

PENSIONS PANEL

14 December 2016

Title: London Borough of Barking and Dagenham Admissions Policy	
Report of the Strategic Director, Finance & Investment	
Public Report	For Information
Wards Affected: None	Key Decision: No
Report Author: David Dickinson, Group Manager Pensions and Treasury	Contact Details: Tel: 020 8227 2722 E-mail: david.dickinson@lbbd.gov.uk
Accountable Director: Kathy Freeman, Finance Director	
Accountable Strategic Director: Jonathan Bunt, Strategic Director – Finance and Investment	
Summary: Changes within the London Borough of Barking and Dagenham and within schools is likely to lead to a number of admission agreements into the Pension Fund being agreed over the coming year. This report provides a comprehensive Admissions Agreement policy for Members to agree.	
The Panel is asked to	
<ul style="list-style-type: none">• agree the Pension Fund’s Admission Policy for 2017; and• delegate responsibility to the Finance Director to carry out the due diligence and implementation of the Admission Policy.	

1 Introduction and Background

- 1.1 At present, the Pension Fund has a number of Admitted Bodies, some of which have been members of the London Borough of Barking and Dagenham Pension Fund (“the Fund”) for a number of years.
- 1.2 As Administering Authority, the Council has the discretion to allow Admission Agreements with organisations that fit the criteria within the Local Government Pension Scheme (“the LGPS”).
- 1.3 To ensure potential admitted bodies are aware of the requirements prior to joining the Fund an Admissions Policy has been drafted. The Admissions Policy will provide the structure and the governance requirements necessary to ensure the risks associated with allowing Admitted Bodies into the Fund are reduced.
- 1.4 All applications to be an Admitted body within the Fund will be required to be agreed by the Pension Panel, with the recommendation that the due diligence and implementation of the Admission Policy is delegated to the Finance Director.

2. Consultation

- 2.1 None.

3. Financial Implications

Implications completed by: Jonathan Bunt, Strategic Director, Finance & Investment

- 3.1 It is now usual when considering requests for Admitted Body status to consider the financial risks that can fall upon the fund should the Admitted Body fall into financial difficulties. To mitigate these risks a form of financial guarantee or an indemnity bond is required.
- 3.2 The 2016 CIPFA Guidance on preparing and maintaining a FSS includes several items to balance. One is the short and long term effects of high contribution rates on non-local authority employers in terms of their financial viability.

4. Legal Implications

Implications completed by: Paul Feild, Senior Governance Solicitor

- 4.1 As outlined in this report and the Admission Strategy, there is an obligation to administer the fund soundly and that includes the need to ensure the potential risk to the fund of organisations which seek to be admitted or are admitted default in their obligations under the admission agreement. Thus, charges may be levied if additional costs or measures need to be taken due to underperformance of an Admitted Body. Furthermore, from time to time it may be necessary to seek an agreement backed by a guarantor or a bond to cover possible losses if the organisation cannot meet its liabilities to ensure that the body does not present additional risks to the fund. Finally, there is no automatic right for a body to join the fund. The decision as to whether to allow admission is discretionary and ought to be

based on an objective assessment of whether any risk to the fund is mitigated to acceptable levels by the admission agreement terms.

Appendices:

Background Papers Used in the Preparation of the Report:

- LGPS Consultation on investment reform.

List of appendices:

- Appendix 1 - Administration Strategy
- Appendix 2 - Funding Strategy Statement
- Appendix 3 - Admission Agreement