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Our Ref: SPFO/RMCI/ REP05  
Date: 10<sup>th</sup> June 2005

Mr Stewart McGregor  
Director of Finance  
Argyll & Bute Council  
Kilmory  
Lochgilphead  
Argyll PA31 8RT

Dear Stewart,

**Consultation: Strathclyde Pension Fund – Review of Policy on Representation**

I attach a copy of a brief report which was considered by the Strathclyde Pension Fund Sub-Committee at its meeting on 9<sup>th</sup> June 2005.

The report presents a review of the Strathclyde Pension Fund's policy on representation of interested parties within its decision-making process. A draft revised policy is set out in the appendix to the report.

The broad thrust of the paper is that a Representative Forum would be established to allow interested parties, on a representative basis, to contribute to decisions regarding the Fund.

The Sub-Committee agreed that the draft policy should be the subject of a consultation process with the Fund's various stakeholder groups. I am therefore circulating the draft to all of the Fund's participating employers and to Trades Union representatives.

I would be grateful for any comments you may have on either the generality of the proposal or on specific aspects of the draft policy.

Comments should preferably be addressed electronically to: [richard.mcindoe@fs.glasgow.gov.uk](mailto:richard.mcindoe@fs.glasgow.gov.uk) and should be received by **Friday 12<sup>th</sup> August 2005**.

Please also feel free to contact us if you require any further information or wish to discuss any aspect of the revised policy. Contact Janet Cassidy (tel: 0141 287 7414), David Crum (0141 287 7434) or myself (0141 287 7383).

Note also that a presentation on this proposal will form part of the agenda of the Fund's 2005 Annual Meeting which will be held in the Glasgow Royal Concert Hall on Friday 24<sup>th</sup> June 2005, and to which you will already have received an invitation.

Thank you for your attention to this matter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richard McIndoe'. The signature is stylized with a large, bold initial 'R' and a series of horizontal strokes for the rest of the name.

**Richard McIndoe**  
**Head of Pensions**

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## **1. Introduction**

After considering a report at its meeting on 26<sup>th</sup> January 2005 the Strathclyde Pension Fund Sub-committee agreed that a Review of the Fund's Policy on Representation should be carried out. The Review was subsequently included in the 2005/06 Business Plan approved by the Sub-Committee at its meeting on 9<sup>th</sup> March 2005.

## **2. Background**

Statutory responsibility for the administration of the Strathclyde Pension Fund resides solely with Glasgow City Council. The Fund's statement of Investment Principles notes that: "The administration of SPF is a statutory duty laid upon the City Council by Regulations made under the Superannuation Act 1972. It is neither a joint function with other Councils nor a lead authority arrangement. The Fund's status is that of a Fund of the City Council, albeit, closely regulated by statutory instruments. The Fund has no separate legal identity from the City Council".

## **3. Current Arrangements**

The Council exercises this responsibility through the Strathclyde Pension Fund Sub-Committee. The Sub-Committee is comprised of 10 elected Members of Glasgow City Council. Sub-Committee meetings are open to the public. All papers are freely available on both the Council's and the Fund's internet sites. The principal employers who participate in the Fund have a right of written representation to the Sub-Committee. The Fund also has a well developed Communications Strategy which is designed to ensure that all interested parties have regular access to information about the Fund and how it is managed.

## **4. Reasons for Review**

Various factors including the rising cost of pensions and a heightened awareness of governance requirements have led to a dramatic increase over recent years in the level of general interest in pension funds and their management. Employers and Trades Union representatives within the Strathclyde Pension Fund have demonstrated an increasing interest in the management of the Fund and in pensions issues generally. It is likely that an amending Regulation will be introduced making representation arrangements within the Local Government Pension Scheme the subject of a disclosure requirement.

## **5. Alternative Models**

There is no comprehensive data available on arrangements elsewhere within the LGPS. Nor is there any definitive guide to best practice. Available evidence suggests that administering authorities have tended to develop their own models according to local circumstances and in consultation with their own stakeholders. This was confirmed in discussion with various LGPS funds in the course of the review. The models employed can be divided into 3 main groupings:

- funds who have no formal representation arrangements;
- funds who have some form of stakeholder representation at their Committee;
- funds who have established a separate forum for stakeholder representation.

There are significant variations in the detail of each of these arrangements.

## 6. Proposal

It is proposed that Glasgow City Council should establish a Representative Forum as the principal mechanism to allow interested parties to contribute to its decision-making process with regard to the Strathclyde Pension Fund. Proposals regarding the operating arrangements for the Forum are set out in Appendix 1 to this report in the form of a draft Representation Policy.

## 7. Consultation

The next step should be to seek the views of the Fund's various stakeholders on both the principle and detail of the proposed Forum. A consultation exercise will be carried out as follows.

<b>Date</b>	<b>Action</b>
▪ w/c 13 <sup>th</sup> June 2005	Circulate proposal to all Fund employers, Trade Unions, and other parties for comment.
▪ 24 <sup>th</sup> June 2005	Present proposals at Fund's Annual Meeting.
▪ 12 <sup>th</sup> August 2005	Deadline for submission of comments.
▪ 7 <sup>th</sup> September 2005	Sub-Committee to Approve policy.

## 8. Service Implications

### 8.1 Financial

None at this time.

### 8.2 Legal

None at this time.

### 8.3 Personnel

None.

### 8.4 Service Plan

This item a priority in Fund's 2005/06 Business Plan.

## 9. Recommendation

Members are asked to approve the draft Policy on Representation for consultation with interested parties.

## Strathclyde Pension Fund

### (Draft) Policy on Representation

#### Policy

Glasgow City Council, in its role as Administering Authority for the Strathclyde Pension Fund, will establish and maintain a Representative Forum as the principal mechanism to allow interested parties to contribute to the Fund's decision-making process.

#### Executive Responsibility

Glasgow City Council will retain absolute executive responsibility for the Fund. The Sub-Committee will remain the formal decision making body for the Fund.

#### Forum Objectives

The Forum will act as a conduit for consultation on all substantive matters considered by the Strathclyde Pension Fund Sub-Committee, and will allow interested parties, on a representative basis, to contribute to decisions regarding the Fund.

#### Membership

For reasons of practicality, participation in the Forum will be restricted to nominated representatives or their alternates. Membership will be constituted as follows.

Stakeholder Group	Members	Representative Basis
Local Authorities	12	3 (Officer and/or Councillor) members each from 4 authorities in any one year, changing by annual rotation.
Other Scheduled Bodies	4	FE Colleges – 2 Others – 2
Large Admitted Bodies	2	To be agreed
Admitted Bodies	2	To be agreed
Trade Unions	4	To be agreed by: Unison T&GWU GMB Amicus

Nomination of representatives will be the responsibility of the various constituent groups, but Glasgow City Council will assist in the process where possible.

### **Chair**

The Forum will be chaired by the Convener of the Strathclyde Pension Fund Sub-Committee.

### **Sub-Committee Members**

An additional Sub-Committee member will be present as the Chair's designated alternate. Other Sub-Committee Members may attend in an observer role.

### **Officer Support**

Officer support to the Forum will be provided by the Director of Financial Services and officers from the Strathclyde Pension Fund Office.

### **Meetings**

The Forum will be convened on the same cycle as the Strathclyde Pension Fund Sub-Committee with quarterly meetings around a week in advance of the Sub-Committee meetings. A minute of the Forum meetings will be produced in advance of the Sub-committee meeting.

### **Agenda**

The agenda will be based on the Sub-Committee agenda. Forum members will be permitted to introduce additional agenda items subject to prior consultation with the Chair.

### **Administration**

Administration will be carried out by Glasgow City Council's Committee Services section.

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