

Staff & Pensions Committee

Admissions and Termination Policy

8 June 2020

Recommendation(s)

- 1.1 That the Committee approve the amended Admissions and Termination Policy.

2. Executive Summary

- 2.1 Following an amendment to the Local Government Pension Scheme Regulations, the Admissions and Termination policy (the policy) required amendment. The regulations introduce discretions as to how a local authority pension fund will determine if an exit credit is due to a scheme employer leaving the Fund.
- 2.2 Section 6 (“Termination”) of the attached Admissions and Termination Policy (Appendix 1) has been amended to reflect these changes.

3. Financial Implications

- 3.1 The amending of the Policy to reflect the changes to the Local Government Pension Scheme Regulations concerning exit credits, will ensure the pension fund retains enough assets in the Fund to cover possible unfunded liabilities when a Scheme Employer exits.

4. Environmental Implications

None

5. Supporting Information

- 5.1 The Local Government Pension Scheme (Amendment) Regulations 2020 (the regulations), came into force on 20 March 2020 and were retrospective to 14 May 2018.
- 5.2 The regulations specifically refer to exit credits which may arise when a scheme employer exits a local authority pension fund.
- 5.3 The regulations were issued following a period of consultation on wider amendments and it is anticipated that further amending regulations regarding

the introduction of Fair Deal (to replace the existing Directions Order) for LGPS members TUPE'd and whether Colleges of FE and Sixth Form colleges have to offer membership of the LGPS, will be issued in the future.

- 5.4 The regulations introduce discretions as to how a local authority pension fund will determine if an exit credit is due to a scheme employer leaving the Fund.
- 5.5 The Fund's Admissions and Termination Policy has been revised to show how this discretion will be exercised. Briefly:
 - No exit credit will be paid to an admission body which joined the Fund before 14 May 2018 or where the agreement was rolled over / extended on the same terms which applied on joining the Fund.
 - No exit credit will be paid where the admission body participates in the Fund by way of a pass-through arrangement.
 - The Fund will pay an exit credit in line with contractual or risk sharing arrangements which specifically cover the ownership of exit credits or surpluses.
 - An exit credit will not normally be paid to an existing scheduled (e.g. an academy) or resolution body (e.g. a parish council). Generally, if an academy ceases and transfers to another academy or multiple academy trust (MAT), the assets and liabilities for that academy transfer to the new academy or MAT. If, however, an academy ceased without transfer it may be appropriate to pay an exit credit. Parish and Town Councils are pooled for actuarial purposes but if a resolution body withdrew from the pool and exited the Fund an exit payment may be payable.

6. Timescales associated with the decision and next steps

- 6.1 Following approval by the Committee the amended Admissions and Termination policy will be made available on the Fund's website.

Appendices

- 1. Admissions and Termination Policy

Background Papers

None

	Name	Contact Information
Report Author	Neil Buxton	neilbuxton@warwickshire.gov.uk
Assistant Director	Andrew Felton	andrewfelton@warwickshre.gov.uk
Strategic Director	Rob Powell	robpowell@warwickshire.gov.uk
Lead Member	Peter Butlin	peterbutlin@warwickshire.gov.uk

The report was circulated to the following members prior to publication:

Local Member(s): None

Other members