income															
<u>Employers</u>															
Normal Contribution	385	21,902	65,745	75,901	40,009	160,778	99,287	7,478	14,348		13,481	413,521	35	69,073	981,943
Deficit Recovery Contributions	1,558	85	2,412	-	4,727	8,057	2,530	-						2	19,371
Strain Costs				2,759	293	4,082	6,801	118	406		203	20,176		3,035	37,873
Others															
Please provide details -	-	2,014		-		2,755	-	-				3,855			8,624
	1,943	24,001	68,157	78,660	45,029	175,672	108,618	7,596	14,754	-	13,684	437,552	35	72,110	1,047,811
<u>Employees</u>															
Employee Contributions	72	6,095	18,720	18,754	13,378	47,416	30,242	2,530	4,601	-	4,010	131,119	142	24,631	301,710
	72	6,095	18,720	18,754	13,378	47,416	30,242	2,530	4,601	-	4,010	131,119	142	24,631	301,710
<u>Transfer Values</u>															
Group transfers	-			-								-			-
Individual transfers	-	1,731	5,877	2,146	1,855	3,852	2,905	777	1,262	-	1,503	9,092		1,919	32,919
	-	1,731	5,877	2,146	1,855	3,852	2,905	777	1,262	-	1,503	9,092	-	1,919	32,919
<u>Other</u>															
Others															
Please provide details -				0				0	30						30
Other Income (Divorce Quotes, etc, pre 86)	305			-			6	-			1	363			675
	305	-	-	-	-	-	6	-	30	-	1	363	-	-	705
	2,320	31,827	92,754	99,560	60,262	226,940	141,771	10,903	20,647	-	19,198	578,126	177	98,660	1,383,145
Expenses															
<u>Benefits Payable</u>															
Pension Payments	(3,243)	(25,189)	(56,127)	(62,315)	(45,352)	(167,997)	(106,572)	(5,266)	(17,967)	(6,572)	(10,807)	(452,656)	(5,913)	(86,713)	(1,052,689)
Lump Sum Retirement payments	(337)	(6,858)	(15,158)	(17,516)	(9,717)	(50,270)	(25,574)	(1,280)	(3,948)	(591)	(3,093)	(118,996)	(1,810)	(20,892)	(276,040)
Lump Sum Death Benefits	(328)	(411)	(1,573)	(2,385)	(2,217)	(5,542)	(4,061)	(409)	(879)	(5)	(609)	(18,717)	(32)	(3,647)	(40,815)
Others															
Please provide details -				-				(421)							(421)
	(3,908)	(32,458)	(72,858)	(82,216)	(57,286)	(223,809)	(136,207)	(7,376)	(22,794)	(7,168)	(14,509)	(590,369)	(7,755)	(111,252)	(1,369,965)
<u>Payments to and on Account of Leavers</u>															
Group transfers				-				-				-			-
Individual transfers	-	(3,801)	(5,371)	(4,027)	(2,388)	(13,028)	(3,890)	(675)	(1,353)	(129)	(493)	(38,254)	(566)	(6,130)	(80,105)
Refunds to members leaving service	-	(59)	(232)	(273)	(213)	(720)	(599)	(26)	(110)		(32)	(1,564)		(184)	(4,012)
Others															
Please provide details -		(70)		(1)		82	1	-			(170)	(52)			(210)
	-	(3,930)	(5,603)	(4,301)	(2,601)	(13,666)	(4,488)	(701)	(1,463)	(129)	(695)	(39,869)	(566)	(6,314)	(84,326)
	(3,908)	(36,388)	(78,461)	(86,517)	(59,887)	(237,475)	(140,695)	(8,077)	(24,257)	(7,297)	(15,204)	(630,238)	(8,321)	(117,566)	(1,454,291)

Management Expenses															
Administrative costs															
Employee Costs	(33)		(421)	(1,460)	(1,049)	(1,354)	(1,084)	(118)		(25)	(255)	(2,458)	(1,065)	(9,322)	
System Costs	(11)	(120)	(215)	(335)	(152)	(299)	(366)	(49)	(115)	(8)	(67)	(686)	(140)	(2,563)	
Legal Fees in connection to Pensions Administration	-		-	-		(19)	(2)	-	(6)			(78)	(47)	(152)	
Office Costs			(44)	-	(30)	(92)	(5)	-		(2)	(12)	(396)		(581)	
Printing and postage	(1)		(75)	-		(111)	(22)	(2)		(2)	(15)	(183)		(411)	
Sundry costs	(2)	(75)	(35)	(6)	(9)	(80)	(71)	(2)		(2)	(9)	(143)	(78)	(512)	
Membership fees and subscriptions	(1)			-	(1)	(15)	(5)	-			(3)	(51)		(76)	
Others															
Please provide details -	(2)	(257)	14	(176)		(18)	(79)	(116)	(270)	24	(25)		(34)	(436)	(1,375)
	(50)	(452)	(776)	(1,977)	(1,241)	(1,988)	(1,634)	(287)	(391)	(15)	(386)	(3,994)	(34)	(1,766)	(14,991)
Oversight and Governance															
Employee Costs	(5)		(119)	-	(117)	(929)	(159)	-		(18)		(502)	(104)	(1,953)	
Independent Advisors	(2)	(53)	(235)	(130)	(80)	(125)	(59)	(75)	(113)	(3)	(9)	(229)	(12)	(1,140)	
Performance measurement		(14)	(50)	-	(24)	(92)		-	(68)	(3)		(63)		(314)	
Engagement and Voting	(1)		(10)	(80)		(114)	(29)	-		(2)				(236)	
Legal/Tax advisory fees	(1)		(21)	-		(132)	(24)	-		(2)		(16)		(196)	
Actuarial fees	(20)	(3)	(135)	(110)	(46)	(74)	(113)	-	(11)	(8)		(146)	(16)	(682)	
External Audit		(25)	(24)	(35)	(30)	(42)	(39)	(20)	(21)	(1)	(29)	(56)	(26)	(348)	
Internal Audit			(10)	-	(12)	(68)	(8)	-		(1)		(29)	(5)	(133)	
Transition management (include transaction costs)				-				-		(2)				(2)	
Office Costs		(8)	(26)	-	(18)	(40)		-		(1)		(291)		(384)	
System Costs			(26)	-		(54)		-		(1)		(260)		(341)	
Membership fees and subscriptions	(1)		(20)	-		(44)	(30)	-	(2)					(97)	
Others															
Please provide details -	(1)	(49)	35	(37)	(1)	(97)	(13)	-	(74)	11				(226)	
	(31)	(152)	(641)	(392)	(328)	(1,811)	(474)	(95)	(289)	(31)	(38)	(1,592)	(12)	(166)	(6,052)
Investment Management Expenses															
External management fees (invoiced)	(212)	(45)	(5,422)	(1,490)	(3,892)	(5,166)	(5,044)	(1,189)	(861)		(1,425)	(22,507)	(116)	(7,949)	(55,318)
External management fees (deducted from capital)		(2,264)	(4,189)	(5,615)	(2,204)	(14,188)	(5,677)		(3,288)			(68,425)	(45)	(105,895)	
Performance fees (invoiced and deducted from capital)	-		(929)	(1,128)	(978)	(8,531)	(6,146)		(102)			(13,676)	-	(31,490)	
Transaction costs	-		(636)	(925)	(327)	(1,498)	(1,477)	(91)	(1,063)			(3,206)	(902)	(10,125)	
Property operational costs	-			-		(2,594)	(186)					(11,890)		(14,670)	
Custody fees	(19)	(1)	(100)	(340)	(96)	(356)	(135)	(44)	(48)	(6)	(35)	(155)	(128)	(1,463)	
Employee Costs	-			-		(1,311)	-			(27)	(33)			(1,371)	
Office Costs	-			-		(44)	-			(1)				(45)	
System Costs	-			-		(392)	-			(8)				(400)	
Membership fees and subscriptions	-			-		(36)	-							(36)	
Others															
Please provide details -	-		(14)	-	(335)	(306)	-	(3)	(486)	23		(247)	(49)	(1,417)	
	(231)	(2,310)	(11,290)	(9,498)	(7,832)	(34,422)	(18,665)	(1,327)	(5,848)	(19)	(1,493)	(120,106)	(161)	(9,028)	(222,230)
	(312)	(2,914)	(12,707)	(11,867)	(9,401)	(38,221)	(20,773)	(1,709)	(6,528)	(65)	(1,917)	(125,692)	(207)	(10,960)	(243,273)
Return on Investments															
Investment income	104	6,053	42,270	22,762	40,174	198,473	55,574	8,099	13,314	1,824	3,417	287,671	201	96,486	776,422
Irrecoverable withholding tax	-		(1,165)	(231)	(832)	(7,498)	(769)	(146)	(283)			(5,430)		(2,036)	(18,390)
Change in market value of investment	7,025	42,804	158,598	166,377	84,835	503,734	308,495	15,244	45,423	5,767	31,419	1,025,412	9,873	137,914	2,542,920
	7,129	48,857	199,703	188,908	124,177	694,709	363,300	23,197	58,454	7,591	34,836	1,307,653	10,074	232,364	3,300,952
Repatriation of Transport Fund Assets (Tay PF)														-	
Net Contributions and Withdrawals						(48,756)								-	(48,756)
Net increase/decrease in the Fund during the year	5,229	41,382	201,289	190,084	115,151	597,197	343,603	24,314	48,316	229	36,913	1,129,849	1,723	202,498	2,937,777

Appendix II: Net Assets Account as at 31st March 2019																
	Net assets for year ended															
	Aberdeen	Dumfries & Galloway	Falkirk	Fife	Highland	Lothian	NESPF	Orkney	Scottish Borders	Scottish Homes	Shetland	Strathclyde	Strathclyde No 3 Fund	Tayside	TOTAL	
	31/03/2019	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Investment Assets & Liabilities																
Bonds/Gilts																
Fixed Interest Securities					89,819	45,961	158,219		21,021		55,506				559,080	929,606
Index Linked securities	27,793				89,840	32,979	697,211		-		103,237		10			951,070
Corporate Bonds			4,815	80,721	142,463				-							227,999
Fixed Interest Securities (PIV)	28,569		184,222	85,512	80,135		225,333	20,988	45,549			3,105,140	124,382			3,899,830
Index Linked securities (PIV)	-						202,644									202,644
	56,362	-	189,037	345,892	301,538	855,430	427,977	42,009	45,549	158,743	-	3,105,150	124,382	559,080	6,211,149	
Equities																
Equities	-		942,580	644,113	962,327	4,559,841	1,688,329	239,524	181,496			5,172,017		2,238,215	16,628,442	
Equity (PIV)	37,067	669,519	531,643	939,897	12,577	1,108,241	1,275	168,790		102,381		6,900,612	30,065	548,565	11,050,632	
Equity (initised insurance policies)					331,102						211,303				542,405	
	37,067	669,519	1,474,223	1,584,010	1,306,006	4,559,841	2,796,570	240,799	350,286	-	313,684	12,072,629	30,065	2,786,780	28,221,479	
Property																
Direct Property	-		2,600			411,978	328,025					2,031,700		472,896	3,247,199	
Property (PIV)		87,252	147,628	229,788	184,234	41,375					57,122				747,399	
Property (LP)						48,983			98,428						147,411	
	-	87,252	150,228	229,788	184,234	502,336	328,025	-	98,428	-	57,122	2,031,700	-	472,896	4,142,009	
Alternatives (Limited Partnerships)																
Private Equity (LP)			57,640		102,558	76,159	280,903					1,736,193			2,253,453	
Private Equity (PIV)	-					331									331	
Infrastructure (LP)				50,451		844,860	130,600		21,450			807,914		830	1,856,105	
Infrastructure (PIV)	-		179,406												179,406	
Commodities (LP)						124,028									124,028	
Commodities (PIV)				2,900								11,357			14,257	
Private Debt (LP)	-					204,996	18,428		47,611			390,663			661,698	
Private Debt (PIV)	-		18,438			31,647									50,085	
Diversified Growth/Absolute Return (PIV)	10,556	139,416	240,298	256,654			313,028	101,099			80,689				1,141,740	
Hedge Fund (LP)									110,038						110,038	
Hedge Fund (PIV)															-	
Others																
Please provide details			24,024		55,000				51,678		39,690	456,318			626,710	
	10,556	139,416	519,806	310,005	157,558	1,282,021	742,959	101,099	230,777	-	120,379	3,402,445	-	830	7,017,851	
Derivatives																
Currency Forwards	-		226		(960)	2,171						2		2,128	3,567	
Others																
Please provide details -	-				(7,771)							2,835		11	(4,925)	
	-	-	226	-	(8,731)	2,171	-	-	-	-	-	2,837	-	2,139	(1,358)	

Cash & Cash Equivalents																
Cash	4,093		140,041	139,572	43,401	569,190	71,971	6,482	4,619	3,650	4,280	1,278,154	55,091	56,160	2,376,704	
Others																
Please provide details -	228		(22,470)	58			106,700	-		-				(2,696)	81,820	
Pooled Investment Vehicles Overseas Cash Funds				1,328												
Investment income due	3	1,187	5,125	2,400	6,475	17,791	5,799	-	1,357	618		23,715		15,967	80,437	
Accounts receivable for sales	918		24,437		90	1,037	664	-	32			10,030		5,604	42,812	
Accounts payable for purchases	(3,999)			(601)		(1,058)	(890)	-						(15,448)	(21,996)	
	1,243	1,187	147,133	142,757	49,966	586,960	184,244	6,482	6,008	4,268	4,280	1,311,899	55,091	59,587	2,561,105	
NET FUND INVESTMENT ASSETS	105,228	897,374	2,480,653	2,612,452	1,990,571	7,788,759	4,479,775	390,389	731,048	163,011	495,465	21,926,660	209,538	3,881,312	48,152,235	
Non Current Assets																
Others																
Please provide details -	296			-	353	3,947	-	-			54	192			4,842	
															-	
Non Current Liabilities																
Others																
Please provide details -				-				-				(36,249)			(36,249)	
															-	
Current Assets																
Contributions due	6	173	8,786	4,069		21,331	12,933	286	386		1,915	58,646		9,638	118,169	
Strain on Fund			180	-		191		-							371	
Sundry Debtors	126	922	37	76	8,230	503	3,074	1,026	10	1	1	3,162	93	795	18,056	
Prepayments				-		320		-	78						398	
Cash Balances	1	659	3,868	2,161	3,897	35,897	19	3	2,579	1,741	1,788	58,830		6,000	117,443	
Others																
Please provide details -	59			116		884		-	193	10				592	1,854	
	488	1,754	12,871	6,422	12,480	63,073	16,026	1,315	3,246	1,752	3,758	84,581	93	17,025	224,884	
Current Liabilities																
Benefits Payable	(284)	(977)	(745)	(3,417)	(901)	(8,886)	(8,632)	(64)	(331)		(1,596)	(15,934)		(2,353)	(44,120)	
HMRC	-			-		(1,354)	(1,163)	-				(4,901)		(9)	(7,427)	
Contributions in Advance	-			-		(17,785)	(5,701)	-							(23,486)	
Miscellaneous Creditors/Expenses	(132)	(412)	(1,607)	(3,946)	(3,067)	(2,554)	(11,138)	(934)	(565)	(74)	(495)	(54,348)	(1,012)	(876)	(81,160)	
Others																
Please provide details -			(993)	-	(121)	(220)		-	(499)					(1,978)	(3,811)	
	(416)	(1,389)	(3,345)	(7,363)	(4,089)	(30,799)	(26,634)	(998)	(1,395)	(74)	(2,091)	(75,183)	(1,012)	(5,216)	(160,004)	
															-	
Net assets of the Fund at 31 March 2018	105,300	897,739	2,490,179	2,611,511	1,998,962	7,821,033	4,469,167	390,706	732,899	164,689	497,132	21,936,058	208,619	3,893,121	48,217,115	