

meeting **PENSIONS ADMINISTRATION SUB COMMITTEE**

date **8 JULY 2010** agenda item number

REPORT OF THE SERVICE DIRECTOR (FINANCE)

ADMISSION ARRANGEMENTS – COMMUNITY BODY BOND REQUIREMENTS

1. Purpose of the Report

- 1.1. The purpose of this report is to inform the Pensions Administration Sub Committee of the outcome of investigations into the principle of requiring new Community admission bodies to take out a bond as security upon admission.

2. Information and advice

- 2.1 Community admission bodies are typically organisations that provide a public service otherwise than for the purposes of gain where a community of interest exists. Admission of these bodies is at the discretion of the Pensions Committee.
- 2.2 Under the pension regulations there is no requirement to carry out an assessment of the level of financial risk arising on premature termination as community bodies are admitted on a permanent basis.
- 2.3 The current economic downturn has highlighted the lack of security as a potential risk as some community admission bodies are experiencing difficulties in fulfilling their responsibilities as employers within the pension fund. Community bodies, especially those that rely on external grant funding and / or charitable contributions, are facing particular budgetary difficulties as a result of economies being made within the public sector and the decline in donations.
- 2.4 A legal view on requiring current community bodies to seek a form of guarantee confirmed there was no provision to impose a bond requirement as no such condition exists within the terms of the admission agreements in force.
- 2.5 In order to address this issue for the future, an additional legal view has been sought on the principle of requiring new community bodies to take out a bond or have a guarantor in place as security upon admission.

- 2.6 It has been found that the pension regulations are silent on this issue and therefore the view is that there is nothing to prevent a community admission agreement containing a provision for an indemnity or bond.

3. Statutory and Policy Implications

- 3.1 This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, crime and disorder and those using the service and where such implications are material they have been described in the text of the report.

4. Recommendation

- 4.1 The Pensions Administration Sub Committee is recommended;
- a) to note the contents of the report and;
 - b) recommend to the Pensions Committee to consider in a further report the principle of a bond requirement for new Community admission bodies.

A SUMBY
SERVICE DIRECTOR (FINANCE)

Background Papers Available for Inspection

Report of the Service Director (Finance) on admission agreements - update and bond arrangements to Pensions Administration Sub Committee on 22nd April 2010.

Electoral Division(s) and Member(s) Affected
All