

Bath & North East Somerset Council		
MEETING:	Avon Pension Fund Committee	
MEETING DATE:	23 SEPTEMBER 2011	AGENDA ITEM NUMBER
TITLE:	Application for The Park to be admitted to the Avon Pension Fund as a Community Admission Body	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1: Local Government Pension Scheme (Administration) Regulations 2008: regulation 5		
Appendix 2: Bristol City Council: Proposed admission body		

1 THE ISSUE

- 1.1 Under regulation 5 of the Local Government Pension Scheme (Administration) Regulations 2008 [LGPS (Admin) Regs 2008], an administering authority may make an admission agreement with a community admission body.
- 1.2 An application to become a community admission body of the Avon Pension Fund has been received from Bristol City Council on behalf of The Park.

2 RECOMMENDATION

The Pension Committee is asked to agree that:

- 2.1 The Park is allowed entry into the Avon Pension Fund as a Community Admission Body with Bristol City Council acting as guarantor, subject to the condition set out in paragraph 4.5.**

3 FINANCIAL IMPLICATIONS

- 3.1 In allowing any community admission body to join the fund there is always a need to consider the financial risk which such a body may present. This is because it may at some point either become insolvent or, if it ceases to operate, may have insufficient resources to meet any outstanding pension liability.
- 3.2 The way in which this risk can be minimised or, in most cases, eliminated is for the pension liabilities of the community admission body to be guaranteed by another (more substantial) Scheme Employer, who will normally be the principal funder. At its meeting on 2 March 2007 the Committee accordingly made the following policy decision:

“that the existing policy relating to the conditions of admittance for Community Admission Bodies be amended to allow a Community Admission Body to join the Avon Pension Fund subject to the total potential liability being fully underwritten by the transferring employer or, where the transferring employer will not give a guarantee for future employees joining after the date of transfer, the Community Admission Body would be accepted for transferred employees only – on a Closed Scheme basis.

New employees would however be allowed to join the Scheme if the Community Admission Body entered into a permanent bond (subject to annual review and adjustment) to indemnify the Fund against any potential losses for employees admitted after the transfer date.”

This decision was taken in the context of staff being transferred from a unitary authority to a Housing Association. In other circumstances a bond may not be a viable option and in any event would not protect the Fund to the same degree as a guarantee.

In the case of The Park, Bristol City Council is the “transferring employer”. However, there will be other cases where applications are received from bodies who are independent of a Scheme Employer except that they depend for their existence on funding from a Scheme Employer. In applying the policy the Committee should be aware of this and therefore allow for the principal funder to supply the guarantee.

- 3.3 The LGPS (Administration) Regulations provides some support for the Committee’s policy. Regulation 5, paragraph 4, states “where, at the date that an admission agreement is made with a body mentioned in Regulation 5, paragraph 2 (b), the contributions paid to the body by one or more Scheme employers equal in total 50% or less of the total amount it receives from all sources, it must be a term of the admission agreement that the Scheme employer paying contributions (or, if more than one pays contributions, all of them) guarantees the liability of the body to pay all amounts due from it under these Regulations or the Benefits Regulations”.
- 3.4 So far as The Park is concerned, Bristol City Council has agreed to guarantee any pension liabilities not funded by the body itself.

4 THE REPORT

- 4.1 No Community Admission Body can join the Fund without the Committee's approval.
- 4.2 The Park is being set up to take over the provision of services from Bristol City Council [see Appendix 2]. The Park is applying for Community Admission Body status in the Avon Pension Fund in order to preserve the pension rights of the staff who will be transferring.
- 4.3 As already indicated, Bristol City Council will act as guarantor. It has yet to be decided whether the admission agreement will be on a "closed" or "open" basis.
- 4.4 The number of potential transferring scheme members is 12.
- 4.5 Bristol City Council has yet to approve the establishment of this body. However, it is their intention to have it operative from 1 November 2011. Given this situation, approval for admission to the Fund should only be given subject to an appropriate decision, including the commitment to a satisfactory guarantee, being taken by a meeting of Bristol City Council's cabinet on 29 September 2011 (see Appendix 2). If this does not occur, the Committee's approval will be withdrawn and Bristol City Council will have to re-apply on behalf of the body.

5 RISK MANAGEMENT

- 5.1 In line with the Avon Pension Fund Committee's policy, officers have ensured that this application is supported by a guarantee.

6 EQUALITIES

- 6.1 There are no direct equality implications from this process.

7 CONSULTATION

- 7.1 No consultation is appropriate.

8 ADVICE SOUGHT

- 8.1 The Council's Monitoring Officer (Council Solicitor) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

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Background papers	
Please contact the report author if you need to access this report in an alternative format	