



# Committee report

Committee	<b>ISLE OF WIGHT PENSION FUND COMMITTEE</b>
Date	<b>25 MAY 2022</b>
Title	<b>EMPLOYER UPDATE</b>
Report of	<b>PENSION FUND MANAGER</b>

---

## EXECUTIVE SUMMARY

1. This report provides the committee with information about the employers within the Isle of Wight Council Pension Fund, including their membership numbers and compliance with data and contribution submission deadlines.
2. It also provides information about changes to employers during the financial year ended 31 March 2022, and future known and potential changes.

## RECOMMENDATION

- |  |
|--|
| 3. That the committee note the information provided about employers within the fund. |
|--|

## BACKGROUND

4. The Local Government Pension Scheme (LGPS) is a multi-employer scheme, with membership comprising current and former employees of the local authority, town, parish and community councils, schools (including academies and further education colleges) and certain other employers who provide public services, whether outsourced from another scheme employer or with a strong community link.
5. There are three main categories of employer within the LGPS, all of which are defined in the LGPS Regulations 2013 (the regulations):
  - (a) **Administering Authorities** are listed in Part 1 of Schedule 3 of the regulations; these are local authorities required to maintain an LGPS fund, i.e. Isle of Wight Council.
  - (b) **Scheduled Bodies** can be either Regulated or Designated:
    - (i) Regulated bodies are listed in Part 1 of Schedule 2 of the regulations and must enrol all eligible staff into the LGPS. This includes academies and further education colleges.

- (ii) Designated bodies are listed in Part 2 of Schedule 2 of the regulations and may choose which of its eligible staff to enrol into the LGPS. This includes town, parish and community councils.
- (c) **Admission Bodies** are defined in Part 3 of Schedule 2 of the regulations; these employers are admitted to the fund through an admission agreement with the administering authority.
  - (i) Transferee admission bodies are those employers to whom services have been outsourced by either the administering authority or a scheduled body.
  - (ii) Community admission bodies are not for profit employers providing a public service.

## EMPLOYER UPDATES

6. At 31 March 2022, there were 31 employers within the Isle of Wight Council Pension Fund with active members. The split of active members by employer type is summarised in the table below, with more detail of active membership numbers by individual employer being provided in appendix 1 to this report.

**Table 1: Employer and active membership numbers**

	Administering Authority	Scheduled Bodies	Admission Bodies	TOTAL
Number of employers	1	16	14	31
Active members	3,637	589	88	4,314
Active %	84.3%	13.7%	2.0%	

## Changes to employers

- 7. Two employers ceased membership of the fund in 2021-22: the last active member of the Trustees of Carisbrooke Castle Museum retired; and the cleaning contract between NViro and Ryde Academy ceased, resulting in the cessation of NViro's engagement with the fund.
- 8. There has been one new employer into the fund during 2021-22, with CleanTEC being appointed as the successor provider of cleaning services for Ryde Academy.
- 9. During the year, two new contracts were awarded by the council: in April 2021, Barnardo's were awarded the contract for Early Help, and in October 2021, Accomplish were awarded the Domestic Care contract.
- 10. Both of these contracts were awarded to incumbent suppliers, allowing the employers to continue their engagement with the fund, albeit with updated admission agreement reflecting the new contract terms.
- 11. On 1 April 2022, the council, as administering authority, agreed to re-admit St Catherine's School to the fund as a Community Admission Body. This follows the exercise of administering authority discretions on employer exit allowed within the fund's Funding Strategy Statement.
- 12. A new admission agreement for St Catherine's School is being drawn up to confirm the expectations of the employer and the administering authority.

## Employer compliance

13. Appendix 1 also includes a summary of the compliance of all employers with the deadlines for submitting monthly membership data and contributions.
14. There continues to be 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 employers to upload monthly membership data directly to the pension administration software, validating changes in membership information, and ensuring anomalies can be corrected before upload.
15. At 31 March 2022, 27 employers were fully using the i-connect interface. This equates to approximate 75 per cent of active members. Engagement continues with the remaining payroll provider, which covers four academies and 23 schools, to support the completion of their use of the interface early in the new financial year.

## CORPORATE PRIORITIES AND STRATEGIC CONTEXT

### Corporate Aims

16. There is nothing contained in this report which directly contributes to the priorities contained in the [Corporate Plan 2021 - 2025](#).

### Pension Fund Strategic Aims

17. The primary objective of the fund is to pay benefits to scheme members or their dependants in accordance with the Local Government Pension Scheme (LGPS) Regulations and other 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.
18. 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.

## CONSULTATION

19. The Isle of Wight Local Pension Board receive regular reports on employer engagement, membership numbers and employer compliance with data and contribution deadlines.
20. There is ongoing dialogue with all employers in the fund, providing them with updated information on operational and regulatory changes. In particular during 2022-23, there will be increased communication as a result of the triennial valuation of the fund.

## FINANCIAL / BUDGET IMPLICATIONS

21. 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.
22. In 2021-22, total contributions received, in respect of both employers and employees, were £21.0 million, based on unaudited accounts, as summarised in the table below.

**Table 2: Contributions received 2021-22**

	Administering Authority £000	Scheduled Bodies £000	Admission Bodies £000	TOTAL £000
Scheme member	3,633	473	176	4,282
Employer	13,731	1,849	1,153	16,733
Total	17,364	2,322	1,329	21,015

## LEGAL IMPLICATIONS

23. 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”.
24. 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

25. 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.
26. There are no implications for any of the protected characteristics arising from items covered in the report.

## RISK MANAGEMENT

27. It is imperative that the fund maintains good awareness of, and communication with, the employers within the fund to reduce the risk of changes happening with any employer that could impact on their continued participation in the fund.
28. Regular reviews of the timeliness, accuracy and completeness of employers' data submissions ensures that the fund can maintain accurate membership data to support the accurate payment of benefits to the correct beneficiary when they become due.
29. Monitoring the timeliness of employers' payment of contributions into the fund ensures that the fund maintains adequate liquidity to meet its current obligations, and can also allow early identification of potential issues with the financial health of the employer.
30. Failure to communicate with the employers about changes that they may be facing in their business could result in unplanned exits from the fund, meaning that the employer could face a significant, unexpected cost for cessation. This could present financial difficulties for the employer concerned, as well as a risk to the fund that it does not receive the funding due to it from the employer, which could result in additional costs being passed to the other employers within the fund.
31. It is particularly important that the fund engage with employers during the planning for the fund's triennial valuation, as it is then that the future contribution rates for each employer are determined. Failure to communicate could result in an inappropriate funding strategy being set with contribution rates demanded that are unaffordable to the employer.

## APPENDICES ATTACHED

32. Appendix 1: Employer membership numbers, contribution data and compliance statistics.

Contact Point: Joanna Thistlewood, Pension Fund Manager, ☎ 821000  
e-mail [jo.thistlewood@iow.gov.uk](mailto:jo.thistlewood@iow.gov.uk)

CHRIS WARD  
*Director of Finance  
and Section 151 officer*

COUNCILLOR CHRIS JARMAN  
*Chairman of the Isle of Wight  
Pension Fund Committee*