Title: London Borough of Barking and Dagenham Admissions Policy and Administration Strategy

Report of the Chief Operating Officer

Public Report | For Information
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Wards Affected: None | Key Decision: No

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Accountable Strategic Director: Claire Symonds, Chief Operating Officer

Summary:

Changes within the London Borough of Barking and Dagenham and within schools is likely to lead to several 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 Pension Board is asked to:

- agree any potential amendments to the Admission Policy and the Administration Strategy;
- note the charging mechanism that will be enforced from 1 April 2018, following a two-year introduction period; and
- note the reviewed Pension Fund’s Admission Policy and the Administration Strategy for 2018.
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 Baking 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 was drafted. The Admissions Policy 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 Chief Operating Officer.

1.5 The Administration Strategy has been reviewed for 2018 and is included with this report for comments.

2. Consultation

2.1 None.

3. Financial Implications

Implications completed by: Claire Symonds, Chief Operating Officer

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 A significant amount of additional work is required by the pension administration team where employers fail to submit information or are persistently late. This can also cause issues around overpayments, or incorrect recording of member information. With increased scrutiny of the operations of the Fund’s pension administration the admissions policy will be enforced from 1 April 2018.

4. Legal Implications

Implications completed by: Paul Feild, Senior Governance Solicitor

4.1 As outlined in the report, there is the potential for the fund to carry a risk if the organisation which seeks admission defaults in its obligation. Thus, additional measures need to be taken in the form of an agreement back by a guarantor or a bond to cover possible losses if the organisation cannot meet its liabilities to ensure that the admission of the body does not present additional risks to the fund.
Furthermore, as there is no automatic right for the 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.

**Background Papers Used in the Preparation of the Report:**

- LGPS Consultation on investment reform.

**List of appendices:**

- Appendix 1 – Administration Strategy
- Appendix 2 - Admission Policy