

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE

26 March 2020

Employer Cessation Policy

Purpose of the Report

1. The purpose of this report is to present to Wiltshire Pension Fund Committee an updated Employer Cessation Policy (see Appendix). The Committee is asked to consider and approve the proposed Employer Cessation Policy.

Background

2. The Fund has had a cessation policy in place for a number of years and the current version was approved on 20 September 2018
3. Following recent Regulatory changes which came into force on 20 March 2020 (with backdated effect to 14 May 2018), the Fund now has some discretion over whether to make a complete, partial or nil payment out of any cessation surpluses ('Exit Credits') to employers ceasing participation in the Fund after consideration of the circumstances involved.

Considerations for the Committee

4. The new policy aims to bring the policy up to date with legislation. Furthermore, minor adjustments to the recently agreed Funding Strategy Statement with also be needed.
5. The main area of change to the policy is to section 8 which sets out the approach the Fund would normally take to the discretion given to it. In the interests of transparency, officers have sought to set out its approach to decision making in this respect.
6. This policy has been produced in consultation with the actuary, Hymans-Robertson LLP as the policy contains certain actions the actuary would be required to undertake.

Environmental Impact of the Proposal

7. There are no known environment implications from this report.

Financial Considerations & Risk Assessment

8. In general, the application of this policy aims to reduce the risk that the Fund enters into a dispute with an employer over how to settle an employer's exit position, which could have significant financial and legal consequences to resolve. However, in general the new legislation increases the risk of challenge to the Fund's decision because it introduces a discretion which did not previously exist and typically different parties will have opposing views on what they see as the correct outcome.

Legal Implications

9. There is no legal requirement to produce a cessation policy, but the application of a policy reduces the risk of significant legal costs needing to be incurred upon cessation.

Safeguarding Considerations/Public Health Implications/Equalities Impact

10. There are no known implications at this time.

Reasons for Proposal

11. There are no known implications at this time.

Proposal

12. The Committee is recommended to approve this policy subject to a consultation with employers being undertaken in April 2020 and no material issues being raised.

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Unpublished documents relied upon in the production of this report: NONE