



Committee and Date
Pensions Committee

16 March 2018

9.30am

Item

17

Public

EMPLOYER EVENTS POLICY

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1. Summary

- 1.1 This report informs Members of the recently drafted 'Employer Events Policy' which replaces the Fund's Termination Funding Policy.

2. Recommendations

- 2.1 Members are asked to approve the 'Employer Events Policy', with or without comment.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1 Risk Management

Performance is considered and monitored to ensure regulatory timescales and key performance indicators are adhered to. Administration risks are identified and managed and are reported to committee on an annual basis.

3.2 Human Rights Act Appraisal

The recommendations contained in this report are compatible with the Human Rights Act 1998.

3.3 Environmental Appraisal

There is no direct environmental, equalities or climate change consequence of this report.

3.4 Financial Implications

There are no direct financial implications of implementing this Policy. Any exit assessment costs referred to in this report relate to the payment made by the Scheme employer exiting the Fund.

4. New Employer Events Policy

- 4.1 As reported to Committee in November 2017 a new policy has been created following advice from the Actuary. The ‘Employer Events Policy’ replaces the Termination Funding Policy and aims to be more comprehensive covering the typical ‘life’ events of a scheme employer; from joining the Scheme, to winding up. It summarises those ‘life’ events, possible outcomes and informs those affected employers of the Fund’s policy should any of the scenarios occur.

- 4.2 The scope of the new policy covers an employer’s lifetime in the LGPS. It includes updated regulatory references and expands on the current Terminations Policy to incorporate joining the Fund, events for admission bodies, new academies, mergers and the process of the Triennial Actuarial Valuation. Also covered is the actions the Fund will take if it becomes aware of a potential exit and how the cost of this will be managed.

- 4.3 One area of change, within the new policy, is to standardise the approach used for exit assessment. This change affects four employers in the Fund. The current policy position means if one of the four employers were to leave the Fund its exit assessment would be carried out using an “ongoing” basis, regardless of whether a guarantee is in place or not. This is different to the more prudent approach applied for the rest of the employers in cases where there is no guarantor. Advice received from the Actuary was to apply a fairer treatment of exit assessment across all employers, whilst taking into consideration changes to the market yields since 2012 and the updated LGPS regulations. Therefore it was deemed appropriate to increase the prudential margin in this method of assessment for the four affected employers.

- 4.4 All current employers have been given the opportunity to engage with the Fund on the new policy. All queries raised were dealt with by officers. As the change in exit assessment had financial implications for four employers those affected were provided with a breakdown of the effect on the calculation using both approaches and several employers responded with comments.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Pensions Committee Meeting 24 November 2017 Pensions Administration Report

Cabinet Member (Portfolio Holder)

NA

Local Member

NA

Appendices

Appendix A – Employer Events Policy