

**STRATHCLYDE PENSION FUND (SPF) – AUTHORITY REPRESENTATION
UPDATE**

1. SUMMARY

- 1.1 The Audit Committee on 9 December 2005 requested a report outlining the legislative basis for Glasgow City Council's (GCC) role as Administering Authority for the Strathclyde Pension Fund (SPF).
- 1.2 This report describes the legislative basis and the mechanisms that are in place to reconcile Local Government Pension Scheme regulations with wider pension fund law.

2. RECOMMENDATION

- 2.1 That the Committee note the content of this report.

3. DETAIL

Administrative Arrangements

- 3.1 The administering authority for the Strathclyde Pension Fund is Glasgow City Council and Argyll and Bute Council is included in this fund. This is laid out explicitly in Schedule 3A of the Local Government (Superannuation and Compensation for Redundancy or Premature Retirement) (Scotland) Amendment Regulations 1995.
- 3.2 The role of the Administering Authority in terms of monitoring the fund is also outlined in the Local Government Pension Scheme (Scotland) (Management and Investment of Funds) Regulations 1998 and Local Government Pension Scheme (Scotland) Regulations 1998. These update the 1987 regulations that stem from the 1972 Superannuation Act.
- 3.3 These regulations define the role of an Administering Authority as an authority that is 'required' to maintain a pension fund under the regulations.
- 3.4 The Regulations also provide that the Administering Authority must:

- Credit contributions from employers to the scheme
 - Obtain a valuation / actuarial report every 3 years
 - Secure a rates and adjustments certificate annually for the contributions
 - invest moneys that are not required to pay out benefits
 - Either manage investment itself or appoint investment managers who are qualified and ensure that there are a sufficient number
 - Have regard:
 - (a) to the need for diversification of investments of fund moneys,
 - (b) to the suitability of investments of any description of investment proposed and of any investment proposed as an investment of that description, and
 - (c) to proper advice, obtained at reasonable intervals
 - Observe the limits on investments in certain types of funds
- 3.5 There is also a requirement for employers to contribute to the fund annually in accordance with the rates and adjustments certificate.

Other Pension Fund Legislation

- 3.6 The Regulations require the Fund to observe other relevant investment legislation under the Occupational Pension Schemes (Investment) Regulations 1996. This is the only other piece of pensions legislation that is referred to in the Regulations.
- 3.7 The Scottish Public Pensions Agency (SPPA) drafts the regulations and is required to ensure that their provisions do not conflict with other pensions legislation. The SPPA periodically reviews the LGPS regulations to ensure that they do not conflict with general pensions legislation.

4 CONCLUSION

- 4.1 There is a considerable body of legislation and regulations that govern the Local Government Pension Scheme. This legislation clearly delineates the respective roles of the employer and the Administering Authority in the management of the Fund.
- 4.2 The only responsibility placed on the employer under this legislation is to make payments in accordance with the contribution rates recommended by the actuarial valuation.
- 4.3 While the employer has no formal, defined role in the executive management of the Fund, the SPPA acts as a safeguard to ensure that LGPS legislation does not conflict with the employer's responsibilities under general pensions law.

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