SAB GUIDE TO EMPLOYER FLEXIBILITIES FOR ADMINISTERING AUTHORITIES AND EMPLOYERS

Contents

Background and scope

1. This guide has been produced by the Scheme Advisory Board (SAB) to assist Administering Authorities (Section 1) and employers (Section 2) in the implementation of the following regulations;

   - Regulation 64A: Revision of rates and adjustments certificate: ***'*Revisions to scheme employer contributions between valuations'**
   - Regulation 64B: Revision of actuarial certificates: ***'*Spreading of exit payments'**
   - Regulation 64: Special circumstances where revised actuarial valuations and certificates must be obtained; '**Deferred Debt Agreements'**

   Throughout this document, the use of these regulations is referred to as "the flexibilities".

2. These new regulations replace the previous regulatory framework where exit payments, with some provision to spread, were required for all exiting employers regardless of their situation or the potential risks to the fund.

3. This guide is for information only and nothing within it overrides, supersedes or varies in any way regulation, statutory guidance or the policies of Administering Authorities on these matters as set out in their Funding Strategy Statement.

4. This guide has been drafted with the assistance of representatives from LGPS Administering Authorities (Section 1) and scheme employers (Section 2) and the Board would like to thank those who provided input to each section.

5. The SAB actively encourages Administering Authorities to make use of these flexibilities, where appropriate, taking into account the interests of the employer concerned and the wider fund employer base.

6. In making use of these flexibilities, Administering Authorities must have proper regard to the regulatory requirements for solvency and cost-efficiency and ensure that they are complaint with the Regulations. They should also have regard to the Wednesbury reasonableness principle in:

    a) the proportionality of approach to and demands on employers; and
    b) how the risks to the wider employer base and scheme members are considered.

7. This guide makes reference to instances in which the Administering Authority may wish to take advice from their actuary. This will be at the discretion of the Authority taking into account their FSS, normal procedures and policies.

8. It is the intention that over time this guide will be supplemented by case studies and examples from Administering Authorities of these flexibilities working in practice. These case studies and examples will be added to the SAB website as they are submitted.

Section 1 – A Guide for Administering Authorities

Overview

1. This guide is presented in a question and answer format. It provides information, examples and options in relation to the use of the flexibilities. It also includes consideration of:

    a. matters for Administering Authorities to consider when setting policies
    b. the data and information which may be necessary
    c. the roles and responsibilities of all parties during the implementation of the flexibilities.

2. Effective communication and engagement with scheme employers will be vital to ensuring outcomes which enhance the ability of those employers to meet their duties under the Scheme. Although policies may vary across Administering Authorities, the SAB encourages effective communication and engagement practices with scheme employers to ensure their early participation in, and understanding of, any process undertaken.

3. Consideration of the type of events which may require a review of contributions is important and is covered in more depth at question 2 below. It is equally important to be clear about which type of events are not in scope of the policy as those which are. Employers will require this clarity in order to understand why a review might take place as well as when an application for a review may be appropriate or not.

4. When considering if a contribution review would be appropriate/should be requested, all parties should be mindful that:

    - As a principle the latest valuation approach and assumptions would provide an appropriate starting point.
    - The provision should not be used with the sole objective of only increasing or only reducing employer contributions but to set appropriate employer contributions regardless of the outcome.
    - Changes in assumptions/asset values since the last actuarial valuation should not, in general, be allowed for unless specifically justified.
    - Other aspects of the funding plan may be reviewed on a case by case basis but should be justified and remain within the provisions of the existing Funding Strategy Statement.

    Question 2 below gives more details about when a review might be appropriate.

5. Understanding and assessing employer covenant is an important element of the flexibilities. Authorities should consider if existing frameworks to monitor covenant are sufficient to meet their needs, in particular does the framework:

    - Effectively identify events which might constitute a change of significant magnitude in the employer's ability to meet its obligations
    - Ensure such an event is considered in the context of the employer's existing and potential obligations to the Fund
    - Identify changes to covenant both positive and negative
    - Differentiate sufficiently between different types of employer and different types of participation
    - Include a notifiable events process
    - Provide for a proportionate process recognising the balance between resource requirement/complexity and the employer's obligations to the Fund?

    Question 4 below gives further details on employer covenant.

6. When considering if a more flexible approach to employer exits, either by spreading payments or entering into a deferred debt arrangement, as appropriate, authorities may wish to take into account the following:

    - The general starting point, in accordance with the Scheme Regulations, isthat the employer is liable for an immediate debt payment on exit and any variation away from this should be considered in the light of this benchmark
    - Whilst having regard to the above, authorities should nevertheless be mindful of the broader objectives and finances of the employer with regard to the available options
    - It is important to recognise that a more flexible debt arrangement, while needing to be in the best interests of the Fund, may in some cases be appropriate even where the employer covenant is weak as it may allow an employer to avoid building up further liabilities.
    - Regular but proportional review of the conditional elements of any arrangement will be important to ensure that it remains appropriate and in the best interests of all parties.

    Question 12 below gives more details about the two approaches.

Q&A

The Review Process

Q1. What is the difference between a formal valuation and a review under the 2020 Amendment No.2 Regulations?

1. At the formal valuation a fund reassesses employer funding plans and contribution rates to take into account changes in membership, economic and demographic conditions and individual employer circumstances. Changes in economic and demographic conditions may also necessitate a change in the fund's funding assumptions.

2. A review under the 2020 amendment regulations will be as a result of either a significant change in membership data or an employer's circumstances. A review can be prompted by the Authority's own monitoring processes or as a result of an application from an employer but should not be carried out as a result of changes in wider economic or demographic conditions In all cases the justification for a review should be that the change that has occurred is likely to have a material impact (up or down) on the contributions required in order to achieve or maintain full funding.

3. Where it seems likely that an employer may exit before the next formal valuation then Administering Authorities can use their existing powers under Regulation 64(4) to carry out a full valuation and allow for market conditions.

Q2. What events or circumstances could prompt a review?

1. A review may be prompted by two main events:
    a. Employers can request a review, or
    b. An Administering Authority can require a review.

2. In either case, a review should be triggered if the Administering Authority believes that there is a reasonable likelihood that there has been either:
    a. a change in liabilities arising or likely to arise, or
    b. a change in the employer's ability to meet their obligations

3. These criteria are considered in more detail in later questions.

Q3. What may be constituted as a change in liabilities arising or likely to arise?

1. A change in liabilities is defined where the benefits in the Fund for which an employer is responsible have changed, or are likely to change, compared to

those included in the most recent formal valuation. A change in liabilities due to the assumptions used to project future benefit cashflows, or the level of discounting applied to those cashflows should not constitute a change under these regulations.

2. Examples of such changes, which although not exhaustive give an idea of where this flexibility may be appropriate, would include:

    i. Restructuring of a council due to a move to unitary status
    ii. Restructuring of a Multi-Academy Trust for example due to the individual academies that make it up or a change in how its rate is assessed across its academies
    iii. A significant outsourcing or transfer of staff to another employer (not necessarily within the Fund)
    iv. Significant changes to the membership of an employer, for example due to redundancies, significant salary awards, ill health retirements, large number of withdrawals or the loss of a significant contract or income stream

3. Note that there may be occurrences of the above examples which do not trigger a review of employer contribution rates. This would be on the basis if:

    i. the change is not deemed to have a significant or material impact on the liabilities and hence the contributions likely to be required to meet the funding objective.
    ii. by taking no action, there is only a negligible increase in risk to the Fund and other employers in the Fund; or
    iii. the next formal valuation is imminent, and any changes will be included as part of the valuation exercise.

    In these instances, the Administering Authority may wish to seek their Actuary's opinion.

4. In some instances, a change in the liabilities will also result in a change in an employer's ability to meet these obligations.

5. Ultimately, the final decision rests with the Administering Authority after, if necessary, taking advice from their Actuary.

Q4. What may be constituted as a significant change in an employer's ability to meet their obligations?

1. Ultimately, this decision rests with the Administering Authority after, if necessary, taking advice from their Actuary or a covenant specialist. Examples of such changes would include:

    i. Provision of, or removal of, security, bond, guarantee or some other form of indemnity by an employer against their obligations in the Fund.

ii. Material change in an employer's immediate financial strength (evidence should be available to justify such a view).
iii. Material change in an employer's longer-term financial outlook (evidence should be available to justify such a view).
iv. Where an employer exhibits behaviour that raises concerns over their ability contribute to the Fund. For example, a persistent failure to pay contributions, or to reasonably engage with the Administering Authority over a significant period of time

2. Note that there may be occurrences of the above examples which do not trigger a review of employer contribution rates. This would be on the basis if;

i. the cost of the review outweighs the benefit to the employer, the Fund and other employers in the Fund;
ii. no action was deemed to have a negligible increase in risk to the Fund and other employers in the Fund; or
iii. the next formal valuation is imminent, and any changes will be included as part of the valuation exercise.

3. In these instances, the Fund may wish to seek their Actuary's opinion.

Q5. In what circumstances would a request from an employer be treated as valid reason to exercise these powers?

1. The request must align with one of the two criteria set out in the Regulations which trigger an Administering Authority review; namely a significant change in the liabilities arising or likely to arise or a significant change in the ability of the employer to meet its obligations in the Fund.

2. The employer's request should be evidence-based. The employer should be willing and able to provide sufficient evidence to the Administering Authority to support their request. A review would then be carried out if the Administering Authority considers that there is a reasonable likelihood that the review would result in a change in the employer's contributions.

Q6. When carrying out a review, can the Fund;

(a) use updated membership data?

1. Where the cause for a review is due to a change in an employer's liabilities, the aspects of the membership data that have changed should be reflected in the review. In most cases, the starting point will be the membership data provided for the most recent triennial valuation. Adjustments could be made to this data to reflect the relevant changes in membership (for example, adding or removing individual records, or changing the membership status of some members). There may be instances where updated membership data is

not required, for example if it is deemed proportionate to use the previous triennial valuation data without adjustment.

2. Where the cause for the review is a change an employer's ability to meet their obligations, updated membership data may not be used unless there have been significant membership movements since the previous formal valuation that could significantly affect the outcome of the review.

3. The Administering Authority may wish to discuss with their Actuary whether updated membership data is required for each review.

(b) factor in changes to market and/or demographic conditions since the last formal valuation?

1. No, as a default changes in economic and/or demographic conditions since the last formal valuation should not be taken account of when carrying out a review. Exceptions to this are:

   i. the Administering Authority believes it is in the best interests of the Fund (i.e. all employers) to do so;
   ii. as a result of movements of liabilities and therefore notional assets between employers in the Fund, market related calculations are required and to ignore the change in market conditions is impractical.

2. Where it seems likely that an employer may exit before the next formal valuation then the Administering Authority can use their existing powers under Regulation 64(4) to carry out a full valuation and allow for market conditions.

(c) alter the structure or derivation of any financial and/or demographic assumptions?

1. No, the financial and demographic assumptions used should be consistent in their structure and derivation with the principles in the FSS and those used at the last formal valuation.

2. If, as part of a review, the structure or derivation of assumptions is altered then the Administering Authority may wish to discuss the changes with the Fund's Actuary and consult with employers.

3.

(i) change the employer's funding target?

1. Yes, such a change may be appropriate. The new funding target should be consistent with the Fund's existing funding strategy. For example, where an employer's circumstances change such that they move from funding on an ongoing basis to a cessation basis.

(ii) change the employer's funding time horizon?

1. Yes, such a change may be appropriate. The new time horizon should be consistent with the Fund's existing funding strategy, in particular how employer recovery periods are determined.

(iii)change the level of prudence/risk in the employer's funding plan?

1. Yes, such a change may be appropriate. The revised level of prudence/risk should be in line with the Fund's existing funding strategy however care will need to be taken with regard to existing pools or groups of employers.

(iv)make revisions to the contribution rates without the Actuary's input and agreement?

1. No, any change to an employer's contribution rate will require a change to the Rates and Adjustment Certificate which is prepared by the Actuary. Therefore, any change must be agreed by the Fund's Actuary prior to it being communicated to the employer.

Q7. How can expectations on cost and timing be managed?

1. Ultimately the cost and timescales for reviews will be dependent upon a number of factors, to include the complexity involved and the level of engagement with the employer. For instance, a covenant review might vary in depth of analysis depending on:
    a. the nature of the circumstances prompting review,
    b. the type of employer,
    c. the level of information provided and available to the Fund.
    d.
    e. the information and advisory support the Administering Authority requires to make an informed decision

2. In managing the expectations of employers, whether the review is prompted by the Administering Authority itself, or requested by the employer, an Administering Authority may give consideration to a range of cost and timescales by way of a guide, but in practice would be expected to acknowledge and to confirm that these variables will ultimately be dependent on the level of work involved. An Administering Authority may wish to develop a 'standard' form of annual review for employers who request an update on metrics, which could inform whether a more detailed review would be warranted.

3. In terms of responsibility for costs arising, where the review is requested by an employer the expectation would be that those costs are passed onto the employer, subject to local specification and recharging arrangements.

4. With regards to timing, but to be determined by the Administering Authority (unless there is a material change in risk), it may be considered reasonable to preclude a review during a window immediately after or prior to a triennial local fund valuation. Insofar as the Administering Authority is to complete a review, it will need to collate information, review, take advice and follow its own process to develop and propose an outcome for discussion with the employer. For instance, within 12 months from the statutory valuation date, during the period when updated membership data and more in depth assessment of the Fund and individual employer liabilities is under review, the Administering Authority may wish the triennial process to take precedent over any individual employers reviews (although there may be cases where, at the discretion of the Administering Authority review may be warranted ahead of a revised Rates and Adjustment Certificate coming into effect).

5. It may also be reasonable for the Administering Authority to set out within its own policy a maximum number of requests within a set period (except for in exceptional circumstances, to be determined by the Administering Authority). For instance, potentially one review per year.

Q8. What additional information is required from an employer?

1. The information required from an employer is likely to depend on whether the review is prompted as a result of a significant change in liabilities, a significant change in covenant or requested by the employer.

2. In order to ensure the triggers for review are robust, it is suggested that a series of **notifiable events** are recorded to ensure an employer informs Administering Authorities of circumstances driving significant change which may or may not be identified by the Administering Authority. The notification of such events could be included in the Pensions Administration Strategy, service agreements and/or admission agreements. Examples of notifiable events might include;

    (i) Material change in LGPS membership, where the definition of material is both transparent and appropriate to each fund
    (ii) Material change in total employer payroll and LGPS pensionable pay
    (iii) Change in employer legal status or constitution (to include matters which might change qualification as a Scheme employer under the LGPS Regulations)

(iv) Confirmation of wrongful trading
(v) Conviction of senior personnel
(vi) Decision to cease business
(vii) Breach of banking covenant

3. Information that may be required to enable a review should be appropriate to the situation and status of the employer and could include:

   (i) Membership data to evidence potential for significant change in liabilities (where not already known by the Administering Authority).

   (ii) Most recent employer annual report and accounts, latest management accounts, financial forecasts (3 year) and details of outstanding facilities, position of other creditors (to include encumbered assets and potentially asset valuations) etc. to evidence significant change in covenant.

   (iii) Any other relevant information required by the Administering Authority to inform their assessment of employer liabilities and/or covenant.

Q9. How Should employers be involved in the review process?

1. The involvement of an employer and at which stage, will depend on whether it is a review prompted by the Administering Authority or the employer itself. Regardless of the origin of the review there will need to be a greater degree of individual employer dialogue than would be, for example, the case in a triennial valuation in order to ensure that all parties are fully engaged, led by the Administering Authority in their role of conducting the review.

2. In the case of the former, the triggers which prompt the review are likely to be driven by the Administering Authority's own monitoring/flow of information, with the exception of notifiable events outlined above. Once the Administering Authority has considered the evidence and formed the basis for review, it is anticipated that the employer will be informed from that point onwards as part of extended dialogue, particularly where information is required, and to confirm the basis for review.

3. When the employer requests a review, it will naturally become involved earlier in the process, with the employer expected to outline the rationale and case for the review through a suitable exchange of information.

4. In each case, whether triggered by the Administering Authority or via an employer request, it would be reasonable to assume there would be dialogue between the parties, to include, but not limited to, an outline of information

requirements an estimation and update of advisory and other necessary costs together with confirmation of the final outcome.

Q10. *How should the review decision be communicated?*

1. Administering Authorities should communicate and document the consideration of reviews, together with the outcome to the employer in writing, noting the policy and process followed and any material determining factors. As well as following a proper and transparent process It will be particularly important that the reasons behind the decision are set out and explained.

2. Details of employer request process should be determined by each Administering Authority in accordance with its own policies and decision-making processes, including associated delegations.

3. An example decision tree for an employer review process is attached in schedule C.

Q11. *How should any appeals process operate?*

1. Any appeals process is left for the Administering Authority to determine in accordance with their own policy, but in its simplest form it would require an employer to evidence one of the following:

   (i) A deviation from the published policy or process by the Administering Authority

   And/or

   (ii) Any further information (or interpretation of information provided) which could influence the outcome, noting new evidence to be considered at the discretion of the Administering Authority)

2. In setting out an appeal process the Administering Authority should have regard to the following principles:
   (i) The process and any amendments to it should be subject to consultation with employers
   (ii) The appellant should be granted a reasonable period of time both to make any appeal following a decision and in order to prepare the basis of their appeal
   (iii) The process, including the timescales and requirements for evidence should be accessible, clearly signposted and transparent
   (iv) Any review of a decision should be considered independently from those directly involved in the original decision

Debt Spreading Arrangement and Deferred Debt Agreement

Q12. What is the difference between the two and when might you want to use them?

1. Employers with a Debt Spreading Arrangement (DSA) are exiting the fund. These arrangements may be appropriate for an employer which has no active members, no intention of returning to active employer status in the future and wishes to crystallise any debt to the fund. Employers have an obligation to make good on the payments due under the DSA, which when completed will finalise their exit.

2. Employers with a Deferred Debt Arrangement (DDA) have not exited the fund. These arrangements may be appropriate for an employer which although they have no active members may return to active employer status at some point. Alternatively, these can be used for employers who do wish to exit but do not wish to crystallise any debts to the fund. They continue to share in the fortunes of the fund for the duration of the DDA. The exact details of the DDA can be varied depending on the employer/fund circumstances, but for example the employer might:

   (i) Continue to benefit from positive investment returns, which would act to reduce their debt
   (ii) Continue to be exposed to the risk of poor investment returns or increasing liabilities, which would act to increase their debt.
   (iii) Continue to be exposed to the risk of a failure of other employers, with the associated increase in liabilities.
   (iv) Continue to exercise some degree of control over their liabilities, for example by being involved in ill-health cases.

Q13. *What are the different scenarios when either arrangement might be used?*

1. The fundamental difference between the two arrangements means that different approaches might be appropriate depending on the circumstances of the employer. Some example scenarios are illustrated below:

(a) When the employer has very strong covenant or can offer significant security and wishes to minimise costs –

1. In this case, given the very strong covenant/security position, the fund may be willing to defer the debt payment for an appropriately significant period of time using a DDA. Under this approach, the employer's liabilities could be assessed on an ongoing basis. The ongoing funding surplus or deficit would be calculated at each valuation – the employer would make good any deficit in a manner consistent with the Funding Strategy Statement.

2. Should the employer have cash reserves available the Administering Authority may wish to consider, and discuss with the employer, whether some form of up-front payment would be appropriate to ensure that the DDA commences from a strong funding position.

3. Over time and subject to a combination of factors, including investment returns and cashflows, the funding position will vary. I may be, for example that a surplus could build up on the ongoing funding basis (this might be expected, as the ongoing funding basis includes a margin for prudence). Alternatively, the employer's deferred status with no active contributions flowing into the fund could prevent any surplus from arising.

4. Should a surplus arise to the extent that the assets are sufficient to cover the cessation liabilities the DDA would be expected to fall away and the employer become an exiting employer, without any requirement for an exit payment. The employer will then have paid only the contributions required to cover the ongoing liabilities – the rest will have been achieved through investment returns and/or the unwinding of prudence.

(b) When initial affordability is low, but with the prospect of increased affordability in future

1. In this case, the employer's funding basis could be set in line with the fund appropriate cessation basis. At each actuarial valuation the remaining cessation deficit would be assessed, and secondary rate contributions put in place to address the deficit. The level of the secondary contributions may also take into account changes in the employer's affordability. If affordability/covenant improves between valuations, the Rates and Adjustments certificate could be reviewed (under Regulation 64A) to increase contributions.

c) When the employer is very weak and must rely on future investment returns to fully or partially fund the cessation debt.

1. In some cases, the employer may be very weak, but not facing imminent insolvency. In these cases, the fund might decide that it is better to agree to put in place a DDA over an appropriately long period, effectively relying on

investment returns to make up most of the cessation deficit. This is clearly far from ideal, but the fund might consider that it is better to receive some level of contributions from the employer rather than crystallising a cessation debt and forcing immediate insolvency.

2. In this and potentially other circumstances where a DDA is being considered the possibility of the employer covenant being supported by obtaining some form of guarantor could be considered.

3. If a guarantor already exists it will be important to involve them in the process. However, care will need to be taken to ensure confidentiality of sensitive information is maintained and that any potential conflicts of interest are effectively managed.

d) *When the employer expects to continue to employ members in the LGPS, but temporarily has no active members*.

1. For example, this might happen with a small employer where the very few active members opt out of the fund but will be re-enrolled under auto-enrolment. In this case, a DDA might be preferred, as it would allow the employer to continue to be associated with the fund. An alternative approach would be to use a suspension notice permitted under Regulation 64 (2A)

e) *When the cessation debt can be afforded over a relatively short period, but not immediately*.

1. In this case, a DSA might be preferred, as it would allow the employer to remove obligations to the fund as quickly as is affordable, which would remove the administrative burden of liaising with the fund and the need to disclose an FRS102 accounting deficit. Conversely, where the debt can only be afforded over a longer period, a DDA might be preferable, as it allows the position to be updated over time in the light of changing funding positions.

Q14. What form should a Deferred Debt Agreement take?

1. An example of a framework DDA is included at Schedule A. This has been compiled with the assistance of Eversheds Sutherland as legal advisors to the SAB. Administering Authorities may wish to use this framework to develop a bespoke DDA, which should be an intrinsic element of the discussions not a tick box exercise at the end of the process.

Q15. What will be the discretions applicable to a deferred or exiting employer?

1. A table of discretions is included at Schedule B. This shows how each of the discretions under the scheme apply to active, deferred and existing employers.

Section 2 - Employer guidance on new LGPS flexibilities

Overview

1. These regulations have been laid because the powers they grant had been requested by employers and Administering Authorities for some time. They received strong support from scheme stakeholders through the consultation process.

2. Employers are reminded that while it is not mandatory for Administering Authorities to exercise these new powers, those that do are required to set out how the flexibilities will apply in their FSS, in line with statutory and SAB guidance. This will ensure consistency of treatment between employers and allow for transparency in the process. Administering Authorities are expected to consult on changes to the FSS with affected parties, including their employers.

3. It is intended that these new regulations provide a formal basis for discussion between employers and their fund on these issues so employers should feel able to approach their fund should they wish to investigate how they may apply in their case.

4. Administering Authorities are under no obligation to use these new regulations although the SAB are encouraging their use. If an employer's fund has chosen not to use the flexibilities, they should be asked to clearly state their reasons.

5. Although it is hoped that decisions under these regulations can be reached by the Authority to the satisfaction of the employer that may not always be the case. Those funds which do use these regulations will be expected to have in place a transparent process for dealing with appeals against their decisions. This is set out further in question 11 of the guide for Administering Authorities.

Review of Contributions

1. This power has been granted to Administering Authorities and employers to recognise that employer circumstances can and do change in between triennial valuations by respectively initiating or seeking a review of contributions.

Q1. What is a review?

1. Administering authorities now have the power to consider whether the contribution rate agreed for an individual employer as part of the most recent triennial valuation remains appropriate, in advance of the next formal valuation

date. In most cases a review would mean a reassessment of the employer's covenant with a view to potentially changing the employer contribution rate. The employer in question will have to be consulted as part of the review.

Q2. When might it take place?

1. There are three scenarios where a material change has taken place that could indicate a review of the employer contribution rate could be necessary:

    a. Administering Authorities may review the contributions of an employer where there has been a significant change to the liabilities of that employer, for example, if there has been a bulk transfer. This should not be interpreted as allowing a review to be undertaken if the funding level associated with a particular employer changes, for example, due to a change in asset values, as this would be managed through the triennial valuation process.

    b. Administering Authorities may review the contributions of an employer where there has been a significant change in the employer's covenant, for example, through business restructuring or merger.

    c. An employer may request a review of contributions from the Administering Authority, for example, if the employer believes their circumstances have changed significantly such as through a material change in their LGPS employee numbers. Employers may also wish to ask for a review of their contribution rate alongside the provision of additional security to the fund or if there are other reasons for believing the covenant strength has improved, for example, the employer has been taken over by a stronger parent organisation.

2. Your Administering Authority may set out a list of "trigger events" that would automatically lead to a review of employer contribution rates between valuations. Such events may be included in the employer responsibilities, for example via the Pensions Administration Strategy, service agreement and/or admission agreement. Employers should familiarise themselves with this list to ensure that they take them into account when considering actions which may cause them to trigger a review, and to enable them to engage with their Administering Authority in advance.

3. Your Administering Authority may set some limits around when a review can take place, for example they may not be willing to undertake a review that is requested within 6 months of the next valuation date.

Q3. Can I ask for a review?

1. Either the employer or the Administering Authority can request a review. The fund's Funding Strategy Statement should set out when and how an employer

can ask for a review of their contribution rate. The Administering Authority would not be expected to consider undertaking a review unless the employer can demonstrate that there has been a significant change to its circumstances for example;

i. The securing of a security, bond, guarantee or some other form of indemnity by an employer against their obligations in the Fund.
ii. Material change in an employer's immediate financial strength (evidence should be available to justify such a view).
iii. Material change in an employer's longer-term financial outlook (evidence should be available to justify such a view).

2. The process by which an employer may request a review will be set out in the Funding Strategy Statement together with the matters to be considered when determining if such a request shall be accepted.

Q4. What could this mean for employers?

1. The review may conclude that no change is necessary or that the employer contribution rate (primary or secondary) may need to increase or decrease.

2. Should an employer request a review they would be expected to meet the reasonable costs incurred for both the employer and the fund. The fund should set out, in principle, the information it will require together with the anticipated costs of undertaking such an exercise including the process for obtaining reasonable but necessary actuarial, covenant advisory, legal and other advice, and the method of payment, before the project starts. If the costs were later expected to be significantly in excess of this, a process can be put in place between the employer and fund to monitor and manage this.

3. In addition, employers should note that the fund will be required to consider the impact on the other employers in the fund when undertaking a contribution review in order to manage how risk is shared across the scheme. For example, this could be mitigated by a request for security from the employer.

Q5. What would I need to evidence if I do ask?

1. Employers will need to be able to set out their reasons for requesting a review. This would include explaining the change in circumstances, together with evidence to back up the materiality of any change in covenant strength including financial and non-financial impacts. For example, details of any potential or planned change in business structure, ownership or credit rating, information from financial forecasts, changes in LGPS eligible staff numbers or details of security that could be provided to the fund.

2. Employers may consider whether requesting that the Administering Authority sign a confidentiality agreement would be appropriate in order to be able to share all necessary information.

Debt Spreading Arrangement

Q6. What is a Debt Spreading Arrangement?

1. Once an employer triggers an exit payment it would be calculated on the agreed basis (as reported in Funding Strategy Statement or termination policy). Although the default position remains that an exit payment is immediately payable in full, this exit payment could potentially be divided into instalments and spread over time. This could better enable the employer to afford to leave the scheme and manage the impact on the business' cashflow.

2. The structure of the Debt Spreading Arrangement would be at the discretion of the Administering Authority, regarding which they may wish to take the advice of the fund's actuary. The process by which this is decided should be set out in the Funding Strategy Statement.

3. The Administering Authority would decide whether to spread an exit payment, over what period the exit payment is to be paid and when. However, it is expected that this will follow a discussion between the Administering Authority and employer to agree a mutually acceptable payment structure. The regulations allow a significant degree of flexibility in relation to setting up the arrangement.

4. While in most cases the spreading arrangement would remain fixed for the agreed duration, the Administering Authority may feel it is appropriate to allow the terms of an agreement to be altered at a future date if, say, the employer wanted to pay the balance or there was a significant change in the employer covenant. may be set out in a side agreement.

5. The fund will be required to consider the potential impact on the other employers in the fund to ensure that competing interests are balanced. It is possible that security will be required as this will manage the risk to other employers. The FSS would be expected to include how security may be required, what this would cover and how this would be managed over time.

6. A table of discretions is included at Schedule B. This shows how each of the discretions under the scheme apply to exiting employers.

Q7. Why would it happen?

1. This power has been introduced to provide an option to those employers that face the challenge of no longer being able to afford to continue to build up future liabilities but also cannot afford to pay the exit payment as a single payment. Spreading the payment may enable them to exit in an orderly manner to the benefit of all the employers and the fund. Therefore, we would expect that in the main this sort of spreading arrangement would be put in place before the employer exits. The process by which an employer may request to investigate spreading their exit payment will be set out in the Funding Strategy Statement with an expectation of the likely timescale for reaching agreement.

2. The current option of making a full payment on exit would remain.

Q8. What needs to be considered?

1. A key question is the ability of the employer to afford the full payment at the point of exit. If the employer is able to make a single payment in full this will usually be the preferred option as this provide greater certainty for future funding and minimises the risk to other employers. Therefore, any employer wishing to use this option will have to set out clear and evidenced reasons for needing to spread the payment. In the case of weaker employers, spreading their exit payment can be a method of reducing risk to the remaining employers in the fund.

2. A further consideration for the fund is the ongoing covenant strength of the exiting employer. The Administering Authority will need to be comfortable that the duration of covenant is such that it can be relied on over the period of time over which the exit payment is spread. This will influence the length of the spreading period. There are no minimum or maximum spreading periods set out in the regulations. Employers will need to demonstrate that they are sustainable over this term or are able to provide the fund with additional security. The Administering Authority will need to set out in the Funding Strategy Statement how security will be managed over the period of the arrangement as the size of the debt reduces.

3. The fund will be required to take account of the interests of all employers and the funds as a whole when considering a request to spread an exit payment. The requirements for information necessary to inform the decision together with any requirements for security should be set out in the Funding Strategy Statement.

Q9. What information or security might be required?

1. Allowing the exit payments to be spread over an extended period may increase the risk faced by remaining employers. To manage the additional risks the Administering Authority will need to have sufficient information to be able to make a judgement on the covenant strength of the relevant employer.

Employers may already be familiar with the type of information required as many funds make detailed assessments of employer covenant as part of the valuation process.

2. This could include information on business structure and ownership, credit rating, the report and accounts, information from financial forecasts, numbers of LGPS eligible staff and details of security that could be provided to the fund.

3. It is to be expected that the Administering Authority will monitor the covenant strength over the spreading period and may consider amending or terminating the agreement.

4. The fund will need to ensure that any security required is sufficient and could be called on should the employer covenant weaken.

Q10. Will there be costs?

1. It is anticipated that spreading will be an employer driven request therefore all reasonable costs must be met by the employer. Funds should share an overview of the anticipated costs of the exercise with employers, including the process for obtaining necessary actuarial, covenant advisory, legal and other advice, and set out how payment should be made, before the project starts. Actual costs may significantly deviate from those anticipated at the start of the project and Administering Authorities will be expected to keep employers up to date with any changes during the process.

Deferred Debt Arrangement (DDA)

1. Deferred Debt Arrangements will allow employers to continue to participate in a fund when they no longer have any active members. These arrangements are well established in the private sector for multi-employer schemes. Some funds have interpreted the LGPS regulations as already allowing these types of arrangement and there are some in place. The purpose of the new regulation is to confirm that they are allowed and to encourage the consistent treatment of employers within and between LGPS funds or clear reasons for divergence.

2. A table of discretions is included at Schedule B. This shows how each of the discretions under the scheme apply to exiting employers. Employers will need to update their policies once their status changes,

Q11. What is a DDA?

1. Administering Authorities now have the power to allow an employer to defer the exit payment where they no longer have any active members, in return for an on-going commitment to meet their existing responsibilities as employers in

the LGPS. Essentially this allows the employer to continue to carry the funding risk for their past service liabilities and to pay secondary contributions to fund any deficit, calculated on the appropriate basis as set out in the Funding Strategy Statement The employer will continue to be responsible for funding their liabilities for as long as the DDA is in force

Q12. How is it different to a spread exit payment?

2. An exit payment is calculated at the date of exit using the fund actuary's basis to assess the cost of funding the employer's past service liabilities. This amount may be spread over an agreed period but is fixed. Once the spreading arrangement is in place the payments are known and predictable. In this case the employer will be classed as an exiting employer.

3. A DDA is different as the value of the past service liabilities can be revisited with the secondary contribution rate adjusted accordingly. Therefore, it will require more regular monitoring and the DDA would remain subject to the ongoing agreement of the Administering Authority. It is anticipated that each DDA would at least be reviewed as part of the triennial valuation process. Therefore, the contributions payable may change at each future valuation and the actual duration over which the employer will be required to continue to fund the deficit will be unknown at the start. In this case the employer will have ongoing responsibilities as a deferred employer in the LGPS.

4. Employers who may be subject to a DDA are encouraged to discuss any potential impact on their accounting treatment with their auditors.

Q13. What needs to be considered?

1. In order for an Administering Authority to agree to set up a DDA, the employer will need to be able to demonstrate that it has sufficient strength of covenant so that the fund and the other employers are not exposed to undue risk. In particular, the Administering Authority will need to be assured that the covenant is not expected to weaken over time. Therefore, the employer will need to demonstrate their duration of covenant, as they would with any recovery plan, and to engage in future discussions on covenant as part of the valuation. In some cases, the Administering Authority may request additional security and/or an up-front cash injection in order to be comfortable to set up a DDA. The process by which an employer can request to be considered for a DDA and the nature of the evidence (including covenant assessment) which the authority would take into account when determining whether or not to grant a DDA will be set out in the Funding Strategy Statement.

Q14. How will it work once agreed?

1. The arrangement would need to be reviewed regularly as part of the triennial valuation process and referenced in the valuation report. Funds will need to have a process in place for regular engagement and monitoring of the

employer's covenant and may need a process in place to allow the amendment or termination of the arrangement, triggering the exit payment, should there be a significant deterioration in covenant. This process .may in time be set out in the Funding Strategy Statement or more likely the DDA itself. It is possible that a DDA could lead into a spreading arrangement to allow a managed exit from the fund should the employer become an exiting employer.

2. The DDA could also potentially be terminated by the employer, if at a future point the employer wished to entirely exit the scheme. At this point, if there was a past service deficit, the required exit payment would be calculated (and possibly a spreading arrangement considered).

Q15. Will there be costs?

1. As a DDA request would be expected to be driven by an employer, all reasonable costs of the employer and the fund would be payable by the relevant employer. Where possible, the administration authority should outline the potential costs of such an exercise including the process for obtaining necessary actuarial, covenant advisory, legal and other advice, and how payment would be made, before the project is started. Should the actual costs significantly exceed the predicted cost the fund should engage with the employer to inform them of this and assess how this will be managed.

Schedule A

Example Deferred Debt Agreement

CONTENTS

This Agreement is made on 2020

PARTIES:

(1) **[INSERT NAME]** of **[**insert address**]** (the "**Administering Authority**"); and

(2) **[[INSERT NAME]** of [insert address] (the **"Deferred Employer"**).**]**

BACKGROUND:

(A) The Administering Authority is an Administering Authority as defined in the Regulations. It administers and maintains the Fund.

(B) The Deferred Employer [is/was] a Scheme employer as defined in the Regulations and participated in the Fund until the Exit Date. The Fund has liabilities in respect of benefits in respect of the Deferred Employer's current and/or former employees.

(C) In accordance with regulation 64(1) the Deferred Employer became an 'exiting employer' on the Exit Date[1] as a result of it [ceasing to be a Scheme employer for the purposes of the Regulations] OR [no longer having an active member contributing towards the Fund]. [2]

(D) The Administering Authority has not issued a suspension notice to the Deferred Employer in accordance with regulation 64(2A).

(E) The Administering Authority has obtained:

(i) an actuarial valuation as at the Exit Date of the liabilities of the Fund in respect of benefits in respect of the Deferred Employer's current and/or former employees; and

(ii) a revised rates and adjustments certificate showing the Exit Payment due from the Deferred Employer (see the Appendix to this Agreement).

(F) The parties have agreed to enter into this Agreement to allow the Deferred Employer to defer its obligation to make the Exit Payment and to continue to make contributions at the Secondary Rate of Contributions on the terms set out in this Agreement.

(G) This Agreement is a deferred debt agreement for the purposes of the Regulations and the Deferred Employer shall become a deferred employer for the purposes of regulation 64(7C) with effect from the [Start Date].[3]

(H) Prior to entering into this Agreement, the Administering Authority:

(i) consulted the Deferred Employer; and

(ii) has had regard to the views of the Actuary. [4]

(I) The Administering Authority's policy on deferred debt arrangements is set out in its funding strategy statement published in accordance with regulation 58.

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1 The drafting assumes that this Agreement is being entered into after the Exit Date once it is known that an Exit Payment exists.

2 The last active member in respect of the Scheme Employer must have left the Scheme.

3 The Agreement must state the date on which the Scheme Employer becomes a deferred employer.

4 Both of these requirements must be satisfied before the Administering Authority enters into the Agreement.

OPERATIVE PROVISIONS:

1. **INTERPRETATION**

1.1 The following expressions have the following meanings:

"Actuary"	an actuary appointed from time to time by the Administering Authority
"Business Day"	any day other than a Saturday or a Sunday or a public or bank holiday in England
"Exit Date"	[INSERT DATE]
"Exit Payment"	The sum of [£INSERT] being the exit payment due from the Scheme Employer in accordance with regulation 64(2)
"Expiry Date"	[INSERT DATE] or any other date which may from time to time be stated in an Extension Notice
"Extension Notice"	a notice substantially in the form of the notice at the **Schedule to this Agreement (Specimen Extension Notice)**
"Primary Rate of Contributions"	The primary rate of contributions in respect of the cost of future accrual as determined under regulation 62(5) as revised from time to time following an actuarial valuation of the Fund until the termination of this Agreement
"Regulations"	the Local Government Pension Scheme Regulations 2013 (SI 2013/2356)
"Scheme"	the Local Government Pension Scheme, established and governed by the Regulations
"Secondary Rate of Contributions"	the secondary rate of contributions as determined under regulation 62(7) as revised from time to time following an actuarial valuation of the Fund until the termination of this Agreement. The initial secondary rate of contributions can be found in the revised rates and adjustments certificate at the Appendix to this Agreement[5]
"Start Date"	[INSERT DATE]

1.2 Expressions which are not defined in this Agreement, but which are used in the Regulations have the same meaning as in the Regulations, unless the context requires otherwise.

1.3 Except where otherwise expressly stated, a reference to a numbered "regulation" in this Agreement is to the relevant provision of the Regulations.

1.4 This Agreement includes a heading at the start of each clause. This is included for information only, and do not affect the interpretation of the Agreement.

[5] This assumes the revised rates and adjustments certificate showing the Exit Payment will also set out the initial secondary rate contributions for the purposes of this Agreement.

1.5 Any reference in this Agreement to a statute or statutory provision includes any subordinate legislation made under it, and is to be construed as a reference to that statute, statutory provision or subordinate legislation as modified, amended, extended, consolidated, re-enacted or replaced and in force from time to time.

1.6 Words such as "in particular", "includes" or "including" do not limit the meaning of the general words preceding them.

1.7 References to "in writing" or "written" do not include e-mail or any other methods of electronic messaging.

2. DEFERRED DEBT AGREEMENT

The parties confirm that:

2.1 this Agreement is a deferred debt agreement for the purposes of regulation 64(7A); and

2.2 by entering into this Agreement, the Deferred Employer shall become a deferred employer for the purposes of regulation 64(8) with effect on and from the Start Date.

3. THE REGULATIONS

3.1 Regulations to take priority

In the event of a conflict between the provisions of this Agreement and the Regulations, the rights and obligations of each party to this Agreement will be determined by the Regulations.

3.2 Future changes to the Regulations

If the Regulations as in force at the date of this Agreement are materially amended or modified at any later date in relation to deferred debt agreements, the parties agree that they will negotiate in good faith with a view to agreeing appropriate amendments to this Agreement to reflect the changes made to the Regulations.

4. START DATE

This Agreement has effect on and from the Start Date.

5. DEFERRED EMPLOYER UNDERTAKINGS

5.1 Compliance

The Deferred Employer undertakes to:

(a) comply with all the requirements on Scheme employers under the Regulations except the requirement to pay contributions at the Primary Rate of Contributions;

(b) continue to adopt the relevant practices and procedures relating to the operation of the Scheme and the Fund as set out in any employer's guide produced by the Administering Authority and provided to the Deferred Employer; and

(c) comply with all applicable requirements of data protection law relating to the Scheme and with the provisions of any data-sharing protocol produced by the Administering Authority and provided to the Deferred Employer.

5.2 Provision of information

The Deferred Employer undertakes to promptly provide all such information about the Deferred Employer (and its wider corporate group if applicable) that the Administering Authority may reasonably request in order to administer and manage this Agreement,

including without limitation, financial information regarding the Deferred Employer's ability to meet the contributions payable under this Agreement.

The Deferred Employer must give notice to the Administering Authority immediately, of any actual or proposed change in its status, including take-over, change of control, reconstruction, amalgamation, insolvency, winding up, liquidation or receivership or a material change to its business or constitution.

6. [CONDITIONS

[INSERT DETAILS OF ANY CONDITIONS SET BY THE ADMINISTERING AUTHORITY AS A REQUIREMENT FOR ENTERING INTO THIS AGREEMENT]

[This section is likely to contain key elements of the agreement for example security arrangements, up front payments, monitoring proposals and triggers. These should be set out in detail here rather than relying on side letters.]

7. CONTRIBUTIONS

7.1 Undertaking to make contributions

The Deferred Employer undertakes to pay to the Administering Authority contributions at the Secondary Rate of Contributions during the term of this Agreement in accordance with the payment terms set out in the rates and adjustments certificate from time to time in force (unless alternative terms are expressly agreed in writing).

7.2 Interest on late payment

If any sum payable by the Deferred Employer under **Clause 7.1** (Undertaking to make contributions) remains unpaid after the date on which it was due for payment, the Administering Authority may require the Deferred Employer to pay interest on the unpaid sum at the rate of interest specified in regulation 71(4).

8. EXPIRY EXTENSION AND TERMINATION

8.1 Expiry Date

Subject to **Clauses 8.2 (Extension Notice) and 8.3 (Early termination)**, this Agreement will expire and terminate on the Expiry Date.

8.2 Extension Notice

Where an Extension Notice is signed by both the Administering Authority and the Deferred Employer and returned to the Administering Authority, the provisions of this Agreement will continue in full force and effect, subject only to the amendment of the Expiry Date to the date set out in the Extension Notice. The use of an Extension Notice by the parties does not preclude the service of any further Extension Notice.

8.3 **Early termination**

This Agreement will terminate before the Expiry Date if any of the following events occurs:

Event triggering termination:
the Deferred Employer enrols new active members into the Scheme;
the take-over, amalgamation, insolvency, winding up or liquidation of the Deferred Employer (unless the Administering Authority serves a notice on the Deferred Employer that the Administering Authority is satisfied that the event would not be likely to significantly weaken the Deferred Employer's ability to meet the contributions payable under this Agreement in the next 12 months);
the Administering Authority serves a written notice on the Deferred Employer that the Administering Authority is reasonably satisfied that the Deferred Employer's ability to meet the contributions payable under this Agreement has weakened materially or is likely to weaken materially in the next 12 months; or
the Actuary assesses that the Deferred Employer has paid sufficient contributions at the Secondary Rate of Contributions to cover the Exit Payment that would have been due if the Deferred Employer had become an exiting employer on the Exit Date.

This Agreement will be deemed to have terminated on the date that the first of the above events occurs.

8.4 **Termination valuation**

On the termination of this Agreement in accordance with **Clause 8.1** (Expiry Date) or **Clause 8.3** (Early termination), the Deferred Employer shall become an exiting employer for the purposes of regulation 64(1) and may be liable to pay an exit payment or entitled to receive an exit credit (as appropriate).

The Administering Authority shall obtain:

(a) an actuarial valuation as at the date this Agreement terminates of the liabilities of the Fund in respect of benefits in respect of the Deferred Employer's current and former employees; and

(b) a revised rates and adjustments certificate showing the exit payment due from the Deferred Employer or the excess of assets in the Fund relating to the Deferred Employer over the liabilities specified in paragraph (a) above.

8.5 **Outstanding payments on termination**

Where any amount payable under this Agreement remains outstanding at the date of termination of this Agreement, the Deferred Employer must pay it in full within the period of 20 Business Days starting on that date, unless the Administering Authority and the Deferred Employer agree that it should be paid over a different period or on other terms.

8.6 **Rights on termination**

The termination of this Agreement does not affect the rights, duties and liabilities of any party accrued prior to termination, and the provisions of this Agreement which expressly or impliedly have effect after termination will continue to be enforceable.

9. **NOTICES**

9.1 **Form of notice and address for service**

Any notice under this Agreement (including an Extension Notice) must be in writing and must be served on the party to which it is to be issued at that party's registered office or, where there is no registered office, its headquarters' address.

9.2 **Methods, date and time of service**

Any notice under this Agreement must be served by one of the methods, and will be deemed to have been served at the time and on the date, set out below:

Method of service:	**Time and date service deemed to be made:**
Notice is sent by first-class post	9.00 am on second Business Day after date of posting
Notice is left at the service address, or is delivered to that address by any other means	If served between 9.00 am and 5.00 pm on a Business Day, at the time the notice is delivered to or left at the service address If served on a day which is not a Business Day, or after 5.00 pm on a Business Day, at 9.00 am on the next Business Day If served before 9.00 am on a Business Day, at 9.00 am on that day

10. **WAIVER**

If a party fails to enforce any provision of this Agreement at any time, that failure will not:

(a) be construed or deemed to be a waiver of that party's rights;

(b) affect the validity of any part of this Agreement; or

(c) prejudice that party's rights to take subsequent action to enforce any provision of this Agreement.

11. **ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement between the parties in connection with its subject matter and supersedes all prior representations, communications, negotiations and understandings concerning the subject matter of this Agreement.

12. **AMENDMENT**

This Agreement may only be amended by a deed executed by all the parties.

13. **EXECUTION IN COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which will constitute an original, but which will together constitute one agreement. This Agreement will not be effective until each party has executed at least one counterpart. The term "counterpart" includes a facsimile or scanned copy of this Agreement.

14. **GOVERNING LAW AND JURISDICTION**

This Agreement and any non-contractual obligation arising out of or in connection with it will be governed by and interpreted in accordance with the laws of England and Wales, and

the courts of England and Wales have exclusive jurisdiction to determine any dispute arising out of or in connection with this Agreement (including in relation to any non-contractual obligations).

15. **THIRD PARTY RIGHTS**

The parties do not intend that any term of this Agreement will be enforceable under the Contracts (Rights of Third Parties) Act 1999 by any person who is not a party to it.

EXECUTED as a deed and delivered on the date stated at the beginning of this Agreement.

SCHEDULE

Specimen Extension Notice

[PRINT ON THE HEADED PAPER OF THE ADMINISTERING AUTHORITY]

To: **[Deferred Employer]**

From: **[Administering Authority]**

[DATE**]**

DEFERRED DEBT AGREEMENT DATED [INSERT DATE] (the "Agreement")

We refer to the Agreement which is due to expire on **[DATE]** (the "**Expiry Date**").

We have agreed that the Expiry Date shall be extended until **[INSERT NEW DATE]**.

Except as amended by this Extension Notice, the Agreement will remain in full force and effect in accordance with its terms.

Please sign this Extension Notice below to confirm your agreement to the extension of the Expiry Date and return the signed Notice to us at the address above.

_____

Duly authorised for and on behalf of **[Administering Authority]**

_____

Duly authorised for and on behalf of **[Deferred Employer]**

THE COMMON SEAL of:

[ADMINISTERING AUTHORITY]
was affixed in the presence of:

Authorised Officer[6]

THE COMMON SEAL of:

[DEFERRED EMPLOYER]
was affixed in the presence of:

Authorised Officer[7]

OR

6 Check this execution block is appropriate for the Administering Authority.
7 Select correct form of execution block for the Deferred Employer depending on its legal status e.g. statutory body, limited company etc.

EXECUTED as a deed by

[DEFERRED EMPLOYER] acting by a director

Director signature: .....

Name: .....

in the presence of:

Witness signature: .....

Name: .....

Address: .....

.....

OR

EXECUTED as a deed by **[DEFERRED EMPLOYER]** acting by two directors or by a director and its company secretary

Director signature: .....

Name: .....

Director / secretary signature: .....

Name: .....

APPENDIX

Rates and Adjustments Certificate

[Insert COPY OF CERT

Schedule B

Table of Employer Responsibilities/Discretions

This table is to assist employer in amending their discretions policies which should be completed when their status changes.

Discretion	**Regulations**	**Active** Employer	**De**ferred Employer	**E**xiting employer
Who to offer membership to (designation bodies)	2013 r2(1B)(a), Sch 2 Part 2	employer	n/a	n/a
Who to offer membership to (admission bodies)	2013 r2(1C), r3(1)(b), r4(2)(b)	employer	n/a	n/a
Determine employee contribution rate	2013 r9	employer	n/a	n/a
Whether, how much and in what circumstances to contribute to a SCAPC	2013 r16	employer	n/a	n/a
Whether to extend 30-day deadline for a member to elect for a SCAPC to buy lost pension after an authorised absence	2013 r16	employer	n/a	n/a
Whether to offer SCAVCs and in what circumstances	2013 r17	employer	n/a	n/a
Allow a late application to convert AVCs into a membership credit	TP 2014 - r15(2A) TP2008 Sch 1 1997 r66(9)(b)	employer	employer?	n/a
Employer can direct that a total or partial refund of contributions can be made where the member left employment due to fraudulent character or grave misconduct in connection with that employment and has no right to a refund.	2013 r19(2) AR2008 r47(2) 1997 r88(2)	employer	employer	AA
Specify what elements in an employees' contract are pensionable (other than those already specified or excluded in the regulations)	2013 r20(1)(b)	employer	n/a	n/a
For APP, determine whether a lump sum made in the previous 12 months is a 'regular lump sum'	2013 r21(5)	employer	n/a	n/a
Substitute a higher level of pensionable pay where APP calculation is materially lower than the level of pay the	2013 r21	employer	n/a	n/a

employee would normally receive				
Extend the 12-month period for a member to elect for previous LGPS benefits to be kept separate or aggregated as appropriate	2013 r22(8)(b), r(7)(b), TP2014 r10(6), r10(9)	employer	n/a	n/a
Flexible retirement – whether some or all benefits can be paid	2013 r30(6) TP2014 r11(2)	employer	n/a	n/a
Flexible retirement – whether to waive reductions (whole or part)	2013 r30(8)	employer	n/a	n/a
Voluntary early payment of benefits under r30(5) – whether to waive in whole or part reductions.	2013 r30(8)	employer	employer	AA
Whether to switch on 85-year rule for members retiring voluntarily between 55 and 60 (except flexible retirement)	TP2014 Sch 2 1(2) and 1(1)(c)	employer	employer	AA
Whether to waive reductions if a member voluntarily takes early payment of benefits and has pre and post 2014 membership or just pre 2014 membership. Reductions waived on a mixture of compassionate and other grounds depending on membership dates.	TP2014 R3(1), Sch 2 para 1(2) and 2(1) BR2007 r30(5), r30A(5) and r31(5)	employer	employer	AA
To grant additional pension to a member within 6 months of leaving by reason of redundancy or business efficiency	2013 r31	employer	employer	AA
Whether to use a certificate issued by an IRMP under the 2008 Scheme to make a determination under the 2014 Scheme	TP2014 r12(6)	employer	employer	AA
Determine whether a person in receipt of a tier 3 ill health pension has started gainful employment	2013 r37(3) and (4)	employer	employer?	AA
Whether to recover any overpaid tier 3 ill health pension where gainful employment started	2013 r37(3)	employer	employer?	AA
Decide whether to agree to the request for payment of an ill health pension to a deferred member	2013 r38(3) BR2008 r31(4)	employer	employer?	AA
Decide whether to agree to the request for payment of an ill health pension to a deferred pensioner member	2013 r38(6) BR2008 r31(7)	employer	employer?	AA

Whether to apply to the Sec of State for a forfeiture certificate where the member is convicted of a relevant offence for which their employment ended	2013 r91(1) and r8(8) AR2008 r72(1) and (6)	employer	employer?	AA
Where forfeiture certificate is issued, whether to direct that benefits are to be forfeited (other than GMP rights)	2013 r91(4) AR2008 r72(3) 1997 r111(2) and (5)	employer	employer?	AA
Where forfeiture certificate is issued whether to direct interim payments out of the pension fund until decision is taken to apply the certificate or pay benefits	2013 r91(1) and (2) AR2008 r73(1) and (2) 1997 r112(1)	employer	employer?	AA
Whether to recover from the pension fund any monetary obligation or, if less, the value of the member's benefits where the obligation was incurred as a result of a grave misconduct or a criminal, negligent or fraudulent act or omission in connection with the employment and as a result of which the person has left employment.	2013 r93(2) AR2008 r74(2) and 76(2) and (3) 1997 r113(2) and r115(2) and (3)	employer	employer? any point?	AA
Whether, if the member has committed treason or been imprisoned for at least 10 years for one or more offences under the Official Secrets Acts, forfeiture or recovery of a monetary obligation should deprive the member or the member's surviving spouse or civil partner of any GMP entitlement.	2013 r95(2)	employer	employer?	AA
Agree to bulk transfer payment	2013 r92(1)(b)	Employer /AA / trustees of new scheme	Employer /AA / trustees of new scheme?	?
Extend time limit for the acceptance of transfers in beyond 12 months from joining	2013 r100(6)	employer and AA	n/a	n/a
Issue a certificate of protection where member failed to apply for one (pay cuts/restrictions pre 1 April 2008)	TP2014 r3(1)(a) 1997 r23(4)	employer	employer?	AA
Whether to allow a variable time employee to elect to have their final pay calculated as the average of all fees for any consecutive three years ending	BR2007 r11(2)	employer	n/a	n/a

on 31 March within the period of 10 years ending with the last day they were an active member				
Allow a late application by a Welsh councillor member to pay optional contributions for a period of absence	1997 r18(6) and (7)	employer	n/a	n/a
Allow a Welsh councillor who has opted out to re-join	1997 r7(9)(a)	employer	n/a	n/a
Allow payment for early payment of deferred benefits on or after 50 and before age 55 (would be an authorised payment)	1997 r31(2)	employer	employer?	AA
To extend the 12-month aggregation window for a Welsh Councillor to aggregate councillor benefits in the same fund	1997 r32(8A)	employer	n/a	n/a
Decide, in the absence of an election from the member within 3 months of being able to elect, which benefit is to be paid where the member would be entitled to a pension or lump sum under 2 or more regulations in respect of the same period of Scheme membership.	1997 r34(1)(b) 1995 D10	employer	employer?	AA
Consent to a member's former employer assigning to the new employer rights under any SCAVC life assurance policy	1997 r71(7)(a)	employer	n/a	n/a
Employer may deduct contributions from a councillor's pay or reserve forces pay.	1997 r89(1) and (2)	employer	n/a	n/a