

PENSIONS COMMITTEE

16 JUNE 2017

MALVERN HILLS TRUST

Recommendation

1. The Chief Financial Officer recommends that:

- a) The update on Malvern Hills Trust precept powers is noted;**
- b) The condition that Malvern Hills Trust gain a surety bond with value of £1,178,000 is removed; and**
- c) The Trust move from an open to a closed admission basis, on an 18 year deficit recovery plan, subject to an annual review of their financial position by the Fund, is approved by the Committee.**

Background

2. Malvern Hills Trust (formerly Conservators) is a resolution body within the Worcestershire County Council Pension Fund.

3. Malvern Hills Trust established a working party to review its future participation in the Fund following receipt of the 2013 Actuarial Valuation results, which set out an increase in pension contributions required by the Actuary. Malvern Hills Trust has been advised since 2015 by an independent Actuary, Gerry Walsh of Mitchell Consulting.

4. On 13 March 2017 the Pension Committee approved a recommendation for Malvern Hills Trust to move from an open to a closed admission basis, on an 18 year deficit recovery plan, subject to Malvern Hills Trust gaining a surety bond with value of £1,178,000, the value of which is reviewed at least on a triennial basis. The bond requirement was to reduce the risk to the other employers in the Fund bearing the cost of the deficit in the event that Malvern Hills Trust are unable to pay the deficit over the 18 years recover period or in the event of early termination.

Surety Bond

5. Following the Pension Fund recommendation on 13 March 2017, Malvern Hills Trust have contacted a number of banks but have been refused a surety bond without a charge on their assets, which they are unable to provide due to legal restrictions relating to their charity status.

Precept Powers

6. Further details have been received from Malvern Hills Trust, attached as an exempt Appendix to this report, that clearly sets out their power to precept, which reduces the risk that Malvern Hills Trust are unable to pay the deficit over the 18 years recover period or in the event of early termination.

Annual Financial Review

7. An annual review of Malvern Hills Trust's financial position can be undertaken by Fund officers to determine any deterioration in their financial position or change in precept powers that would increase risk to the Fund. If increased risk is identified then a further consideration for the Committee would be to enforce the ceasing of accrual for active member pension benefits.

Contact Points

County Council Contact Points

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Specific Contact Points for this report

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Supporting Information

- Malvern Hills Trust precept powers letters – Exempt Appendix – **Please note that should members wish to discuss the information included in the Appendix they would need to consider passing the appropriate resolution and moving into exempt session**

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) the following are the background papers relating to the subject matter of this report:

Agenda papers and Minutes of the Pensions Committee on 13 March 2017