

APPLICATION FOR ADMISSION OF NEW EMPLOYER BODIES

Purpose of Report

1. To request the Committee to update the policy for the admission of certain types of new employer bodies.
2. To request Members to note that if the new admissions policy is agreed, the admission of the Cricklade and District Community Association to the Fund would proceed under delegated powers.

Background

3. The Committee will recall approving the following policy at its meeting on 20 February 2006:
 - (1) *To delegate responsibility for approval of admission agreements with transferee admission bodies to the County Treasurer.*
 - (2) *To agree that no new admission agreements will be made with potential community admission bodies employing fewer than 10 employees.*
 - (3) *To note that applications for admission from potential community admission bodies employing 10 or more employees would continue to be submitted to the Committee for approval.*
4. What has become clear over the last 18 months, as the number of applications for admission to the Wiltshire Fund has escalated, is that this policy does not cover all eventualities and it needs revising.

Main Considerations for the Committee/Risk Assessment

Transferee or Community Admission Body?

5. A Community Admission Body (CAB) is *typically* a not-for-profit organisation with strong links (such as funding) and a “community of interest” with an existing local authority in the Local Government Pension Scheme (LGPS). A Transferee Admission Body (TAB), on the other hand, is *typically* a private sector or charitable company which has a contract with a local authority that is in the LGPS, where staff have transferred from the local authority.
6. The significance of the distinction is that TABs come with a statutory guarantee from the original employer under the LGPS regulations, so there is very little risk to the Pension Fund. On the contrary, CABs do not with such a guarantee, which means that if a CAB fails, there is no recourse to a third party and the cost may have to be borne by all employers in the Fund. A recent live example was the failure of North Wiltshire Leisure, but thankfully as it was a TAB (in today’s terms), there is recourse to the guarantee provided by North Wiltshire District Council.
7. However, there are some potential admission bodies that do not fit easily into the

categories of CAB or TAB. Given how the Local Government Pension Scheme (LGPS) Regulations are drafted, there are instances where, for example, a body which could be expected to be a TAB (because it arises as a result of staff transferring from an existing employer of the Wiltshire Fund) has to be treated as a CAB.

Size of Community Admission Bodies

8. There can be applications from CABs which have more than 10 employees (ie. who would pass the current admission policy), but of those employees, only 1 or 2 may actually become scheme members on admission, perhaps because they choose not to join, their employer's policy does not permit it or they are part of a larger organisation with a small local presence.
9. Therefore, under the current policy, it is still possible that very small CABs (in terms of active members joining the Wiltshire Fund) could be admitted. Indeed, because of the issues raised in paragraphs 5 and 6 above, it may at times be necessary to admit very small CABs.

Policy Implications

10. A current application serves as a useful case study. The Cricklade and District Community Association (CADCA) has recently been set up to operate sports facilities in that area which were previously run by North Wiltshire Leisure.
11. Under the LGPS Regulations, it would be a CAB because of its nature, but there are a couple of staff transferring from North Wiltshire Leisure who are currently in the Wiltshire Pension Fund, so arguably the Fund has an obligation to allow their membership to continue. In fact, North Wiltshire District Council will be under an obligation under TUPE/Fair Deal to provide them with the same or "broadly comparable" provision.
12. It would be difficult for the Fund not to admit such an organisation, even if it did not meet our current admission policy for CABs of 10 employees, provided there is a satisfactory guarantee from the scheme employer. These guaranteed CABs are effectively TABs in all but name and it is therefore suggested that the Chief Financial Officer be given delegated authority to deal with them to save Committee time.
13. A slightly more complex, but hopefully clearer admissions policy is required for CABs. The proposal is as follows:
 - a) That the Chief Financial Officer has delegated responsibility for approval of admission agreements with Community Admission Bodies where these arise from transfers of existing LGPS scheme members (either in the Wiltshire Fund or another LGPS Fund) and where the original scheme employer (or other local authority with a "community of interest") provides a guarantee to the Wiltshire Pension Fund of equivalent security to that which would have been given under the Regulations had the admission been a Transferee Admission Body. There is no minimum number of employees or scheme entrants required.
 - b) That applications from potential Community Admission Bodies which have no active members to transfer from any Local Government Pension Fund and/or which have no guarantee provided by a local authority will be restricted to organisations where the expected membership within the Wiltshire Fund at the date of admission will be at least 10 people and that these applications will be subject to approval by the Wiltshire Pension Fund Committee following satisfactory passing of the risk assessment set out in the Appendix.

14. The policy for TABs remains unchanged, with the delegated responsibility for approval of admission agreements with TABs resting with the Chief Financial Officer (formerly County Treasurer).

Cricklade and District Community Association

15. The case of this prospective CAB (which would previously have required Committee approval) has already been highlighted above. If Members approve the new admission policy, the Chief Financial Officer would intend to admit CADCA under delegated authority.

Environmental Impact

16. No environmental impact has been identified from the proposals in this report.

Proposal

17. The Committee is asked to approve the Wiltshire Pension Fund's revised admission policy as follows:
- a) The Chief Financial Officer has delegated responsibility for approval of admission agreements with Transferee Admission Bodies.
 - b) The Chief Financial Officer has delegated responsibility for approval of admission agreements with Community Admission Bodies (regardless of the number of scheme entrants) where:
 - i. they arise from transfers of existing LGPS scheme members (either in the Wiltshire Fund or another LGPS Fund); and
 - ii. the original scheme employer (or another local authority with a "community of interest") provides a guarantee to the Wiltshire Pension Fund of equivalent security to that which would have been given under the Regulations had the admission been a Transferee Admission Body.
 - c) That applications from potential Community Admission Bodies which do not satisfy the terms in b) above, but where nevertheless the expected active membership within the Wiltshire Pension Fund at the date of admission would be at least 10 people, be decided by the Wiltshire Pension Fund Committee assuming the applicant satisfactorily passes the risk assessment set out in the Appendix. For the avoidance of doubt, applications of this nature when less than 10 active members are expected to join will be declined.

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Unpublished documents relied upon in the production of this report:

NONE

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WILTSHIRE PENSION FUND

**RISK ASSESSMENT ON POTENTIAL COMMUNITY ADMISSION BODIES WHICH HAVE
NO EMPLOYER GUARANTEE**

For officers to bring a positive recommendation to the Wiltshire Pension Fund Committee, the risk assessment described below needs to yield sufficient satisfaction that the admission of the applicant would not bring significant additional risk to the Fund:

1. Does the potential CAB have a guaranteed income stream over at least 5 years sufficient to cover its projected expenditure after allowing for reasonably foreseeable risks (eg. such as higher than expected inflation)?
 - Is the guaranteed income stream from a public body?
 - If so, who is it?

If there is no guaranteed income stream over at least five years, is there is a local authority that would be prepared to act as a guarantor for the potential CAB?

2. Does the organisation have a risk register (compulsory under the Charities SORP) and if so, does it suggest that the organisation understands and knows how to manage its risks? Are there any risks apparent that could impact upon its ability to meets its obligations under an Admission Agreement with Wiltshire Pension Fund?