

London Borough of Barnet

Exit Credit Policy

Introduction

The Local Government Pension Scheme (Amendment) Regulations 2020 came into force on 20 March 2020 and are effective from 14 May 2018.

If an employer becomes an exiting employer on or after 14 May 2018 under Regulation 64 of the 2013 Local Government Pension Scheme (LGPS) Regulations (as amended) it may be entitled to receive an exit credit.

In accordance with Regulation 64(2ZAB) of the LGPS Regulations 2013, the Administering Authority will determine the amount of any exit credit (which may be zero) by considering the factors set out in Regulation 64(2ZC):

- a. the extent to which there is an excess of assets in the fund relating to that employer over the liabilities specified in paragraph (2)(a);
- b. the proportion of this excess of assets which has arisen because of the value of the employer's contributions;
- c. any representations to the administering authority made by the exiting employer and, where that employer participates in the scheme by virtue of an admission agreement, any body listed in paragraphs (8)(a) to (d)(iii) of Part 3 to Schedule 2 to these Regulations; and
- d. any other relevant factors

In determining whether an exit credit may be payable and the value of such payment, London Borough of Barnet, as Administering Authority of the LB Barnet Pension Fund (LBB) will in addition to considering factors (a) to (c) above also consider whether any contractual or informal pension risk sharing provisions existed between the exiting employer and the letting authority and/or other relevant scheme employer. Any exit credit payable will be reduced where the pension risks were wholly or partly carried by a party other than the exiting employer. For example, usually no exit credit will be payable to any employer who participates in the Fund via a pass-through agreement. Other relevant factors include:

- The exiting employer did not provide a bond or guarantee required under the admission agreement.
- There are unpaid employer or employee contributions
- The exiting employer has not provided all the data required in accordance with the Administration Strategy Statement.

Exit Credit Policy

LBB will apply the following principles.

1. If an employer becomes an exiting employer on or after 14 May 2018 under Regulation 64 of the 2013 Local Government Pension Scheme (LGPS) Regulations (as amended) it may be entitled to receive an exit credit.
2. The exit credit will be determined on the same basis as for a cessation deficit as set out in the Funding Strategy Statement. Where the exit credit is to be determined on an "on-going basis"

the discount rate to be used to value the actuarial liabilities will be the lower of the rates applicable at the date of admission and date of cessation, subject to being no lower than the discount rate applicable on a "gilts exit basis" as determined at the date of cessation.

3. Employers within a funding pool (e.g. a multi-academy trust with more than one school in the Fund) will not normally receive exit credits upon leaving the Fund with any surplus allocated to the remaining employers in the pool.
4. If an employer becomes an exiting employer under Regulation 64 of the 2013 LGPS Regulations (as amended) and an exit payment is payable to the Fund over such period of time as the administering authority considers reasonable, no exit credit will be payable at any future date in relation to that specific agreement as a participating employer.

Representations

5. In reaching its determination, LBB will consider representations from the exiting employer, the scheme employer / letting authority and anyone providing a guarantee or indemnity to the Pension Fund in respect of the exiting employer.

Other Matters

6. If there is any dispute from either party with regards interpretation of contractual, risk sharing or guarantor agreements as outlined above, LBB will withhold payment of any exit credit until such disputes are resolved by the letting authority and/or other relevant scheme employer and the exiting employer.
7. The LBB will advise the exiting employer as well as the letting authority and/or other relevant scheme employers of its exit credit determination under Regulation 64.
8. Any party who wishes to dispute the decision of LBB may use the Fund's Internal Disputes Resolution Procedure.
9. LBB accepts that there may be some situations that are bespoke in nature and do not fall into any of the categories set out above. In these situations, the decision of the LBB is final in interpreting how any arrangement applies to the value of an exit credit payment.
10. LBB will advise the exiting employer of the exit credit amount due to be repaid and seek to make the payment within six months of the exit date. To meet the six-month timeframe, LBB requires prompt notification of an employer's exit and for all data and relevant information to be provided as requested. The Administering Authority is unable to make any exit credit determination or payment until it has received all data and information required and if the delay caused by the Fund requiring data means the 6 month date is passed, the parties will work constructively to enable the Administering Authority to reach its decision as soon as possible thereafter.