

Report of the Director of West Yorkshire Pension Fund to the meeting of Joint Advisory Group to be held on 31 January 2019

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Subject: Exit Payment in respect of Yorkshire Forward

Summary statement:

This report updates the Joint Advisory Group on the agreement reached with Department for Business, Energy & Strategy on the exit payment required in respect of Yorkshire Forward.

Recommendation:

It is recommended the Members note this report.

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Director

Portfolio:

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Overview & Scrutiny Area:

1 BACKGROUND

- 1.1 Yorkshire Forward became an admission body in WYPF on 1 April 1999.
- 1.2 In accordance with normal practice at that time, the assets and liabilities in respect of Yorkshire and Humberside Development Agency were transferred to Yorkshire Forward.
- 1.3 Yorkshire Forward ceased its participation in WYPF on 31 August 2011 and Department for Business, Energy & Strategy became responsible for any liabilities in respect of Yorkshire Forward.

2 THE EXIT VALUATION

- 2.1 In accordance with regulation 38 of the Local Government Pension Scheme (Administration) Regulations 2008 an exit valuation was obtained from Aon, the Fund's Actuary. As no other participating employer in WYPF had agreed to subsume Yorkshire Forward's assets and liabilities this was calculated on the "orphan" basis.
- 2.2 Department for Business, Energy & Strategy argued that on Yorkshire and Humberside Development Agency ceasing its participation in WYPF an exit valuation should have been carried out and only the assets and liabilities of the active members transferring to Yorkshire Forward should have been transferred to Yorkshire Forward.
- 2.3 After considering this matter and obtaining a number of exit valuations on different bases from Aon, due to the time that had elapsed since Yorkshire Forward ceased its participation in WYPF and the potential costs of obtaining legal advice/counsel's opinion, WYPF agreed to an exit valuation excluding the assets and liabilities in respect of former Yorkshire and Humberside Development Agency members as it was not possible to separate these from Yorkshire Forward's assets and liabilities.
- 2.4 As a result Department for Business, Energy & Strategy paid an exit payment of £330,000 plus interest of £118,165 on 3 December 2018.
- 2.5 WYPF acknowledges that the exit payment received is lower than that initially calculated on the "orphan" basis. However, if the exit payment had been calculated on the "subsumption" basis across all the membership there would have been a surplus of £180,000.

3. RECOMMENDATION

That this report is noted.