

April 2021

BULLETIN

Cessation

Following approval of the report from a working group on Cessation Issues in December 2020, the SAB considered how to put this into effect. For employers considering leaving the scheme, it considered if funds Funding Strategy Statements could address employers funding position with respect to guarantees, collateral etc; steps to identify historic liabilities; and a 90-day stability for exit payment calculations. It also looked at how transfers of staff between funds could be pragmatically undertaken, and at what guidance on cessation flexibilities might be recommended. Given the complexity of the issues, it was agreed to run a bespoke training session and return to the issues at its May 2021 meeting.

Structures

The SAB agreed to appoint a Strategic Programme Manager to lead a 12-month programme of work to produce business cases for the four options for fund structures – status quo, enhanced cooperation, pooling, and merger. Subsequently an appointment was made, and the postholder has commenced work on the framework for the project.

Transparency

The Cost Transparency Portal is available to Funds to start to benchmark fees relating to their investment costs against averages of other similar LGPS funds. There has been a high degree of reporting from investment managers. Additional currencies have also been added to the system, to enhance its usefulness.

Cost Cap

An additional special meeting of the SAB received a presentation on the cost stability mechanism (the “Cost Cap”) from GAD and the SPPA. This was based on draft directions from HM Treasury and looked at assumptions and valuations. The directions are not yet finalised, but when they are the results will be released.

Further details on our website www.lgpsab.scot.