

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE

13 July 2023

New Employer Policy

Purpose of the Report

1. The purpose of this report is to present to Wiltshire Pension Fund Committee an updated New Employer. The Committee is asked to consider and approve the proposed policy (see Appendix).

Background

2. The Fund has had a New Employer Policy in place for a number of years and the current version was approved on 16th July 2020.
3. On appointment of the Fund's new Employer Funding and Risk Lead on 1st June 2023, the current New Employer Policy was reviewed to ensure that it is still relevant, meets current regulation requirements and best practice.
4. In 2022, as part of the valuation process and regulatory requirements, the Funding Strategy Statement was approved. The Funding Strategy Statement sets out how money will be collected from employers to meet the Fund's obligations to pay members' benefits. The New Employer Policy review incorporates the latest approach to contribution rate setting, as set out in the 2022 Funding Strategy Statement.
5. The Department for Education (DfE) in May 2023 released a policy paper confirming that where an employer, that is covered by the DfE Local Government Pension Scheme Guarantee, outsources services to an admitted body, there is now no need for the admitted body to obtain a bond.

Considerations for the Committee

6. The Fund's revised policy aims to bring it up to date with legislation, Funding Strategy Statement and best practice.

7. The key changes are:

4. Policy review – change in contact details for the responsible Fund officer

5.1 Overview of approaches to funding – the clarity, the relevant regulation has been added to the note in sub-section b)

6. Covenant and Security arrangements – added a statement regarding the updated DfE policy for admitted bodies no longer requiring a bond, if the letting employer is covered by the DfE Local Government Pension Scheme Guarantee.

7.4 Memorandum of understanding (MOU) – expanded to confirm a Data Sharing Agreement will be put in place for outsourced HR and payroll providers.

Appendix: Summary of admission policies by employer – under the admitted bodies section, now aligned to the Funding Strategy Statement regarding the standard approach to contribution rate setting i.e. 75% likelihood of primary contribution rate being sufficient to remain fully funded over the timeframe used for the letting employer (usually 14/20 years). The ill health sub-section a) has also been updated to reflect the current treatment of ill health strain costs.

Environmental Impact of the Proposal

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

Financial Considerations & Risk Assessment

9. In general, the changes proposed reduce the risk to employers and the Fund, both financially and reputationally, by abiding to current legislation and best practice.

Legal Implications

10. There is no legal requirement to produce a New Employer Policy, but the application of a policy reduces the risk of challenges on the approach used when an employer is admitted to the Fund. The Fund will also comply with current legislation and best practice.

Safeguarding Considerations/Public Health Implications/Equalities Impact

11. There are no known implications at this time.

Reasons for Proposal

12. To ensure that the Fund's New Employer Policy is still relevant, meets current regulation requirements and best practice.

Proposal

13. The Committee is asked to approve this revised New Employer Policy, and seeks 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