



## PENSIONS COMMITTEE – 18<sup>TH</sup> MARCH 2025

<b>Subject Heading:</b>	New Employer Admissions Process Review
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<b>Policy context:</b>	Local Government Pension Scheme Regulations 2013.
<b>Financial summary:</b>	The change will reduce the risk to the Fund of not having the legal admission agreements finalised in a timely manner

### The subject matter of this report deals with the following Council Objectives

Communities making Havering	[x]
Places making Havering	[x]
Opportunities making Havering	[x]
Connections making Havering	[x]

## **SUMMARY**

Officers carried out a review of the process for admitting new employers into the Havering Pension Fund (the Fund). An area for improvement was the timeliness of gaining approval on behalf of the Fund.

Currently under the recently approved Admissions Policy (the Policy), it states, “the final decision regarding an admission is presented to the Pensions Committee and Local Pensions Board for noting”. Officers have previously written a report and presented the Admission to Committee for approval, however as the policy only requires Committee and Board to note the admission decision, this prompted a review of how the admission decision could be made.

The change to the decision process now allows the Strategic Director of Resources to make the decision to approve the admission of a new employer into the Fund and an annual report will be presented to Committee to note those admissions. This is allowable under the Constitution and is in line with the Policy.

The change enables a more efficient conclusion to the admission process and reduces the risk to the Fund of not having all legal documentation in place until, in some cases, many months after a staff transfer has taken place.

## **RECOMMENDATIONS**

The recommendation is that Committee members note:

- The Strategic Director of Resources will now be responsible for making the decision to allow a scheme employer to be admitted to the Fund
- An annual report will be presented to Committee to advise of all employers admitted during the previous financial year.

## **REPORT DETAIL**

1. A review of the recently approved Policy (Appendix A to this report) and Pension Teams internal process for the admission of new employers into the Fund has identified an area where the process can be more efficient.
2. Previous new employer admissions have been presented to, and approved by, Pensions Committee Members. However the Pension Team is restricted by the cycle of meetings and the publication of minutes to be able to progress with the legally required Admission Agreement.

3. The Policy states Officers will be responsible for ensuring the terms of becoming an admitted employer into the Fund are met. Those terms are:
  - Schedule 2, Part 3 of the Pension Regulations require the LGPS Pension Funds to allow an admission to its scheme if the organisation is one that provides or which will provide a service or assets in connection with the exercise of a function of a scheme employer, as a result of the transfer of the service or assets by means of a contract or other arrangement
  - Guidance from MHCLG, where a transferee admission body and the scheme employer undertake to meet the relevant requirements of Schedule 2, Part 3, an administering authority cannot decline to admit to the LGPS the eligible employees of the transferee admission body.
  - Under Schedule 2, Part 3, the administering authority must admit to the scheme the eligible designated employees of the transferee admission body, provided the transferee admission body and the scheme employer undertakes to meet the relevant requirements of the regulations through an Admission Agreement. Legal engrossment of the admission agreement is subject to the service transfer taking place.
4. The Policy notes that the final decision regarding an admission is presented to the Pensions Committee and Local Pensions Board for noting.
5. Having consulted with the OneSource legal team and the Strategic Director of Resources, it has been agreed that the decision can be made at officer level under the Constitution.
6. This will enable a report to be presented to the Strategic Director of Resources for a decision and will enable the Team to finalise Admission Agreements in a timelier manner.
7. This will reduce the risk to the Fund, and the members affected, of not having legal paperwork in place for many months after a staff Tupe transfer.
8. An annual report will be presented to the Pensions Committee and Local Pensions Board to note any new employer admissions that have been approved during the previous financial year or 12 month cycle.

## **IMPLICATIONS AND RISKS**

### **Financial implications and risks:**

The Fund is at risk when an Admission Agreement is not in place prior to the transfer of staff to the new employer. There is a risk of non-payment of sums due to the Fund (eg contributions, strain costs or exit deficits) and of not being able to pay member's benefits.

A change in process that enables a timelier resolution to the admission process will reduce the risk to the Fund.

**Legal implications and risks:**

Local Authority Schools and Academy Trusts are scheme employers for the purposes of the local government pension scheme. Where they let contracts for the provision of services, their contractors are eligible to become admitted bodies, subject to the completion of an Admission Agreement.

Local Authorities are public sector bodies required to have regard to the Government's policy guidance "Fair Deal for staff pensions: staff transfer from central Government" (published with immediate effect on the 4 October 2013) when outsourcing services. Where staff are compulsorily transferred (TUPE) to an independent provider of public services those staff will generally have a right of continued access to the relevant public service pension arrangements (Havering LGPS).

The decision to admit the contractor to the Fund may be taken at officer level under the Constitution:

- Scheme 3.36 Specific Powers of the Strategic Director of Resources
  - 1.6 To manage the Council's loan debt, investments, and temporary investments, pension scheme and pension fund, insurance fund, act as registrar of loan instruments, manage all banking arrangements including numbers and types of accounts and arrange insurance of property and the selecting and accepting of tenders for insurance cover and related services which are considered to offer best value for the Council promoting good risk management practices at all times.
  - 1.20 To administer the Council's pension fund

The recommendations in this report are in keeping with the constitutional delegation.

**Human Resources implications and risks:**

The recommendations in this report do not give rise to any identifiable HR risks or implications that would affect either the Authority or its workforce.

**Equalities implications and risks:**

The proposed changes to the decision making process will enable the employees who have been compulsorily transferred to a new employer to continue to enjoy pension protection in a more timely manner.

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

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- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An EHIA (Equality and Health Impact Assessment) is usually carried out and on this occasion this isn't required.

The Council seeks to ensure equality, inclusion, and dignity for all in all situations. There are not equalities and social inclusion implications and risks associated with this decision