



Pension Fund Committee

14 December 2021

Title	Approval of Contribution Policies
Report of	Director of Finance
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix 1 – Deferred Debt and Debt Spreading Policy
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Summary

The October meeting of the Pension Fund Committee requested that greater flexibility in availability be incorporated into the Deferred Debt and Debt Spreading policy.

Officers Recommendations

That the Pension Fund Committee approve the revised Deferred Debt and Debt Spreading Policy.

1. WHY THIS REPORT IS NEEDED

- 1.1 In response to recent regulatory changes, three new polices dealing with contributions payable by employers have been prepared. The draft policies were discussed at Committee on 28th October 2021 and in respect of the Deferred Debt and Debt Spreading Policy, the Committee requested a more flexible approach to the availability of this policy. In particular, that the flexibilities be made available, provided suitable protections are in place, even when immediate payment was affordable by an employer.
- 1.2 This policy has been revised (appendix 1) to allow the new options to be used when affordability of an immediate settlement is available, but when the employer wishes to defer and can offer acceptable security to the Fund.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Barnet Pension Fund can only consider the increased flexibilities in the LGPS Regulations if it agreed polices for the implementation.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Alternative suggestions arising from consultation responses are discussed in the paper.

4. POST DECISION IMPLEMENTATION

- 4.1 The policies will be published if approved.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Committee supports the delivery of the Council's strategic objectives and priorities as expressed through the Barnet Plan 2021-25, by assisting in maintaining the integrity of the pension Fund by monitoring the administration and compliance of the Fund

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 Not applicable in the context of this report.

5.3 Social Value

- 5.3.1 Membership of the Pension Fund ensures the long-term financial health of contributing employees on retirement.

5.4 Legal and Constitutional References

- 5.4.1 Constitution – Under article 7 one of the responsibilities of the Pension Fund Committee is 'To consider approval and act in accordance with statutory Pension Fund documents – Funding Strategy Statement'. The polices discussed in this report will form part of the FSS.

5.4.2 The relevant regulations are the Local Government Pension Scheme Regulations 2013 as amended by the Local Government Pension Scheme (amendment) Regulations 2018 that place responsibility for the local administration of pensions and other benefits under these Regulations on the administering authority, which is the London Borough of Barnet. Legal references are highlighted throughout the paper.

5.5 Risk Management

5.5.1 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met. Good governance is essential to managing the risks of the pension fund

5.6 Equalities and Diversity

5.6.1 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality.

5.6.2 Ensuring the long-term financial health of the Pension Fund will benefit everyone who contributes to it. Access to and participation in the Pension Fund is open to those with and those without protected characteristics, alike, provided that the criteria set out within the relevant Regulations are met

5.7 Corporate Parenting

5.7.1 Not applicable in the context of this report.

5.8 Consultation and Engagement

5.8.1 Consultation with Scheme Employers is discussed in the report.

5.9 Insight

5.9.1 Linkage is made with guidance issues by both MHCLG and the Scheme Advisory Board.

6. ENVIRONMENTAL IMPACT

6.1 Not applicable in the context of this report.

7. BACKGROUND PAPERS

7.1 Papers to Pension Fund Committee 28 October 2021; agenda item 9.

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=191&MId=10918&Ver=4>

7.2 MHCLG guidance

<https://www.gov.uk/government/consultations/local-government-pension-scheme-changes-to-the-local-valuation-cycle-and-management-of-employer-risk/outcome/guidance-on-preparing-and-maintaining-policies-on-review-of-employer-contributions-employer-exit-payments-and-deferred-debt-agreements>

7.3 Scheme Advisory Board Guidance

<https://lgpsboard.org/index.php/empflexm>