

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE

20 September 2018

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 10 March 2016.
3. Following recent Regulatory changes, which require the Fund to repay any cessation surpluses ('Exit Credits') to employers ceasing participation in the Fund, parts of the existing policy have become out of date.
4. Furthermore, certain scenarios concerning the merger, debrokering and cessation of academies and multi-academy trusts are not covered adequately by the existing policy and hence the proposed policy has been updated to also address these areas and provide clarity and transparency to employers over how the Fund will deal with these scenarios.
5. This policy helps address risk PEN015: *Failure to collect payments from ceasing employers*.

Considerations for the Committee

6. The new policy aims to address all of the deficiencies identified above. Changes will also be required to the Funding Strategy Statement to address some of the same points. The Funding Strategy Statement will be reviewed later this year.
7. 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

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

Financial Considerations & Risk Assessment

9. 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.
10. The policy also looks to limit the number of scenarios whereby an employer ceases and leaves 'orphaned liabilities', even if the liabilities are fully funded at the point of exit.

Legal Implications

11. 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

12. There are no known implications at this time.

Reasons for Proposal

13. There are no known implications at this time.

Proposal

14. The Committee is recommended to approve the proposed policy with effect from 1 October 2018.

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Unpublished documents relied upon in the production of this report: NONE