

**Agenda Item No. 4 (g)**

**DERBYSHIRE COUNTY COUNCIL  
PENSIONS AND INVESTMENTS COMMITTEE**

**22 January 2020**

**Report of the Director of Finance & ICT**

**ADMISSION, CESSATION & BULK TRANSFER POLICY**

**1 Purpose of the Report**

To seek approval for the draft Admission, Cessation and Bulk Transfer Policy (the Policy) for Derbyshire Pension Fund (the Fund) attached as Appendix 1.

**2 Information and Analysis**

The Policy sets out the Fund's approach to the risks involved in the admission of new employers to the Pension Fund and how it deals with possible bulk transfers and employers ceasing their participation in the Fund.

A scheme employer is responsible for any surplus or deficit arising during the period of participation in the Fund so that if, or when it ceases, it is 100% funded. However, if the scheme employer was to fail or cease to exist, and any deficit could not be met by the employer or claimed from any bond, indemnity or guarantor (where appropriate), the liability would fall to the other employers in the Fund (either the awarding authority on the failure of a service provider, any guarantor employer or all other employers, depending on the circumstances and the type of employer). The purpose of this Policy is to ensure that only appropriate bodies are admitted to the Fund and that the financial risk to the Fund and to other employers in the Fund is identified, minimised and managed accordingly.

The Policy interacts with the Pension Fund's Funding Strategy Statement (FSS). The FSS sets out the aims and purpose of the Pension Fund and the responsibilities of the key parties. It also identifies how employers' pension liabilities are measured by the Fund and how such liabilities are to be met by employers in future years.

The draft Policy has been prepared in liaison with the Fund's actuary, Hymans Robertson LLP.

### **Admissions to the Fund**

The primary purpose of the Policy is to ensure that admittance to the Fund as a participating employer is limited to applicable bodies who are compliant with the Local Government Pension Scheme Regulations 2013 (the LGPS Regulations) which set out the types of employers who can participate in the scheme and the different requirements that apply to each employer.

### **Exiting the Fund**

Another key purpose of the Policy is to set out the Fund's approach to, and management of, an employer's exit as a participating employer. As noted above, a fundamental risk to the Fund and its participating employers is the cessation of a participating employer with an uncovered deficit to the Fund.

### **Bulk transfers into and out of the Fund**

The Policy also outlines the Fund's approach to dealing with the bulk transfer of scheme members' pension rights into and out of the Fund in specific circumstances where multiple scheme members are leaving or joining the Fund under specific circumstances.

The LGPS Regulations contain provisions for bulk transfers including the minimum number of cases which require a bulk transfer approach and discretion to the Fund's actuary to determine the method of calculation for the bulk transfer payment.

## **3 Financial Considerations**

All costs related to the implementation and operation of this Policy will be met by Derbyshire Pension Fund and its participating employers.

## **4 Other Considerations**

In preparing this report the relevance of the following factors have been considered: legal and human rights, equality and diversity, health, environmental, transport, property, and prevention of crime and disorder.

## **5 Officer's Recommendation**

That the Committee approves the attached draft Derbyshire Pension Fund Admission, Cessation and Bulk Transfer Policy.

**PETER HANDFORD**

**Director of Finance & ICT**



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## APPENDIX 1

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# Admission, cessation and bulk transfer policy

January 2020

Prepared in collaboration with Hymans Robertson LLP

Approved by Pensions and Investments Committee  
[xx xxxx] 2020

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## Admission/cessation policy context

### Introduction

It is essential for the Administering Authority to establish its fundamental approach to the risks involved in the admission of new employers to the fund.

The purpose of this policy is to ensure that only appropriate bodies are admitted to the Fund and that the financial risk to the Fund and to other employers in the Fund is identified, minimised and managed accordingly.

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## Guidance and regulatory framework

The Local Government Pension Scheme Regulations 2013, (“LGPS Regulations”) sets out the various types of employer that can participate in the scheme and the different requirements that apply to each. These can be summarised as:

**Bodies listed in Part 1 to Schedule 2** – the county council, district and borough councils, further education colleges, academies, police and fire services. These bodies must provide access to the LGPS to their employees (assuming they are not eligible to be members of other pension schemes)

**Bodies listed in Part 2 to Schedule 2** – often referred to as designating employers, as they have the right to decide who of their employees are eligible to join the scheme. Includes town and parish councils, as well as entities connected to bodies in Part 1 above. If a relevant designation is made the Administering Authority cannot refuse entry in to the scheme in respect of that employer.

**Bodies listed in part 3 to schedule 2** – admission bodies, who can apply to participate in the scheme. Admission bodies can encompass a variety of different types of employer. These are –

- a body which provides a public service in the United Kingdom which operates otherwise than for the purposes of gain and has sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest (whether because the operations of the body are dependent on the operations of the Scheme employer or otherwise);
- a body, to the funds of which a Scheme employer contributes;
- a body representative of any Scheme employers, or local authorities or officers of local authorities;
- a body that is providing or will provide a service or assets in connection with the exercise of a function of a Scheme employer as a result of—
  - the transfer of the service or assets by means of a contract or other arrangement (i.e. outsourcing),
  - a direction made under section 15 of the Local Government Act 1999,
  - directions made under section 497A of the Education Act 1996;
- a body which provides a public service in the United Kingdom and is approved in writing by the Secretary of State for the purpose of admission to the Scheme.

When an administering authority is considering permitting a body to become an admission body, the LGPS Regulations include some discretions relating to the creation and management of admission agreements. These discretions are considered within this policy. The discretionary areas are:

- Part 3 of Schedule 2 (para 1) – Whether or not to proceed with admission agreements;
- Part 3 of Schedule 2 (para 9(d)) – Whether to terminate the admission agreement
- Regulation 54(1) – If the Fund will set up separate pension funds in respect of admission agreements.

## Interaction with Funding Strategy Statement (FSS)

The FSS sets out high level policies in a number of areas relating to the treatment of scheme employers. The keys areas covered by the FSS are: -

- Purpose of the FSS;
- Aims and purpose of the Pension Fund;
- Responsibilities of the key parties
- Calculation of funding positions and individual employer contribution rates;
- Link to investment policy set out in the Investment Strategy Statement;
- Key risks and controls

The information contained with the FSS applies equally to admission bodies as to other participating employers within the Fund.

## Background

A scheme employer is responsible for any surplus or deficit arising during the period of participation in the Fund so that if or when that participation ceases, it is 100% funded. However, ultimately, if the body was to fail or cease to exist and any deficit cannot be met by the body or claimed from any bond, indemnity or guarantor (where appropriate), the liability will fall to other employers in the Fund (either the awarding authority on the failure of a service provider, any guarantor employer or all other employers, depending on the circumstances and the type of body). It is prudent therefore for the Fund to ensure any such risks are minimised and mitigated.

Although the risks may not be able to be eliminated completely, there are a number of options that can be considered to try and mitigate these risks. These are summarised below, with the policy position set out in Appendix 1:

- **Entry conditions** – to what extent, if any, the Administering Authority can determine entry conditions for any new employer and the manner in which those applications will be considered and approved;
- **Requirements for a bond/indemnity or guarantor** – understanding the risk that a new employer might place on the Fund, usually through underfunding on exit from the Fund, and the mitigations that can be put in place (in the form of a bond/indemnity or guarantor) to reduce or remove that risk;
- **Risk sharing** – more often adopted with admission bodies, and while not changing the full cost of the pension benefits, the Administering Authority can decide its approach to the sharing of risk with an established sponsoring employer (e.g. fixed employer contribution rates, pooling the admission body with the scheme employer, etc.);
- **Allocating assets on entry** – on admission each new employer will notionally be allocated assets in the Fund, from which time they will be tracked and employer contributions set with a view to achieving solvency should the employer leave the scheme. Depending on the type of employer concerned the Administering Authority will need to decide how that initial asset

allocation should be handled (e.g. given assets equal to 100% of the liabilities transferred or required to take on a share of any funding deficit at the outset);

- **Matched investment strategy** – the flexibility to offer an employer an investment strategy matched to its participation can reduce the risk of underfunding at exit. This can, however, be a time-consuming exercise, and so the Administering Authority must balance the risk of underfunding on exit with the additional time and cost associated with the matched strategy;
- **Contribution rates and other costs** – the Administering Authority will need to decide how the initial contribution rate is set for any new scheme employers on joining the scheme. Decisions may also be required in relation to other costs, e.g. legal or actuarial costs;
- **Pooling** – There may be circumstances where a new employer has strong links to an existing employer, or where there is homogeneity amongst certain groups of employers. In these circumstances there may be a desire on the part of the employers to share some of the pension risk, which can be achieved via a pooling agreement. In simple terms, this will allow the bodies to effectively be treated as if it were one employer. As a result the same employer contribution rate and other funding arrangements will apply (generally equally) in relation to all members;
- **Ongoing monitoring** – it is important that monitoring of scheme employers is carried out throughout their term of participation and, where considered necessary, appropriate remedial action taken to safeguard all employers within the Fund. This can be achieved via various methods, such as regular funding level reviews, risk assessments and requirements to notify the Administering Authority of any changes in circumstances;
- **Termination/exit requirements** – one of the greatest risks to the Fund (and its participating employers) is that a body ceases to exist with an outstanding deficit that it cannot pay and which will not be met by any bond, indemnity or guarantor. Under the terms of the LGPS Regulations a termination valuation is required to be carried out at the point a scheme employer ceases to participate (e.g. as a result of the last active member leaving or the termination of a contractual arrangement with another scheme employer) in order to ascertain the exit payment due in relation to any deficit or payable on account of a funding surplus;
- **Future cessations** – When a scheme employer ceases to participate in the scheme its assets should be equal to its liabilities on an appropriate basis. In these circumstances, the Administering Authority may seek to increase or reduce the scheme employer's contributions to the Fund in the period leading up to its expected exit (if known) in order to target a position where the employer's assets are equal to its liabilities on an appropriate basis. To a limited degree, this can also reduce any overfunding at exit;
- **Basis of termination valuation** – as with any actuarial valuation, the purpose of a termination valuation is not so much to predict the cost of providing the Fund benefits of the relevant members (which will not be known until the last benefit payment is made), but to assess how much the Fund should hold now to meet the future expected benefit payments. The amount required is heavily influenced by the basis used for the calculation of the liabilities, which in turn will ultimately depend on the particular circumstances of the cessation. The range of bases can include the ongoing funding basis, a gilts basis and a buy-out basis;
- **Payment of cessation debt or exit credit** – When the fund actuary carries out a cessation valuation, they are also required to certify the contributions due to the Fund, or any surplus that might need to be refunded to the exiting employer. The LGPS regulations do not specify whether or not the payment of any deficit should be paid as a lump sum or whether it is paid in instalments, but does specify the manner in which refunds of surplus should be made. There is, however, a provision that clarifies what should happen if it is not possible to recover the

cessation payment, for example due to the exiting employer going into liquidation and no assets being available.

## Statement of principles

The Administering Authority's policy is drafted on the basis of the following key principles:

- to ensure the long-term solvency of the Fund as a whole and the solvency of each of the notional sub-funds allocated to the individual employers;
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- not to restrain unnecessarily the investment strategy of the Fund so that the Administering Authority can seek to maximise investment returns (and hence minimise the cost of the benefits) for an appropriate level of risk;
- to ensure employers recognise the impact of their participation in the Local Government Pension Scheme, helping them manage their pension liabilities as they accrue and understanding the effect of those liabilities on the ongoing operation of their business;
- to minimise the degree of short-term change in the level of each employer's contributions where the Administering Authority considers it reasonable to do so;
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer ceasing participation or defaulting on its pension obligations;
- to address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost-effective; and
- to maintain the affordability of the Fund to employers as far as is reasonable over the longer term.

There is also an overriding objective to ensure that the LGPS Regulations and any supplementary guidance (in particular the Best Value Authorities Staff Transfer (Pensions) Direction 2007 and Fair Deal guidance) as they pertain to admission agreements are adhered to.

## Policies

The Administering Authority's policies in relation to the admission of new scheme employers and the treatment of scheme employers on cessation are set out in Appendix 1.

## Bulk transfer policy context

### Introduction

The purpose of this policy is to set out the Administering Authority's approach to dealing with the bulk transfer of scheme member pension rights into and out of the Fund in prescribed circumstances.

Bulk transfer requests will be considered on a case by case basis, ensuring that:

- transfers out of the Fund do not allow a deficit to remain behind unless a scheme employer is committed to repairing this; and
- bulk transfers received must be sufficient to pay for the added benefits being awarded to the members, again with the scheme employer making good any shortfall where necessary.

When considering any circumstances where bulk transfer provisions might apply, however, the Administering Authority will always ensure adherence to any overriding requirements set out in the Local Government Pension Scheme Regulations and/or any supplementary or statutory guidance (e.g. the Best Value Staff Transfers (Pensions) Direction 2007).

### Bulk transfer circumstances

Bulk transfers into and out of the Fund can occur for a variety of reasons, namely:

- where an outsourcing arrangement is entered into and active scheme members leave the LGPS to join a broadly comparable scheme;
- where an outsourcing arrangement ceases and active scheme members re-join the LGPS from a broadly comparable scheme;
- where there is a reorganisation of central government operations (transfers in from, or out to, other government sponsored schemes);
- where there is a reorganisation or consolidation of local operations (bought about by, for example, local government shared services, college mergers or multi academy trust consolidations); or
- a national restructuring resulting in the admission of an employer whose employees have LGPS service in another LGPS fund, or vice versa.

Unlike bulk transfers out of the LGPS, there is no specific provision to allow for bulk transfers into the LGPS. As a result, any transfer value received into the LGPS, whether on the voluntary movement of an individual or the compulsory transfer of a number of employees, must be treated the same way as individual transfers.



complying with the Administering Authority's requirements (e.g. having a bond or guarantor in place).

It is our understanding that there is no specific provision giving protection to past pension accrual in either the Direction or new Fair Deal (albeit if the individual remains in their original scheme then their past service rights are automatically protected). In the absence of a bulk transfer agreement, therefore, the Administering Authority would not expect to pay out more than individual cash equivalent transfer amounts, in accordance with appropriate GAD guidance.

## Statement of Principles

The Administering Authority's policy is drafted on the basis of the following key principles:

- Where a group of active scheme members joins (or leaves) the Fund, the Administering Authority's objective is to ensure that sufficient assets are received (or paid out) to meet the cost of providing those benefits;
- Ordinarily the Administering Authority's default approach for bulk transfers out (or in) will be to propose (or accept) that the transfer value is calculated using ongoing assumptions based on the share of fund assets (capped at 100% of the value of the liabilities). The Fund will retain the discretion to amend the bulk transfer basis to reflect the specific circumstances of each transfer (e.g. the use of gilts where unsecured liabilities are being left behind, or where transfer terms are subject to commercial factors).
- The Administering Authority will not pay bulk transfers greater than the lesser of (a) the asset share of the transferring employer in the Fund, and (b) the value of the past service liabilities of the transferring members.
- A bulk transfer in may result in a shortfall when assessed using the Fund's ongoing funding basis. This may require the receiving employer's Fund contributions to increase between valuations.
- A bulk transfer out which is greater than the value of the past service liabilities of the transferring members assessed on the Fund's ongoing funding basis, may require the transferring employer's Fund contributions to increase between valuations.
- The Administering Authority will not grant added benefits to members bringing in entitlements from another LGPS Fund or other scheme unless the asset transfer is sufficient to meet the added liabilities.
- Service credits granted to active scheme members should fully reflect the value of the benefits being transferred, irrespective of the transfer value paid or received.

## Notes to bulk transfer policy

There may be situations where a transfer amount accepted in respect of a transfer in is less than is required to fully fund the transferred in benefits on the Fund's ongoing basis. In such cases the Fund reserves the right to require the receiving employer to fund this deficit (either by lump sum or increase in ongoing employer contributions) ahead of the next formal valuation.

Any shortfall between the bulk transfer payable by the Fund and that which the receiving scheme is prepared to accept must be dealt with outside of the Fund, for example by a top up from the employer to the receiving scheme or through higher ongoing contributions to that scheme.

For transfers out, in exceptional circumstances the Fund's policy may be altered to reflect specific issues of the transferring employer (e.g. the cessation of the transferring scheme employer).

- **Format of transfer payment**

Ordinarily payment will be in cash, with discretion delegated to the s.151 officer to agree alternatives.

A deduction to the bulk transfer will be made for any administration, legal and transaction costs incurred by the Fund as a result of having to disinvest any assets to meet the form of payment that suits the receiving scheme.

- **Impact on transferring employer**

Any transfer of pension rights may have an effect on the valuation position of the employer and consequently their individual contribution rate.

The Fund will agree with the transferring authority how this change is dealt with. Though it is likely this will be through adjustments to its employer contribution rate, the Fund may require a lump sum payment or instalments of lump sums to cover this relative change in deficit, for example where the deficit is a large proportion of the total remaining notional assets and liabilities. Where the transfer is small relative to the employer's share of the Fund, any adjustment may be deferred to the next valuation.

- **Consent**

Where required within the Regulations, for any bulk transfer the Administering Authority will ensure the necessary consent is obtained from each individual eligible to be part of the transfer.

- **Approval process**

Under the principles of good governance, it is important that a clear and robust approval process is in place when determining whether to pay or receive a bulk transfer.

The Fund will normally agree to bulk transfers into or out of the Fund where this policy is adhered to.

- **Non-negotiable**

It should be noted that, as far as possible, the Fund's preferred terms on bulk transfers are non-negotiable. Any differences between the value the Fund is prepared to pay (or receive) and that which the other scheme involved is prepared to accept (or pay) should be dealt with by the employers concerned outside the Fund.

## Policy

The Administering Authority's policy in relation to bulk transfers is set out in Appendix 2.

## Appendix 1 – Admission/cessations policy

The following table sets out a summary of the various scenarios that may exist for the admission of scheme employers in to the Fund, along with its approach to their on-going monitoring and where appropriate their exit from the Fund.

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## 1.1 Entry conditions and requirements of the Fund

	<b>Scheduled bodies (Part 1 of schedule 2)</b>	<b>Designating employers (Part 2 of schedule 2)</b>	<b>Admission bodies (Part 3 of schedule 2)</b>
<b>Entry conditions</b>	<p>All new Part 1 employers (Inc. academies) must ensure Fund is aware of their creation.</p> <p>A designating employer should provide the Fund with a signed copy of its resolution, confirming who is eligible for membership of the Fund</p>		<p>Will consider applications from bodies:</p> <ul style="list-style-type: none"> <li>- with links to a scheme employer; or</li> <li>- that provides services or assets on behalf of a scheme employer</li> </ul> <p>Agreements can be open or closed, so long as necessary protections are in place</p>
<b>Bond / indemnity / guarantor</b>	Not applicable		<p>Secure and financially durable bond or guarantor in place (generally with a scheme employer and/or government department)</p> <p>Must be reviewed and renewed on an annual basis</p>
<b>Risk sharing</b>	Not applicable		<p>Ordinarily the Fund will not be party to any risk sharing arrangements. Any such arrangements would not be included within the admission agreement and managed by the relevant parties. In order to protect the interests of the Fund, however, it would request sight of any risk sharing arrangements that have been put in place.</p>
<b>Approval</b>	<p>Assets for any new employer will be calculated using the Fund's ongoing funding basis, as set out in the FSS.</p> <p>Academies may be pooled with other academies as part of a Multi Academy Trust (MAT).</p> <p>Where a new employer is created from an existing scheme employer the initial asset allocation will be based on a share of the ceding employer's assets, with consideration taken of the ceding employer's estimated deficit as at the date of transfer.</p>		<p>Dependent on type of admission body</p> <ul style="list-style-type: none"> <li>- For new service providers = 100% of past service liabilities</li> <li>- For all others – to be agreed on a case by case basis</li> </ul> <p>In all cases, based on Fund's on-going funding basis and tracked and adjusted during period of admission at each formal valuation</p>

## 1.2 Financial aspects of entry

	<b>Scheduled bodies (Part 1 of schedule 2)</b>	<b>Designating employers (Part 2 of schedule 2)</b>	<b>Admission bodies (Part 3 of schedule 2)</b>
<b>Asset allocation</b>	<p>Assets for any new employer will be calculated using the Fund's ongoing funding basis, as set out in the FSS.</p> <p>Academies may be pooled with other academies as part of a Multi Academy Trust (MAT).</p> <p>Where a new employer is created from an existing scheme employer the initial asset allocation will be based on a share of the ceding employer's assets, with consideration taken of the ceding employer's estimated deficit as at the date of transfer.</p>		<p>Dependent on type of admission body</p> <ul style="list-style-type: none"> <li>- For new service providers = 100% of past service liabilities</li> <li>- For all others – to be agreed on a case by case basis</li> </ul> <p>In all cases, based on Fund's on-going funding basis and tracked and adjusted during period of admission at each formal valuation</p>
<b>Investment strategy</b>	Set for the Fund as a whole		
<b>Contributions</b>	<p>Set in accordance with Funding Strategy Statement</p> <p>Will be required to pay additional amounts (strain) in respect of:</p> <ul style="list-style-type: none"> <li>- non-ill health early retirements; and</li> <li>- employer award of additional pension.</li> </ul> <p>Ordinarily payments must to be made to the Fund within the year in which the strain cost was incurred</p>		
<b>Other employer costs</b>	May require payment of actuarial, legal and other justifiable costs incurred as a result of participation in the Fund, together with any additional costs incurred by administering authority resulting from an employer's poor performance		
<b>Pooling</b>	Ordinarily pooling will not be available. The only exception would be academies who can be pooled as part of a MAT or Town and Parish Councils that are currently pooled.		Where it is believed to be advantageous and all parties agree the administering authority may agree to pooling with contracting scheme employer

### 1.3 Employer monitoring

	<b>Scheduled bodies (Part 1 of schedule 2)</b>	<b>Designating employers (Part 2 of schedule 2)</b>	<b>Admission bodies (Part 3 of schedule 2)</b>
<b>Ongoing monitoring</b>	<p>The Fund reserves the right to review a scheme employer’s funding position annually, or more frequently.</p> <p>Where it appears that liabilities have increased by more than expected at the last funding valuation the employer contribution rate may be subject to review during the inter-valuation period.</p>		<p>The Fund will ensure the ongoing assessment of risk related to each admitted body, to ensure the level of bond/indemnity cover remains appropriate.</p> <p>Employer contribution reviewed no less frequently than as part of formal valuations (inter-valuation may be undertaken if required if it appears liabilities have increased by more than allowed for at preceding formal valuation, or where the employer may become an exiting employer)</p>

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## 1.4 Cessation terms and requirements

	<b>Scheduled bodies (Part 1 of schedule 2)</b>	<b>Designating employers (Part 2 of schedule 2)</b>	<b>Admission bodies (Part 3 of schedule 2)</b>
<b>Termination requirements</b>	The Fund will take legal advice on the appropriate triggers that might lead to termination of a scheme employer's participation in the fund (e.g. last active leaving)		
<b>Future cessations</b>	A provisional cessation valuation will be carried out as soon as the Fund becomes aware that a scheme employer may be exiting the scheme for whatever reason.		<p>Carry out a "provisional" valuation as soon as Fund is aware of the likelihood of an employer exiting the Fund</p> <p>For an admission body the Fund reserves the right to undertake ongoing annual assessments where it becomes aware that the organisation may cease to participate in the Fund.</p> <p>Fund reserves the right to undertake exit valuation on a "least risk"/"gilts" basis to reduce on-going risk to remaining scheme employers</p>
<b>Basis of termination valuation</b>	"Clean break" on basis set out in FSS, requiring the scheme employer to make an appropriate exit debt payment immediately, or receive an exit credit.		
<b>Exit debt / exit credit</b>	<p>Exit debt usually collected as a single lump sum, although may be able to extend over an extended period on agreement of Head of Pension Fund and Section 151 Officer.</p> <p>No exit debt required or exit payment due when pooled with contracting scheme employer</p> <p>Exit credits will usually only be paid where the admission body is not participating in a risk sharing agreement.</p>		

## Appendix 2 – Bulk transfer policy

The following table sets out a summary of the various scenarios for the transfer in to and out of the Fund, together with the Administering Authority’s policies relating to bulk transfers. In the remainder of this section we set out the Administering Authority’s policies in relation to a number of subsidiary areas associated with bulk transfers.

Scenario		Bulk transfer mechanism	Policy	Methodology
<b>Machinery of Government from a Club Scheme</b>	In	Club Memorandum	The Club mechanism ensures the pension credit in the Fund provides actuarially equivalent benefits	The pension credit awarded to members transferring in will be calculated in line with the Club transfer-in formulae.
	Out	Regulation 98 of the Local Government Pension Scheme Regulations 2013 or Club Memorandum	Where agreement can be reached, the Fund and the receiving scheme (and their two actuaries) may agree to a negotiated bulk transfer arrangement.  Or  Where agreement cannot be reached, revert to the Club transfer out formulae in accordance with GAD guidance.	The Fund's default policy is to offer the receiving scheme transfers out calculated using ongoing assumptions based on the share of fund assets (capped at 100% of the liability value).  Discretion exists to amend this to reflect specific circumstances of the situation.
<b>Broadly Comparable scheme</b>  <b>Or</b> <b>Machinery of Government where scheme is treated as a non-Club scheme</b>	In	GAD guidance  < 2 members – GAD guidance	Non-Club transfer in formulae in accordance with GAD guidance  Cash equivalent transfer values in accordance with GAD guidance	The pension credit awarded to members transferring in will be calculated in line with the non-Club transfer-in formulae.  The transfer value paid to the receiving scheme will be calculated in line with the CETV transfer-out formulae.
	Out	2 or more members – Regulation 98 of the Local Government Pension Scheme Regulations 2013	Where agreement can be reached, the Fund and the receiving scheme (and their two actuaries) may agree to a negotiated bulk transfer arrangement.  Or  Where agreement cannot be reached, revert to cash equivalent transfer values under GAD guidance	The Fund's default policy is to offer the receiving scheme transfers out calculated using ongoing assumptions based on the share of fund assets (capped at 100% of the value of the liabilities).  Discretion exists to amend this to reflect specific circumstances of the situation.

Scenario		Bulk transfer mechanism	Policy	Methodology
Inter-fund transfer (transfer between the Fund and another LGPS Fund)	In	< 10 members – GAD guidance	Cash equivalent transfer values in accordance with GAD guidance	On receipt of a transfer value (calculated in line with the <b>CETV transfer-out formulae</b> ), the Fund will award the member a pension credit on a day-for-day basis.
		10 or more members – Regulation 103 of the Local Government Pension Scheme Regulations 2013	Where agreement can be reached, the Fund and the transferring Fund (and their two actuaries) may agree to a negotiated bulk transfer arrangement.  Or  Where agreement cannot be reached, revert to cash equivalent transfer values under GAD guidance	The Fund's default policy is to offer an amount calculated using ongoing assumptions based on the share of fund assets (capped at 100% of the liability value).  Discretion exists to amend this to reflect specific circumstances of the situation. Pension credits will be awarded to the transferring members on a day-for-day basis.
	Out	< 10 members – GAD guidance	Cash equivalent transfer values in accordance with GAD guidance	The transfer value paid to the receiving fund will be calculated in line with the CETV transfer-out formulae.
		10 or more members – Regulation 103 of the Local Government Pension Scheme Regulations 2013	Where agreement can be reached, the Fund and the receiving Fund (and their two actuaries) may agree to a negotiated bulk transfer arrangement.  Or  Where agreement cannot be reached, revert to cash equivalent transfer values under GAD guidance	The Fund's default policy is to offer the receiving scheme transfers out calculated using ongoing assumptions based on the share of fund assets (capped at 100% of the liability value).  Discretion exists to amend this to reflect specific circumstances of the situation