

Employer Related Activities Update

Purpose of the Report

1. The purpose of this report is to update the Wiltshire Local Pension Board with employer related activities undertaken by the Fund. The Board is asked to note the report and to seek from Officers such clarifications or further information as they require.

Background

Employer Scorecards

2. The purpose of employer scorecards is to introduce a method by which employers and the Fund can track employer performance against the responsibilities and obligations. A significant amount of work has been completed in this in obtaining the relevant data from different data sources e.g. employer database, i-Connect, employer contributions received and Rates and Adjustments Certificate data.
3. Each employer will be scored using a RAG rating (red, amber and green). Where an employer isn't performing at a satisfactory level, the Fund will engage with them to address and discuss the issues including putting in a plan to improve employer performance.
4. However, this project has been put on hold since March 2024, due to the former Employer Communications and Training Officer being off work for a number of months, then subsequently early retiring and other statutory day to day business taking priority. This role managed the employer scorecard project and their previous role has been split between two teams, with the new roles currently going through the recruitment process.
5. Once the new roles have been fully recruited, the employer scorecard project will move across to the Communications and Stakeholder Engagement Team, managed by Krystie Waterhouse.
6. Additionally, the intention is now to include "employer covenant" ratings into the employer scorecards, more details of this is detailed below in this report.

Employer Covenant Exercise

7. The Employer Covenant Risk Policy was agreed in May 2024, which set out the assessment and frequency of covenant reviews.
8. The Employer Funding and Risk Lead has completed the initial assessment of all employers in the Fund and identified potential employers whereby further information is required to ascertain the level of their covenant. The Employer Funding and Risk Lead has also been working with the new actuaries Barnett Waddingham, to draft the questionnaire to obtain all the relevant information from "high risk" employers, ahead of the formal 2025 Triennial Valuation. The questionnaire requested projected cash flow information, key employer information and key financial metrics for the employer.

9. Barnett Waddingham issued the questionnaire to all the “high risk” employers on 9th September 2024, giving an initial closing date of 11th October 2024. However, the closing date has been extended to 31st October 2024, due to a low response rate. Given the date of the Local Pension Board and the closing date, Fund Officers can give a verbal update on responses received to date.
10. Once the closing date has passed, Barnett Waddingham will analyse the results and feedback findings to the Fund in November 2024. They will also present their high level findings at the Employer Forum to be held on 27th November 2024.
11. In December 2024, Barnett Waddingham and the Fund will agree the covenant strengths to initially use in the 2025 Triennial Valuation and include these in the Employer Scorecards at the end of 2024

Employer Forum

12. On 27th November 2024 the Fund will hold our Annual Employer Forum at the Civic Centre, Trowbridge whereby all employers, Pension Committee and Local Pension Board members have been invited.
13. The Pension Regulator and new actuaries Barnett Waddingham will be the key note speakers and other areas to be covered include i-Connect, investment performance, pensions news, communication update and training on the TUPE transfer “journey”.
14. After the event, a survey will be conducted of those that attend to gain feedback.
15. It was intended that in 2024 the Fund would plan to hold up to three Employer Forums throughout the year in the Swindon, Salisbury and Trowbridge areas however, as outlined earlier in this report, the Employer Communications and Training Officer was off work for a number of months, then subsequently early retiring and other statutory day to day business taking priority. When the Communications and Stakeholder Engagement Team are fully resourced, the aim is to introduce these in 2025.

Employer Activity

16. To date in 2024, there have been 37 TUPE transfers completed by the Employer Risk and Funding Lead. Of these completed transfers, 16 (43%) related to academy to academy transfers. The other 21 (57%) related to admitted bodies joining the Fund e.g. cleaning and catering contracts.
17. Some of the completed TUPE transfers related to historic admissions that the previous Employer Communications and Training Officer had started but not completed before they left the Fund, as detailed earlier in the report.
18. There are still 27 TUPE transfers still outstanding in 2024, all at various stages e.g. awaiting a fully signed admission agreement, awaiting employer data and awaiting actuarial calculations.
19. Additionally, there are 22 TUPE transfers already scheduled for 2025.
20. To date in 2024, there have been 18 cessations completed by the Employer Risk and Funding Lead. Of these completed cessations, 16 (89%) related to admitted bodies ceasing. These cessations led to just two Exit Credits to be issued, one was added to the notional assets of the Scheme Employer still in the Fund and in the other, only a part Exit Credit awarded to the exiting employer.
21. There are 17 cessations outstanding in 2024, all at various stages e.g. awaiting completion of member records and actuarial calculations.

Once the new Employer Liaison Officer has been recruited, they will assist the Employer Funding and Risk Lead in progressing all the outstanding TUPE transfers and cessations.

Triennial Valuation

22. The Fund and new actuaries Barnett Waddingham, have held initial planning meetings ahead of the 2025 Triennial Valuation including methodology, employer covenants and project plan being developed.
23. The aim is to release the initial results to employers in September 2025, with the final results for individual employers being issued in November 2025.
24. The final Valuation Report and Rates & Adjustment Certificate are scheduled to be released in March 2026, ahead of the new employer contribution rates from April 2026.

Considerations for the Board

25. It is proposed that the Board note this report and the work currently being undertaken to resolve the employer changes issues, seeking reassurance as required.

Environmental Impact of the Proposal

26. There are no known environment implications from this report.

Financial Considerations & Risk Assessment

27. Appropriate risks are suitably mitigated for the employer changes identified in this report.

Legal Implications

28. New admission agreements will be required for any new admissions.

Safeguarding Considerations/Public Health Implications/Equalities Impact

29. There are no known implications at this time.

Reasons for Proposal

30. To bring to the attention of the Local Pension Board the ongoing employer activity currently being undertaken by the Fund.

Proposal

31. The Board is asked to note the report and to seek from Officers such clarifications or further information as they require.

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Unpublished documents relied upon in the production of this report: NONE