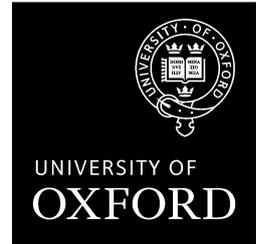


OSPS TRUSTEE LIMITED
TRUSTEE OF THE UNIVERSITY OF OXFORD
STAFF PENSION SCHEME
6 Worcester Street, Oxford OX1 2BX
From the Secretary to the Trustees



The Bursar

Ref. OSPS / MT

20 February 2019

Dear Bursar

University of Oxford Staff Pension Scheme (“OSPS”) – new regulatory notification requirements

You may recall that OSPS has two sections: a defined benefit section for employees who joined the Scheme before 1 October 2017 and a defined contribution section for new entrants on or after that date.

New regulations require the Scheme to be registered as a “Master Trust”. The legislation applies to schemes that provide defined contribution benefits and are used by two more unconnected employers and since 2012 are typically run by commercial organisations as Automatic Enrolment arrangements.

Unfortunately the definition of a Master Trust includes multi-employer schemes such as OSPS and therefore the OSPS Trustee must apply for authorisation and comply with the very substantial set of regulations.

Under the new regime Participating Employers such as [College] must notify the Scheme if any relevant events occur. Details of these requirements are set out in the attached technical note from the Scheme’s legal advisers. The Participating Employers are classified as “*scheme funders*” under the regulations.

Broadly these events are insolvency, no longer operating as a going concern, a change of legal status (for example conversion to a CIO or amalgamation of two entities) or ending participation in the Scheme.

I would ask that you take note of your new obligations in the circumstances outlined in the note, including the reporting obligations.

If you have any questions about this matter, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink that reads 'Jan Killick'.

Jan Killick

Scheme Secretary

OSPS: note for employers on scheme funder obligations



1 INTRODUCTION

- 1.1 This note is addressed to all the participating employers of the University of Oxford Staff Pension Scheme (the “**Participating Employers**” and the “**Scheme**”). It summarises the obligations of Participating Employers as “scheme funders” under the master trust legislation.
- 1.2 The Scheme falls under the master trust legislation and must be authorised by the Pension Regulator (“**tPR**”). The trustee of the Scheme (the “**Trustee**”) believes it would be helpful to circulate this note to Participating Employers. This is because all Participating Employers meet the definition of scheme funder under the master trust legislation. Please note that this paper is intended to be informative but does not constitute legal advice. Participating Employers should take their own legal advice if they have any doubts about how the master trust regime applies to them and their duties under it.

2 EXECUTIVE SUMMARY

- 2.1 The Trustee understands that all Participating Employers meet the definition of scheme funder under the master trust legislation.
- 2.2 The Scheme falls within an exemption contained in the Occupational Pension Schemes (Master Trusts) Regulations 2018 (the “**Regulations**”)¹. Therefore, most of the requirements for a scheme funder are disapplied.
- 2.3 You must notify tPR of specific triggering events² and you have a core role in helping to ensure the continued financial sustainability of the Scheme by meeting the ongoing administration costs in conjunction with the other Participating Employers. As you will know, ongoing administration costs are taken into account when the contribution rates are agreed at each triennial valuation.
- 2.4 In order for the Trustee to meet its own obligations, this note also sets out the process required by the Trustee.

3 OBLIGATIONS

Triggering events

- 3.1 As a scheme funder you are under a duty to notify tPR if certain triggering events occur. The table below sets out these triggering events and the time period in which you must notify tPR³.

¹ Regulation 28(1) of the Occupational Pension Schemes (Master Trusts) Regulations 2018

² Section 22 Pension Schemes Act 2017

³ Section 22 Pension Schemes Act 2017

Triggering Event	When the duty to notify tPR arises ⁴
1. A scheme funder has an insolvency event	The scheme funder is under a duty to notify tPR within 7 days of the date of the insolvency event.
2. A scheme funder becomes unlikely to continue as a going concern	The scheme funder is under a duty to notify tPR within 7 days
3. A scheme funder decides to end the relationship or arrangement with the Scheme	The scheme funder is under a duty to notify tPR within 7 days of the decision.
4. A scheme funder ends the relationship or arrangement with the Scheme	The scheme funder is under a duty to notify tPR within 7 days of the decision.
5. A scheme funder, scheme strategist or the Trustee decide to wind up the Scheme	<p>If a scheme funder decides to wind up the Scheme then it must notify tPR within 7 days of the decision.</p> <p>The University is the only scheme funder with the power to give notice to the Trustee to discontinue the Scheme, following which the Trustee may decide to wind-up the Scheme.</p> <p>All scheme funders are under a duty to notify tPR within 7 days of becoming aware that the decision has been made. In practice the Trustee and scheme strategist would coordinate with the scheme funders to make the notification.</p>
6. An event occurs which is required or permitted by the Scheme rules to lead to the winding up of the Scheme	<p>A scheme funder is under a duty to notify tPR within 7 days of becoming aware that the event has occurred.</p> <p>This is unlikely to be relevant and the Trustee and scheme strategist also have a duty to notify tPR that this event has occurred and in practice would coordinate with the scheme funders to make the notification.</p>
7. The Trustee decides that the master trust scheme is at risk of failure and so it is necessary to pursue a continuity option	A scheme funder is under a duty to notify tPR within 7 days of becoming aware that the decision has been made. In practice the Trustee would coordinate with the scheme funders and scheme strategist to make the notification.

⁴ Regulation 16(2)(a) of the Occupational Pension Schemes (Master Trusts) Regulations 2018

- 3.2 As the Trustee and scheme strategist also have an obligation to notify tPR on becoming aware of the triggering events listed at 1 – 4 in the above table, the Trustee requires that **the scheme funder notifies the Trustee immediately** (see contact details at paragraph 3.10 below) on the occurrence of the event so that a joint notification can be made to tPR within the statutory timescale.
- 3.3 Scheme funders are not under a duty to notify tPR if the above triggering events occur within an existing triggering event period for the Scheme⁵. The Trustee suggests you seek further guidance if relevant at the appropriate time.
- 3.4 For some further detail in relation to triggering events and notification requirements, please refer to paragraphs 381 – 386 of tPR's Code of Practice 15 (Authorisation and supervision of master trusts).

Financial Sustainability

- 3.5 A master trust scheme must be financially sustainable⁶.
- 3.6 The scheme funders, scheme strategist and the Trustee must demonstrate that together they can meet the financial sustainability requirements⁷.
- 3.7 The Trustee does not require any further information from scheme funders at the current time but will write to scheme funders if necessary in the future to request any information that may be required.

Other

- 3.8 If a scheme funder plans or experiences structural changes, it or the Trustee may need to notify tPR as soon as it becomes aware of the activity or proposed activity⁸. If this arises, we suggest contacting the Trustee immediately to allow joint consideration of whether a notification may be required.
- 3.9 A scheme funder must, as soon as reasonably practicable, inform tPR (through a written report) if it has reasonable cause to believe that a duty which is relevant to the administration of the Scheme and is imposed by law has not been or is not being complied with, where the failure to comply is likely to be of material significance to tPR.⁹ This was already an existing duty for all Participating Employers.
- 3.10 If you have any questions regarding this note and your obligations under the Scheme please contact the Scheme Secretary:

Scheme Secretary Jan Killick
Pensions Office
University of Oxford
6 Worcester Street
Oxford OX1 2BX
Tel: 01865 (6)16164
Email: osps@admin.ox.ac.uk and jan.killick@admin.ox.ac.uk

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⁵ Section 21(1)(b) Pension Schemes Act 2017

⁶ Section 5(3)(b) Pension Schemes Act 2017

⁷ Code of Practice no. 15 paragraph 203

⁸ Code of Practice no. 15 paragraph 413-414

⁹ Section 70 Pensions Act 2004