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SLGPS Structure Review – One Fund for Scotland

The Scottish Local Government Pension Scheme Advisory Board (SAB) launched a consultation [paper](#) on the structural review of funds at a seminar, on 27 June. There was a UNISON Scotland [briefing](#) and a blog [post](#) on the launch seminar. Branches were asked to consider the proposals and participate in our pensions conference on 17 August in Glasgow.

The conference considered the four options in the paper and supported the development of a single merged fund for Scotland (Option 4). We accept that this cannot be achieved overnight and much more work needs to be done to turn this option into a practical proposal. In the interim period we believe that funds should be required to collaborate as part of the process towards merger.

UNISON Scotland accepts the case for scale in pensions. There is an international movement towards greater scale in pension management that makes the status quo in Scotland very difficult to sustain. With greater scale comes economies of scale, which reduce costs, increase efficiencies, and this ultimately secures the pension benefits of UNISON members. This is backed up by our own research, including a report commissioned from the Dutch pension group APG.

In the current austerity driven Local Government setting, savings can also reduce pressure on public service spending, freeing up resources for jobs, services and pay.

To assist branches and pension board representatives we have [published](#) a concise interim response. UNISON Scotland's detailed response will be considered by the Scottish Committee in November.

Time for a rethink on the state pension age?

The great leap forward in longevity has come to a shuddering halt. An extraordinary analysis by the Office for National Statistics reveals that the trend line in longevity stopped in 2010, and has flatlined since. As Patrick Collinson argues in the [Guardian](#), it's time for a rethink.

Economies of Scale
Reducing costs, tackling exorbitant investment fees, avoiding duplication. Every basis point (0.01%) shaved off costs equates to £3.5m.

International Evidence
Pension schemes across the world recognise the benefits of scale. Scotland can benefit from best practice in public service schemes worldwide. Dutch schemes have cut costs by a third and a study showed Scottish schemes could have gained an additional £830m using their model.

Securing Jobs & Pensions
Savings for employers would mitigate austerity cuts, with cash for jobs, services and pay. Better pensions governance delivers long-term pension security.

In-House Provision
One fund facilitates in-house investment teams that have delivered the best outcomes. Including greater infrastructure investment.

Good Governance
A Joint Board can deliver accountability without gov't interference and the good governance premium seen elsewhere. With transparent and consistent data.

Ethical Investment
One fund could have an effective ESG unit, ensuring our money is invested and managed ethically in line with our public service values.

For more information visit: www.pensionsscotland.org

Ethical Investment Failures

SLGPS funds continued to attract media attention for their investment choices. This highlights the limited ESG assessments currently undertaken.

More than £1.7bn has been directly [invested](#) in tobacco company stocks by healthcare providers, fire authorities and schools via UK council pension funds. The 'top' ten sadly includes Scottish funds, Lothian and Tayside. The Sunday Post has also highlighted at least £138 million [investment](#) in firms backing President Trump's immigration detention centres. Scottish pension funds also continue to invest in firms promoting fracking.

Fee transparency cuts costs

Schemes in the Netherlands saw investment costs fall by more than [a third](#) in just one year under its compulsory cost reporting framework.

This strengthens the case for the LGPS and FCA work on a similar framework for the UK. A point being pursued by the Department for Work and Pensions Select Committee inquiry, which focuses on whether the pensions industry provides sufficient transparency around charges, investment strategy and performance to scheme members.

Pensions robbery

Pension scam victims [lose](#) an average of £91,000 each as fraudsters see the potential for looting savings pots. Sadly, this was just what UNISON and others predicted would happen with pension 'freedoms'. Unscrupulous employers are also robbing their staff. The number of [complaints](#) received by the pensions watchdog accusing employers of attempting to get staff to opt out of saving for retirement increased by 68% last year. Not to mention the [coalition](#) of employers, politicians, actuaries and regulators who have robbed workers of Defined Benefit schemes, putting the burden of pension risk on those least able to bear them.

To address these issues, UNISON's Dave Watson makes the case for a radical reform of pensions in [The Scotsman](#). He welcomes the big increase in pensions coverage, largely due to auto-enrolment, but highlights the need for adequacy of retirement income and better value from the pensions industry.

In Brief....

- The UK Government is consulting on clarifying and strengthening trustees' investment duties to open up consultation with scheme members on what happens with our members money in private sector schemes once invested. This is the UNISON [response](#).
- A cross-party [committee](#) of MPs has become the latest group to urge the government to move quickly to allow a new breed of collective pension schemes to be set up in the UK. They could provide a really useful "middle ground" option between the types of workplace pension currently available. Royal Mail have done something similar.



Pensions
Scotland

For further information visit our dedicated pension website:

Pensions Scotland: <http://www.pensionsscotland.org>

Or contact: Dave Watson: d.watson@unison.co.uk

Dave Watson retires at the end of September. UNISON Scotland's new pension lead will be **Simon Watson:** s.watson@unison.co.uk