

**EXEMPT APPENDIX TO REPORT OF THE SERVICE DIRECTOR – HUMAN
RESOURCES & CUSTOMER SERVICE****LOCAL GOVERNMENT PENSION SCHEME - MITIGATING EMPLOYER RISK****1. Purpose of the Report**

- 1.1. The purpose of this report is to inform the Pensions Sub-Committee of actions undertaken in accordance with the Fund's Risk Management Strategy to assess the financial strength of fund employers and planned actions to assess and mitigate the impact on the fund should an employer cease to exist.

2. Information and Advice

- 2.1. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position in relation to the Pension Fund. The exempt information is set out in the exempt appendix'.
- 2.2. Members will be aware that risk management is a key element in the Fund's overall framework of internal control and its approach to sound governance. It provides a means of minimising the costs and disruption to the Fund caused by undesirable or unexpected events.
- 2.3. One such risk relates to the ability of employers to meet their financial responsibilities to the Fund. This may relate to the payment of on-going contributions, deficit and strain costs where applicable and / or costs associated with an employer ceasing to exist or giving notice to terminate its scheme employer status within the Fund.
- 2.4. Members will be aware that employers fall into four main categories as follows;
 - compulsory scheduled body – where the body is required to offer eligible employees access to join the scheme.
 - designating scheduled body – where the body determines which employees are eligible to join the scheme.
 - admission body, where access is determined due to the provider delivering a service by means of a contract – where staff employed in delivering the service are eligible to join the scheme subject to the content of an admission agreement.
 - admission body, where access is granted when a community of interest exists - where the body determines which employees are eligible to join the scheme subject to the

content of an admission agreement.

2.5. The Fund Actuary has identified that the Fund faces a different level of risk by category type and at employer level. An action plan will therefore be developed to include the identification of mitigating controls as an aid to effectively managing any identified risk.

2.5 A further report will be presented to Sub-Committee on the outcome of investigations.

3. Statutory and Policy Implications

3.1 This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

4. Recommendation

4.1 The Pensions Sub-Committee is recommended to note the contents of this preliminary report and the exempt appendix . An action plan will be developed and presented at a future meeting.

MARJORIE TOWARD
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Constitutional Comments (KK)

The proposal in this report is within the remit of the Pensions Sub-Committee.

Financial Comments

Background Papers

None

Electoral Division(s) and Member(s) Affected

All