

Bath & North East Somerset Council		
MEETING:	Avon Pension Fund Committee	
MEETING DATE:	23 SEPTEMBER 2011	AGENDA ITEM NUMBER
TITLE:	Application for South West Academies Limited 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		

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 South West Academies Limited.

2 RECOMMENDATION

The Pension Committee is asked to agree that:

- 2.1 South West Academies Limited is allowed entry into the Avon Pension Fund as a Community Admission Body subject to City Academy and Colston Girls' School acting as "joint and several" guarantors.**

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 South West Academies, City Academy and Colston Girls' School are the “transferring employers”. 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 City Academy and Colstons Girls' School have each agreed to guarantee any pension liabilities not funded by the body itself. The guarantee will be on a “joint and several basis”.

4 THE REPORT

- 4.1 No Community Admission Body can join the Fund without the Committee's approval.
- 4.2 South West Academies Limited has been set up to provide financial services to academies in the South West region. It is applying for Community Admission Body status in the Avon Pension Fund in order to preserve the pension rights of two staff who will be transferring from City Academy and one from Colston Girls' School. However, it is also looking beyond this initial requirement (see paragraph 4.4).
- 4.3 South West Academies Limited is a company limited by guarantee and a "not for profit" organisation. It has five shareholders with equal shareholdings: Bristol Cathedral Choir School, City Academy, Colston Girls' School, Merchants Academy and Merchants Venturers. There is no intention to add to membership.
- 4.4 The admission agreement will be "open", given that the company expects to increase the number of academies for whom it provides a service in the future and is conscious of the need to attract the right staff.
- 4.5 South West Academies Limited is eligible to join the Fund as a Community Admission Body under Regulation 5 (2) (i), viz. "(it) 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)".

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	

