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## **PENSION ADMISSION POLICY**

**Report by Service Director HR and Communications**

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### **JOINT MEETING OF PENSION FUND COMMITTEE AND PENSION BOARD**

**12 September 2019**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report proposes the adoption of the Pensions Admission policy for the Scottish Borders Council Pension Fund.**
- 1.2 The Pension Fund Business Plan, as approved at the June 2019 meeting, included the creation of a Pension Admission Policy for the Fund, to ensure the successful admission of new Admitted Bodies as required.
- 1.3 **Appendix A** contains the Pension Admission Policy, this meets the legislative requirements of the Local Government Pension Scheme (Scotland). This will be referred to for any future admission requests to the Fund.
- 1.4 Hymans Robertson, the Fund Actuary, and Pinsent Mason, external legal advisors used by the Fund, have been consulted during the preparation of this Policy on the basis that there is a significant requirement to involve them in the determination of suitability, based on risk to the Fund, to become an Admitted Body to the Fund.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Pension Fund Committee approve:**
  - (a) the Pension Admission Policy as set out in Appendix A**

### 3 BACKGROUND

- 3.1 The Local Government Pension Scheme (Scotland) (LGPS) 2018 Regulations outline a number of requirements for dealing with admission requests to the Pension Fund, which are found at a number of parts within the said Regulations.
- 3.2 There is no requirements with the LGPS Regulations for a Pension Fund to have a formal Admission Policy in place. However, in accordance with best practice, and as previously outlined in the Pension Fund Business Plan, the Fund have determined that such a Policy should exist.
- 3.3 Scottish Borders Council Pension Fund have not had regular requests for admission to the Pension Fund, with the most recent requests being as a result of the outsourcing of Council functions rather than requests being made from employer organisations. However, a request has been made in the past few weeks for such an admission to be considered and officers deemed that it was appropriate to expedite the progression of this Policy.

### 4 PENSIONS ADMINISION POLICY

- 4.1 **Appendix A** contains the policy that has been developed to deal with admission requests for membership of the Scottish Borders Council Pension Fund in accordance with current Regulations.
- 4.2 The policy outlines that a key considerations for the admission of any new employer is that there is no detrimental impact on any existing employers or other stakeholders, having taken appropriate actuarial and legal advice to consider any risks. This includes ensuring the key objectives of the Funding Strategy Statement are not compromised, the current financial position of the prospective Admission Body, along with the requirement for a Bond, Indemnity or Guarantee being in place.
- 4.3 The procedure for dealing with an application is briefly outlined as follows:
  - Application received from employer
  - Acknowledged by the Fund
  - Engage Scheme Actuary to determine initial Employer Percentage
  - Risk Assessment based on Actuarial advice
  - Admission Agreement including Guarantee, Bond or Indemnity drawn up, based on external legal advice
  - Formal Paper presented to Pension Committee and Board
  - Decision of Pension Committee and Board provided to employer
  - Formal signing of Admission Agreement including Guarantee, Bond or Indemnity
- 4.4 Following signing of any new Admission Agreement, officers will advise Scottish Ministers in accordance with Scheme Regulations.
- 4.5 Any fees incurred by the Fund for actuarial or legal advice associated to the admission of new employers to the Fund will be recharged to the admission body.

- 4.6 The policy will be reviewed on a three yearly basis or when there are any changes to Regulations, whichever is the sooner.

## **5 IMPLICATIONS**

### **5.1 Financial**

There are no ongoing financial implications relating to this report. There is a cost of up to £2,500 in respect of the external professional advice obtained in the preparation of this policy.

### **5.2 Risk and Mitigations**

This report is part of the governance reporting framework to manage the operation of the Pension Fund and reflects the compliance with the best practice recommendations. Risks regarding the admission of any new employer organisation have been identified and form part of the considerations for admission to the Fund.

### **5.3 Equalities**

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

### **5.4 Acting Sustainably**

There are no direct economic, social or environmental issues with this report which could affect the Council's sustainability.

### **5.5 Carbon Management**

No effect on carbon emissions are anticipated from the recommendation of this report.

### **5.6 Rural Proofing**

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

### **5.7 Changes to Scheme of Administration or Scheme of Delegation**

No changes to either the Scheme of Administration or the Scheme of Delegation are required as a result of this report.

## **6 CONSULTATION**

- 6.1 Hyman's Robertson, the Fund Actuary, and Pinsent Mason, external legal advisors used by the Fund, have been consulted on the production of the Policy document due to the significant involvement that they have in the progression of admission requests to the Fund. Any comments received have been incorporated into the final report.

- 6.2 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, Service Director Human Resources, Communications and the Clerk to the Council have been consulted and any comments have been incorporated into the final report.

### **Approved by**

**Clair Hepburn**  
**Service Director HR and Communications**

**Signature .....**

**Author(s)**

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**Background Papers:**

**Previous Minute Reference:** Joint Pension Fund Committee and Board 13 June 2019

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Ian Angus can also give information on other language translations as well as providing additional copies.

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