# Housing Bulletin – May 2018

# SHPS valuation update

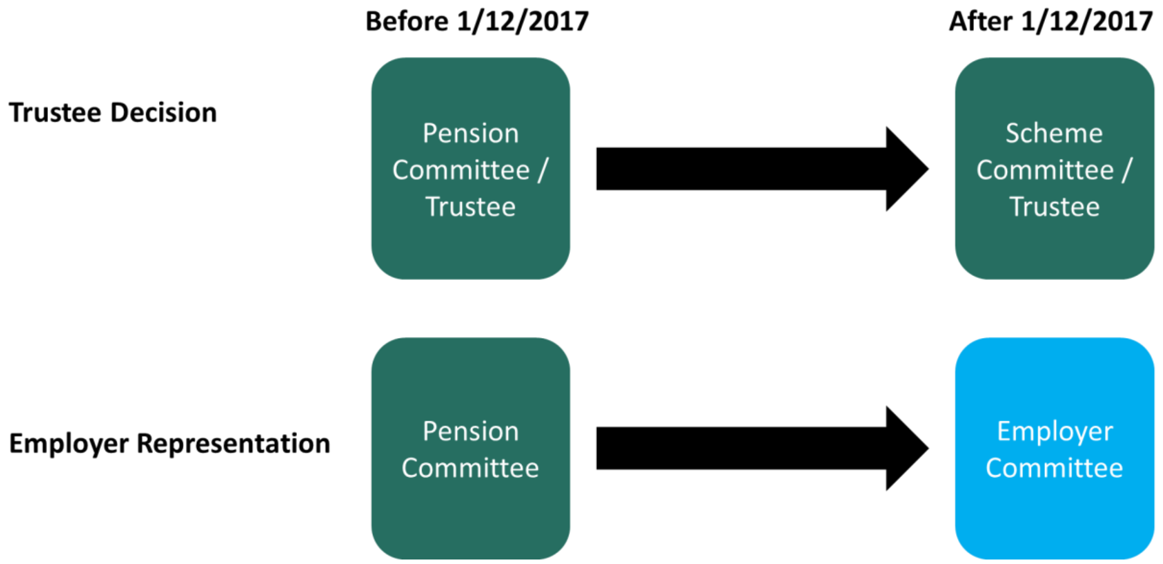
SHPS employers received an email this week from the newly-formed Employer Committee (EC) providing its first update on the 2017 valuation.

This month's bulletin provides some further background on the 2017 valuation, and explains the role of the EC.

## New governance arrangements

At the recent employer forums, SHPS explained its new governance arrangements including the introduction of two new committees from 1 December 2017: a Scheme Committee (SC) and an Employer Committee (EC).

These committees replaced the single Pensions Committee that previously tried to act in both a Trustee and employer capacity.  Its functions have now been split such that the SC has specific delegated trustee powers from the main TPT Trustee, and the EC now has the role of representing all SHPS participating employers, focusing primarily on scheme funding, investment strategy, benefit design, communication to employers and monitoring TPT service levels.




We view the establishment of the EC as a hugely positive move by SHPS, and means that employers now have a committee focused solely on representing their interests and able to directly consult with the SC and the Trustee.

## First Actuarial's role as an adviser to the EC

The EC has appointed First Actuarial as its own independent actuarial advisor following a competitive tender process. The first project is to advise the EC in relation to the 2017 valuation. First Actuarial provides independent advice to more SHPS employers than any other firm, and is therefore well-placed to properly represent a wide-range of views.

Before putting ourselves forward for this appointment, First Actuarial's management team discussed the area of potential conflicts of interests (as we do for any new client). It was agreed that we did not envisage any conflicts occurring, however, if they did we would have a clear internal process whereby a 'Chinese Wall' would be established to manage this conflict.

This is relatively easy to achieve as First Actuarial has four different offices providing housing advice with over 15 housing lead consultants (of which only two, Rob Hammond and Sam Mullock, have been appointed to advise the EC). Rob and Sam also discussed their appointment with some of their clients and the feedback was positive, with many welcoming this appointment seeing it as an alignment of interests.

## Allocation of deficit recovery contributions

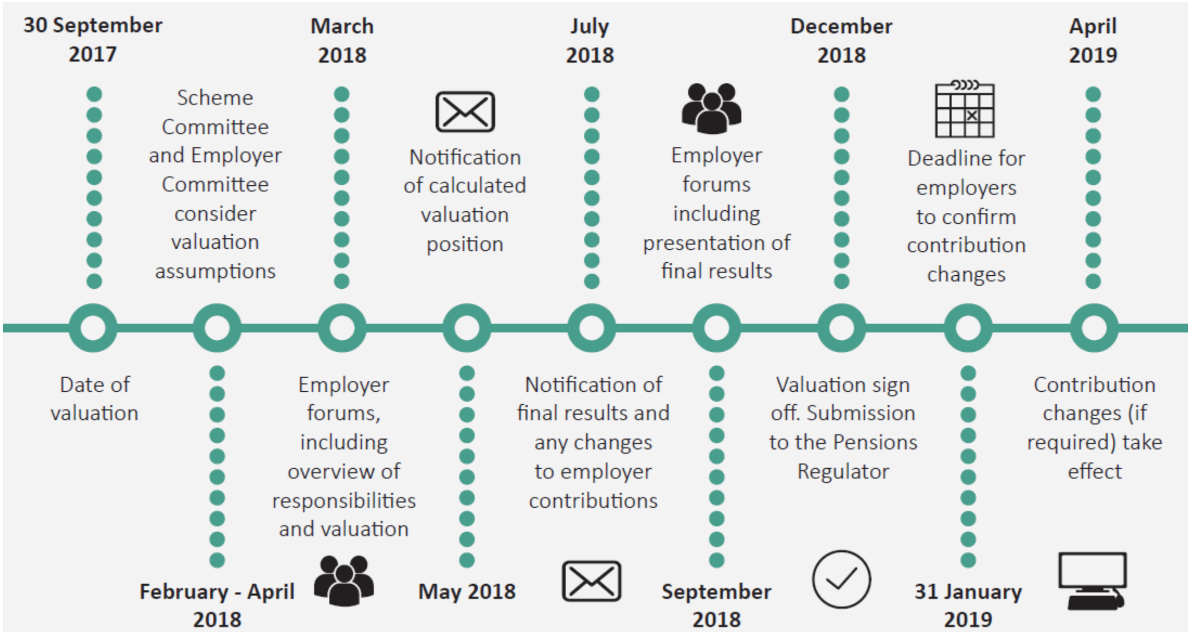
One of the issues currently being explored by both the SC and the EC is whether to change the allocation of deficit contributions in SHPS to be in line with each employer's share of liabilities.

The update from the EC this week explained that due to the way deficit contributions were allocated following the 2008, 2011, 2014 and 2017 valuations across the four 'Tiers', some employers are not making overall contributions that properly reflect their share of liabilities –with some paying 'too much' and some paying 'too little' – which could be considered to be unfair.

If you want to check if you are currently a 'winner' or a 'loser', please contact your usual First Actuarial consultant or any member of our Housing team.

## 2017 valuation timetable

SHPS shared the timetable below at the employer forums in March 2018.




Although the timetable has slipped in terms of releasing the calculated valuation position in May 2018, the EC and the SC are still working towards the target of July 2018 to release the final results and any changes to employer contributions (for deficit contributions and/or future service contribution rates), and for these contribution changes to take effect from April 2019.

If the timetable did slip further, contribution changes may need to be delayed beyond April 2019, to allow sufficient time for employers to carry out formal consultation with employees and to notify SHPS if decisions are made to increase employee contributions and/or close sections. However, we would encourage you to start planning now, so that management and Boards are up-to-speed when these important decisions need to be made.

## Are you sleeping on the job?

On 1st November 2017, HMRC launched the Social Care Compliance Scheme (SCCS) so that employers who had not paid for sleep-in shifts at the appropriate hourly rate of national minimum wage could opt-in to the scheme, limit non-payment penalties and avoid naming and shaming.

Those who don't join the SCCS will face penalties for any non-payment periods from 26 July 2017 and will be named and shamed if those penalties exceed £100.

HMRC have recently written to over 650 employers (so far) to advise them that:

- Sleep time is subject to National Minimum Wage (NMW) requirements and attracts both National Insurance and income tax; and
- Sleep time is pensionable under auto-enrolment.

If this issue potentially affects your organisation, First Actuarial can help you to:

- consider if any of your employees would have been an 'eligible jobholder' if the NMW arrears had been paid at the appropriate time;
- calculate what adjustments to the employer and employee pension contributions need to be made (for every pay period for the last six years);
- establish a pension scheme for the first time (if relevant).

## Sick of GDPR?

Yes, so are we!

Unless you are a client of First Actuarial, if you want to keep receiving every housing bulletin you will need to opt-in using the email you will have received from us. Alternatively, you can tell us you want to receive every bulletin by emailing f1rstwatch@firstactuarial.co.uk.

## Need our help?

To discuss the SHPS valuation, or any other pension matters, contact your usual First Actuarial consultant or any of our Housing Team.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