



meeting

PENSIONS COMMITTEE

date

11 DECEMBER 2008

agenda item number

REPORT OF THE SERVICE DIRECTOR (FINANCE)

REVIEW OF ARRANGEMENTS AROUND THE ADMISSION OF NEW EMPLOYING AUTHORITIES TO THE NOTTINGHAMSHIRE PENSION FUND

Purpose of the Report

1. To recommend to the Committee a change in the current approach to admitting new employing authorities to the Fund.

Background

2. A list of all current 'admitted bodies' is attached at Appendix A along with details of the scale of Fund membership within each one and in total.
3. This item was discussed at the Pensions Working Party on 2nd December 2008. The background paper from that session giving information about the different types of employing authorities admissible into the Local Government Pension Scheme is attached at Appendix B. The key aspect is that the organisation only has discretion regarding the membership of 'Community Bodies' as the other types of employing authority have a statutory right to membership.
4. The last Community Body to join the Nottinghamshire Pension Scheme was the Metropolitan Housing Trust in April 2007. Prior to that, three were accepted in September & October 2004 - Meden Valley Making Places Ltd, Regeneration East Midlands and Bestwood Partnership Forum. All were admitted by use of discretionary powers and all have at least one (if not a combination) of the following: grant funding, charitable status, a community of interest and / or are not for profit.
5. It was also determined at the Pensions Working Party meeting that, while the actuarial costs involved in joining the LGPS are picked up by the new employer themselves, there are legal costs and ongoing administration costs that fall to the Fund in every case. The smaller the organisation being admitted, the greater the proportionate cost for the

Fund. Pensions Committee, therefore, currently works to a rule whereby community bodies employing less than 10 potential LGPS members are generally not admitted. Pensions Committee agreed this 'rule' at its meeting of 7th January 2005, the previous limit having been a minimum of 5 employees.

Principles

6. The Pensions Working Party of 2nd December 2008 defined two key principles as follows;
 - a) Individuals who potentially could become members of the LGPS should not be disadvantaged because they are employed by an organisation employing a small number of people and
 - b) Where a new community body is established on a commercial basis, it should be expected to contribute towards the set-up costs falling to the Fund – community bodies with grant funding, charitable status, a community of interest and / or are simply not for profit, should not attract these costs.

Statutory and Policy Implications

7. The report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, crime and disorder, human rights and those using the relevant service. Where such implications are material, they have been described in the text of the report.

Recommendations

8. That Members reconsider the current arrangement of admitting only those community bodies with 10 or more employees and consider withdrawing this rule.
9. That Members agree to the Pensions Committee having the opportunity to peruse a potential new employing authority's funding arrangements and terms of reference to determine whether a set-up fee would be appropriate and, if so, how much that fee should amount to.

ALAN SUMBY

SERVICE DIRECTOR (FINANCE)

Background Papers Available for Inspection

See appendices attached

Legal Comments (IR 3.12.08)

The Pension Committee as the administration authority for the Pension Scheme is authorised to approve the recommendations made in this report.