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LGF Reform and Pensions Team
Ministry of Housing, Communities and Local Government
2nd Floor, Fry Building
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Dear Sirs

**LGPS: Fair Deal – Strengthening pension protection
Response to policy consultation**

This is a response to the above consultation from the Royal Borough of Windsor & Maidenhead (RBWM) in its role as the administering authority to the Royal County of Berkshire Pension Fund (RCBPF).

RBWM is generally supportive of the Government's Fair Deal policy and the introduction of this policy to the LGPS and we hope that the introduction of Fair Deal will allay some, if not all, of the concerns we currently have with the existing arrangements as they relate to pension protection.

We feel it important that scheme members' (and eligible employees') pension rights are protected upon compulsory transfer to the private sector. Under existing arrangements we are concerned that the admission of private sector employers into the Scheme is normally done so on a 'closed' basis meaning that as those existing 'transferred' Scheme members leave or retire and exit the Scheme, new employees appointed by the admission body are not admitted to the LGPS. We have grave concerns about this arrangement as it restricts the numbers of individuals eligible to join and contribute to the LGPS whilst the level of liabilities continues to increase.

However, we are supportive of the removal of the 'broadly comparable' pension scheme option for staff transfers from a future date to be set by the introduction of amending regulations.

Response to Question 1

We agree with paragraphs 15 to 17. Paragraph 18 raises further questions to which we would appreciate clarification.

- How should the term 'even if they were not formerly in the employment of the Fair Deal employer' be defined? To be granted protection an individual must surely

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Response to Question 5

We are fully supportive of the deemed employer option providing the Fair Deal employer as the deemed employer and their chosen independent service provider understand the need to set out in their commercial contract the associated pension risks. The administering authority cannot and must not be held in anyway accountable for the contractual arrangements made between the Fair Deal employer and their chosen service contractor.

Response to Question 6

We have the following comments:

- Paragraph 31 - We note it is proposed that the Fair Deal employer will have the 'option' of remaining the deemed employer for the transferred staff. Subject to the outcome of this consultation, would any consideration be given to an administering authority having the regulatory power to set out in policy that the deemed employer option would be its approved and only option.
- Paragraph 32 – For clarification purposes it would be helpful to understand fully what is meant by the term 'the service provider would not have full scheme employer responsibilities under the LGPS Regulations 2013'. Regulations should be clear as to what scheme employer responsibilities the service provider would have.
- Paragraph 34 – This would be of considerable advantage to scheme members, the administering authority and its pension administration team.
- Paragraph 35 – This paragraph seems to be proposing that the service provider will not become a 'scheme employer' as such under the deemed employer option. This would by implication seem to remove the need for any actuarial assessment to set an employer rate and bond level as currently required for admission bodies thereby providing cost savings for the service provider. It would be helpful if guidance/regulations could make it absolutely clear whether under the deemed employer option the service provider:
 - will be expected to pay the same employer contribution rate as the Fair Deal employer;
 - will or will not be required to procure a bond/indemnity of any kind;
 - will upon appointing new employees to work on the service contract admit them to the LGPS (subject to the usual rules) although those employees will be deemed to be employed by the Fair Deal employer for pension purposes (in this way the Scheme is not closed to new members);
 - has no requirement to produce an employer's policy statement as required by Regulation 60 of the LGPS 2013 Regulations;
 - will be held accountable for any additional pension costs that might arise as a result of any decision taken by the service provider e.g. strain costs; and
 - that any conditions concerning pension costs and risks are the responsibility of the Fair Deal employer and their chosen service provider as set out in their service contract (as per paragraph 37).
- Paragraphs 38 & 39 – Require further detail before being able to comment.

Response to Question 10

We are not aware of any other equalities impacts.

Response to Question 11

We believe this to be the right approach.

Response to Question 12

Whilst we believe that the draft regulations achieve this aim it would be helpful to receive clarification as to what constitutes a merger or takeover and whether at the point of exiting one Scheme, active scheme members could remain. In such a scenario would scheme members retain a right to defer their accrued pension benefits in the exiting employer's Pension Fund or would they be required to transfer those rights over to the new employer's Pension Fund?

Response to Question 13

Any guidance issued by the Secretary of State should be explicit

As requested my details are as follows:

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Yours sincerely



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