



AGENDA FOR THE PENSIONS BOARD

Members of the Pensions Board are summoned to attend a meeting which will be held in Committee Room 4, Town Hall, Upper Street, N1 2UD on **25 March 2019 at 6.00pm.**

**Yinka Owa
Director of Law and Governance**

Enquiries to : Mary Green
Telephone : (020) 7527 3005
E-mail : democracy@islington.gov.uk
Despatched : 15 March 2019

Membership

Employer representatives:
Maggie Elliott (Vice-Chair)
Councillor Paul Smith (Chair)
(vacancy)

Scheme member representatives:
Mike Calvert
Marion Oliver (+ vacancy for substitute)
George Sharkey

Independent member
(vacancy)

Quorum is 3, including at least one employer representative and one member representative

A decorative graphic at the bottom of the page consisting of several overlapping, wavy bands of green in various shades, creating a modern, abstract look.

A. Formal matters

1. Apologies for absence
2. Declaration of interests

If you have a Disclosable Pecuniary Interest* in an item of business:

- if it is not yet on the council's register, you must declare both the existence and details of it at the start of the meeting or when it becomes apparent;
- you may choose to declare a Disclosable Pecuniary Interest that is already in the register in the interests of openness and transparency.

In both the above cases, you must leave the room without participating in discussion of the item.

If you have a personal interest in an item of business and you intend to speak or vote on the item you must declare both the existence and details of it at the start of the meeting or when it becomes apparent but you may participate in the discussion and vote on the item.

*(a) Employment, etc - Any employment, office, trade, profession or vocation carried on for profit or gain.

(b) Sponsorship - Any payment or other financial benefit in respect of your expenses in carrying out duties as a member, or of your election; including from a trade union.

(c) Contracts - Any current contract for goods, services or works, between you or your partner (or a body in which one of you has a beneficial interest) and the council.

(d) Land - Any beneficial interest in land which is within the council's area.

(e) Licences- Any licence to occupy land in the council's area for a month or longer.

(f) Corporate tenancies - Any tenancy between the council and a body in which you or your partner have a beneficial interest.

(g) Securities - Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

This applies to all members present at the meeting.

3. Minutes of the previous meeting 1 - 4

B. Non-exempt items

1. Pension administration performance 5 - 8
2. Pension auto-enrolment - April 2019 9 - 14
3. MHCLG consultation on Fair Deal 15 - 46

C. Urgent non-exempt items

Any non-exempt items which the Chair agrees should be considered urgently by reason of special circumstances. The reasons for urgency will be agreed by the Chair and recorded in the minutes.

D. Exclusion of press and public

To consider whether, in view of the nature of the remaining items on the agenda, any of them are likely to involve the disclosure of exempt or confidential information within the terms of Schedule 12A of the Local Government Act 1972 and, if so, whether to exclude the press and public during discussion thereof.

E. Confidential/exempt items

F. Urgent exempt items

Any exempt items which the Chair agrees should be considered urgently by reason of special circumstances. The reasons for urgency will be agreed by the Chair and recorded in the minutes.

The next meeting of the Pensions Board will be on 17 June 2019

This page is intentionally left blank

London Borough of Islington

Pensions Board - 26 November 2018

Minutes of the meeting of the Pensions Board held at Islington Town Hall, Upper Street, N1 2UD on 26 November 2018 at 6.00 pm.

Present: **Board members:** Maggie Elliott (Vice-Chair), Marion Oliver and George Sharkey

Also Present: **Councillor:** Dave Poyser

Maggie Elliott (Vice-Chair) in the Chair

52 APOLOGIES FOR ABSENCE (Item A1)

Received from Councillor Paul Smith.

53 DECLARATION OF INTERESTS (Item A2)

None.

54 MINUTES OF THE PREVIOUS MEETING (Item A3)

RESOLVED:

That the minutes of the meeting held on 12 September 2018 be confirmed as a correct record and the Chair be authorised to sign them.

55 PENSION ADMINISTRATION PERFORMANCE (Item B1)

Members raised the following points during discussion:

- Auto-enrolment of employees was a priority, including employees of admitted bodies to the Fund
- It would be useful for the Board to see communications to Scheme members from the Pensions Team and Human Resources before they are sent out, in order that the Board may provide feedback
- The Pensions Team to report back to the Board on auto-enrolment, including information on numbers opting out and targets and comparisons with 2016
- Although the Pensions roadshows from the Pensions Team were useful, the sessions needed to be lengthened, as attendees generally had many questions
- The Pensions roadshow slideshow presentation to be circulated to members of the Board
- The Pensions Team should explore the use of other mediums for disseminating pensions' information eg social media, Izzi (- the Council's internal website)

- Particular attention needed to be paid to how the Pensions Team could better improve its communications with manual staff

RESOLVED:

(a) That the performance of the Pension Administration Team against key indicators, for the period from 1 August 2018 to 31 October 2018, including information on complaints and internal disputes, as detailed in the report of the Corporate Director of Resources, be noted.

(b) That the number and age profile of Islington employees who are not members of the LGPS, together with details of the Islington employees who auto-enrolled into the Local Government Pensions Scheme during the relevant period, be noted.

(c) That it be noted that there had been one nomination for a retired members' representative to serve on the Board.

**56 BREXIT AND THE LOCAL GOVERNMENT PENSIONS SCHEME (LGPS)
(Item B2)**

RESOLVED:

(a) That it be noted that there was no immediate change anticipated to the LGPS as a result of Brexit, but any downturn in the wider economy could have an impact on the Government's future decisions in relation to the LGPS.

(b) That it be noted that it was possible that any downturn or volatility as a result of Brexit could impact Islington Council's Pension Fund, but any risk was mitigated by the Fund's diversification of investments over a range of different asset classes and foreign markets.

(c) That it be noted that no pre-emptive actions could be taken by the Council's Pension Administration Team in relation to Brexit.

(d) That it be noted that work was under way to assess the impact of Brexit on EU citizens working for Islington and the process for those employees applying for settled status.

57 PENSION BOARD FORWARD WORK PLAN 2018/19 (Item B3)

With regard to the focus of the Board, members highlighted a need to be able to review the full range of operational documents for the LGPS, including data and cyber security, to be able to fulfil their responsibilities. Ways of communicating all of the available information on the LGPS to Scheme members, including manual staff, was an issue which Board members would like to address.

It was noted that information on a Scheme member's nominated beneficiary needed to be updated and publicised more widely, in order that in the event of the death of a Scheme member, a partner would know who to contact.

RESOLVED:

That the contents of Appendix A to the report of the Interim Corporate Director of Resources, detailing proposed agenda items for future meetings, be noted.

The meeting ended at 6.35 pm

CHAIR

This page is intentionally left blank



Report of: **Director of Human Resources**

Meeting of	Date	Agenda Item	Ward(s)
Pension Board	25 March 2019		

Delete as appropriate		Non-exempt
-----------------------	--	------------

SUBJECT: PENSION ADMINISTRATION PERFORMANCE

1. Synopsis

- 1.1 This report provides the Board with information on the administration activities of the Pension Administration section of the Human Resources Department. The information is in respect of the period from 1 November 2018 to 28 February 2019.
- 1.2 The report also provides information regarding the Internal Dispute Resolution Procedure, and compliments & complaints.
- 1.3 There is information provided on the number of Local Government Pension Scheme members auto-enrolled into the scheme, for each month from November 2018 to January 2019.

2. Recommendations

- 2.1 To note the performance against key performance indicators for the relevant period.
- 2.2 To note the information in respect of the Internal Dispute Resolution Procedure, and compliments & complaints.
- 2.3 To note the number of members' auto-enrolled into the Local Government Pension Scheme during the relevant period.

3. Background – Statistics and key performance indicators

3.1 The membership profile at 31 October 2018 and 28 February 2019 is shown in the following table.

Category	Oct - 18	Feb - 19
Number of current active members	6,172	6,284
Number of preserved benefits	6,772	7,157
Number of Pensions in payment	5,911	5,985
Number of Spouses/dependants pensions in payment	1,069	1,078
Total	19,924	20,504

3.2. Key performance indicators from 1 November 2018 to 28 February 2019:

Process	Target days to complete	Volume	Target % Achievement	% Achieved within target days	Actual average days
Deaths	5	15	95%	93.33%	4.53
Retirement benefits	5	67	95%	95.52%	2.07
Pension estimates	10	126	95%	98.41%	3.01
Preserved benefit calculations	15	20	95%	95.00%	13.17
Transfer-in quotation	10	3	95%	100.00%	2.67
Transfer-in actual	10	0	95%	00.00%	0.00
Transfer out actual	12.5	15	95%	100.00%	1.00
Transfer out quotation	15	8	95%	100.00%	4.63
All processes	-	425	-	94.35%	-

3.3 The overall performance shows a slight improvement on the 94.09% for the previous period to 31 October 2018.

3.4 Number of members auto-enrolled into the LGPS from November 2018 to January 2019:

:

Month	No. of new entrants
November 2018	52
December 2018	36
January 2019	61
Total	149

3.5 Since the November 2018 meeting of the board 11 communications have been received thanking Pension Administration staff for their service.

3.6 There were 2 complaints regarding the closure of the Pensions Office during the Christmas holidays.

3.7 There are no Internal Disputes to report.

4. Implications

4.1 Financial Implications

4.1.1 The cost of administering the Local Government Pension Scheme is chargeable to the Pension Fund.

4.2 Legal Implications

4.2.1 There are no specific legal implications in this report.

4.3 Resident impact assessment

4.3.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

4.3.2 In respect of this report, a Resident Impact Assessment is not being made because the contents of the report relate to processes that are strictly in accordance with the statutory Local Government Pension Scheme Regulations. The LGPS Regulations are made under the Superannuation Act 1972, and the Council has a statutory duty to comply with the LGPS Regulations.

4.4 Environmental Implications

4.4.1 The environmental impacts have been considered and it was identified that the proposals in this report would have no adverse impacts

5 Conclusion and reasons for recommendations

5.1 The report will be made to each meeting of the Pension Board and is provided in order to assess administration performance.

Background papers:

None,

Report author : Steve Rogers
Tel : 0207 527 2028
Fax : 0207 527 2596
E-mail : steve.rogers@islington.gov.uk

This page is intentionally left blank



Report of: Director of Human Resources

Meeting of	Date	Agenda Item	Ward(s)
Pension Board	25 March 2019		
Delete as appropriate		Non-exempt	

SUBJECT: PENSION AUTO-ENROLMENT - APRIL 2019

1. Synopsis

- 1.1 To help people save for retirement the Government through legislation in the Pension Act 2011 have put in place auto-enrolment to workplace pensions. This requires that all employers in the UK automatically enrol their employees into a workplace pension if they meet certain criteria. This is known as automatic enrolment and already happens in the Local Government Pension Scheme (LGPS), with most new employees automatically joining the Scheme when they commence employment. Membership of the scheme is optional, with some employees deciding to opt out of the LGPS. Under auto-enrolment an employee who is not already a member of the LGPS, is required to be re-enrolled into a workplace pension every three years if they satisfy a set of qualifying conditions as detailed in appendix 2.
- 1.2 Auto-enrolment also has implications for employees who are part of the 50/50 section of the LGPS 2014. Employees who moved to the 50/50 section of the Scheme will be moved back to the main section with effect from the 1st April, unless they moved within 12 months of Islington Council's re-enrolment date.
- 1.3 This report provides the Board with information on the auto-enrolment process undertaken by Islington Council in relation to Council employees who are either non-contributors to the LGPS or who are members of the 50/50 section of the Scheme.

2. Recommendations

- 2.1 To note that Islington Council's auto-enrolment is 1st April 2019.
- 2.2 To note that the attached documents listed as appendix 1 & 2 have been sent to all qualifying employees who have been assessed and are currently non-contributors to the LGPS.
- 2.3 To note that information regarding auto-enrolment and the 50/50 section has been placed on the Council's intranet news bulletin board. This news bulletin board signposts to a dedicated webpage where more information is given on auto-enrolment as part of our communication strategy to keep all employees informed of the actions being taken by Islington Council.
- 2.4 To note that the auto-enrolment process will maintain a highly visible web footprint from the middle of March to the end of May 2019 to ensure that all employees who are auto-enrolled, have a clear understanding of the process and our reasons for taking such actions.
- 2.5 To note that all Pension Staff and HR Business Partners have been briefed on auto-enrolment and will be on hand to provide assistance to any member of staff where necessary.
- 2.6 To note that it is our aim to complete the re-declaration of compliance in relation to auto-enrolment with the Pensions Regulator by 30th April 2019.

3. Implications

3.1 Financial Implications

- 3.1.1 The cost of administering the Local Government Pension Scheme is chargeable to the Pension Fund.

3.2 Legal Implications

- 3.2.1 There are no specific legal implications in this report.

3.3 Resident impact assessment

- 3.3.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.
- 3.3.2 In respect of this report, a Resident Impact Assessment is not being made because the contents of the report relate to processes that are strictly in accordance with the statutory Local Government Pension Scheme Regulations. The LGPS Regulations are made under the Superannuation Act 1972, and the Council has a statutory duty to comply with the LGPS Regulations.

3.4 Environmental Implications

3.4.1 The environmental impacts have been considered and it was identified that the proposals in this report would have no adverse impacts

4 Conclusion and reasons for recommendations

4.1 To advise Members of the on-going work being undertaken by Islington Council and the Pension's Office specifically in relation to auto re-enrolment.

Background papers:

None.

Report author : Patrick Fullerton
Tel : 0207 527 2588
Fax : 0207 527 2596
E-mail : patrick.fullerton@islington.gov.uk



ISLINGTON

The Pensions Office
3rd Floor
7 Newington Barrow Way
London N7 7EP

T: 020 7527 2170/6733/2800/2165

F: 020 7527 2596

E: pensions@islington.gov.uk

Date: March 2019

~
~
~
~
~

Dear ~,

Automatic Enrolment to the Local Government Pension Scheme (LGPS)

To help people save more for their retirement, all employers are now required by law to provide a workplace pension scheme for certain staff and pay money into it.

We will therefore enrol you on 1st April 2019 into the LGPS in this pay period because you met all of the following criteria:

- You left your automatic enrolment pension scheme more than 12 months before your re-enrolment date
- You earn over £192 per week (or £833 per month)
- You are aged 22 or over and
- You are under state pension age.

You can opt out of the pension scheme if you want to, but if you stay in you will have your own personal pension when you retire. Your pension will belong to you, even if you leave us in the future.

Both you and Islington Council will pay contributions into it every pay period.

The enclosed information will tell you everything you need to know about automatic enrolment.

Yours sincerely,

Alan Layton

**Director Financial Management
Islington Council**

Auto-enrolment in the Local Government Pension Scheme (LGPS)

Information Sheet

Why have I been put into a pension scheme?

- All employers now have to put their workers into a pension scheme if they earn over £10,000 per year, are aged 22 or over and are under state pension age. This is the law, because the government wants to get more people to have another income in addition to the state pension when they retire.

What if I don't want to join the scheme?

- If you don't want to join the scheme, you need to ask to leave it. You can choose to leave the scheme by contacting Islington Council's Pension Office and asking for an Opting-Out form.
- The Opting-Out form must be signed and completed after your re-enrolment date (i.e. 1st April 2019)
- If you leave the scheme during the period from 2nd to 10th April 2019 any pension contributions deducted will be refunded in your April salary and you won't have become a member of the scheme on this occasion.
- If you Opt-Out of the scheme after 10th April 2019 but before completing 3 months' membership, you will be treated as never having been a member and we will refund to you, at the next available payroll run date any contributions you have paid during that time.
- If you opt out of the LGPS when you have been a member for 3 months or more but you have not completed the 2 years membership, you can still take a refund of your contributions (less any statutory deductions).

What if I ask to leave the scheme but then change my mind in the future?

- You can ask to re-join the scheme by contacting Islington Council's Pensions Office and completing an Opting-In form.

If I ask to leave the scheme, what happens after that?

- Anyone who asks to leave, or stops paying into, the scheme will be put back into it at a later date (usually every three years if they meet certain criteria). This is because your circumstances may have changed and it may be the right time for you to start saving. We will contact you when this happens and you can ask to leave the scheme.

Further information on the LGPS can be obtained from the following website:

<https://www.lgpsmember.org/>

This page is intentionally left blank



Report of: Corporate Director of Resources

Meeting of:	Date	Agenda item	Ward(s)
Local Pensions Board	25 March 2019		n/a

Delete as appropriate		Non-exempt
-----------------------	--	------------

SUBJECT: LGPS FAIR DEAL – STRENGTHENING PENSION PROTECTION

1. Synopsis

- 1.1 To consider the government’s consultation policy document to amend the rules covering the following areas.
- (i) Amendments that would require service providers to offer LGPS membership to individuals who have been compulsorily transferred from an LGPS employer (and remove the option of a broadly comparable scheme) .
 - (ii) Proposals that would automatically transfer LGPS assets and liabilities when employers in the scheme are involved in a merger or takeover.

2. Recommendations

- 2.1 To note the consultation policy document attached as Appendix 1
- 2.2 Consider the proposals being consulted on as summarised in para 3.1.3
- 2.3 Consider Mercers brief overview on the proposal in para 3.2.1
- 2.4 To consider the questions in paragraph 3.1.4 and agree responses to be submitted to MHCLG by the deadline of 4th April 2019.

3. Background

- 3.1 The Ministry of Housing, Communities and Local Government (MHCLG) consulted in May 2016 on the introduction of greater pensions protection for employees of LGPS employers who are compulsorily transferred to service providers. The 2016 consultation proposed that, in line with the Government’s Fair Deal guidance of October 2013, most LGPS members in this position should have continued access to the LGPS in their employment with the service provider. In

doing so, it was proposed that the option to provide transferring staff with access to a broadly comparable scheme should be removed.

3.1.1 On 19 April 2018, the Government response to the consultation confirmed commitment to strengthen Fair Deal but noted concerns raised and is now consulting on new proposals.

3.1.2 Chapter 2 of the policy document sets out the new policy and welcomes comments from respondents on questions and Chapter 3 covers change that would provide automatic transfer of assets and liabilities to a successor body when an existing LGPS employer is taken over in a merger.

3.1.3 A summary of the proposals is set out below:

- Provisions apply to England & Wales only
- Introduces the concept of a 'Fair Deal employer' (which is wider than the definition of a best value authority) and 'protected transferees' who as a consequence of being employed by a 'Fair Deal employer' will retain the right to participate in the LGPS for as long as they are wholly or mainly employed on the outsourced service (even through any subsequent transfers)
- Removes the option to transfer 'protected transferees' to a broadly comparable scheme
- In a change from the previous policy, employees of Police and Crime Commissioners will be classed as Fair Deal employers. So the Fair Deal requirements will apply to all LGPS employers except further and higher education bodies, colleges and admission bodies.
- Uses the current provision for 'deemed employers' as an option to the current requirement for a contractor to have an admission agreement. Under the 'deemed employer' route, the original outsourcing employer remains the employer for pension purposes (this is similar to the current scenario for LA maintained voluntary schools)
- Fair Deal employers in relation to these transfers must have regard to advice provided by the Scheme Advisory Board on matters to be considered including risk sharing
- Transfers back into the LGPS from a broadly comparable scheme will be treated as individual transfers into the LGPS using current GAD factors
- Introduces a new provision for the automatic transfer of assets and liabilities within and between funds where there are reorganisations or mergers, without triggering an exit valuation.

3.1.4 The questions as listed in chapter 2 and 3 are :

- Protected transferee -Question 1- Do you agree with the definition?
- Fair Deal Employers –Question 2 –Do you agree with this definition of a fair deal employer?
- Transitional arrangements- Question 3— Do you agree with these transitional measures?
- Question 4 – Do you agree with our proposals regarding the calculation of inward transfer values?
- Risk sharing and the deemed employer approach: Question 5 – Do you agree with our proposals on deemed employer status?
- Question 6 – What should advice from the scheme advisory board contain to ensure that deemed employer status works effectively?

- Responsibility for employers- Question 7 – Should the LGPS Regulations 2013 specify other costs and responsibilities for the service provider where deemed employer status is used?
- Existing arrangements- Question 8 – Is this the right approach?
- Timely consideration of pensions issues- Question 9 – What further steps can be taken to encourage pensions issues to be given full and timely consideration by Fair Deal employers when services or functions are outsourced?
- Public sector equality duty- Question 10 – Are you aware of any other equalities impacts or of any particular groups with protected characteristics who would be disadvantaged by our Fair Deal proposals?
- Transferring pension assets and liabilities- Question 11 – Is this the right approach?
- Question 12 – Do the draft regulations effectively achieve our aims?
- Question 13 – What should guidance issued by the Secretary of State regarding the terms of asset and liability transfers?

3.2 Mercer have prepared a brief overview of the New Fair Deal consultation which covers their high level views on each of the main changes as a helpful guide to informing your opinions:

3.2.1 Overall Proposal

Employees whose employment is outsourced from a “Fair Deal employer” will be guaranteed to be able to access the LGPS. The option of the new employer establishing a “broadly comparable” scheme as an alternative will effectively become redundant.

Mercer View	Comment on proposal
Overall, this seems to us a sensible proposal. Broadly comparable schemes are relatively rare in practice and we think this will achieve more consistency of approach with other public sector schemes.	Where a service provider currently has a broadly comparable scheme, that service provider and the outsourcing authority will need to prepare for a change of approach when the contract is next retendered. It is important that authorities review their historic contracts to consider if they are affected.
The draft regulations define a “protected transferee” as someone who has transferred from the Fair Deal employer at the outset, and also clarify that an employee who joins after the contract has started does not acquire protected status when the contract is retendered. We see the definition of Fair Deal employer as a general policy decision, but it does not seem unreasonable.	The scope is similar to existing provisions, albeit a little wider, which simplifies matters and provides greater clarity. It does mean that employers will need to be clear on its policy decisions and ensure the Fund is kept up to date on these.
Under draft regs 3B(1) and 3(B)11 it appears that employees working for a different Fair Deal employer from the one carrying out the outsourcing are not protected. This seems unlikely to be a policy decision so needs clarity for all parties.	The Regulations seem to us to introduce an anomaly in this area, best illustrated by an example. If, say, an academy school sources its cleaning service from the local authority in its area, but decides it wants to outsource that service then the academy is not the “Fair Deal employer” in relation to those employees, and our reading of the draft Regulations is that these employees’ pension rights are not protected. If, on the other hand, they had been working directly for the academy school then the academy would be their “Fair Deal employer” so

	<p>the employees would be protected. For consistency of treatment we would suggest that such employees should be protected by virtue of the fact that they are working for a Fair Deal employer, but either way we feel this should be a deliberate policy decision.</p>
<p>Admission agreements There is a specific provision for admission agreements to be able to include risk sharing arrangements although we can see no reason why this couldn't be done previously.</p>	
<p>This change should add more flexibility to the drafting of admission agreements</p>	<p>Traditionally our preference has been for admission agreements to be standardised and simply reflect the responsibilities of all parties on participation. Any risk sharing arrangements could be covered in the contractual agreements as they are a matter for the authority and the outsourced employer. This would still be our preference but by allowing for this explicitly it could help Funds with clarity on how the employer should be treated and what arrangements are in place. This is particularly important with the introduction of Exit Credits in 2018 as many Funds are not party to the agreements between the authority and outsourced employer, and this can result in unnecessary payment of monies out of the Fund when an employer exits with a surplus funding position.</p>
<p>The “deemed employer” route The consultation proposes an alternative route for achieving pension protection, by allowing the Fair Deal employer to be regarded as the relevant employer for pension purposes. It will be the Fair Deal employer’s choice, when initially putting the contract out to tender, whether the Admission Agreement or Deemed Employer approach will be used. This makes it imperative that each Fair Deal employer has a clear policy on the treatment of each type of employer.</p>	
<p>This is a simplified method of achieving pension protection for the employees, as it avoids the new employer having to consider and sign an admission agreement with the Fund. It could be used in conjunction with some limited risk sharing (i.e. where the contractor is only responsible for redundancy costs) between the Fair Deal employer and the new employer, but in our view any significant passing of the pensions risks to the new employer would be better served by the existing approach using an admission agreement with the Fund.</p>	<p>Main benefits:</p> <ul style="list-style-type: none"> • Simple to put in place as no admission agreement needed • Very convenient for contracts done on a pure “pass-through” or “fixed cost” basis • Can incorporate some limited risk sharing arrangements relatively easily, albeit probably only the more straightforward ones such as early retirement strains and awards of additional pension • It avoids the need to assess exit debt or credit for the Fund at the end of the contract. <p>Issues needing further consideration:</p> <ul style="list-style-type: none"> • The admission agreement approach works better than Deemed Employer where the outsourced employer takes on wider risks, as the admission agreement route provides for a better segregation of the assets and liabilities from the those of the Fair Deal employer

	<ul style="list-style-type: none"> • Clarity will be needed on whether the Fund deals for administrative purposes with the Fair Deal employer or the new employer (it could be a mixture of both, and Funds may still need to establish a separate employer code for the new employer e.g. for dealing with payroll queries) • Clarity will be needed on whether the new employer operates its own discretions policy or whether the Fair Deal employer's policies will apply • Clear communication will be needed and Funds/employers will need to update the relevant policies • The contribution rate in respect of the outsourced employees will need to be agreed and documented, as will the mechanism for making payments under any risk-sharing arrangements: given that there is no direct link between the Fund and the new employer, we would expect these would be matters between the Fair deal employer and the new employer and as such would need to be covered under the contractual arrangements. However, there would need to be a clear agreement on how costs (e.g. strain costs on redundancy etc) would be funded and by whom. Specific allocation of costs would mean that the deemed employer would still need to be monitored somehow unless it was a complete pass through of all costs
<p>Transfer of benefits when existing contracts end When an existing contract, operated with a broadly comparable scheme, comes to an end then the employees will have a right to transfer their benefits from that scheme to the LGPS.</p>	
<p>The employees concerned will be able to take a transfer from their existing scheme and use it to secure career average benefits within the LGPS, we suspect using the normal LGPS transfer in terms (although the intention here needs to be clarified). Under the proposals, the relevant LGPS or Fair Deal employer will <u>not be able</u> to refuse such a transfer. This will mean additional (and potentially large) risk and cost is taken on by the Fair Deal Employer.</p>	<p>The number of contracts operated on the basis of a broadly comparable scheme is relatively small, and the proposal will obviously apply only to those still in service at the end of the contract, so we suspect it will have only limited effect in practice. It does not provide the employees with full continuity of pension benefits. However, given that the transfer in terms offered by the LGPS are currently relatively generous compared to those normally offered in private sector schemes, on average we suspect members will not lose out if this proposal is implemented and may in fact gain in relative terms. Nevertheless, we would expect there to be a mixture of gainers and losers. If there are guaranteed transfer terms written into the original contract then these could be very generous and could produce windfall gains for members.</p>
<p>Exiting employers – automatic onward transfer of assets and liabilities</p>	

Where an employer exits an LGPS Fund and transfers the employees to a successor employer, it is proposed that the pension liabilities will automatically transfer on to that successor employer, even if that successor participates in a different LGPS Fund.	
There has been concern amongst some Funds about the potential for employers to be dissolved without paying off any exit debt (whilst in some cases even transferring the active members to a successor employer). This amendment seeks to change that, by making any successor employer responsible for the original employer's LGPS assets and liabilities, even if the successor employer is in a different LGPS Fund.	In our view the aim of this policy is sensible, and on the whole it will work well when the intention is for the assets and liabilities to simply consolidate into one Fund. However, we have concerns about it not needing the consent of at least the receiving Fund as essentially it could increase risk to taxpayers if the employer could not support the combined liabilities in the long term – for example where an employer with a weak covenant consolidates a large pension deficit in one Fund. We would therefore prefer it to still require consent to provide some protection and perhaps a simplified version of the current process of applying to the Secretary of State for agreement to consolidation would be a better way of achieving this.

3.3 **Timeline**

- 3.3.1 The deadline for submissions is 4th April 2019. Members are asked to consider the questions and agree responses to be submitted to MHCLG by the deadline of 4th April 2019

4. **Implications**

4.1 **Financial implications**

None applicable to this report. Financial implications will be included in each report to the Pensions Sub-Committee as necessary.

4.2 **Legal Implications**

None applicable to this report.

4.3 **Environmental Implications**

None applicable to this report.

4.4 **Resident Impact Assessment:**

The Council must, in carrying out its functions, have due regard to the need to eliminate unlawful discrimination and harassment and to promote equality of opportunity in relation to disability, race and gender and the need to take steps to take account of disabilities, even where that involves treating the disabled more favourably than others (section 49A Disability Discrimination Act 1995; section 71 Race Relations Act 1976; section 76A Sex Discrimination Act 1975."

- 4.4.1 An equalities impact assessment has not been conducted because this report is seeking opinions on a government policy document and therefore no specific equality implications arising from this report.

5. Conclusion and reasons for recommendation

5.1 Members are asked to consider the questions and agree responses to be submitted to MHCLG by the deadline of 4th April 2019

5.2

Background papers:

None

Final report clearance:

Signed by:

	Corporate Director of Resources	Date
Received by:		

Report Author: Joana Marfoh
Tel: (020) 7527 2382
Email: Joana.marfoh@islington.gov.uk

This page is intentionally left blank



Ministry of Housing,
Communities &
Local Government

Local Government Pension Scheme: Fair Deal – Strengthening pension protection

Policy consultation



© Crown copyright, 2019

Copyright in the typographical arrangement rests with the Crown.

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/>

This document/publication is also available on our website at www.gov.uk/mhclg

If you have any enquiries regarding this document/publication, complete the form at <http://forms.communities.gov.uk/> or write to us at:

Ministry of Housing, Communities and Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF
Telephone: 030 3444 0000

For all our latest news and updates follow us on Twitter: <https://twitter.com/mhclg>

January 2019

ISBN: 978-1-4098-5403-6

Contents

Scope of the consultation	4
Chapter 1 – Introduction	7
Chapter 2 – Fair Deal	8
The basics of Fair Deal in the LGPS	9
Risk sharing	12
Chapter 3 – Transferring pension assets and liabilities	17
Annex A – Draft regulations	19
Annex B	23

Scope of the consultation

<p>Topic of this consultation:</p>	<p>This consultation seeks views on proposals to amend the rules of the Local Government Pension Scheme in England and Wales, as set out in the draft Local Government Pension Scheme (Amendment) Regulations 2019 (Annex A). It covers the following areas:</p> <ol style="list-style-type: none"> 1. Amendments that would require service providers to offer LGPS membership to individuals who have been compulsorily transferred from an LGPS employer (and remove the option of a broadly comparable scheme). 2. Proposals that would automatically transfer LGPS assets and liabilities when employers in the scheme are involved in a merger or takeover.
<p>Scope of this consultation:</p>	<p>MHCLG is consulting on changes to the regulations governing the Local Government Pension Scheme (LGPS).</p>
<p>Geographical scope:</p>	<p>These proposals relate to the Local Government Pension Scheme in England and Wales only.</p>
<p>Impact Assessment:</p>	<p>Our Fair Deal proposals will strengthen the pensions protections that apply following an outsourcing and it is intended that all transferred staff of relevant LGPS employers will benefit equally from the new provisions. We do not believe our proposals will have an adverse impact on any section of the LGPS employer workforce, and believe they will have equal positive impacts on groups with and without particular protected characteristics. This is including in relation to staff who work flexibly, part-time or who have taken career breaks. This is because our reforms are intended to equalise pensions rights between those who have and have not been outsourced from their LGPS employer, with them all having continued access to membership of the LGPS.</p> <p>None of the changes contained in this consultation require a Regulatory Impact Assessment under the Small Business, Enterprise and Employment Act 2015. Our Fair Deal proposals will require bodies who provide services to LGPS employers to provide employees with continued access to the LGPS following a transfer. For a small number of transfers, there may be some additional costs associated with outsourcing staff under the new provisions. This may be the case where an LGPS employer is not currently subject to the 2007 or 2012 Directions (see paragraph 8), but it is proposed they would be subject to our new regulations. Nevertheless, we expect this to apply in a minority of situations and only to outsourcings from public bodies or publicly owned companies.</p>

	<p>Additionally our proposals to introduce a new way for contractors to participate in the LGPS (the 'deemed employer' approach) are intended to give greater flexibility to outsourcing employers which will potentially help them obtain better value from their contracts. For contractors, the proposals are intended to give them greater certainty on the pensions costs they will face over the life of the contract.</p> <p>The proposals in chapter 3 that provide for the automatic transfer of assets and liabilities where an employer is subject of a merger or takeover are intended to protect LGPS funds from the unintended consequences of organisational changes. They are also intended to give greater certainty to all parties about the responsibility for pensions liabilities after such events.</p>
--	---

Basic Information

<p>To:</p>	<p>This consultation is particularly aimed at those with an interest in the obligations that apply when a service or function is outsourced from an LGPS employer, including employees, outsourcing employers, and service providers.</p> <p>Any change to the LGPS is likely to be of interest to other stakeholders as well, such as local pension administrators, those who advise them, other LGPS employers and local taxpayers.</p>
<p>Body/bodies responsible for the consultation:</p>	<p>Local Government Finance Reform and Pensions, Ministry of Housing, Communities and Local Government</p>
<p>Duration:</p>	<p>This consultation will last for 12 weeks from Thursday 10 January 2019 to Thursday 4 April 2019.</p>
<p>Enquiries:</p>	<p>For any enquiries about the consultation please contact LGPSpensions@communities.gov.uk.</p>
<p>How to respond:</p>	<p>Please respond by email to:</p> <p>LGPSpensions@communities.gov.uk</p> <p>Alternatively, please send postal responses to:</p> <p>LGF Reform and Pensions Team Ministry of Housing, Communities and Local Government 2nd Floor, Fry Building 2 Marsham Street London SW1P 4DF</p> <p>When you reply it would be very useful if you could make it clear which questions you are responding to. Additionally,</p>

	<p>please confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and include:</p>
--	--

- your name,
- your position (if applicable),
- the name of organisation (if applicable),
- an address (including post-code),
- an email address, and
- a contact telephone number.

Chapter 1 – Introduction

1. The Ministry of Housing, Communities and Local Government (MHCLG) consulted in May 2016¹ on the introduction of greater pensions protection for employees of LGPS employers who are compulsorily transferred to service providers. The 2016 consultation proposed that, in line with the Government's Fair Deal guidance of October 2013², most LGPS members in this position should have continued access to the LGPS in their employment with the service provider. In doing so, it was proposed that the option to provide transferring staff with access to a broadly comparable scheme should be removed.
2. On 19 April 2018, the Government response to the consultation confirmed our commitment to introduce the strengthened Fair Deal in the LGPS but noted that respondents to the 2016 consultation had raised a number of concerns regarding the specific approach we proposed to adopt. We said we would give full consideration to the points raised and committed to consult on new proposals by the end of the year.
3. Chapter 2 of this document sets out our new policy proposals for introducing Fair Deal in the LGPS, which will enable LGPS employers to obtain better value from outsourced service contracts, and ensure that transferred employees retain the security which comes with membership of the LGPS, a statutory scheme with benefits set out in law. We welcome comments from respondents on our questions.
4. We are also taking this opportunity to consult on another change to the rules of the LGPS (as set out in more detail in Chapter 3). This change would provide for the automatic transfer of LGPS assets and liabilities to a successor body when an exiting LGPS employer is taken over or is part of a merger.
5. Your comments are invited on the questions contained in chapters 2 and 3 and the set of draft regulations at Annex A.
6. **The closing date for responses on the draft regulations at Annex A, and the related questions in Chapters 2 and 3, is Thursday 4 April 2019.**

¹ <https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations>

² <https://www.gov.uk/government/publications/fair-deal-guidance>

Chapter 2 – Fair Deal

7. The Government's 'Fair Deal' policy was introduced in 1999 and sets out how pensions issues should be dealt with when staff are compulsorily transferred from the public sector to independent providers delivering public services. Under the original Fair Deal guidance, transferred staff had to be given access to a scheme certified as being 'broadly comparable' to their previous public service pension scheme.
8. Following the publication of the Government's original Fair Deal guidance, pensions protection for local government employees in England and Wales was provided through:
 - the Best Value Staff Transfers (Pensions Direction) 2007 ('the 2007 Direction' - covering employees of English best value authorities and Welsh Police authorities), and
 - the Welsh Authorities Staff Transfers (Pensions) Direction 2012 ('the 2012 Welsh Direction' - covering employees of Welsh improvement authorities and community councils).
9. Under these Directions, protected employees who are contracted out to a new employer following the transfer of a service or function must be given either continued access to the LGPS by their new employer, or access to a scheme certified by an actuary as 'broadly comparable' to the LGPS.
10. The Government announced in July 2012 that the Fair Deal policy would be reformed. Under the 'new' Fair Deal policy, staff transferring from the public sector would have continued access to their public service pension scheme rather than being offered a broadly comparable private pension scheme, as was previously the case.
11. HM Treasury published its revised Fair Deal guidance in October 2013³. It covers central government departments and their agencies, the NHS, schools that are not local authority maintained (such as academies), and any other parts of the public sector under the control of Ministers where staff are eligible to be members of a public service pension scheme.
12. As set out in the Introduction, the Government now intends to introduce the strengthened Fair Deal in the LGPS. The proposed reforms will mean that independent providers will no longer have the option of providing transferred staff with access to a broadly comparable scheme. Instead, employees will always have continued access to the LGPS. This strengthens existing protections significantly. Protected employees will have increased confidence and security in knowing that, despite their transfer, they will retain a right to all the benefits that come with membership of the LGPS, not least that it is a statutory scheme with benefits set out in law. Moreover, so long as the protected employees remain wholly or mainly employed on the delivery of the service or function

³ <https://www.gov.uk/government/publications/fair-deal-guidance>

transferred, they will continue to have that protection even if the service is subsequently sub-contracted or transferred out again.

13. Responses to the 2016 consultation were mixed. Whilst many respondents were supportive of our aims in providing transferred staff with continued access to the LGPS, there were a variety of concerns on the detail of the proposals. More detail on the issues raised are contained in the Government's April 2018 response, but they can be summarised as concerns:

- regarding the employers to which our Fair Deal regulations would apply.
- that those already transferred out under the 2007 Direction would not have continued protection.
- that the proposals did not refer to the protections that apply in Wales (i.e. the 2012 Welsh Direction).
- that the regulations were a missed opportunity to consider introducing more explicit risk sharing provisions.
- that continued use of the admitted body framework could lead to a growing administrative burden for LGPS administrators.
- the lack of guidance.

14. In the following sections, we set out the detail of new proposals which are intended to address each of those concerns in turn and provide the framework for a workable, efficient system of pension protection.

The basics of Fair Deal in the LGPS

Protected transferees

15. The draft regulations apply in both England and Wales. They provide for the introduction of a new regulation 3B in the LGPS Regulations 2013⁴. Under this, an LGPS employer must ensure that protected transferees are given access to membership of the LGPS for so long as they remain a protected transferee and have an entitlement to membership of the scheme. A protected transferee is an individual who:

- a. is an active member or is eligible to be an active member of the LGPS,
- b. was employed by a Fair Deal employer (as defined) immediately before that person's employment was compulsorily transferred under a contract to a service provider in relation to the delivery of a service or a function of the Fair Deal employer.

16. A protected transferee will remain a protected transferee for so long as they remain wholly or mainly employed on the delivery of the service or function transferred, even if the service is subsequently sub-contracted or otherwise transferred to a different service provider.

⁴ S.I. 2013/2356 (as amended)

17. Where an employee is transferred out to an employer which offers membership of another public service pension scheme, the draft regulations provide that they would not be eligible for the LGPS but that they would remain a protected transferee. This ensures that if, following a re-tender, they are subsequently transferred to a new provider which does not offer a public service pension scheme, they do not lose their protection.
18. Service providers and Fair Deal employers may wish to consider offering the same status and protection to all staff who are providing a service as part of contract negotiations, whether or not they were previously employed by the Fair Deal employer. The draft regulations therefore also provide that an employee who is working wholly or mainly on the delivery of the service or function transferred may be treated as a protected transferee even if they were not formerly in the employment of the Fair Deal employer. However, protection for additional staff who are not covered by Fair Deal will remain subject to contract terms. The draft regulations therefore provide that protected transferee status for staff will require the agreement of both the Fair Deal employer and the service provider and it is proposed either party can determine at any time that such an individual is no longer a protected transferee.

Question 1 – Do you agree with this definition?

Fair Deal employers

19. The draft regulations define a new type of scheme employer, a 'Fair Deal employer'. As defined, Fair Deal employers are those LGPS employers whose employees will have protected access to the LGPS following a compulsory transfer of the type outlined above.
20. Some respondents to the 2016 consultation queried our approach on the employers covered by Fair Deal. One concern raised was regarding consistency. It was suggested that it was inconsistent for further and higher education institutions who participate in the LGPS to be excluded on the grounds that they are non-public sector bodies⁵, whilst admission bodies, the majority of whom are also non-public sector bodies, would be covered by the requirements. Aside from those admission bodies who participate in the LGPS in relation to the transfer of a service or function ('transferee' admission bodies), admission bodies are bodies who normally participate in the LGPS because of close links with a local authority or because they provide a public service ('community' admission bodies). They include charities, housing associations and other non-public sector bodies, and are not required to participate in the LGPS.
21. In light of the concerns raised, it is proposed that admission bodies which undertake an outsourcing will have the option of requiring service providers to offer continued access to the LGPS as they do now, but will not be obliged to do so. Whilst we are committed to ensuring that public sector workers who are eligible for the LGPS are protected after being outsourced, we do not wish to limit the freedom that non-public sector

⁵ In the terms set out by the Office for National Statistics, <https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/datasets/publicsectorclassificationguide>

organisations can reasonably expect in the total package they offer to their staff, including pay and pension.

22. Other respondents felt that the employees of police and crime commissioners (PCCs) worked in the public sector and should be protected under our Fair Deal regulations. In the 2016 consultation, we said that PCCs should not be required to follow Fair Deal because they are not best value authorities. However, in order to be consistent with the approach we are taking for local government and noting the concerns made by respondents to our previous consultation, it is now proposed that employees of PCCs are in the scope of the new regulations, in the same way as is proposed for employees of chief constables.
23. In light of the points noted above, under our draft regulations all LGPS scheme employers will be Fair Deal employers with the exception of:
- further education corporations, sixth form college corporations and higher education corporations (i.e. post-1992 universities), and
 - admission bodies.

As they do now, contractors providing services to the organisations listed above will be able to provide access to the LGPS to transferred staff via entering into an admission agreement with the pension fund (subject to meeting requirements and with the agreement of the contracting employer), but there would be no obligation for them to do so under scheme regulations.

Question 2 – Do you agree with this definition of a Fair Deal employer?

Transitional arrangements

24. It is important to the Government that those who have previously worked in local government and who are protected under either the 2007 Direction or 2012 Welsh Direction do not lose out from the changes we are making. Our draft regulations therefore provide that when contracts that fall under the 2007 Direction or 2012 Welsh Direction are next re-tendered, protected staff will become protected transferees under the LGPS Regulations 2013 and gain a right to membership of the LGPS.
25. This level of protection goes beyond the current requirements of the 2007 and 2012 Directions, which provide that service providers have the option of providing staff with access to a broadly comparable scheme instead. It is our intention to take the necessary steps to ensure that staff who were transferred out under the 2007 Direction or under the 2012 Welsh Direction gain the improved protections the next time a contract is re-tendered. We will work with the Welsh Government on transitional arrangements to deliver this in relation to transfers that have taken place under the 2012 Direction.
26. Transferred employees who were entitled to pension protection under the 2007 Direction or the 2012 Direction and were given access to a scheme certified as broadly comparable to the LGPS will have a right to transfer their benefits from that scheme to the LGPS if the fund receives a request. Under our draft regulations, such transfers would be treated as individual transfers under existing provisions contained in

regulations 100 and 101 of the LGPS Regulations 2013. We propose that the value of transfers be calculated using Cash Equivalent Transfer Value (CETV) factors contained in actuarial guidance issued by the Secretary of State. CETV factors are issued to convert the transfer value received by an LGPS fund to an amount of career average pension on an actuarially neutral basis. This approach is intended to ensure that inward transfers are calculated using an established process that is fair to scheme members, scheme employers and local taxpayers.

Question 3 – Do you agree with these transitional measures?

Question 4 – Do you agree with our proposals regarding the calculation of inward transfer values?

Risk sharing

27. A significant issue highlighted by respondents to the 2016 consultation was in relation to risk sharing, sometimes known as ‘pass-through’. Pass-through is a mechanism for limiting a service provider’s exposure to pensions risk as a scheme employer. As the LGPS is a funded, defined benefit pension scheme there are a number of risks which scheme employers are exposed to, in particular:

- Contributions risk – employer contribution rates are assessed every three years via a funding valuation. If the valuation shows that the financial or demographic position of the employer, or both, has changed since the previous valuation, contribution rates can go up or down.
- Funding risk – when an employer’s last active member leaves the LGPS, any deficit that has built up in relation to the employer’s liabilities has to be paid to the LGPS fund by the scheme employer. For service providers, these deficits can be quite large, even by reference to the total value of the contract.

Under pass-through, a service provider may pay a fixed contribution rate for the life of the contract, or pay the contributions within a certain range. The outsourcing employer may retain the responsibility for any shortfall in contributions, as well as the benefit of any surplus.

28. There are a number of benefits to using a pass-through approach:

- For the service provider, they do not necessarily bear the risks listed above. This makes their cost/benefit analysis when considering bidding or a contract more straightforward. We are aware that for small and medium service providers in particular, pensions risk is a significant barrier, and can mean they do not bid for contracts they otherwise would, because they cannot bear the risk of significant contribution rate increases or of the risk of a large exit payment being required at the end of the contract.
- For the Fair Deal employer they do not have to pay the ‘risk premium’ which service providers sometimes build into their contract prices. Because of contributions risk and funding risk, we understand that service providers often build a buffer into their prices to ensure that it is still profitable for them to operate a contract even if, for example, LGPS contributions end up being much higher than originally stated.

Using pass-through removes the need for such a buffer (and should therefore mean Fair Deal employers get better value for money).

The 'deemed employer' approach

29. We are aware that some LGPS employers already use pass-through arrangements with their service providers where greater flexibility assists outsourcing. However, in light of the views expressed in the responses to the 2016 consultation we want to ensure that Fair Deal employers actively consider the potential benefits of including risk sharing provisions in their service contracts. To achieve this, we are proposing that service providers do not necessarily need to become admission bodies in the LGPS to participate in the scheme. Instead, 'deemed employer' status could be used instead.
30. Deemed employer status is available under the LGPS Regulations 2013 already (see the table in part 4 of schedule 2). It means that, for specific groups of employees, their 'scheme employer' in the LGPS is not their employer in employment law, but is the 'deemed employer' instead. For example, under the LGPS Regulations 2013, the 'deemed employer' for the employees of voluntary schools is the associated local authority.
31. Under our proposals, when an employee is compulsorily transferred from their Fair Deal employer to a service provider, their former employer will have the option of remaining the deemed employer for the transferred staff.
32. Using this approach, the service provider would not have full scheme employer responsibilities under the LGPS Regulations 2013. Instead, the default position would be that the Fair Deal employer would retain the majority of scheme employer responsibilities (including contributions and funding risk). However, we envisage that this would only be a starting point, and the service contract between the parties would cover the detail of the pensions relationship, including the sharing of risk.
33. With appropriate provisions in the service contract, deemed employer status will give Fair Deal employers like local authorities greater flexibility when transferring services and functions to external providers. This will enable them to achieve the benefits of pass-through while enabling flexibility for negotiations around price and risk sharing between the two parties.
34. In addition, a major benefit of this approach is that it will provide a more seamless transition for LGPS members. A frequent issue under the current system is that a contract commences before the admission agreement is signed, leaving members in limbo for long periods of time. Under the deemed employer approach, members would continue in the section of their Fair Deal employer and there would be no uncertainty regarding their pension rights. Administering authorities would also benefit from not having to backdate admission agreements or seek to enforce these retrospectively.
35. The deemed employer approach will also help to tackle a growing issue in the LGPS; the large and rising number of scheme employers (over 16,000 across the scheme in England and Wales), which causes administrative issues at a local level. Making use of deemed employer status would slow the rate of increase and could therefore have administrative benefits for LGPS pension funds.

36. Using deemed employer status may also give greater flexibility to contractors in how they account for their pensions obligations. Currently, contractors who participate in the LGPS via an admission agreement but who have entered into pass-through arrangements may have to account for their liabilities on a defined benefit basis (even though their obligations are more akin to defined contribution liabilities). The deemed employer approach may enable a different accounting treatment because the legal responsibility would remain with the Fair Deal employer.
37. Using deemed employer status in this way has potential risks for Fair Deal employers because it means they are, by default, responsible for the pension liabilities which would, under an admission agreement, automatically be the responsibility of the service provider. However, the Fair Deal employer would be able to protect itself from these risks by including detailed provisions on the pensions relationship between the Fair Deal employer and the service provider in the service contract.
38. The draft regulations state that advice will be issued by the LGPS Scheme Advisory Board (SAB) to help Fair Deal employers put in place service contracts which give them flexibility and protect them from potential risks. We will want to ensure that this advice gives Fair Deal employers the knowledge and confidence they need to outsource services in a way that provides them with value and gives increased certainty to service providers. We will work closely with the SAB on the development of this advice, and expect that it will be issued before or at the same time the Fair Deal regulations are issued.
39. The draft regulations also provide that the deemed employer approach can only be used by the proprietor of an academy where that proprietor has followed guidance on the use of the deemed employer approach given by the Department for Education. Guidance issued by the Department for Education will set out the provisions that must be included in the service contract between a proprietor of an academy and a service provider to protect the proprietor, and ultimately the Department for Education, from pensions risks which should in all cases be met by the service provider.

Question 5 – Do you agree with our proposals on deemed employer status?

Question 6 – What should advice from the scheme advisory board contain to ensure that deemed employer status works effectively?

Responsibilities for employers

40. In practice, even where the deemed employer approach is used, the service provider will retain an administrative role in relation to the pensions of their employees. As the legal employer, they will be responsible for deducting employee contributions and providing information to the pension fund (for example, for end of year processing). To ensure that the actions of the service provider do not prevent the Fair Deal employer from meeting their responsibilities, the draft regulations state that the service provider must provide sufficient and timely information to enable the Fair Deal employer to meet its scheme functions. We anticipate that this point will be addressed in more detail in advice issued by the Scheme Advisory Board.

41. We are also keen to ensure that, unless service contracts explicitly provide otherwise, responsibility for certain decisions that may give rise to costs arising is retained by the service provider, as well as the responsibility for meeting those costs. In particular, the draft regulations provide that the service provider shall retain the decision-making responsibility for decisions where costs may be payable under regulation 68 of the LGPS Regulations 2013. This covers a variety of costs, including ill-health, redundancy, flexible retirement and the award of additional pension.

Question 7 – Should the LGPS Regulations 2013 specify other costs and responsibilities for the service provider where deemed employer status is used?

Existing arrangements

42. Whilst we believe there are significant advantages of making use of deemed employer status, we propose that the admission body option is retained so that Fair Deal employers can choose to require their service providers to become full scheme employers in the LGPS if they wish. This approach may be more appropriate for larger, longer term contracts where it is more fitting for a service provider to have full employer responsibilities under the LGPS regulations.

43. To make clear that risk sharing practices can also be used where the admission body option is used, our draft regulations insert a paragraph into part 3 of schedule 2 of the LGPS Regulations 2013 confirming that admission agreements may also contain details of risk sharing arrangements agreed between the Fair Deal employer and the service provider. We anticipate that advice issued by the SAB will contain detail on the provisions that may be put into an admission agreement on risk sharing between the parties involved.

Question 8 – Is this the right approach?

Timely consideration of pensions issues

44. An issue that is frequently raised with regard to outsourcing by LGPS employers is the lack of priority given to pensions issues. Often admission agreements are not signed before the contract takes effect leading to periods of limbo for members. This can be a barrier to the parties to a contract sharing risk effectively. Indeed, lack of consideration of pensions issues at the contract negotiation stage could be damaging to those Fair Deal employers using the deemed employer approach. In our April 2018 response to the 2016 consultation, we said we would consider the issues around this further.

45. The draft regulations we are consulting on require that the service contract between a Fair Deal employer and the service provider state whether continued access to the LGPS will be provided via the deemed employer route or via the admission body route. We intend that this requirement will ensure consideration is given to pensions issues at an early stage, and the substantive differences between the two options are fully appreciated.

46. We also expect timely consideration of pensions issues to be covered in the SAB advice, with the benefits of doing so. For example, to ensure that the best value can be obtained from outsourcing exercises, Fair Deal employers should confirm the approach

they intend to adopt at the point they are inviting bids from potential service providers. We welcome views from consultees on other ways in which we can encourage early consideration of pensions issues.

Question 9 – What further steps can be taken to encourage pensions issues to be given full and timely consideration by Fair Deal employers when services or functions are outsourced?

Public sector equality duty

47. Our Fair Deal proposals will strengthen the pensions protections that apply following an outsourcing and it is intended that all transferred staff of relevant LGPS employers will benefit equally from the new provisions. We do not believe our proposals will have an adverse impact on any section of the LGPS employer workforce, and believe they will have equal positive impacts on groups with and without particular protected characteristics.

Question 10 – Are you aware of any other equalities impacts or of any particular groups with protected characteristics who would be disadvantaged by our Fair Deal proposals?

Chapter 3 – Transferring pension assets and liabilities

48. In recent years, the frequency with which LGPS scheme employers have been involved in mergers or takeovers has increased. This increase is partly a consequence of reforms within the public sector (including local authority schools becoming academies, whose proprietors have employer responsibilities in their own right), and of new organisational structures being used by LGPS employers for the delivery of services and functions.
49. When the last active member of an LGPS scheme employer leaves the scheme, the regulations provide that an exit payment usually needs to be paid to the LGPS fund. This means the exiting employer becomes liable for the payment of an amount which is intended to cover the costs of their entire pensions liability, and which is calculated on a low-risk basis. Because of this, the exit payment is often high, particularly in relation to the size of the ceasing employer.
50. Where an LGPS scheme employer merges into, or is taken over by, another organisation this exit payment can sometimes be triggered unintentionally and potentially leave the ceding organisation with a liability they cannot meet. If they cannot do so, the liability will be met by the other employers in the fund (and ultimately the local taxpayer).
51. To address these concerns we propose to amend the regulations to provide that when an LGPS scheme employer is merged into or taken over by another organisation, the responsibility for that pensions liability automatically transfers to the successor body, unless specific legislative provisions require otherwise. This is intended to ensure that normal business activities, such as mergers and takeovers, can take place effectively and efficiently without unintended consequences occurring in respect of an employer's LGPS liabilities.
52. In addition, we propose that where the successor body is also an LGPS employer with active members in another fund, the assets and liabilities must be automatically transferred to that fund and combined with the successor body's assets and liabilities.
53. We propose that the Secretary of State should issue guidance on this area and that, in particular, guidance should cover the terms of transfers of assets and liabilities between pension funds.

Question 11 – Is this the right approach?

Question 12 – Do the draft regulations effectively achieve our aims?

Question 13 – What should guidance issued by the Secretary of State state regarding the terms of asset and liability transfers?

About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal data, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 2018 (DPA), the General Data Protection Regulation, and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Department is bound by the Freedom of Information Act and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Ministry of Housing, Communities and Local Government will process your personal data in accordance with the law and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included at Annex B.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact us via the [complaints procedure](#).

Annex A – Draft regulations

STATUTORY INSTRUMENTS

2019 No.

PUBLIC SERVICE PENSIONS, ENGLAND AND WALES

The Local Government Pension Scheme (Amendment) Regulations 2019

<i>Made</i> - - - -	***
<i>Laid before Parliament</i>	***
<i>Coming into force</i> - -	***

These Regulations are made in exercise of the powers conferred by sections 1, 3 and 25 of, and Schedule 3 to the Public Service Pensions Act 2013^(a).

In accordance with section 21 of that Act, the Secretary of State has consulted the representatives of such persons as appeared to the Secretary of State to be likely to be affected by these Regulations.

In accordance with section 3(5) of that Act, these Regulations are made with the consent of the Treasury.

The Secretary of State makes the following Regulations:

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Local Government Pension Scheme (Amendment) Regulations 2019.

(2) These Regulations come into force on [xxx] but have effect as follows [xxx].

(3) These Regulations extend to England and Wales.

Amendment of the Local Government Pension Scheme Regulations 2013

2. The Local Government Pension Scheme Regulations 2013^(b) are amended in accordance with regulations 3 to 6.

3. After Regulation 3A^(c) (civil servants etc engaged in probation provision) insert the following regulations—

^(a) 2013 c. 25.

^(b) S.I. 2013/2356; those Regulations have been amended by S.I. 2014/44, S.I. 2014/525, S.I. 2014/1146, S.I. 2015/57, S.I. 2015/755 and by S.I. 2018/493.

^(c) Regulation 3A was inserted by S.I. 2014/1146.

“Pensions protection following a compulsory transfer

3B.—(1) A protected transferee for the purposes of these Regulations is an active member or a person who is eligible to be an active member who was employed by a Fair Deal employer immediately before that person’s employment was compulsorily transferred to a service provider under an ongoing contract in relation to the delivery of a service or a function of the Fair Deal employer on or after [xxx: the date on which the Local Government Pension Scheme (Amendment) Regulations come into force].

(2) The employer of a protected transferee must ensure that the protected transferee has access to membership of the Scheme for so long as that person remains a protected transferee and is entitled to be an active member of the Scheme.

(3) If the employer of a protected transferee is not a Scheme employer under Part 1 or Part 2 of Schedule 2 who designates the protected transferee as being eligible for the LGPS, the Fair Deal employer must provide in their contract with the service provider that a protected transferee must be provided with access to the Scheme either by—

- (a) the service provider entering into an admission agreement under paragraph 1(d) of Part 3 of Schedule 2 to these Regulations; or
- (b) subject to sub-paragraph (4), the Fair Deal employer determining to act as the deemed employer in respect of the protected transferee.

(4) Any determination under sub-paragraph (3)(b) by a Fair Deal employer listed in paragraph 20 of Part 1 of Schedule 2 must be made in accordance with guidance issued by the Secretary of State.

(5) A person remains a protected transferee for so long as that person is wholly or mainly employed on the delivery of the service or function transferred, even if the service or function is subsequently sub-contracted or otherwise transferred to a different service provider.

(6) A person remains a protected transferee even if for a period they are not entitled to be a member of the Scheme because they are entitled to membership of another public service pension scheme in relation to the employment transferred from their Fair Deal employer.

(7) An employee of a service provider who is working wholly or mainly on the delivery of the service or function transferred from a Fair Deal employer other than by a compulsory transfer under sub-paragraph (1) may be treated as a protected transferee with the written agreement of the Fair Deal employer and the service provider.

(8) An agreement under sub-paragraph (7) may be terminated by either the Fair Deal employer or the service provider at any time.

(9) A person who is a former employee of a best value authority or a police authority in Wales^(a) and who is entitled to pension protection or would be entitled to pension protection following a subsequent transfer under the Best Value Authorities Staff Transfers (Pensions) Direction 2007 is to be—

- (a) regarded as being a protected transferee when the contract is next renewed with the same contractor, or the contract passes to a new service provider, and
- (b) shall remain so regarded for such period as that person is—
 - (i) entitled to membership of the Scheme; and
 - (ii) remains wholly or mainly employed on the delivery of the service or function transferred from the best value authority or police authority in Wales.

(10) A person who is a former employee of a Welsh improvement authority^(b) or a community council who is entitled to pension protection or would be entitled to pension protection following a subsequent transfer under the Welsh Authorities Staff Transfers (Pensions) Direction 2012 is to be—

- (a) regarded as being a protected transferee when the contract is next renewed with the same contractor, or the contract passes to a new service provider, and
- (b) shall remain so regarded for such period as that person is—

^(a) Section 1 of the Local Government Act 1999 (c. 27) designates the bodies which are best value authorities.

^(b) Section 1 of the Local Government (Wales) Measure 2009 (c. 02) designates the bodies which are Welsh improvement authorities.

(i) entitled to membership of the Scheme, and

(ii) remains wholly or mainly employed on the delivery of the service or function transferred from the Welsh improvement authority or community council.

(11) A person who is an employee of a service provider working on the delivery of a service or function transferred from a Fair Deal employer who has not been compulsorily transferred to the provider from that Fair Deal employer in relation to the delivery of that service or function is not a protected transferee for the purposes of these Regulations.

(12) Where a transfer is requested under regulation 100(1) (inward transfers of pension rights), the administering authority must grant that request if the request relates to the transfer of a protected transferee's pension rights accrued in a pension scheme to which they had access under the Best Value Authorities Staff Transfers (Pensions) Direction 2007 or the Welsh Authorities Staff Transfers (Pensions) Direction 2012.

(13) A Fair Deal employer must have regard to advice issued by the Scheme Advisory Board on the matters to be considered in regard to the provision of pensions protection to a protected transferee or persons who may be regarded as protected transferees, including the sharing of risk.

(14) The employer of a protected transferee must—

- (a) provide sufficient and timely information to enable the Fair Deal employer to meet its Scheme functions under these Regulations; and
- (b) be responsible for, and meet any costs arising from, decisions taken by the employer which may give rise to payments under regulation 68 (employer's further payments) in the absence of express provision to the contrary in the service contract between the Fair Deal employer and the service provider.

(15) In this regulation "employer of a protected transferee" means a service provider who employs a protected transferee who is provided with access to the LGPS under this regulation."

4. In regulation 64 (special circumstances where revised actuarial valuations and certificates must be obtained), after sub-paragraph (10) insert—

"(11) Where a Scheme employer becomes an exiting employer as a consequence of the Scheme employer being merged into, or taken over by, another organisation—

- (a) the successor body becomes responsible for the exiting employer's assets and liabilities, in the absence of any express legislative provision to the contrary; and
- (b) shall be treated for the purpose of these Regulations as the Scheme employer in relation to the employees and former employees of the exiting employer.

(12) Where the successor body is a Scheme employer with active members in that administering authority or another administering authority, the assets and liabilities of the exiting employer must be automatically transferred to the administering authority of the successor body and combined with the successor body's assets and liabilities.

(13) A transfer of assets and liabilities under sub-paragraph (12) must be determined in accordance with guidance issued by the Secretary of State."

5.—(1) Schedule 1^(a)(interpretation) is amended as follows.

(2) After the definition of "European pensions institution" insert—

"“Fair Deal employer” means a Scheme employer listed in paragraphs 1 to 13 and 15 to 25 of Part 1 of Schedule 2 or in paragraphs 1 to 3 and 5 to 15 of Part 2 of Schedule 2;”

(3) After the definition of "permanently incapable" insert—

"“protected transferee” has the meaning given in regulation 3B(1);”

(4) After the definition of "Scheme year", insert—

"“service provider” means a body contracted to deliver a service or a function of a Fair Deal employer;”

(a) There are amendments to Schedule 1 which are not relevant to these Regulations.

(5) After the definition of “statutory pay” insert—

““successor body” means a body which either—

(a) takes over a Scheme employer, causing that employer to become an exiting employer; or

(b) takes on the functions of a Scheme employer following a merger between that employer and one or more organisations, and which causes that employer to become an exiting employer;”.

6.—(1) Schedule 2 (Scheme employers) is amended as follows.

(2) In Part 3, after paragraph 5 insert—

“5A. An admission agreement made under paragraph 1(d)(i) may include details of risk sharing arrangements between the Scheme employer and the admission body, provided that the Scheme employer has had regard to any advice issued by the Local Government Pension Scheme Advisory Board.”.

(3) In Part 4, in the table insert at the end—

“An employee of a service provider who is a protected transferee, where the Fair Deal employer has determined under regulation 3B(3)(b)) that the protected transferee should be deemed to be an employee of the Fair Deal employer	The Fair Deal employer referred to in column 1”
---	---

We consent to the making of these Regulations.

Names

Date Two of the Lords Commissioners of Her Majesty’s Treasury
Signed by authority of the Secretary of State for Housing, Communities and Local Government.

Minister

Minister of State

Date Ministry of Housing, Communities and Local Government

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Local Government Pension Scheme Regulations 2013 (“the 2013 Regulations”).

Regulations 3, 5 and 6 implement the Government’s “Fair Deal” policy for local government workers with the effect that most members of the Local Government Pension Scheme who are compulsorily transferred to another employer will retain the right to membership of the Scheme.

Regulation 4 provides that where a Scheme employer becomes an exiting employer as a consequence of a takeover or a merger, the assets and liabilities of that employer automatically transfer to the successor body.

Annex B

Personal data

The following is to explain your rights and give you the information you are be entitled to under the Data Protection Act 2018.

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the data controller and contact details of our Data Protection Officer

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller. The Data Protection Officer can be contacted at dataprotection@communities.gov.uk.

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

The Data Protection Act 2018 states that, as a government department, MHCLG may process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

Section 21 of the Public Service Pension Act 2013 requires the responsible authority, in this case the Secretary of State, to consult such persons as he believes are going to be affected before making any regulations for the Local Government Pension Scheme. MHCLG will process personal data only as necessary for the effective performance of that duty.

3. With whom we will be sharing your personal data

We do not anticipate sharing personal data with any third party.

4. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for two years from the closure of the consultation.

5. Your rights, e.g. access, rectification, erasure

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data we have about you
- b. to ask us to stop using your data, but keep it on record
- c. to ask to have all or some of your data deleted or corrected

d. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

- 6. Your personal data will not be sent overseas**
- 7. Your personal data will not be used for any automated decision making.**
- 8. Your personal data will be stored in a secure government IT system.**



Report of: Corporate Director of Resources

Meeting of:	Date	Agenda item	Ward(s)
Pensions Board Committee	25 March 2019		n/a

Delete as appropriate		Non-exempt	
-----------------------	--	------------	--

SUBJECT: PENSIONS BOARD COMMITTEE 2019/20– FORWARD WORK PLAN AND WORK PROGRAMME

1. Synopsis

- 1.1 The Appendices to this report provides information for Members of the Board on agenda items for forthcoming meetings and training topics where required and work programme.

2. Recommendation

- 2.1 To consider and note Appendix A attached
To consider the objectives and draft business plan attached as Appendix B and amend where required.
To agree the work programme will be reviewed annually.

3. Background

- 3.1 The Public Services Pensions Act 2013 requires the establishment of local pension boards for each Local Government Pension Fund. Each administering authority must establish a pensions board no later than 1 April 2015.
- 3.2 Local Government Pension Scheme (Amendment) Governance Regulations 2014 (“ the Governance Regulations) provide that Pensions Board will have responsibility for assisting the ‘scheme manager’ (the Pensions Sub Committee in Islington’s case) in relation to the following matters:

To ensure compliance with:

- the Local Government Pension Scheme Regulation (LGPS),
- other legislation relating to the governance and administration of the LGPS, and
- the requirements imposed by the Pensions Regulator in relation to the LGPS to ensure the effective and efficient governance and administration of the scheme.

- 3.3 The Pensions Sub- committee is the decision making body of the Fund and the Pension board can only advise or make recommendations to the Pensions -Sub Committee
The Pension Board should therefore be mindful;
- Its work plan should take account of the Fund’s own work programme and seek to add value
 - Servicing the Pension board will consume Fund management resources and time
 - Senior Fund officers servicing the pension Board may on some fund performance issues be personally compromised and conflicted
 - Some work items required may need the use of specialist external consultancy resources rather than using the officers servicing the Fund.
- 3.1 Based on the LGPS and The Pension Regulator’s guidance on the role of the pension boards, the focus should include the following:
- a) Its own training, knowledge and understanding
 - b) Avoiding any conflicts of interest
 - c) Ensuring its own statutory compliance
 - d) Checking fund governance
 - e) Reviewing fund risks and internal systems and controls
 - f) Checking fund external advisors/service providers and their internal controls
 - g) Reviewing fund member record keeping
 - h) Checking fund contributions
 - i) Reviewing fund administration
 - j) Benchmarking fund performance and Value for Money (VFM)
 - k) Fraud prevention
 - l) Employer and member communications
 - m) Complaints and dispute resolution
 - n) Reporting regulatory breaches
- 3.2 The Pension Board must also consider its Annual Report and the review of Pension Fund’s draft Annual Report and audited accounts and triennial actuarial review.
- 3.3 Members need to consider their priorities for the next 12months and use that to formulate their agenda for forthcoming meetings. The draft plan attached as Appendix A is a guide for members to discuss and amend will be updated as necessary at each meeting, to reflect any changes in administration policy, new regulation and pension fund priorities after discussions with Members
- 3.4. The draft work programme –Appendix B address some of the roles and responsibilities of the local board and how to fulfil these responsibilities. Members are asked to consider, amend and agree a plan that will be reviewed annually.

4. Implications

Financial implications

- 4.1 Any cost associated with the governance of the fund will be treated as administration cost and charged to the Fund.

4.2 Legal Implications

The Public Services Pensions Act 2013 requires the council to establish a local pension boards by 1 April 2015. The board must comply with the requirements of the relevant Legislation.

4.3 Environmental Implications

None applicable to this report. Environmental implications will be included in each report to the Pension Board Committee as necessary.

4.4 Resident Impact Assessment

None applicable to this report. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding

5 Conclusion and reasons for recommendation

5.1 To advise Members of forthcoming items of business to the Pension Board-Committee and training topics, agree a work programme that will be reviewed annually.

Background papers:

None

Final report clearance:

Signed by:

Received by: Corporate Director of Resources Date

Head of Democratic Services Date

Report Author: Joana Marfoh
Tel: (020) 7527 2382
Email: Joana.marfoh@islington.gov.uk

APPENDIX A

Pensions Board-Committee Forward Plan for November 2018 to March 2020

Date of meeting	Reports
	<p><u>Please note:</u> there will be a standing item to each meeting on:</p> <ul style="list-style-type: none">• Admin Performance report• Forward work plan
25 March 2019	Assess members training, skills and knowledge Consultation on Fair Deal Auto enrolment
17 June 2019	Draft Accounts
10 September	Annual pension report
7 October	AGM
3 December 2019	
3 March 2020	

Proposed Training committee meetings

November 2018- pension sub cttee meeting	Training Actuarial Review update

Appendix B- Draft Work Programme

Objective	Process and responsible persons	Progress
To ensure accurate record keeping, data quality and improvements	<ul style="list-style-type: none"> Undertake data quality assessment Improvement plans Reconciliation of data from other employers/payroll/HMRC <p>Responsible person-DOF administering authority</p>	Had discussions with actuary to populate database benchmark that will identify areas that fall short
To ensure Governance Compliance Statement sets out delegation, function and structure	<p>To review the existing governance statement</p> <p>Responsible- DOF/pension board</p>	
To ensure Fund has the appropriate policies in place to safeguard the Fund's assets through appropriate methods of risk management.	<p>To prepare a risk register and regularly monitor the register</p> <p>To undertake UK mortality checks</p> <p>Responsible person- DOF</p>	Board agreed draft register in September 2018
The General Data Protection Regulation (GDPR) is upheld	<p>To ensure that appropriate arrangements are in place to comply with the GDPR from a data controller perspective</p> <p>Responsible person- DOF, pension board and pension cttee</p>	GDPR policy for pensions has been published
To ensure the effective and efficient governance and administration of the Scheme	<p>Pension administration KPI collected and monitored</p> <p>Contributions and overpayments are up to date</p> <p>Responsible person- DOF/local board</p>	Pension administration KPI are reported to the board every quarter
That the Pension board are able to make recommendations on Statutory and non-statutory policies and strategies	<p>To review the following fund documents:</p> <p>Investment Strategy Statement</p> <ul style="list-style-type: none"> Governance Policy and Compliance Statement Annual Report and Statement of Accounts Funding Strategy Statement Administration Strategy Statement of policy about exercise of discretionary functions The Pension Communication Strategy Actuarial Valuation Report Reporting Breaches of the Law to the Pensions Regulator Policy Risk Strategy 	<p>The documents are published on the Council website and board members have been sign posted to the link:</p> <p>https://www.islington.gov.uk/jobs-and-careers/council-pension-scheme</p> <p>The local board members reviewed the 17/18 pension annual accounts</p>

	Responsible person- local board	
Self Assessment- review of the effectiveness of the Board	<p>Local board should give feedback on</p> <ul style="list-style-type: none"> • Board structure and culture • Management of meetings • Skills, Knowledge and Training • Risks and conflicts • The role of Advisors • Documents and Policies <p>Responsible person- DOF/local board</p>	