

**Subject** Pension Admission and Pooling

**Report to** ELT 28 March 2023

Council 13 April 2023



**Report by:** Karen Sly, Finance Director

## **SUBJECT MATTER/RECOMMENDATIONS**

To seek approval to apply to Norfolk Pension Fund to pool Great Yarmouth Services Ltd with the Great Yarmouth Borough Council pension arrangements.

### **Recommendations:**

**1) It is recommended that Council approve that an application be made to pool Great Yarmouth Services Ltd with the other Great Yarmouth Borough Council pension arrangements from 1 April 2023, this will be subject to the agreement of Norfolk pension Fund.**

## **1. INTRODUCTION AND BACKGROUND**

- 1.1. This report is to seek approval for the Great Yarmouth Services (GYS) Ltd Local Government Pension Service (LGPS) to be pooled with Great Yarmouth Borough Council LGPS at the point of transfer from GYBS (1 April 2023).
- 1.2. A pension pooling agreement provides for a common employer contribution rate and funding position between employers and a funding approach that reflects the covenant of the most secure member of the pooling arrangement.
- 1.3. On 1 April 2023 employees that have TUPE transferred to GYS who were in or eligible for the Local Government Pension Scheme continue to be eligible for the LGPS with the new company GYS Ltd.
- 1.4. As part of the establishment of the new company that is solely owned by the Borough Council there is an option for the GYS pension to be pooled with the other GYBC pension arrangements to manage longer term pension risks.

## **2. PROPOSAL FOR POOLING**

- 2.1. The employer rate (primary rate) previously paid by GYBS was 26.5% (GYBC rate is 15.5%). When companies (joint ventures) have been set up in the past, the employer percentage rate has historically been set higher due to the different funding profile of the of the company. If GYS does not pool with GYBC a higher employer rate would continue to be paid. If pooled, the company pays the same primary employer rate as the Council, i.e., a lower employer contribution rate as a result of the pooling agreement than would otherwise be the case. This is fixed unless there is any change to the GYBC primary rate. Under the long term funding approach used by the Pension Fund this is unlikely as any additional contribution requirement (or downward adjustment) is allowed for through the secondary rate.
- 2.2. There would be no impact to the employee benefits for either GYS or GYBC as part of the pooling arrangements. Local Government Pension Scheme benefits are established in statute and set nationally.

- 2.3. The GYS Board in March approved in principle the agreement to pool with GYBC subject to confirmation of no adverse financial impact to the company. There would actually be a saving to the company due to a lower employer rate being payable compared to that currently.

### 3. FINANCIAL IMPLICATIONS

- 3.1. The lower employer contribution rate would have a direct saving to GYS, initial estimates would be in the region of £100,000 to £120,000 per annum although this is to be confirmed once the final TUPE list has been confirmed and completed.
- 3.2. As 2023/24 is the first year of operation for the new company, until the full impact of the operating costs of the company are understood, it would be prudent for the company to not re-allocate any savings from a reduced primary rate until further work on the cost of the service is understood, for example at the mid-year position.

### 4. LEGAL IMPLICATIONS

- 4.1. The application to apply to pool with the other GYBC pension arrangements is subject to agreement of Norfolk Pensions Fund.

### 5. RISKS

- 5.1. Changes to the GYBC rate would impact on the GYS rate, although the rate for the company has been higher historically than that of GYBC, and as outlined at 2.1 this would be unlikely and be managed through the secondary rate that is the responsibility of GYBC.
- 5.2. There would be no change to the risk current facing the council in that the current pension position for GYBS is underwritten by GYBC.

### 6. CONCLUSION

- 6.1. The pooling of GYS with GYBC pension arrangements will have no change to the risk underwriting of the previous pension arrangements (of GYBS) of the company by the Council and will provide some financial saving to the company.

### 7. BACKGROUND PAPERS

- 7.1. Refer to any background papers used to inform the report.

| Area for consideration  | Comment                |
|---|------------------------|
| Monitoring Officer Consultation   | ELT consultation       |
| Section 151 Officer Consultation  | Report Author          |
| Existing Council Policies See background papers                         | N/A                    |
| Financial Implications eg within existing budgets or funding identified | Included in the report |
| Legal Implications (including human rights)                             | N/A                    |
| Risk Implications   | Included in the report |
| Equality Issues/EQIA assessment (if EQIA not required explain why)      | N/A                    |
| Details contained in strategy   | N/A                    |
| Crime & Disorder  | N/A                    |
| Every Child Matters   | N/A                    |