

REPORT TO: POLICY & RESOURCES COMMITTEE - 13 AUGUST 2007

REPORT ON: DUNDEE AIRPORT TRANSFER - ADMISSION TO LOCAL GOVERNMENT PENSION SCHEME

REPORT BY: HEAD OF FINANCE

REPORT NO: 400-2007

1 PURPOSE OF REPORT

This report seeks the agreement of the Committee to the admission of the new Dundee Airport Company to be operated by Highlands and Islands Airports Limited (HIAL) to the Local Government Pension Scheme.

2 RECOMMENDATION

On the condition that a subsidiary of HIAL is duly constituted and applies for an Admission Agreement, it is recommended that the Committee agree to that body being admitted into the Local Government Pension Scheme administered by Dundee City Council.

3 FINANCIAL IMPLICATIONS

The Scottish Executive has agreed to act as a financial guarantor for any potential liability that may arise as a result of the withdrawal, cessation, or inability to meet their liabilities of the body as an Admitted Body to the Local Government Pension Scheme.

4 SUSTAINABILITY POLICY IMPLICATIONS

None.

5 EQUAL OPPORTUNITIES IMPLICATIONS

None.

6 BACKGROUND

- 6.1 Under the Local Government Pension Scheme (Scotland) Regulations 1998, the administering authority has the right to admit other bodies into the Local Government Pension Scheme providing they meet the requirements of Regulation 4 or 4A of these Regulations. Any body admitted then has the same rights and liabilities as the local authorities in the scheme.
- 6.2 Report No 131/1996 to the Finance Committee of 10 June 1996 lays down the conditions to apply before a body can be considered for admission into the Local Government Pension Scheme administered by Dundee City Council. It has been agreed that Dundee City will transfer its Dundee Airport operations to Highlands and Islands Airports (HIAL) with effect from 1 September 2007.
- 6.3 HIAL intends to set up a subsidiary company to operate Dundee Airport. The HIAL subsidiary body would qualify under Regulation 4(2)(a)(ii) which requires that the body "is approved by the Scottish Ministers for the purposes of admission to the Scheme". Confirmation of this has been received from the Scottish Ministers. Dundee City Council can therefore consider their application for admission.

6.4 The Finance Committee at its meeting on 10 June 1996 agreed detailed criteria, of which one must be met if the body's application for admission to the Local Government Pension Scheme was to be submitted to the Finance Committee. These criteria are as follows:

- i bodies with long-term funding (in excess of 20 years).
- ii bodies who have been in existence for at least 10 years and who have foreseeable long-term future in existence.
- iii bodies with short-term funding where another substantive body is prepared to act as guarantor.
- iv bodies where the employees were formerly Local Government staff.

6.5 The Scottish Executive has agreed to act as a financial guarantor for any potential liability that may arise as a result of the withdrawal, cessation, or inability to meet their liabilities of the body as an Admitted Body to the Local Government Pension Scheme.

7 **CONCLUSIONS**

In view of the decision that the Scottish Executive will act as guarantors and the fact that the employees are being transferred from Dundee City Council, it would be appropriate for the body to be admitted into the Local Government Pension Scheme administered by Dundee City Council.

8 **CONSULTATION**

The Chief Executive, Depute Chief Executive (Support Services) and Depute Chief Executive (Finance) have been consulted in the preparation of this report.

9 **BACKGROUND PAPERS**

None.

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HEAD OF FINANCE

07 AUGUST 2007