



Havering

LONDON BOROUGH

PENSIONS COMMITTEE AGENDA

7.00 pm	Tuesday 18 March 2025	Council Chamber - Town Hall
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Members 7: Quorum 3

COUNCILLORS:

**Conservative Group
(2)**

Joshua Chapman
Viddy Persaud

**Havering Residents' Group
(3)**

James Glass
Jacqueline Williams
Stephanie Nunn (Vice-Chair)

**Labour Group
(1)**

Mandy Anderson (Chairman)

Trade Union Observers

(No Voting Rights) (1)

Derek Scott

**Admitted/Scheduled Bodies
Representative**

(Voting Rights) (0)

**For information about the meeting please contact:
Luke Phimister 01708 434619
luke.phimister@onesource.co.uk**

Please would all Members and officers attending ensure they sit in their allocated seats as this will enable correct identification of participants on the meeting webcast.

Under the Committee Procedure Rules within the Council's Constitution the Chairman of the meeting may exercise the powers conferred upon the Mayor in relation to the conduct of full Council meetings. As such, should any member of the public interrupt proceedings, the Chairman will warn the person concerned. If they continue to interrupt, the Chairman will order their removal from the meeting room and may adjourn the meeting while this takes place.

Excessive noise and talking should also be kept to a minimum whilst the meeting is in progress in order that the scheduled business may proceed as planned.

Protocol for members of the public wishing to report on meetings of the London Borough of Havering

Members of the public are entitled to report on meetings of Council, Committees and Cabinet, except in circumstances where the public have been excluded as permitted by law.

Reporting means:-

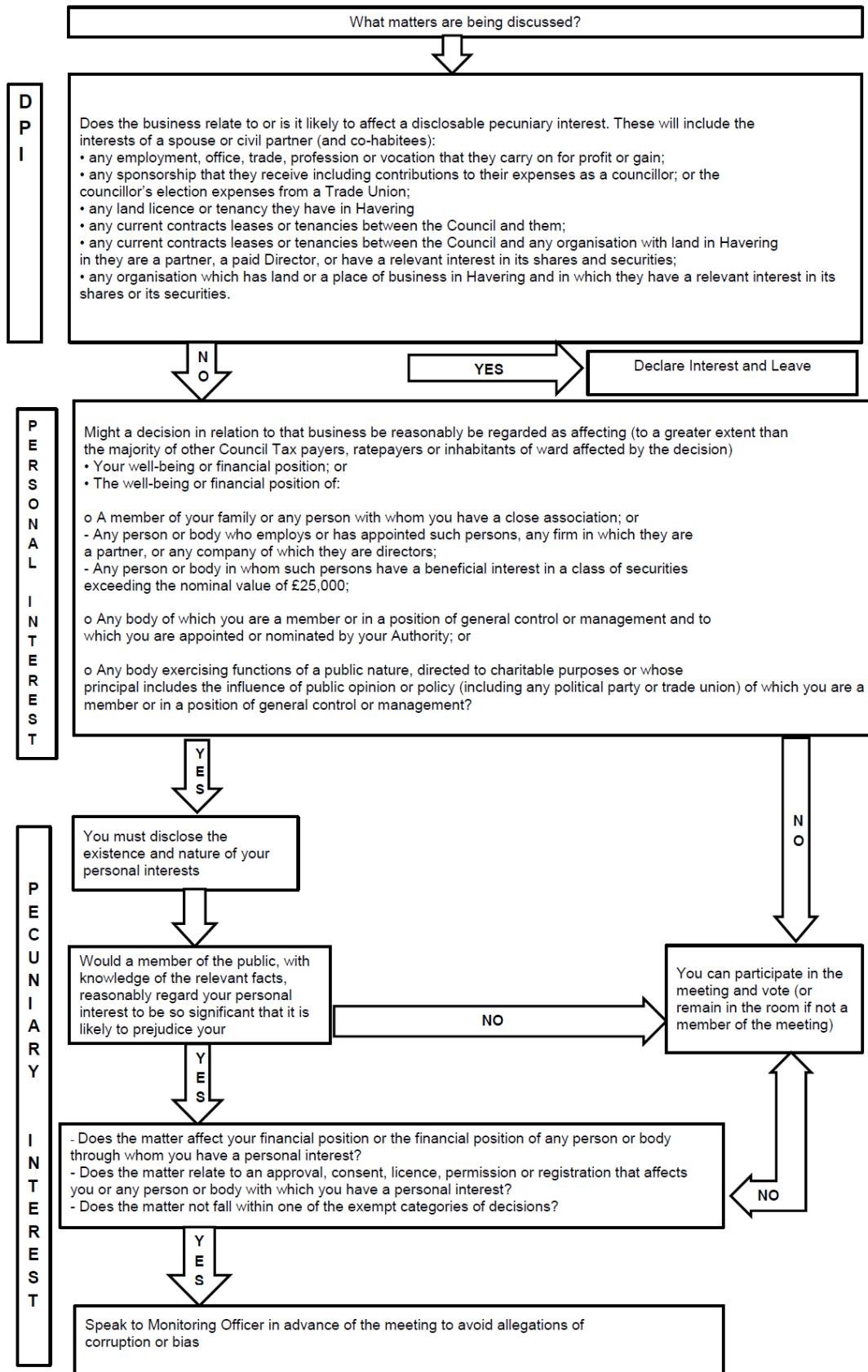
- filming, photographing or making an audio recording of the proceedings of the meeting;
- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing, so that the report or commentary is available as the meeting takes place or later if the person is not present.

Anyone present at a meeting as it takes place is not permitted to carry out an oral commentary or report. This is to prevent the business of the meeting being disrupted.

Anyone attending a meeting is asked to advise Democratic Services staff on 01708 433076 that they wish to report on the meeting and how they wish to do so. This is to enable employees to guide anyone choosing to report on proceedings to an appropriate place from which to be able to report effectively.

Members of the public are asked to remain seated throughout the meeting as standing up and walking around could distract from the business in hand.

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF



Principles of conduct in public office

In accordance with the provisions of the Localism Act 2011, when acting in the capacity of a Member, they are committed to behaving in a manner that is consistent with the following principles to achieve best value for the Borough's residents and to maintain public confidence in the Council.

SELFLESSNESS: Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

INTEGRITY: Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

OBJECTIVITY: In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

ACCOUNTABILITY: Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

OPENNESS: Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

HONESTY: Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

LEADERSHIP: Holders of public office should promote and support these principles by leadership and example.

AGENDA ITEMS

1 CHAIRMAN'S ANNOUNCEMENTS

The Chairman will announce details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

2 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

(if any) - receive

3 DISCLOSURE OF INTERESTS

Members are invited to disclose any interest in any of the items on the agenda at this point of the meeting.

Members may still disclose any interest in any item at any time prior to the consideration of the matter.

4 MINUTES OF THE MEETING (Pages 7 - 22)

To approve as correct the minutes, and associated exempt minutes (where available), of the meetings held on 1st October 2024, 5th November 2024 and 10th December 2024 and authorise the Chairman to sign them.

5 EXCLUSION OF THE PUBLIC

To consider whether the public should now be excluded from any relevant parts of the meeting on the grounds that it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public were present during those items there would be disclosure to them of exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972; and, if it is decided to exclude the public on those grounds, the Committee to resolve accordingly on the motion of the Chairman.

6 PENSION FUND PERFORMANCE MONITORING - QUARTER ENDING 31 DECEMBER 24

Report to follow

7 REVIEW OF VOTING AND ENGAGEMENT ACTIVITY JUNE 2024

Report to follow

8 NEW EMPLOYER ADMISSIONS PROCESS REVIEW (Pages 23 - 42)

Zena Smith
Head of Committee and
Election Services

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Public Document Pack Agenda Item 4

**MINUTES OF A MEETING OF THE
PENSIONS COMMITTEE
Council Chamber - Town Hall
1 October 2024 (7.00 - 8.57 pm)**

Present:

COUNCILLORS

Conservative Group Viddy Persaud

Havering Residents' Group Jacqueline Williams and Stephanie Nunn (Vice-Chair)

10 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

Apologies were received from Councillors Mandy Anderson, Joshua Chapman and James Glass

11 DISCLOSURE OF INTERESTS

There were no disclosures of interests.

12 MINUTES OF THE MEETING

The minutes of the previous meeting held on 25th June 2024 were agreed as a correct record and signed by the Chairman.

13 EXCLUSION OF THE PUBLIC

To Committee **agreed** the public should be excluded from the relevant sections of the meeting on the grounds that it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public were present during those items there would be disclosure to them of exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972; and, if it is decided to exclude the public on those grounds, the Committee to resolve accordingly on the motion of the Chairman.

14 PENSION FUND PERFORMANCE MONITORING FOR THE QUARTER ENDED JUNE 2024

The Committee were presented with the Pension Fund Performance Monitoring for the quarter ending 30 June 2024.

The Committee went into an exempt session to receive a presentation from one of the Fund Managers.

Following the exempt session, Members noted the fund was valued at £997million with the UK and EU reporting economic growth. Members noted the US's inflation had fallen but the EU's had risen. The technology sector returned levels of 9.5% which had in turned caused the London CIV Global Alpha Paris Aligned Fund to struggle to keep pace with the market over the quarter as it had been underweighted in technology investment.

Officers explained a review would be undertaken in March 2025 to show the full evaluation of the fund.

The Committee:

- 1) **Considered** Hymans Market Background, Strategic Overview and Manager Performance Report (Appendix A)
- 2) **Considered** Hymans Performance Report and views (Appendix B **Exempt**)
- 3) **Received** presentation from the Funds Passive Equity Manager (Legal and General Asset Management) for an overview on the fund's performance (Appendix C – **Exempt**)
- 4) **Considered** the quarterly reports sent electronically, provided by each fund manager.
- 5) **Noted** the analysis of the cash balances.

15 **PUBLIC SERVICE PENSIONS ACT 2013 - SECTION 13 REPORT**

The Committee was presented with a Public Service Pension Act Section 13 report.

Members noted there were no concerns over the whole LGPS. Officers explained there were no red or amber flags regarding solvency as of 2022 with assets at £379b. Long-term cost efficiency had amber flags raised by GAD against 3 funds – 2 funds raised concerns on their deficit recovery periods with the other fund raising concerns over their employer contribution rates having decreased at the same rate as the period of deficit recovering being extended.

Members were displeased to hear Havering's funding level was at 98% which ranked 81st out of 87 funds in performance and ranked 65th and 66th out of 87 funds respectively for required return (3.7%) and return scope (1.1%).

The Committee **noted** the report and appendices.

Chairman

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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MINUTES OF A MEETING OF THE PENSIONS COMMITTEE Council Chamber - Town Hall 5 November 2024

Present:

COUNCILLORS

Conservative Group Viddy Persaud

Havering Residents' Group James Glass, Jacqueline Williams and Robby Misir

Labour Group Mandy Anderson (Chairman)

16 **APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS**

Apologies were received for the absence of Councillor Joshua Chapman and Councillor Nunn. Cllr Nunn was substituted by Councillor Robby Misir.

17 **DISCLOSURE OF INTERESTS**

There were no declarations of interest.

18 **MINUTES OF THE MEETING**

The minutes of the meeting 1 October 2024 were accepted as a true and accurate record and signed by the Chairman.

19 **PENSION FUND ANNUAL REPORT - YEAR ENDING 31 MARCH 2024**

The Committee were presented with the Pension Fund Annual Report 2023/24 which has been prepared in accordance with Regulation 57 of the Local Government Pension Scheme Regulations 2013.

Members noted that the annual report has been prepared in accordance with the new guidance issued by Scheme Advisory Board (SAB), including the new provision to incorporate hyperlinks to the Fund's Funding Strategy Statement, Investment Strategy Statement, Governance Compliance Statement and Communication Strategy.

It was stated that at the time of writing the report the 2023/24 Pension Fund Annual Report is still subject to audit by the external auditors Ernst & Young as part of the overall audit of the Council's accounts. Therefore, in order to meet the 1 December statutory publication, the annual report will be published as unaudited.

The Committee:

1. **Agreed** the Draft 2023/24 Pension Fund Annual Report attached as Appendix A to the report
2. **Noted** the compliance checklist attached as Appendix B to the report.
3. **Agreed** that the Pension Fund Annual Report will be published electronically.
4. **Agreed** that the Chair and the Statutory Section 151 officer be authorised to conclude the final version and sign so far as necessary, the annual report.

20 **INVESTMENT CONSULTANCY SERVICES PERFORMANCE REVIEW - 1 OCTOBER 2023 TO 30 SEPTEMBER 2024**

The Committee was presented with the review performance of the Investment Consultant for the period 1 October 2023 to 30 September 2024. It was stated that Hymans have provided investment advice to the Fund since April 2006. The core services provided by Hymans includes: production of quarterly monitoring performance reports, attendance of at least four Pension Committee meetings, provision of investment advice and performance monitoring of the Fund's investment managers.

Members noted that the service review had been undertaken by Hymans in accordance to the core strategic objectives and the performance is measured against them.

At its meeting with Hymans, Officers discussed and agreed areas of improvement.

Members and Officers concluded that they are satisfied with Hymans service and have continued confidence in the advice being given to the council.

The Committee:

1. **Agreed** no changes to the current objectives
2. **Noted** the views of officers on the performance of the Investment Consultant (Hymans) against the strategic objectives and make any comment on the report which it considers appropriate.
3. **Agreed** for Officers to commence tendering for a new Investment Consultancy service contract to start from 1 April 2026 and to join the LGPS National Framework for Investment Management Consultancy Services at a cost of £5,000.

4. **Agreed** to hold the service provider selection interviews with the Committee as part of the further competition process.

21 **PENSION FUND ACTUARIAL SERVICES PERFORMANCE REVIEW - 1 OCTOBER 2023 TO 30 SEPTEMBER 2024**

The Committee received a report that reviewed the service and performance of the Havering Pension Fund's Actuary from the 1 October 2023 – 30 September 2024.

The report also sought authorisation to procure Actuarial Services to the Pension Fund using the National Local Government Pension Scheme (LGPS) Frameworks.

Members authorisation was also being sought to award an extension to the existing contract until June 2026.

Members were advised that Hymans have been the Fund's Actuaries since April 2010. They have delivered a diverse range of advice and assistance to the Fund over the period. All relevant services required during the period 1 October 2023 – 30 September 2024 were delivered in both a timely manner and to a high quality.

Members noted that Hymans continually provides timely briefings on changes to legislation, government consultations, and periodic LGPS updates. These are all welcomed, viewed as excellent, and give Pension Fund Officers a steer on issues arising and also share responses to Government consultations.

The Committee:

- a) **Noted** the performance of the Fund's Actuary during the period 1 October 2023 to 30 September 2024.
- b) **Approved** an extension to the existing Actuarial Services contract with Hymans Robertson from 16 July 2025 to 30 June 2026 at the estimated cost of £70,000.
- c) **Noted** to enter into an Access Agreement to join the new National Framework for Actuarial, Benefits and Governance Consultancy Services Framework once live, at the estimated cost of £3000.
- d) **Agreed** to the commencement of tendering for a new Actuarial Services contract off the new National Framework for Actuarial, Benefits and Governance Consultancy Services Framework at for a period of 10 years from July 2026 at the estimated cost of £1m.
- e) **Delegated** to the Statutory Section 151 officer authority to award the Actuarial Services Contract at the completion of the procurement exercise.

22 **PENSION FUND RISK REGISTER - UPDATED NOVEMBER 2024**

The Committee was presented the latest version of the Havering Pension Fund Risk Register which details the potential risks the Fund is exposed to, that the Pensions Committee should be aware of, and the controls in place to manage those risks.

Member were advised that the risk register is a live document and all risks are reviewed continually to ensure that they remain relevant and that the controls are in place to manage risks where feasible.

Members were requested to consider whether the current statement on the Risk Register highlighted on the matrix as good control and the Council is comfortable with the risk” should be retained or whether they wish to set an alternative target.

The Committee was informed that the Risk Register is currently being integrated with the Council’s Risk management system managed by Internal Audit. It was stated that that this will provide an oversight of scores as determined by officers.

The Committee:

1. **Approved** the updated Pension Fund Risk Register November 2024.
2. **Considered** and **agreed** to retain, amend or revise the post mitigation risk target.

23 **REVIEW OF GOVERNANCE COMPLIANCE STATEMENT**

The Committee was presented the Governance Compliance Review Statement received a report that reviewed the service and performance of the Havering Pension Fund’s Actuary from the 1 October 2023 – 30 September 2024.

Members were advised the council, as an administering authority, has a duty to keep the Governance Compliance Statement under review and make revisions as appropriate. It also must publish a report outlining the extent of compliance against a set of best practice principles.

The Committee **considered** and **agreed** any issues as needing to be amended in the Governance Compliance Statement.

Members **approved** the amendments to the Governance Compliance statement.

24 **REVIEW OF THE COMMUNICATIONS POLICY**

The Committee was presented with the Havering Pension Fund Communications Policy 2024-2027. The Policy considers key

communications with stakeholders, the method and frequency of the communications.

Members were advised that the key objectives of the Policy are to communicate in the most appropriate medium for the audience, educate the various stakeholders of the benefits of the LGPS and to improve the service that Pension Fund members receive.

It was stated that the policy also aims to better utilise modern media that is cost effective and efficient, placing a greater emphasis on the use of the pension websites, including the PensionPoint self-service facility and Civica's Universal Pensions Management System which is the Local Pensions Partnership Administration's secure portal for employers.

It was explained that the Pension Team ensure the policy requirements are met through the use of an annual communication plan for members, also covering perspective members, and scheme employers. The plan is presented to the Local Pensions Board twice a year to provide an oversight and enable them to monitor progress. A summary of the key actions is included in the Pension Fund Annual Report.

It was stated that the policy content remains unchanged from the previous version.

The Committee **approved** the Pension Fund Communications Policy for the three year period to November 2027.

25 **REVIEW OF THE OVERPAYMENT OF PENSIONS POLICY**

The Committee were presented with a report on the Review of the policy for the overpayment of pensions following the death of a pensioner or dependant member.

It was stated that the policy was introduced in March 2019 enabling overpayments of pension of less than £250 net following the death of a pensioner or dependant member, where there was no ongoing dependant pension payable, to be automatically written off.

This ensures that any overpayments are treated in a fair and equitable manner and will prevent the administration team seeking individual write off approvals. It was agreed that the policy would be reviewed annually.

Members were advised that during 2023/24 the overpayments written off in line with the policy totalled £1,529.98, which falls within the expected maximum of £5,000.

It was explained that from 2024, it is recommended the policy be reviewed every three years in line with other administration policies.

The Committee **agreed**:

- the continuation of the Policy for the overpayment of pension following the death of a pensioner or dependant member
- the policy be implemented for a three year period and next reviewed in 2027 in line with other administration policies

26 INTRODUCTION OF THE BREACHES OF THE LAW POLICY

The Committee were presented with a report on the Introduction of the Policy for Reporting Breaches of the Law.

Members noted that following the introduction of the Pensions Regulators (tPR) new General (Single) Code of Practice for Occupational Pension Schemes, the London Borough of Havering Pension Fund is required to implement a policy for reporting breaches of the law. The new policy will become effective from 1 April 2025.

Members were advised that the policy ensures clear direction for the identification, recording and reporting of a breach of the law.

It was noted that the report also presented the annual review for the year to 31 March 2024 and confirms no material breaches of the law have been reported and consequently no reports to tPR have been made.

The Committee agreed to:

- approve the policy for reporting breaches of the law
- note there have been no reportable breaches for the 12 month period to March 2024

Chairman

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**MINUTES OF A MEETING OF THE
PENSIONS COMMITTEE
Council Chamber - Town Hall
10 December 2024 (7.01 - 9.18 pm)**

Present:

COUNCILLORS

Conservative Group Joshua Chapman and Viddy Persaud

**Havering Residents'
Group** Jacqueline Williams

Labour Group Mandy Anderson (Chairman)

1 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

Apologies were received for the absence of Councillors James Glass and Stephanie Nunn.

2 DISCLOSURE OF INTERESTS

There were no disclosures of interests.

3 MINUTES OF THE MEETING

The minutes of the previous meeting would be presented at the next Pensions Committee meeting.

4 EXCLUSION OF THE PUBLIC

The Committee **agreed** the public should be excluded from all relevant parts of the meeting on the grounds that it is likely that, in view of the nature of the business to be transacted or the nature of the proceedings, if members of the public were present during those items there would be disclosure to them of exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972.

5 **PENSION FUND PERFORMANCE MONITORING FOR THE QUARTER ENDED SEPT 2024**

The Committee was presented with the Pension Fund Performance Monitoring report for quarter ending 30th September 2024.

It was noted that inflation had started to fall which in turn allowed interest rates to be cut whilst the equity rate was increasing.

The Committee then went into an exempt session to receive a presentation from a Fund manager.

Following the exempt session, Members noted the fund was valued over £1billion and will move to a cash flow negative position in the future. Officers then explained the LGPS update which included the 'Fit for Future' consultation which was due to end on 16th January 2025 and covered 3 areas; Pooling, Local Investment and Good Governance.

It was proposed by Officers that the training for Committee Members is made mandatory to bring it in line with the Local Pension Board which was agreed.

The Committee:

- 1) **Considered** Hymans Market Background, Strategic Overview and Manager Performance Report (Appendix A)
- 2) **Considered** Hymans Performance Report and views (Appendix B **Exempt**)
- 3) **Received** presentation from the Funds UK Property Manager (UBS) for an overview on the fund's performance (Appendix C – **Exempt**)
- 4) **Considered** the quarterly reports sent electronically, provided by each fund manager.
- 5) **Noted** the analysis of the cash balances.

6 **TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES**

The Committee were presented with a report on the Taskforce for Climate-Related Financial Disclosures (TCFD) for the year ended 31 March 2024.

Members noted the Carbon net zero ambition and the outlined TCFD. Officers outlined the governance, strategy and metrics involved with the taskforce.

The Committee **agreed** the 31st March 2024 TCFD report.

7 INVESTMENT STRATEGY UPDATE - EQUITY PORTFOLIO REVIEW

The Committee received a report on the Investment Strategy Equity Portfolio Review.

Officers explained the proposed changes would not affect the 40% allocation but would, however, affect 5 other areas. Officers explained they were content with where the equity allocation was but proposed to switch from the LCIV GAGPA to the LGIM Future World Fund as it would bring more balance to the equity allocation.

The Committee:

- 1) **Agreed** to reduce the allocation to the London Collective Investment Vehicle Global Alpha Growth Paris Aligned (LCIV GAGPA) Fund from 15% to 12.5%
- 2) **Agreed** to increase the allocation to the Legal & General Investment Management (LGIM) Future World Fund from 10% to 12.5%

8 SERVICE REVIEW OF THE PENSION FUND CUSTODIAL & PERFORMANCE MONITORING SERVICE

The Committee were presented with the Service Review Report of the Pension Fund Custodial & Performance Monitoring Service during the period of 1st October 2023 to 30th September 2024.

Members noted the review was of the services provided by Northern Trust. Officers expressed they were satisfied with their performance. The report was more in-depth and allowed for more confidence for the Committee that the assurance was correct and as up to date as possible. The Committee noted the contract was due to end in September 2026.

The Committee:

- 1) **Noted** the views of officers on the performance of the Custodian and Performance Measurement Service (Table 1 and Section 2 refers).
- 2) **Agreed** to the commencement of tendering for a new Custodial Services contract using the new 'National Framework for Global Custody Services' for a period of 10 years from October 2026 at the estimated cost of £650k-£700k over the full contract period.
- 3) **Agreed** to enter into an Access Agreement to join the new National Framework for Global Custody Services Framework once refreshed, at the estimated cost of £8,000.00.

9 THE HAVERING PENSION FUND PENSIONS ADMINISTRATION STRATEGY AND CHARGING POLICY

The Committee received the Pension Fund Pensions Administration Strategy and Charging Policy.

Officers explained they were asking the Committee to agree to extend both policies by a maximum of 3 years. Members noted the policies had been presented to the Local Pension Board and employers. Officers explained the start date would be amended to be in-line with the start of the financial year.

The Committee:

- 1) **Approved** the Pensions Administration Strategy for a further 3 year period, or earlier if required to reflect changes in regulation
- 2) **Approved** the Charging Policy for a further 3 year period

Chairman

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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PENSIONS COMMITTEE – 18TH MARCH 2025

Subject Heading:	New Employer Admissions Process Review
SLT Lead:	Kathy Freeman Strategic Director of Resources
Report Author and contact details:	Caroline Guyon Pensions Projects and Contracts Manager caroline.guyon@havering.gov.uk 01708 4323185
Policy context:	Local Government Pension Scheme Regulations 2013.
Financial summary:	The change will reduce the risk to the Fund of not having the legal admission agreements finalised in a timely manner

The subject matter of this report deals with the following Council Objectives

Communities making Havering	[x]
Places making Havering	[x]
Opportunities making Havering	[x]
Connections making Havering	[x]

SUMMARY

Officers carried out a review of the process for admitting new employers into the Havering Pension Fund (the Fund). An area for improvement was the timeliness of gaining approval on behalf of the Fund.

Currently under the recently approved Admissions Policy (the Policy), it states, “the final decision regarding an admission is presented to the Pensions Committee and Local Pensions Board for noting”. Officers have previously written a report and presented the Admission to Committee for approval, however as the policy only requires Committee and Board to note the admission decision, this prompted a review of how the admission decision could be made.

The change to the decision process now allows the Strategic Director of Resources to make the decision to approve the admission of a new employer into the Fund and an annual report will be presented to Committee to note those admissions. This is allowable under the Constitution and is in line with the Policy.

The change enables a more efficient conclusion to the admission process and reduces the risk to the Fund of not having all legal documentation in place until, in some cases, many months after a staff transfer has taken place.

RECOMMENDATIONS

The recommendation is that Committee members note:

- The Strategic Director of Resources will now be responsible for making the decision to allow a scheme employer to be admitted to the Fund
- An annual report will be presented to Committee to advise of all employers admitted during the previous financial year.

REPORT DETAIL

1. A review of the recently approved Policy (Appendix A to this report) and Pension Teams internal process for the admission of new employers into the Fund has identified an area where the process can be more efficient.
2. Previous new employer admissions have been presented to, and approved by, Pensions Committee Members. However the Pension Team is restricted by the cycle of meetings and the publication of minutes to be able to progress with the legally required Admission Agreement.

3. The Policy states Officers will be responsible for ensuring the terms of becoming an admitted employer into the Fund are met. Those terms are:
 - Schedule 2, Part 3 of the Pension Regulations require the LGPS Pension Funds to allow an admission to its scheme if the organisation is one that provides or which will provide a service or assets in connection with the exercise of a function of a scheme employer, as a result of the transfer of the service or assets by means of a contract or other arrangement
 - Guidance from MHCLG, where a transferee admission body and the scheme employer undertake to meet the relevant requirements of Schedule 2, Part 3, an administering authority cannot decline to admit to the LGPS the eligible employees of the transferee admission body.
 - Under Schedule 2, Part 3, the administering authority must admit to the scheme the eligible designated employees of the transferee admission body, provided the transferee admission body and the scheme employer undertakes to meet the relevant requirements of the regulations through an Admission Agreement. Legal engrossment of the admission agreement is subject to the service transfer taking place.
4. The Policy notes that the final decision regarding an admission is presented to the Pensions Committee and Local Pensions Board for noting.
5. Having consulted with the OneSource legal team and the Strategic Director of Resources, it has been agreed that the decision can be made at officer level under the Constitution.
6. This will enable a report to be presented to the Strategic Director of Resources for a decision and will enable the Team to finalise Admission Agreements in a timelier manner.
7. This will reduce the risk to the Fund, and the members affected, of not having legal paperwork in place for many months after a staff Tupe transfer.
8. An annual report will be presented to the Pensions Committee and Local Pensions Board to note any new employer admissions that have been approved during the previous financial year or 12 month cycle.

IMPLICATIONS AND RISKS

Financial implications and risks:

The Fund is at risk when an Admission Agreement is not in place prior to the transfer of staff to the new employer. There is a risk of non-payment of sums due to the Fund (eg contributions, strain costs or exit deficits) and of not being able to pay member's benefits.

A change in process that enables a timelier resolution to the admission process will reduce the risk to the Fund.

Legal implications and risks:

Local Authority Schools and Academy Trusts are scheme employers for the purposes of the local government pension scheme. Where they let contracts for the provision of services, their contractors are eligible to become admitted bodies, subject to the completion of an Admission Agreement.

Local Authorities are public sector bodies required to have regard to the Government's policy guidance "Fair Deal for staff pensions: staff transfer from central Government" (published with immediate effect on the 4 October 2013) when outsourcing services. Where staff are compulsorily transferred (TUPE) to an independent provider of public services those staff will generally have a right of continued access to the relevant public service pension arrangements (Havering LGPS).

The decision to admit the contractor to the Fund may be taken at officer level under the Constitution:

- Scheme 3.36 Specific Powers of the Strategic Director of Resources
 - 1.6 To manage the Council's loan debt, investments, and temporary investments, pension scheme and pension fund, insurance fund, act as registrar of loan instruments, manage all banking arrangements including numbers and types of accounts and arrange insurance of property and the selecting and accepting of tenders for insurance cover and related services which are considered to offer best value for the Council promoting good risk management practices at all times.
 - 1.20 To administer the Council's pension fund

The recommendations in this report are in keeping with the constitutional delegation.

Human Resources implications and risks:

The recommendations in this report do not give rise to any identifiable HR risks or implications that would affect either the Authority or its workforce.

Equalities implications and risks:

The proposed changes to the decision making process will enable the employees who have been compulsorily transferred to a new employer to continue to enjoy pension protection in a more timely manner.

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An EHIA (Equality and Health Impact Assessment) is usually carried out and on this occasion this isn't required.

The Council seeks to ensure equality, inclusion, and dignity for all in all situations. There are not equalities and social inclusion implications and risks associated with this decision

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Havering
LONDON BOROUGH

London Borough of Havering Pension Fund

Admissions Policy

December 2023



Admissions policy context

Introduction

It is essential for the Administering Authority to establish its fundamental approach to the risks involved in the admission of new employers to the Fund.

The purpose of this policy is to ensure that only appropriate bodies are admitted to the Fund and that the financial risk to the Fund and to other employers in the Fund is identified, minimised, and managed accordingly. As well as providing appropriate guidance and policy decisions on specific key elements this document also sets out the Fund's default position in relation to the admission of new employers. While it is possible for a prospective new employer to request alternatives, any deviation from the stated default position would have to ensure no risk to other scheme employers and will be at the discretion of the Fund to agree to. This Policy is effective from 01/01/2024. It has been approved by the London Borough of Havering Pension Fund Committee on 25/06/2024.

This policy will be reviewed at least every three years following triennial valuations or following changes in the Regulations pertaining to employers joining or leaving the Fund.

The Local Government Pension Scheme Regulations 2013, ("LGPS Regulations") sets out the various types of employers that can participate in the scheme and the different requirements that apply to each. These can be summarised as:

Bodies listed in Part 1 to Schedule 2 the council and academies. These bodies must provide access to the LGPS to their employees (assuming they are not eligible to be members of other pension schemes)

Bodies listed in Part 2 to Schedule 2

often referred to as designating employers, as they have the right to decide who of their employees are eligible to join the scheme. Includes entities connected to bodies in Part 1 above. If a relevant designation is made the Administering Authority cannot refuse entry into the scheme in respect of that employer

Bodies listed in part 3 to schedule 2

admission bodies, who can apply to participate in the scheme. Admission bodies can encompass a variety of different types of employers. These are –

a body which provides a public service in the United Kingdom which operates otherwise than for the purposes of gain and has sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest (whether because the operations of the body are dependent on the operations of the Scheme employer or otherwise);

- a body, to the funds of which a Scheme employer contributes;
- a body representative of any Scheme employers, or local authorities or officers of local authorities;
- a body that is providing or will provide a service or assets in connection with the exercise of a function of a Scheme employer as a result of—
 - the transfer of the service or assets by means of a contract or other arrangement (i.e. Outsourcing),
 - a direction made under section 15 of the Local Government Act 1999;
 - directions made under section 497A of the Education Act 1996.
- a body which provides a public service in the United Kingdom and is approved in writing by the Secretary of State for the purpose of admission to the Scheme.

When an administering authority is considering permitting a body to become an admission body, the LGPS Regulations include some discretions relating to the creation and management of admission agreements. These discretions are considered within this policy. The discretionary areas are:

- Part 3 of Schedule 2 (para 1) – Whether or not to proceed with admission agreements
- Part 3 of Schedule 2 (para 9(d)) – Whether to terminate the admission agreement
- Regulation 54(1) – If the Fund will set up separate pension funds in respect of admission agreements

Interaction with Funding Strategy Statement (FSS) and other documents

The FSS sets out high level policies in a number of areas relating to the treatment of scheme employers. The key areas covered by the FSS relating to admission of new employers are:

	Responsibilities of the key parties;
	Calculation of funding positions and individual employer contribution rates;
	Link to investment policy set out in the Investment Strategy Statement; and
	Key risks and controls.

The information contained with the FSS applies equally to admission bodies as to other participating employers within the Fund. This admissions policy, therefore, supplements the general policy of the Fund as set out in the FSS and should be read in conjunction with that document, together with its Pensions Administration Strategy, Outsourcing Guide and Communications Policy.

Background

A scheme employer is responsible for any surplus or deficit arising during the period of participation in the Fund so that if or when that participation ceases, it is 100% funded. However, ultimately, if the scheme employer was to fail or cease to exist and any deficit cannot be met by the body or claimed from any bond, indemnity or guarantor (where appropriate), the liability will fall to other employers in the Fund (either the awarding authority on the failure of a service provider, any guarantor employer or all other employers, depending on the circumstances and the type of body). It is prudent therefore for the Fund to ensure any such risks are minimised and mitigated.

Although the risks may not be able to be eliminated completely, there are a number of options that can be considered to try and mitigate these risks. These are summarised below, with the policy position set out in Appendix 1:

Entry conditions – to what extent, if any, the Administering Authority can determine entry conditions for any new employer and the manner in which those applications will be considered and approved.

Pass through arrangements – an arrangement where the Letting Authority retains all pensions risks relating to the admission body. Any deficit or surplus liability at cessation will revert to the Letting Authority.

Requirements for a bond/indemnity or guarantor – understanding the risk that a new employer might place on the Fund, usually through underfunding on exit from the Fund, and the mitigations that can be put in place (in the form of a bond/indemnity or guarantor) to reduce or remove that risk.

Risk sharing – more often adopted with admission bodies, and while not changing the full cost of the pension benefits, the Administering Authority can decide its approach to the sharing of risk with an established sponsoring employer (e.g., fixed employer contribution rates, pooling the admission body with the scheme employer, etc.).

Allocating assets on entry – on admission each new employer will notionally be allocated assets in the Fund, from which time they will be tracked, and employer contributions set with a view to achieving solvency should the employer leave the scheme. Depending on the type of employer concerned the Administering Authority will need to decide how that initial asset allocation should be handled (e.g., given assets equal to 100% of the liabilities transferred or required to take on a share of any funding deficit at the outset).

Contribution rates and other costs – the Administering Authority will need to decide how the initial contribution rate is set for any new scheme employers on joining the scheme. Decisions may also be required in relation to other costs, e.g., legal, or actuarial costs, and how these may be passed onto employers.

Pooling – there may be circumstances where a new employer has strong links to an existing employer, or where there is homogeneity amongst certain groups of employers. In these circumstances there may be a desire on the part of the employers to share some of the pension risk, which can be achieved via a pooling agreement. In simple terms, this will allow the bodies to effectively be treated as if it were one employer. As a result, the same employer contribution rate and other funding arrangements will apply (generally equally) in relation to all members.

Ongoing monitoring – it is important that monitoring of scheme employers is carried out throughout their term of participation and, where considered necessary, appropriate remedial action taken to safeguard all employers within the Fund. This can be achieved via various methods, such as regular funding level reviews, risk assessments and requirements to notify the Administering Authority of any changes in circumstances.

Termination/exit requirements – one of the greatest risks to the Fund (and its participating employers) is that a body ceases to exist with an outstanding deficit that it cannot pay, and which will not be met by any bond, indemnity or guarantor. Under the terms of the LGPS Regulations a termination valuation is required to be carried out at the point a scheme employer ceases to participate (e.g. as a result of the last active member leaving or the termination of a contractual arrangement with another scheme employer) in order to ascertain the exit payment due in relation to any deficit or payable on account of a funding surplus or alternatively if any exit credit is due back to the ceasing employer as a result of a surplus existing.

Future cessations – when a scheme employer ceases to participate in the scheme its assets should be equal to its liabilities on an appropriate basis. In these circumstances, the Administering Authority may seek to increase or reduce the scheme employer's contributions to the Fund in the period leading up to its expected exit (if known) in order to target a position where the employer's assets are equal to its liabilities on an appropriate basis. To a limited degree, this can also reduce any overfunding at exit.

Basis of termination valuation – as with any actuarial valuation, the purpose of a termination valuation is not so much to predict the cost of providing the Fund benefits of the relevant members (which will not be known until the last benefit payment is made), but to assess how much the Fund should hold now to meet the future expected benefit payments. The amount required is heavily influenced by the basis used for the calculation of the liabilities, which in turn will ultimately depend on the particular circumstances of the cessation. For example, the range of assumptions can include the ongoing funding basis, a gilts basis and a "buy-out" basis.

Payment of cessation debt or exit credit – when the fund actuary carries out a cessation valuation, they are also required to certify the contributions due to the Fund, or any surplus that might need to be refunded to the exiting employer. The Fund's default approach is for any exit debt be paid on one single lump sum payment. However, the Fund may consider written requests from employers to spread the payment over an agreed period, in the exceptional circumstance where payment of the debt in a single immediate lump sum could be shown by the employer to be materially detrimental to the employer's financial situation. The Fund will also consider written requests from employers to enter into a deferred debt agreement (DDA) where sufficient security is put in place.

There is provision within the LGPS Regulations that clarifies what should happen if it is not possible to recover the cessation payment, for example due to the exiting employer going into liquidation and no assets being available, spreading the recovery of the costs across all remaining scheme employers with active members.

In circumstances where there is a surplus, the administering authority may determine, at its sole discretion, the amount of exit credit (if any) to be paid to the exiting employer. Exit credits are paid in a single instalment.

Statement of Principles

The Fund's policy is drafted on the basis of the following key principles:

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| <ul style="list-style-type: none"> • to ensure the long-term solvency of the Fund as a whole and the solvency of each of the notional sub-funds allocated to the individual employers; • to ensure that sufficient funds are available to meet all benefits as they fall due for payment; • not to restrain unnecessarily the investment strategy of the Fund so that the Administering Authority can seek to maximise investment returns (and hence minimise the cost of the benefits) for an appropriate level of risk; • to set clear principles and ensure there is a consistency of requirement for employers in respect of all admissions and cessations to and from the London Borough of Havering Pension Fund • to ensure employers recognise the impact of their participation in the Local Government Pension Scheme, helping them manage their pension liabilities as they accrue and understanding the effect of those liabilities on the ongoing operation of their business; • to minimise the degree of short-term change in the level of each employer's contributions | <p>where the Administering Authority considers it reasonable to do so;</p> <ul style="list-style-type: none"> • to use reasonable measures to reduce the risk to other employers and ultimately to the council taxpayer from an employer ceasing participation or defaulting on its pension obligations; • to address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost-effective. • to maintain the affordability of the Fund to employers as far as is reasonable over the longer term; • where an academy or a Local Education Authority school is the letting authority, the fund requires the consequent admissions to be set up with a pass-through arrangement (which is closed to new members) from the effective date of this policy; and • where the letting authority is not an academy, pass through is the default approach for the admission of all new contractors to the Fund from the effective date of this policy. |
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There is also an overriding objective to ensure that the LGPS Regulations and any supplementary guidance (in particular the Best Value Authorities Staff Transfer (Pensions) Direction 2007 and Fair Deal guidance) as they pertain to admission agreements are adhered to.

All transfer contracts must contain the right to membership of the LGPS to all eligible transferring staff and the right for them to enforce this, both in initial contracts and any subsequent TUPE transfers of those staff to other admission bodies.

Finally, apart from in exceptional circumstances, the Fund's terms included within their admission agreements will be non-negotiable.

Default position

In formulating this Admissions Policy, the Administering Authority has set out its default position in relation to a number of key areas. These are set out below, as well as within the policy statements set out in Appendix 1.

Admission Agreement

The Fund has in place a standard Admission Agreement template for use for all employers wishing to be admitted to the Pension Fund.

The Fund's default position is that it will not amend its standard Admission Agreement template.

In all cases it is assumed that an Admission Body accepts and agrees to meet the conditions of participation detailed within London Borough of Havering Pension Fund's standard Admission Agreement.

If, in exceptional circumstances, a prospective Admission Body wishes to enter into discussions around changing clauses within the template additional costs reflecting and legal costs incurred by the Fund and staff time involved on the Fund side may be charged to the Admission Body. This will be at the discretion of the Fund. Additionally, any agreement on amendments will be at the discretion of the Administering Authority and will need to be authorised by the relevant person as laid down in the scheme of delegation detailed in the Governance and Compliance Statement as required under regulation 55.

Risk sharing/pass-through

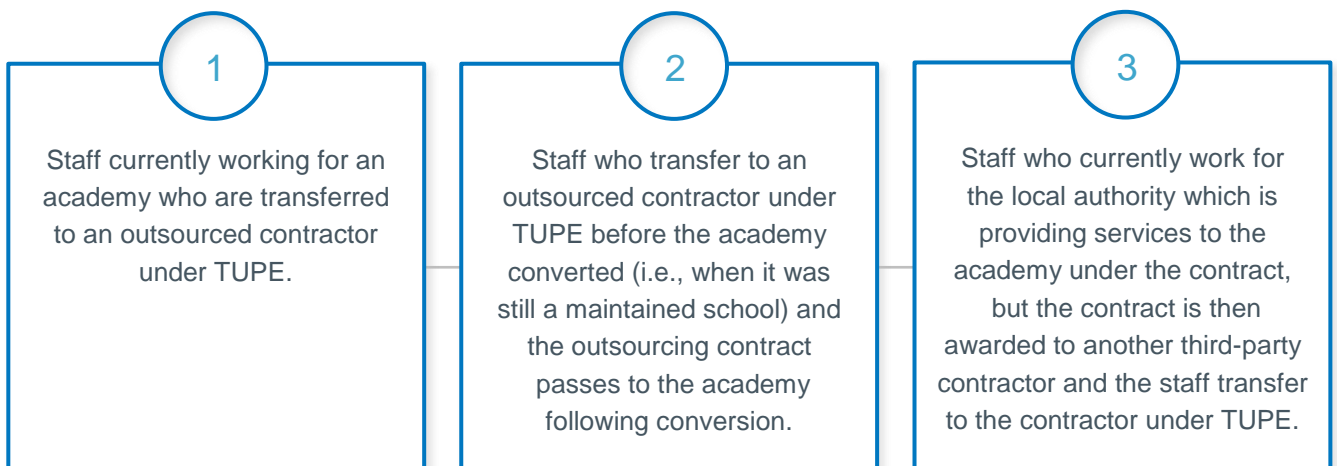
Where the Fund is satisfied with the funding risks, the Fund's default position is to require new admissions be set up on a pass-through basis. The Fund mandates pass through for all new admissions where the contracts are let by a local authority school or academy.

The approach should be documented within the admission agreement as well as the transfer agreement. Alternatively, letting scheme employers and admission bodies may operate risk sharing or pooling outside of the admission agreement by entering into a separate Side Agreement. While not necessarily a party to this side agreement, the Fund may treat the admission agreement as if it incorporates the side agreement terms where this is permitted by legislation or alternatively agreed by all parties. Any risk sharing / pooling / passthrough arrangements will need to be detailed within the admission agreement.

For new admissions on a pass-through basis, the contractor's pension contribution rate is set equal to 25.0% of pay for the duration of the contract. No formal bond or guarantee will be required from these admitted bodies.

Academy outsourcings

Due to updates in the [Education and Skills Funding Agency policy](#) (dated 17 May 2023), all contracts let by academies under the following conditions are now guaranteed by the Department for Education:



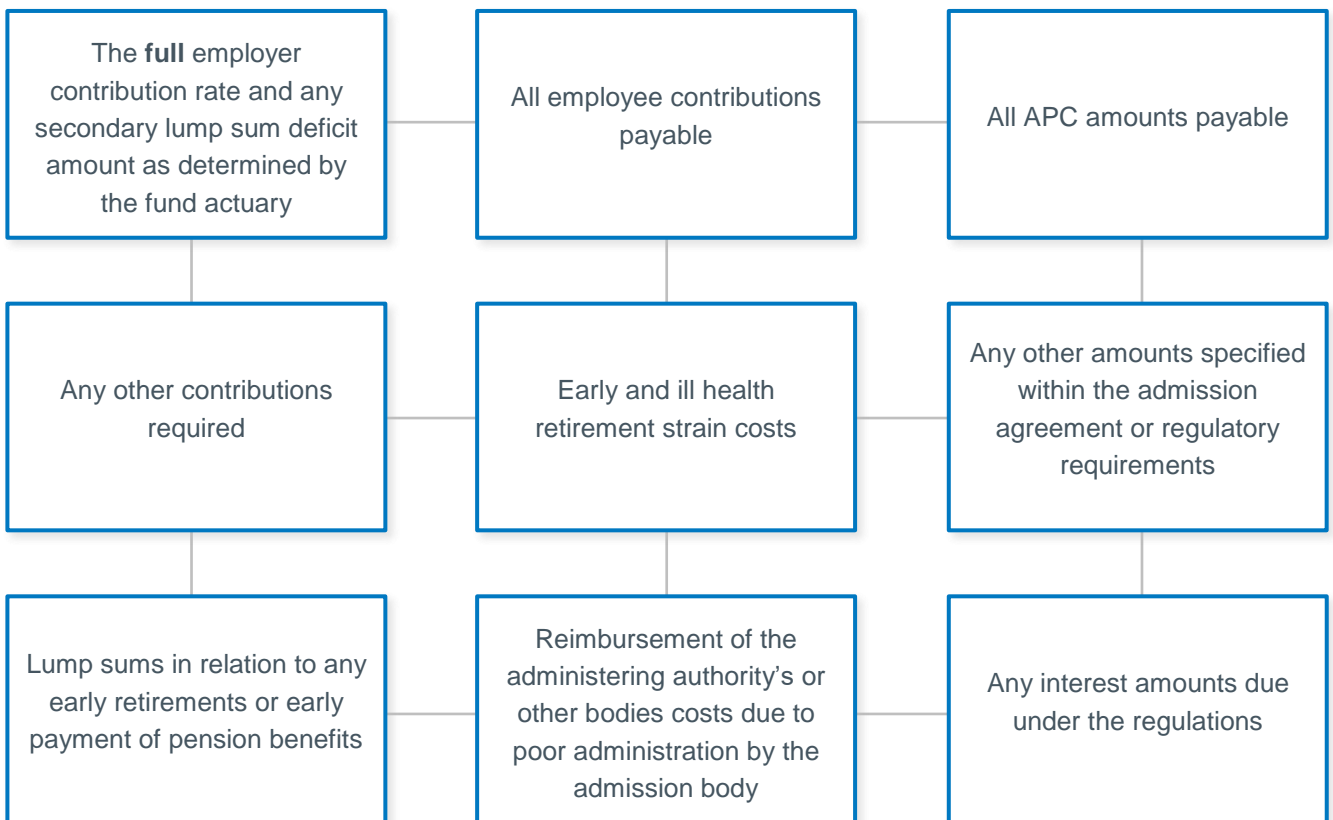
This is only applicable to staff who are eligible for LGPS membership and if the admission is operating under a pass-through arrangement. At cessation, any liabilities will revert back to the academy and the Government will be liable for any deficit should the academy cease.

The Fund expects academies to ensure that any outsourcing complies with the requirements set out in the [‘DfE Academy Trust LGPS Guarantee policy’](#) and confirm to the Fund that the requirements are met. Where the ‘Guarantee’ terms cannot be met, and no suitable alternative is agreed, the Fund may refuse admission of the contractor as an admission body.

It is therefore the Fund’s position that any contracts let to admission bodies by academies will be admitted to the Fund on a pass-through basis. The contribution rate and bond requirements will be as detailed above.

Contributions and other costs

At the beginning of each admission agreement, it will be necessary to determine what employer contribution rate will be payable by the admission body. The employer must pay to the Pension Fund:



There will also be circumstances where additional costs arise, such as legal costs or actuarial costs. There will be a charge for the Fund Actuary valuation on admission and cessation for which the employer will be liable. There will be a charge for the Fund Legal Advisor for drawing up and getting the admission agreement and any Bond or Guarantee agreement signed off on admission for which the employer will be liable. These costs can vary according to the complexity and time involved in each case. The indicative amount will be notified to the employer at the time of application. The final cost will be notified to the employer on completion of the admission process and an invoice will be issued.

Bond/guarantee requirements

Bodies admitted under Paragraphs 1(a) to (c) and (e) of Part 3 of Schedule 2 to The Regulations must provide a guarantor considered by the Fund to be reliable and financially durable (generally only a local authority or central government department) or a bond/indemnity the Fund considers having equivalent strength and coverage.

For bodies admitted under Paragraph 1(d) of Part 3 of Schedule 2 to The Regulations there is a preference for a bond or indemnity to be provided.

There is no requirement for a bond or guarantor to be provided for scheduled or designating employers.

Unless requested by the letting authority, admission bodies admitted on a pass-through basis do not require a bond.

Exiting the Fund

The Fund's approach to dealing with employers exiting the Fund, including the issue of deferred debt arrangements, issuance of suspension notices and the collection of exit debts and payment of surpluses on exit are set out in its FSS.

Where an employer is expecting its participation in the Fund to come to an end it is encouraged to open a dialogue with the Fund as early as possible, to commence planning for the termination. Where the Fund becomes aware of an employer's participation in the Fund ceasing it reserves the right to amend an employer's minimum contributions such that the value of the assets of the employer will be neither materially more nor materially less than its anticipated liabilities at the date it appears to the Fund that the employer will cease to be a participating employer.

Where a pass-through arrangement is in place, the fund assets and liabilities associated with outsourced employees are retained by the letting authority. At the end of the admission, assuming the terms of the admission agreement and commercial agreement were met, the cessation valuation will record nil assets and liabilities for the ceasing employer and therefore that no cessation debt or exit credit is payable to or from the Fund.

Policies

The Administering Authority's policies in relation to the admission of new scheme employers are set out in Appendix 1.

Appendix 1 - Admissions

The following table sets out a summary of the various scenarios that may exist for the admission of scheme employers into the Fund, along with its approach to their on-going monitoring and where appropriate their exit from the Fund.

	Scheduled bodies (Part 1 of schedule 2)	Designating employers (Part 2 of schedule 2)	Admission bodies (Part 3 of schedule 2)
Entry conditions and requirements of the Fund			
Entry conditions	<p>All new Part 1 employers (incl. academies) must ensure Fund is aware of their creation.</p> <p>A designating employer should provide the Fund with a signed copy of its resolution, confirming who is eligible for membership of the Fund</p>		<p>Will consider applications from bodies:</p> <ul style="list-style-type: none"> – with links to a scheme employer; or – that provides services or assets on behalf of a scheme employer. <p>Agreements can be open or closed, so long as necessary protections are in place.</p> <p>All new outsourcings for academies and Local Education Authority schools must be closed to new entrants.</p>
Bond/indemnity /guarantor	Not applicable		<p>Pass through admissions: Generally, no requirement for a bond from the admission body to be put in place, unless requested by the letting authority.</p> <p>Other admissions: Admission body to undertake risk assessment to the satisfaction of the administering authority (and scheme employer were seeking admission as a body under Par 1(d) to Part 3 of Schedule 2).</p> <p>Admission body to put in place a secure and financially durable bond to the satisfaction of the administering authority or agree and alternative guarantor (generally with a scheme employer and/or government department).</p> <p>Documentary evidence of the bond or guarantee must be provided to the administering authority by the admission body.</p>

		The level of risk must be reviewed, and any associated security renewed on an annual basis
Risk sharing	Not applicable	Where the Fund is satisfied with the funding risks, the Fund's default position is to require new admissions to be on a pass-through basis. Pass through is mandated for Local Education Authority schools and academies.
Approval	<p>The Fund has no power to refuse participation of any new employer set up under Part 1 of schedule 2 and where the Fund is designated as the appropriate Fund for that employer.</p> <p>The Fund has no power to refuse participation of an employer under Part 2 of schedule 2, although it will require sight of a signed copy of the relevant resolution to confirm the employees eligible for participation in the scheme.</p> <p>All new employers will be reported to the Pension Committee and Pension Board for information only.</p>	<p>Fund officers to be responsible for ensuring prospective admission bodies meet the necessary criteria.</p> <p>Admission agreement template will generally be standard and non-negotiable.</p> <p>Final decision to be reported to the Pension Committee and Pension Board for information only</p>
Financial aspects of entry		
Asset allocation	<p>Assets for any new employer will be calculated using the Fund's ongoing funding basis, as set out in the FSS.</p> <p>Academies may be pooled with other academies as part of a Multi Academy Trust (MAT).</p> <p>Where a new employer is created from an existing scheme employer the initial asset allocation will be based on a share of the ceding employer's assets, with consideration taken of the ceding employer's estimated deficit as at the date of transfer.</p>	<p>Dependent on type of admission body:</p> <ul style="list-style-type: none"> – For pass through admissions – no assets or liabilities are transferred to the new admission body – For new service providers - 100% of past service liabilities – For all others – to be agreed on a case-by-case basis. <p>In all cases, based on Fund's on-going funding basis and tracked and adjusted during period of admission at each formal valuation</p>

Investment strategy	Set for the Fund as a whole	
Contributions	<p>Set in accordance with Funding Strategy Statement.</p> <p>Will be required to pay additional amounts (strain) in respect of:</p> <ul style="list-style-type: none"> - non-ill health early retirements; - employer award of additional pension; and - additional costs incurred by administering authority resulting from employer poor performance. <p>Ordinarily strain payments must be made to the Fund within the year in which the strain cost was incurred.</p>	<p>Set in accordance with Funding Strategy Statement.</p> <p>Additional amounts required in line with those for Scheduled and Designating employers.</p> <p>For admission bodies operating under a pass-through arrangement, the employer contribution rate will be set at 25.0% of pay for the duration of the contract.</p>
Other employer costs	May require payment of actuarial, legal and other justifiable costs incurred as a result of participation in the Fund, together with any additional costs incurred by administering authority resulting from an employer's poor performance.	
Pooling	Ordinarily pooling will not be available. The only exception would be academies who can be pooled as part of a MAT.	Where it is believed to be advantageous, and all parties agree the administering authority may agree to pooling with the letting scheme employer.
Employer monitoring		
On-going monitoring	<p>The Fund reserves the right to review a scheme employer's funding position annually, or more frequently.</p> <p>Where it appears that there has been a significant change to the liabilities or covenant of an employer than expected at the last funding valuation the employer contribution rate may be subject to review during the inter-valuation period.</p>	<p>Where applicable, the Fund will ensure the ongoing assessment of risk related to each admitted body, to ensure the level of bond/indemnity cover remains appropriate.</p> <p>Employer contribution reviewed no less frequently than as part of formal valuations (inter-valuation may be undertaken if required if it appears there has been a significant change to the liabilities or covenant of an employer than allowed for at preceding formal valuation, or where the employer may become an exiting employer)</p>

Cessation terms and requirements	
Termination requirements	The Fund will take legal advice on the appropriate triggers that might lead to termination of a scheme employer's participation in the fund (e.g., last active leaving).
Future cessations	<p>A provisional cessation valuation will be carried out as soon as the Fund becomes aware that a scheme employer may be exiting the scheme for whatever reason.</p> <p>Carry out a "provisional" valuation as soon as Fund is aware of the likelihood of an employer exiting the Fund.</p> <p>For an admission body the Fund reserves the right to undertake ongoing annual assessments where it becomes aware that the organisation may cease to participate in the Fund.</p> <p>Fund reserves the right to undertake exit valuation on a "low-risk"/"gilts" basis to reduce on-going risk to remaining scheme employers.</p> <p>Where a pass-through arrangement is in place, there is no cessation debt or exit credit payable to or from the Fund where the admissions and commercial terms have been met.</p>
Basis of termination valuation	Valuation approach and assumptions set out in FSS, requiring the scheme employer to make an appropriate exit debt payment immediately, or receive an exit credit.
Suspension Notice	<p>Will consider issuing a suspension notice for a period up to three years, where, in the reasonable opinion of the Fund, the exiting employer is likely to have one or more active members in relation to the Fund within the period specified in the suspension notice.</p> <p>Fund will always seek to recover the exit payment due at the point no more active members exist.</p>
Exit debt	<p>To be considered in line with the Fund's FSS.</p> <p>Exit debt usually collected as a single lump sum. In exceptional circumstances where an employer is unable to pay the required cessation payment in full without being materially detrimental to their financial situation, the Fund may consider written requests from employers to spread the payment over an agreed period.</p> <p>The Fund will also consider written requests from employers to enter into a Deferred Debt Agreement (DDA) where sufficient security is put in place.</p> <p>Where a pass-through arrangement is in place for an admission body, no exit debt is required from the exiting employer.</p>

Exit credit	<p>To be considered in line with the Fund's FSS.</p> <p>The administering authority may determine, at its sole discretion, the amount of exit credit (if any) to be paid to the exiting employer.</p> <p>Exit credits will not be payable where an admission has a pass-through agreement in place.</p>
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