Pension Fund
Policy on Employer Exits and Flexibilities

This document sets out the approach of Durham County Council (the "Administering Authority") as administering authority of the Durham County Council Pension Fund (the "Fund") to exiting employers from the Fund, and also in respect of the review of employer contributions, employer exit payments and deferred debt agreements (collectively, 'Employer Flexibilities'). This policy takes into account changes introduced by the Local Government Pension Scheme (Amendment) Regulations 2020 and the Local Government Pension Scheme (Amendment) (No. 2) Regulations 2020. The policy also takes account of "Guidance on preparing and maintaining policies on review of employer contributions, employer exit payments, and deferred debt agreements" issued by MHCLG (now 'DLUHC').

Employer Exits Policy

1. Where an employer becomes an exiting employer, an exit valuation will be carried out in accordance with Regulation 64 of the Regulations. That valuation will take account of any activity as a consequence of exit regarding any existing contributing members (for example any bulk transfer payments due, and any asset transfer associated with the transfer of active members to another employer in the Fund) and the status of any liabilities that will remain in the Fund.

2. In particular, the Administering Authority will seek to minimise the risk to other employers in the Fund that after exit any deficiency arises on the liabilities of the exiting employer such that this creates a cost for those other employers to make good the deficiency. To give effect to this, the Administering Authority will seek funding from the outgoing employer sufficient to enable it to match the liabilities with low risk investments, generally UK Government fixed interest and index linked bonds.

3. The exit valuation will assess the assets held as at the exit date in the Fund in respect of the exiting employer, as compared to the liabilities of the Fund in respect of benefits attributable to the exiting employer's current and former employees. The exit valuation will normally conclude that there is either:

   3.2. a deficit, in that the liabilities have a higher value than the assets; or

   3.3. a surplus, in that the assets have a higher value than the liabilities.

4. When calculating the liabilities in the Fund in respect of the exiting employer, an increase ~~of 0.6%~~ will be applied to these liabilities to allow for the potential increase in benefits due to the cost management process and the McCloud[1] judgement, as advised by the Fund Actuary. ~~The form and extent of any such increase in benefits is currently uncertain, and so this is an approximate allowance calculated to cover the expected increase in liabilities for an average employer in the fund. The adjustment to apply to liabilities on exit has been calculated consistently with the addition to contribution rates applied at the 2019 valuation (see paragraph 5).~~

~~5. The 0.6% above is calculated as follows: 5.1. 2.8% of pay increase to active past service liabilities as set out in our advice on McCloud for the valuation (re-attached for convenience), equivalent to 0.35% of total liabilities; plus~~

~~5.2. 0.3% pay increase in contribution rate (0.9% pay allowance made at the valuation in contribution rates vs 0.6% pay calculated in respect of McCloud only in the attached advice) plus the future service cost in respect of McCloud (0.4% pay pa) capitalised over the 3 year period of the current Rates and Adjustments Certificate, equivalent to 0.26% of total liabilities.~~

1 Lord Chancellor and Secretary of State for Justice and another v McCloud and others; Secretary of State for the Home Department and others v Sargeant and others, [2018] EWCA Civ 2844

~~6.~~5. Where the exit valuation shows a deficit, an exit payment will usually be required from the exiting employer. The administering authority, at its sole discretion, may allow phased payments.

~~7.~~6. The Administering Authority may, with the consent of the scheme employer in question, allow another employer in the fund to subsume the assets and liabilities of the exiting employer. This may include the Administering Authority agreeing to the other scheme employer accepting ongoing liability for any deficit in substitution of the requirement for an exit payment from the exiting employer.

~~8.~~7. For exits on or after 14 May 2018, where the exit valuation shows that there is a surplus in the Fund in respect of the exiting employer, the Administering Authority will follow the process set out in paragraphs ~~9~~ 8 to ~~15~~ 14 below.

~~9.~~8. As soon as is practicable after the production of the applicable exit valuation, the Administering Authority will notify the exiting employer and, where the exiting employer has been admitted to the fund as an admission body:

8.1. any party that has given a guarantee under paragraph 8 of Part 3 to Schedule 2 to the Regulations;

8.2. (in respect of admissions under paragraph (1)(d) of Part 3 of Schedule 2 to the Regulations) any scheme employer connection with the exercise of whose function the exiting employer was providing a service or assets; and

8.3. any employer who has provided a subsumption guarantee in respect of the exiting employer.

of the fact that the exit valuation shows a surplus, that the Administering Authority intends to make a determination of whether this surplus should be passed in whole or in part to the exiting employer, and to request that each party, within 14 days, provides their written representations to the Administering Authority in relation to any factors which, in their view, would influence such a decision and make the payment of a surplus to the exiting employer more or less appropriate.

9. The representations of the parties mentioned in paragraph ~~9~~ 8 above may (but need not) detail any risk sharing arrangement agreed between the parties as regards the participation of the exiting employer in the Fund.

10. The Administering Authority will make a determination of the amount of the exit credit (if any) payable to the exiting employer. In reaching this decision the Administering Authority will have regard to the following factors:

~~9.1.~~10.1. the extent to which there is a surplus;

~~9.2.~~10.2. the proportion of the excess of assets which has arisen because of the value of the exiting employer's contributions;

~~9.3.~~10.3. the representations received from the parties under paragraph ~~9~~8;

~~9.4.~~10.4. where part or all of the surplus relates to an increase in the value of the assets of the Fund as at exit date due to better-than-expected investment growth or returns, the extent to which that increase in asset value can be regarded as a stable and long-term value increase;

~~9.5.~~10.5. (where the Administering Authority is aware of the same) whether or not the exiting employer has been exposed to the full financial risk of participation in the Fund and the existence of any risk-sharing arrangements in place with third parties;

~~9.6.~~10.6. the date on which the admission and/or commercial arrangements between the exiting employer and scheme employer came into effect, and whether therefore the parties had the opportunity to deal with the chance of an exit credit in their contractual arrangements; and

~~9.7.~~10.7. any other relevant factors.

~~10.~~11. No single factor will be conclusive and the Administering Authority will consider all the circumstances in the round in coming to its decision on the correct level of an exit payment. In order to help the parties in formulating their representations, the Administering Authority sets out below the factors it may consider, and some guidance as to the usual implication of those factors: :

Factor	**The Administering Authority's view on how this may influence the determination**
The extent to which there is a surplus	Will not of itself influence the determination in favour or against the exit credit, but the Administering Authority may decide to truncate the determination process where the surplus is so small as to make the full process administratively disproportionate;
The proportion of the excess of assets which has arisen because of the value of the exiting employer's contributions	In general, the Administering Authority considers that where the surplus exceeds the total employer contributions received over the course of the admission, this would weigh against the payment of the full surplus as an exit credit;
The representations received from the parties	Dependent on their content;
Where part or all of the surplus relates to an increase in the value of the assets of the Fund as at exit date due to better-than-expected investment growth or returns, the extent to which that increase in asset value can be regarded as a stable and long-term value increase;	In general, the Administering Authority considers that where the exit took place at a time when the value of assets held by the Fund were unexpectedly high, and subsequently declined, or appear to the Administering Authority reasonably likely to decline in the short or medium term, then this will weigh against the payment an exit credit (either in full or in part dependent on the circumstances). Where the Authority relies on this factor in making a determination, it will provide the parties with details of why it considers that is the case;
Whether or not the exiting employer has been exposed to the full financial	In general, the Administering Authority considers that where the exiting employer

risk of participation in the Fund and the existence of any risk-sharing arrangements in place with third parties	has not been exposed to the usual financial risks associated with admission by reason of its commercial arrangements with third parties (for example the scheme employer), this would weigh against the payment of an an exit credit (either in full or in part dependent on the circumstances of the arrangement in question);
The date on which the admission and/or commercial arrangements between the exiting employer and scheme employer came into effect, and whether therefore the parties had the opportunity to deal with the chance of an exit credit in their contractual arrangements	In general, the Authority considers that where the arrangements pre-date the introduction into the Regulations of the concept of exit credits, this will weigh against the payment of an exit credit (either in full or in part dependent on the circumstances), and where the arrangements post-date the concept of exit credits, this will weigh in favour of the payment of an exit credit (either in full or in part dependent on the circumstances); and
Any other relevant factors.	Dependent on the factor in question.

In making a determination under paragraph ~~11~~10, the Administering Authority will take such legal and actuarial advice as it considers appropriate.

14. The Administering Authority will notify each of the parties identified in paragraph ~~9~~ 8 of the amount of any surplus which it has determined should be returned to the exiting employer, if any (the "**exit credit**").

15. The Administering Authority will, unless otherwise agreed with the exiting employer, pay any exit credit to the exiting employer within 6 months of the later of the exit date and the date when the employer has provided all the necessary information required by the Administering Authority to enable the Fund Actuary to calculate the final assets and liabilities on exit.

Employer Flexibilities Policy

Spreading exit payments

1. Although the default position remains that any deficit payment would normally be levied on the exiting employer as a single capital payment, the Administering Authority may choose to allow phased payments as permitted under Regulation 64B at the request of an employer. The Administering Authority will consult with the employer to consider its request and determine whether or not spreading the exit payment is appropriate and the terms which should apply.

2. In determining whether or not to permit an exit payment to be spread, the Administering Authority will consider factors including, but not limited to:

   2.1 The ability of the employer to make a single capital payment. Where the Administering Authority considers that the employer is financially able to make a single capital payment it will not normally be appropriate for the exit payment to be spread

   2.2 Whether any security is in place, including a charge over assets, bond, guarantee or other indemnity.

   2.3 Whether the overall recovery to the Fund is likely to be higher if spreading the exit payment is permitted.

   2.4 Any actuarial, covenant or legal advice the Administering Authority deems necessary.

   2.5 The views of any guarantor, and whether the guarantee will continue in force during the spreading period.

   ~~2.5~~2.6 The written representations of the employer in relation to any factors which, in their view, would influence such a decision.

3. The employer will be required to provide details of its financial position, business plans and financial forecasts and such other information as required by the Administering Authority in order for it to make a decision on whether or not to permit the exit payment to be spread. This information must be provided within 1 month, or later date at the Administering Authority's sole discretion, of any request.

4. In determining the appropriate length of time for an exit payment to be spread, the Administering Authority will consider the affordability of the instalments using different spreading periods for the employer. The default spreading period will be three years but longer periods (not exceeding nine years) will be considered where the Administering Authority is satisfied that this doesn't pose undue risk to the Fund in relation to the employer's ability to continue to make payments over the period.

5. Whilst the default position would be for an employer to request spreading of any exit payment in advance of the exit date, it is acknowledged that a final decision by the employer (and the Administering Authority) on whether this will be financially beneficial/appropriate may not be possible until the employer has exited. At its sole discretion the Administering Authority may therefore consider a request for spreading debt on or after the date of exit.
6. Instalments due under an exit deficit spreading agreement will generally be calculated as level monthly amounts allowing for interest over the spreading period in line with the discount rate used to calculate the exit liabilities. Alternative payment arrangements may be made with the agreement of the Administering Authority as long as the Administering Authority is satisfied that they don't materially increase the risk to the Fund.
7. Where it has been agreed to spread an exit payment the Administering Authority will advise the employer in writing of the arrangement, including the spreading period; the annual payments due; interest rates applicable; other costs payable and the responsibilities of the employer during the spreading period. Where a request to spread an exit payment has been denied the Administering Authority will advise the employer in writing and provide a brief explanation of the rationale for the decision.
8. Employers will be asked to pay actuarial, legal and covenant advice ~~all~~ costs associated with the spreading agreement as well as calculation of the exit deficit (these costs will not be spread).
9. The Administering Authority will review spreading agreements as follows:
    - 9.1 The Administering Authority will generally review spreading agreements as part of its preparation for each triennial valuation and will take actuarial, covenant, legal and other advice as considered necessary.
    - 9.2 Employers will be expected to engage with the Administering Authority during the spreading period and adhere to the notifiable events framework. Notifiable events include:
    - 9.3 Material change in LGPS membership, where the definition of material is both transparent and appropriate to each fund
    - 9.4 Material change in total employer payroll and LGPS pensionable pay
    - 9.5 Change in employer legal status or constitution (to include matters which might change qualification as a Scheme employer under the LGPS Regulations)
    - 9.6 A decision which will restrict the employer's active membership in the Fund in future
    - 9.7 Any restructuring or other event which could materially affect the employer's membership.
    - 9.8 Confirmation of wrongful trading
    - 9.9 Conviction of senior personnel
    - 9.10 Decision to cease business
    - 9.11 Breach of banking covenant
    - 9.12 If the Administering Authority has reason to believe the employer's circumstances have changed such that a review of the spreading period (and hence the payment amounts) is appropriate, it will consult with the employer and a revised payment schedule may be implemented.
    - 9.13 Any review will not consider changes to the original exit amount nor interest rate applicable.

10. An employer will be able to discharge its obligations under the spreading arrangement by paying off all future instalments at its discretion. The Administering Authority will seek actuarial advice in relation to whether there should be a discount for early payment given interest will have been added over the expected spreading period. The cost of any such advice will be recharged to the employer.

Deferred Debt Agreements

11. Regulation 64(7A) permits the Administering Authority to enter into a written agreement with an exiting Scheme employer for that employer to defer their obligation to make an exit payment and continue to make contributions at the secondary rate (a 'Deferred Debt Agreement' or DDA).

~~11.~~12. DDAs will generally only be entered into at the request of an employer. The Administering Authority will then consult with the employer to consider the request and determine whether or not a DDA is appropriate and the terms which should apply (including the precise details of the DDA). As part of its application for a DDA, the Administering Authority will require information from the employer to enable the Administering Authority to take a view on the employer's strength of covenant. Information will also be required on an ongoing basis to enable the employer's financial strength/covenant to be monitored. Employers should be aware that all costs incurred by the Fund associated with a request for a DDA, whether or not this results in an agreement being entered into, and its ongoing monitoring, will be recharged to the employer.

~~12.~~13. In determining whether or not to enter into a DDA with an employer the Administering Authority will take into account the following factors, including but not limited to:

~~12.1~~13.1 The materiality of the employer and any exit deficit in terms of the Fund as a whole.

~~12.2~~13.2 The risk to the Fund of entering into a DDA, in terms of the likelihood of the employer failing before the DDA has ended, based on information supplied by the employer and generally supported by a financial risk assessment or more detailed covenant review carried out by the actuary or other covenant adviser.

~~12.3~~13.3 The rationale for the employer requesting a DDA, particularly if the Administering Authority believes it would be able to make an immediate payment to cover the exit deficit.

13.4 Whether an up front payment will be made towards the deficit, and/or any security is, or can be put, in place, including a charge over assets, bond, guarantee or other indemnity, to reduce the risk to other employers.

~~12.4~~13.5 The written representations of the employer in relation to any factors which, in their view, would influence such a decision.

~~13.~~14. Where ~~it is expected that~~ the employer's covenant ~~may~~ is expected to materially weaken over time the Administering Authority is very unlikely to consider entering into a DDA with that employer. Further, where an employer can demonstrably meet the exit payment in a single instalment, the Administering Authority would be unlikely to enter into a DDA. The Administering Authority is unlikely to enter into a DDA unless it is clear that this wouldn't increase risk to the Fund, e.g. if the employer was fully taxpayer-backed and sufficient assurance was in place that all contributions due, including any residual deficit at the end of the DDA, would be met in full.

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~~Administering Authority will require information from the employer to enable the Administering Authority to take a view on the employer's strength of covenant. Information will also be required on an ongoing basis to enable the employer's financial strength/covenant to be monitored. Employers should be aware that all costs incurred by the Fund associated with a request for a DDA, whether or not this results in an agreement being entered into, and its ongoing monitoring, will be recharged to the employer.~~

15. The matters which the Administering Authority will reflect in the DDA, include:

    15.1 An undertaking by the employer to meet all requirements on Scheme employers, including payment of the secondary rate of contributions, but excluding the requirement to pay the primary rate of contributions.

    15.2 A provision for the DDA to remain in force for a specified period, which may be varied by agreement of the Administering Authority and the deferred employer.

15.3 A provision that the DDA will terminate on the first date on which one of the following events occurs: - the deferred employer enrols new active members; - the period specified, or as varied, elapses; - the take-over, amalgamation, insolvency, winding up or liquidation of the deferred employer; - the Administering Authority serves a notice on the deferred employer that it is reasonably satisfied that the deferred employer's ability to meet the contributions payable under the deferred debt arrangement has weakened materially or is likely to weaken materially in the next 12 months; or - the Fund Actuary assesses that the deferred employer has paid sufficient secondary contributions to cover the exit payment that would have been due if the employer had become an exiting employer on the calculation date.

15.4 The responsibilities of the deferred employer.

15.5 Conditions triggering the implementation of a recovery plan, i.e. when the secondary contributions payable and/or the period of the DDA may be varied.

15.6 The circumstances triggering a cessation of the arrangement leading to an exit payment (or credit) becoming payable, in addition to those set out in Regulation 64(7E) and above.

15.7 Any other matter the Administering Authority considers relevant.

16. The Administering Authority will monitor the funding position and risk/covenant associated with deferred employers on a regular basis. This will be at least triennially and most likely annually, but the frequency will depend on factors such as the size of the employer and any deficit and the materiality of movements in market conditions or the employer's membership.

17. The circumstances in which the Administering Authority may consider seeking to agree a variation to the length of the agreement under regulation 64(7D) include:

17.1 Where the exit deficit has reduced (increased) such that it is reasonable to reduce (extend) the length of the recovery period and associated period of the DDA assuming that, in the case of the latter, this does not materially increase the risk to the other employers/Fund.

17.2 Where the deferred employer's business plans, staffing levels, finances or projected finances have changed significantly, but, in the case of a deterioration, the Administering Authority, having taken legal, actuarial, covenant or other advice as appropriate, does not consider that there is sufficient evidence that the deferred employer’s ability to meet the contributions payable under the DDA has weakened materially, or is likely to weaken materially in the next 12 months.

17.3 Where the level of security available to the Fund has changed in relation to the DDA, as determined by the Administering Authority, taking legal, actuarial or other advice as appropriate.

18. At each triennial valuation, or more frequently as required, the Administering Authority will carry out an analysis of the financial risk or covenant of the deferred employer, considering actuarial, covenant, legal and other advice as necessary. Where supported by the analysis and considered necessary to protect the interests of all employers, the Administering Authority will serve notice on the deferred employer that the DDA will terminate on the grounds that it is reasonably satisfied that the deferred employer's ability to meet the contributions payable under the deferred debt arrangement has weakened materially, or is likely to weaken materially in the next 12 months, as set out under regulation 64(7E)(d).

19. Advisory fees incurred by the Fund associated with consideration of a DDA for an exiting employer, whether or not this results in a DDA being entered into, will be recharged to the employer. This will include actuarial, legal, covenant and other advice and the costs of monitoring the arrangement as well as the initial set up. Estimated costs can be provided on request.

20. Employers are expected to make a request to consider a DDA before they would otherwise have exited the Fund under Regulation 64(1) and the normal expectation is that a request to enter into a DDA should be made in advance of that date. The employer should continue to make secondary contributions at the prevailing rate whilst the DDA is being considered unless the Administering Authority, having taken actuarial and other advice as appropriate, determines that increased contributions should be payable. In exceptional circumstances, e.g. where there has been a justifiable delay due to circumstances outside of the employer's control, and at the sole discretion of the Administering Authority, a DDA request may be considered on or after the date the employer would have otherwise exited the Fund under Regulation 64(1).

21. Deferred employers will be expected to engage with the Administering Authority during the period of the DDA and adhere to the notifiable events framework as well as providing financial and other information on a regular basis. This will be necessary to support the effective monitoring of the arrangement and will be a requirement of the DDA.

Policy on review of employer contributions

22. This Policy supplements the general funding policy as set out in the Funding Strategy Statement and should be read in conjunction with that statement. It is intended to provide transparency and consistency for employers in use of the flexibilities within the Regulations.

23. The Administering Authority will consider reviewing employer contributions between formal valuations, as permitted by Regulations 64(4) and 64A, in the following circumstances:

    23.1 it appears to the administering authority that it is likely that the Scheme employer will become an exiting employer

    23.2 it appears likely to the Administering Authority that the amount of the liabilities arising or likely to arise has changed significantly since the last valuation.

    23.3 it appears likely to the Administering Authority that there has been a significant change in the ability of the Scheme employer or employers to meet the obligations of employers in the Scheme.

    23.4 a Scheme employer or employers have requested a review of Scheme employer contributions and have undertaken to meet the costs of that review.

    For the avoidance of doubt, the Administering Authority will not consider a review of contributions under Regulation 64A purely on the grounds of a change in market conditions affecting the value of assets and/or liabilities.

24. In determining whether or not a review should take place under Regulation 64A, the Administering Authority will consider the following factors (noting that this is not an exhaustive list):

    24.1 the circumstances leading to the change in liabilities arising or likely to arise, for example whether this is the result of a decision by the employer, such as the restructuring of a Multi-Academy Trust, a significant outsourcing or transfer of staff, closure to new entrants, material redundancies or significant pay awards, or other factors such as ill-health retirements, voluntary withdrawals or the loss of a significant contract.

    24.2 the materiality of any change in the employer's membership or liabilities, taking account of the actuary's view of how this might affect its funding position, primary or secondary contribution rate.

    24.3 whether, having taken advice from the actuary, the Administering Authority believes a change in ongoing funding target or deficit recovery period would be justified, e.g. on provision or removal of any security, subsumption commitment, bond, guarantee, risk-sharing arrangement, or other form of indemnity in relation to the employer's liabilities in the Fund

    24.4 the materiality of any change in the employer's financial strength or longer-term financial outlook, based on information supplied by the employer and supported by a financial risk assessment or more detailed covenant review carried out by the actuary or other covenant adviser to the Fund.

    24.5 the general level of engagement from the employer and its adherence to its legal obligations, including the nature and frequency of any breaches such as failure to pay contributions on time and data quality issues due to failure to provide new starter or leaver forms.

    24.6 Whether the employer has requested a review in the previous 12 months. The Administering Authority is unlikely to agree to more than one review per year.

25. In determining whether or not a review for an admission body should take place under Regulation 64(4), the Administering Authority will consider the following factors (noting that this is not an exhaustive list):

    25.1 A material change in circumstances, such as the exit date becoming known, material membership movements or material financial information coming to light may cause the Administering Authority to informally review the situation and subsequently formally request an interim valuation.

    25.2 For an employer whose participation is due to cease within the next 3 years, the Administering Authority will keep an eye on developments and may see fit to request an interim valuation at any time.

    25.3 For Admission Bodies admitted under paragraph 1(d) of Part 3, Schedule 2 of the Regulations falling into the above category, the Administering Authority sees it as the responsibility of the relevant Scheme Employer to instruct it if an interim valuation is required. Such an exercise would be at the expense of the relevant Scheme Employer unless otherwise agreed.

26. Notwithstanding the above guidelines, the Administering Authority reserves the right to request an interim valuation of any employer at any time if Regulation 64(4) or 64A applies.

27. In determining whether or not a review should take place, the Administering Authority will generally focus on the materiality of any potential changes in the context of the employer concerned; its financial position and current contribution levels.

    27.1 The Administering Authority does not consider that a review is not justified just because an employer is small in the context of the Fund as a whole, noting that failure to act could make discussions at the next formal valuation more difficult and compound the risk to the Fund. However, in determining the extent and speed of any changes to the employer's contributions the Administering Authority will consider the effect on the overall funding position of the Fund, i.e. other Fund employers.

    27.2 Where contributions are being reviewed for an employer with links to another Fund employer, particularly where this is a formal organisational or contractual link, e.g. there is a tripartite admission agreement, an ownership relationship or a formal guarantee, subsumption commitment or risk sharing arrangement is in place, the Administering Authority will consider the potential risk/impact of the contribution review on those other employer(s), taking advice from the actuary as required.

28. The Administering Authority will involve the employer in the process in the following ways:

    28.1 In most cases the employer will be aware of the proposed review of their contributions since this will be triggered by an employer's action and employers should be aware of the need to engage with the Fund in relation to any activity which could materially affect their liabilities or ability to meet those liabilities. In other cases information will be required from the employer, e.g. in relation to its financial position and business plans which could be the catalyst for informing the employer that a review is being proposed.

    28.2 the Administering Authority will advise the employer that a review is being carried out and share the outcome of the review and any risk or covenant assessment as appropriate.

    28.3 the Administering Authority will inform the employer of the indicative timetable for completion of the review. In general, the results of the review will be available no more than 3 months after all data and information has been received by the Administering Authority, and the employer will be informed where there are circumstances that means this timescale will vary.

    28.4 The Administering Authority will consult with the employer on the timing of any contribution changes and there will be a minimum of 4 weeks' notice given of any contribution increases.

29. When determining whether employer contributions should be adjusted as the result of the review, the Administering Authority will consider: the materiality of the changes, representations from the employer, the proximity to the next formal valuation, the outcome of any discussions with the employer and any related/linked employer in the Fund and any other factors.

    29.1 Where, following representations from the employer, the Administering Authority is considering not increasing the employer's contributions following a review, despite there being good reason to do so from a funding and actuarial perspective, e.g. if it would precipitate the failure of the employer or otherwise seriously impair the employer's ability to deliver its organisational objectives or it is expected that the employer's financial position will improve significantly in the near-term, the Administering Authority will consult with any related/linked employers seeking their view on such an approach.

29.2 Contribution reviews under Regulation 64A are unlikely to be carried out during the 12 month period from the valuation date although if there were any material changes to the expected amount of liabilities arising or the ability of the employer to meet those liabilities during that period, this should be taken into account when finalising the Rates and Adjustments Certificate flowing from the valuation.

29.3 Employers should be aware that all costs incurred by the Fund associated with a contribution review request, whether or not this results in contributions being amended, will be recharged to the employer.

~~30.1. Any appeal against the Administering Authority's decision regarding Employer Flexibilities must be made in writing to the Pensions Manager within 6 months of being notified of the decision. An appeal will require the employer to evidence one of the following:~~

~~31.01.1 deviation from the published policy or process by the Administering Authority, or~~

~~32.01.1 any further information (or interpretation of information provided) which could influence the outcome, noting new evidence will be considered at the discretion of the Administering Authority.~~

~~33.~~30. Before requesting a review, employers should consider the regulatory requirements and the Fund's policy as set out above and satisfy themselves that there has been a relevant change in the expected amount of liabilities or their ability to meet those liabilities.

~~33.1~~30.1 The employer should contact the ~~Pensions Manager~~Head of Pensions and complete the necessary information requirements for submission to the Administering Authority in support of their application.

~~33.2~~30.2 The Administering Authority will consider the employer's request and may ask for further information or supporting documentation/evidence as required. If the Administering Authority, having taken actuarial advice as required, is of the opinion that a review is justified, it will advise the employer and provide an indicative cost.

~~34.~~31. All employers are expected to engage with the Administering Authority and adhere to the notifiable events framework as well as providing financial and other information on a regular basis. This will be necessary to support the effective monitoring of the employer's circumstances and any change in covenant. Notifiable events include:

~~34.1~~31.1 Material change in LGPS membership, where the definition of material is both transparent and appropriate to each fund

~~34.2~~31.2 Material change in total employer payroll and LGPS pensionable pay

~~34.3~~31.3 Change in employer legal status or constitution (to include matters which might change qualification as a Scheme employer under the LGPS Regulations)

~~34.4~~31.4 A decision which will restrict the employer's active membership in the Fund in future

~~34.5~~31.5 Any restructuring or other event which could materially affect the employer's membership.

~~34.6~~31.6 Confirmation of wrongful trading

~~34.7~~31.7 Conviction of senior personnel

~~34.8~~31.8 Decision to cease business

31.9 Breach of banking covenant

32. Any appeal against the Administering Authority's decision regarding Employer Flexibilities must be made in writing to the ~~Pensions Manager~~Head of Pensions within 6 months of being notified of the decision. An appeal will require the employer to evidence one of the following:

32.1 deviation from the published policy or process by the Administering Authority, or

32.2 any further information (or interpretation of information provided) which could influence the outcome, noting new evidence will be considered at the discretion of the Administering Authority.