

LONDON BOROUGH OF CAMDEN	WARD: All
REPORT TITLE: Contributions Review Policy	
REPORT OF: Executive Director Corporate Services	
FOR SUBMISSION TO: Pension Committee	DATE: 2 December 2025
SUMMARY OF REPORT: <p>This report presents the draft Contributions Review Policy for approval. The policy sets out the circumstances under which the administering authority may review employer contribution rates between triennial valuations, in line with the Local Government Pension Scheme (LGPS) Regulations and Ministry of Housing, Communities and Local Government (MHCLG) statutory guidance.</p> <p>The purpose of the policy is to provide employers with transparency and consistency, particularly in situations involving significant changes to funding, employer covenant, membership profile, or anticipated exit from the Fund. Adoption of the policy is a regulatory requirement and supports the Fund's objective of maintaining stable and affordable employer contributions while protecting the interests of all scheme members.</p>	
Local Government Act 1972 – Access to Information <p>No documents required to be listed were used in the preparation of this report.</p> <p>Contact Officer: Saul Omuco Head of Finance Treasury & Pensions Finance Corporate Services 5 Pancras Square London N1C 4AG</p> <p>Telephone 0207 974 7116 Email saul.omuco@camden.gov.uk</p>	
RECOMMENDATIONS: <p>The Committee is asked to:</p> <p>(a) Approve the Contributions Review Policy attached as Appendix A</p> <p>(b) Delegate authority to the Director of Finance (S151 Officer), after consultation with the Fund Actuary, to make minor updates to the policy as required to reflect future regulatory or guidance changes.</p>	
Signed by Director of Finance Agreed Date xx/11/2025	

1. INTRODUCTION

- 1.1 LGPS administering authorities are required to maintain and publish a written policy outlining their approach to reviewing employer contribution rates between formal valuations. This requirement is set out under Regulation 64 and 64A of the Local Government Pension Scheme Regulations 2013 (as amended), reinforced by MHCLG statutory guidance.
- 1.2 The draft Contributions Review Policy provides a structured framework for reviewing contributions outside the three-year valuation cycle. It also sets expectations for employers—particularly around the information required when an employer requests a review and how any costs will be met.

2. BACKGROUND

- 2.1 Between triennial valuations, circumstances may arise that significantly alter an employer's risk profile, funding position, or likelihood of exiting the Fund. Regulation 64A enables the administering authority to review contributions in such situations. Examples seen across the LGPS include:
 - sudden weakening of employer covenant due to insolvency risk
 - large-scale restructuring leading to a materially reduced workforce
 - employers approaching exit sooner than anticipated
 - transfers of staff to or from employers under outsourcing arrangements
 - provision, withdrawal, or change of security (bond, guarantee, indemnity)
- 2.2 The policy also clarifies that short-term market fluctuations alone are not considered a basis for revising employer contributions—reflecting common LGPS practice and ensuring stability for budget planning.

3. KEY FEATURES OF THE POLICY

3.1 Circumstances Where the Fund May Review Contributions

The policy sets out clear triggers, including:

- likelihood of early employer exit
- employer approaching exit within two years
- significant change to an employer's liabilities or membership (e.g., bulk transfers, payroll reductions)
- significant change in employer covenant or security arrangements
- employer failure to pay contributions or provide required security
- regulatory or benefit structure changes not captured in the previous valuation.

This aligns with real examples seen across other LGPS funds, particularly where councils have faced sudden contractor failure or academy reorganisation leading to unexpected actuarial impacts.

3.2 Employer Requests

Employers may request a review, provided they meet the associated costs and demonstrate sufficient grounds. The policy sets out the evidence required, such as:

- latest financial statements
- details of security, guarantees, or insurance

- budget forecasts
- information on funding sources or structural changes.

This improves transparency and avoids disputes about data sufficiency—an issue that has caused delays in other local authorities.

3.3 Impact on Other Employers

Where contribution changes could affect risk-sharing arrangements, guarantees, or multi-employer pools, the Fund will assess the wider implications and consult other affected employers.

3.4 Market Volatility

The policy states that short-term market volatility will not trigger interim Contributions Review. This is consistent with the Fund's long-term funding strategy and avoids reactive contribution adjustments.

3.5 Documentation

Where contributions are revised, the Fund will issue:

- the rationale for review
- updated employer funding position (if relevant)
- the revised contribution schedule
- monitoring arrangements

All changes will be incorporated into the Rates & Adjustments Certificate.

4. CONSULTATION AND ACTUARIAL ADVICE

- 4.1 The draft policy was prepared by the Fund Actuary, Hymans Robertson, and reviewed by officers.
- 4.2 The policy will be shared with participating employers for information following Committee approval, in line with the Fund's governance framework and Funding Strategy Statement.

5. FINANCE COMMENTS OF THE DIRECTOR OF FINANCE

- 5.1 The financial impact of this policy will vary depending on the circumstances of each cessation event. The policy strengthens the Fund's position by reducing the risk of unpaid liabilities being passed to other employers.

6. LEGAL COMMENTS OF THE BOROUGH SOLICITOR

- 6.1 Regulation 64 (4) allows the administering authority to review the contribution rate if it becomes likely that an employer will cease participation in the fund, with a view to ensuring that the employer is fully funded at the expected exit date. The Council, as administering authority, is required under Regulation 64A to maintain and publish a policy on spreading exit payments. The Regulation states that the administering authority may obtain a revision of the rates and adjustments certificate under [regulation 62](#) (actuarial valuations of pension funds) showing any resulting changes to the contributions of a Scheme employer or employers where the funding strategy statement sets out the administering authority's policy on amending contributions between valuations; and one of three conditions apply. In revising the certificate, an administering authority must (a) consult the Scheme employer or employers; and (b) have regard to the views of an actuary appointed by the administering authority. The

Guidance for Preparing and maintaining a Funding Strategy Statement (FSS) states that if including all separate policies as annexes to the FSS becomes impractical, then these should be clearly signposted within the FSS with the relevant hyperlinks to the external documents.

APPENDICES

APPENDIX A – Contributions Review Policy