



Purpose: For Noting

Committee report

Committee **ISLE OF WIGHT PENSION FUND COMMITTEE**

Date **28 APRIL 2021**

Title **EMPLOYER UPDATE**

Report of **TECHNICAL FINANCE MANAGER**

EXECUTIVE SUMMARY

1. This report provides the committee with information about the employers in the pension fund, including their compliance with statutory reporting deadlines.
2. It also includes information about changes to employers during the financial year ended 31 March 2021, as well as known changes for the new financial year.
3. Lastly, the report details some of the current engagement with employers, including discussion around the application of some of the recently introduced employer flexibilities.
4. Members are asked to note this report.

CONFIDENTIAL / EXEMPT ITEMS

5. This covering report and the information presented in one of the appendices to the report may be published with the agenda for the meeting.
6. However, one appendix and any discussion arising from it are deemed to be exempt from disclosure by virtue of paragraph 3 of part 1 of schedule 12A of the Local Government Act 1972 (as amended) as it “relates to financial or business affairs of any particular person”, (including the authority holding that information). The public interest in maintaining confidentiality outweighs the public interest in disclosing it. Disclosing the information could place the council at risk of legal challenge from individuals or other bodies identified in the report.

EMPLOYER UPDATES

7. At 31 March 2021, there were 32 employers, including the council, with active members. The split of active members by employer type is summarised in the table below.

Table 1: Employer and active membership numbers

	Administering authority	Scheduled bodies	Admission bodies	TOTAL
Number of employers	1	16	15	32
Active members	3,678	583	102	4,363
Active %	84.3%	13.4%	2.3%	

Administering authority: Isle of Wight Council, including all local authority maintained schools.

Scheduled bodies: local authorities and similar bodies whose staff are automatically entitled to be members of the fund, including academies and Isle of Wight College.

Admission bodies: other organisations that participate in the fund under the terms of an admission agreement between the fund and the employer.

Changes to employers

8. There has been one new employer into the fund during 2020-21, following the council's outsourcing of its public health "Stop Smoking" contract in January 2021.
9. No employers ceased membership of the fund in 2020-21.
10. On 1 April 2021, the council completed the re-letting of its contracts for both Early Help and Domestic Care services. The existing incumbents, Barnardos and Accomplish respectively, have been awarded the new contracts.
11. Because of the direct linkage between the employers' admission agreement and the service contract, new admission agreements have been drawn up for those employers; in both cases the former employer will cease on both accounting and administration systems, and new coded will be established for the new contracts.

Employer compliance

12. A summary of the compliance of all employers with the deadlines for submitting monthly membership data and contributions is included at Appendix 1.
13. There has been a significant improvement in the timeliness of data submissions in comparison to previous years, principally as a result of the implementation and roll-out of the i-connect project. This is an automatic interface to allow employer to upload monthly membership data directly to the pension administration software, validating changes in membership information, and ensuring anomalies can be corrected before upload.
14. At 31 March 2021, 26 employers were fully using the i-connect interface. This equates to approximate 73 per cent of active members. Engagement continues with the remaining seven employers, serviced by three payroll providers, to support the completion of their use of the interface early in the new financial year.

Employer engagement

15. Appendix 2 to this report summarises correspondence with a number of employers in respect to their engagement with the fund. Due to the nature of some of these discussions, the appendix is deemed confidential, as set out in paragraph 4 above.

STRATEGIC CONTEXT

16. The primary objective of the fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, in accordance with the Local Government Pension Scheme (LGPS) regulations and statutory provisions. The committee aims to operate the fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.
17. The fund has also agreed the following administration objectives, which are supported by information in this report:
 - (a) Clearly establish levels of performance and measure the performance of both the Fund and scheme employers against them.
 - (b) Develop successful partnership working between the Fund and its employers.

FINANCIAL / BUDGET IMPLICATIONS

18. The timely and accurate submission of monthly data returns and contribution payments by employers supports the fund in being able to pay benefits as they become due through the contributions received and income from investments, without having to withdraw funds from its investments.
19. In 2020-21, total contributions received, in respect of both employers and employees, were £20.2 million, based on unaudited accounts.
20. When the last active member of an employer leaves, the fund's actuary carried out a cessation calculation to assess the present value of future pension benefits payable to the remaining fund members from that employer, based on assumptions which are more cautious than would be used if there were ongoing contributions to be received.
21. The cessation deficit payment to the fund reduces the risk that the cost of future benefits in respect of the remaining members of the exiting employer will need to be borne by the council, as the largest employer within the fund.

LEGAL IMPLICATIONS

22. The Isle of Wight Council is the administering authority for the Isle of Wight Council Pension Fund. An administering authority is defined in the Local Government Pension Scheme Regulations 2013 as "a [local authority] required to maintain a pension fund under the local government pension scheme regulations".
23. The Pension Fund Committee is a committee under section 101 of the Local Government Act 1972, with delegated authority to discharge the council's statutory duties in respect of the LGPS.

EQUALITY AND DIVERSITY

24. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
25. There are no implications for any of the protected characteristics arising from items covered in the report.

RECOMMENDATION

26. The committee is asked to note this report.

APPENDICES ATTACHED

27. Appendix 1 – summary of employer compliance with statutory reporting deadlines.
28. Appendix 2 – CONFIDENTIAL information about engagement with employers.

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