

ADMISSION BODY

fact sheet

(non-pass-through arrangement)

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Scheme Regulations

The statutory provisions currently effective are contained in the Local Government Pension Scheme Regulations 2013.

We strongly advise that you or your legal advisors are fully aware of, and refer to, the regulations before continuing with this application.

The regulations can be viewed at <http://lgpsregs.org/index.php/regs-legislation/timeline-regulations-2014>

An administering authority may make an admission agreement with:

- 1) a body which provides a public service in the United Kingdom otherwise than for the purposes of gain and has sufficient links with a scheme employer for the body and the scheme employer to be regarded as having a community of interest, whether because the operations of the body are dependent on the operations of the scheme employer or otherwise (I.E. A CHARITY)
- 2) a body to the funds of which any scheme employer contributes
- 3) a body which provides or 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 (I.E. A PRIVATE COMPANY)

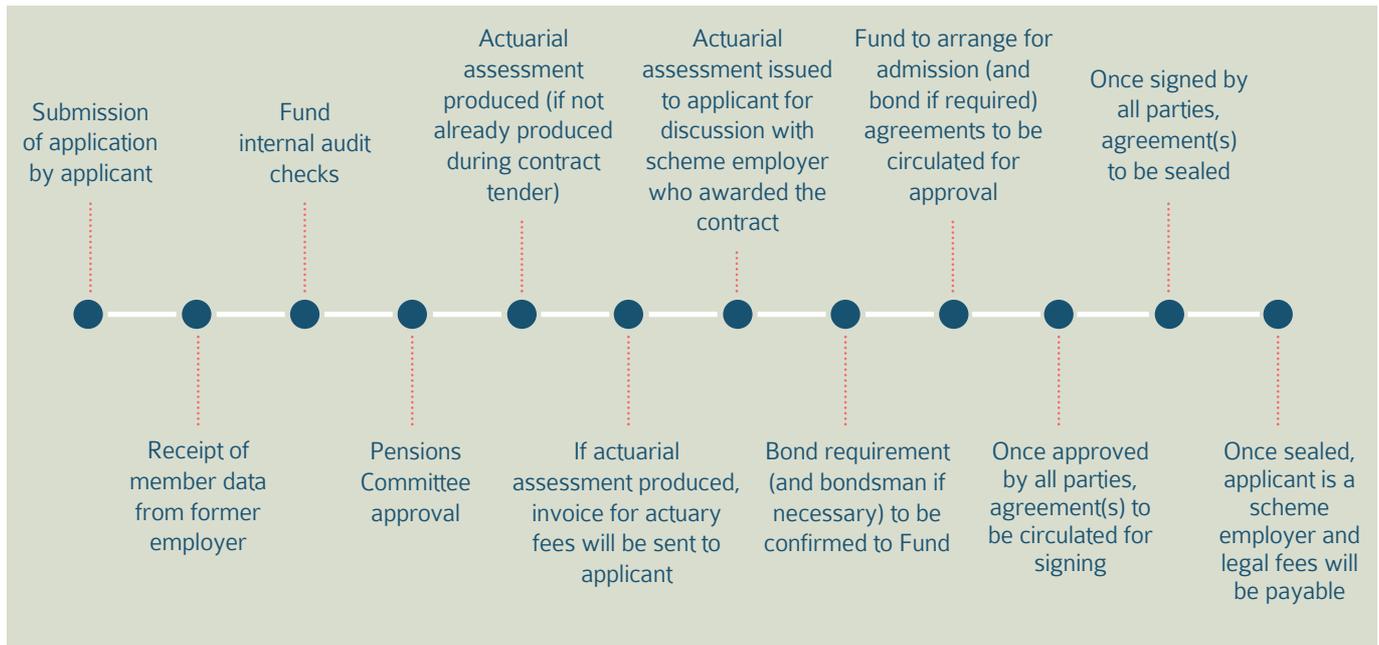
There are of course many other types of body mentioned in the regulations and you may wish to seek independent legal advice before deciding which part of the regulations are most applicable to your organisation.

1) Application Cost

The potential cost of an application for admission body status is up to £4,300.00 + VAT (these costs are correct as at 31 December 2018 and include the cost of a bond, if required).

- Please note that if your application involves over 250 members, this cost may be higher.
- We are unable to provide exact costs until an application has been received.

2) Process Requirements



- Submission of application form and accompanying documents, please refer to our website for further information: <http://www.wmpfonline.com/article/4830/Admission-Body>
- Receipt of data file from former employer, please refer to our website for the file layout: <http://www.wmpfonline.com/article/4830/Admission-Body>
- The Fund will request internal audit approval for application – to assess applying organisation’s risk of business failure.
- The Fund will request Pensions Committee approval for the application.
- If not quoted in the contract tender documents, the Fund will liaise with actuary to arrange for an actuarial assessment to be produced for the application which will confirm the employer contribution rate and recommended bond value.
- Invoice in respect of actuary fees to be issued to applicant.
- Actuarial assessment to be issued to applicant – applying organisation’s responsibility to share these details with the scheme employer who awarded the contract.
- Scheme employer/applicant to confirm bond requirement to the Fund.
- If bond required, applicant to confirm details of bondsman to the Fund.
- Once bond requirement (and bondsman if applicable) confirmed to Fund, Fund will arrange for the Fund’s legal advisors Eversheds to circulate the relevant draft agreements for approval.
- Once approved, the admission agreement (and bond agreement if required) must be signed by scheme employer awarding the contract and the contractor. If there is a bond agreement, the bondsman will also need to sign the bond agreement.
- Once all other parties have signed the documents, the City of Wolverhampton Council’s legal department will then sign and seal the agreement(s) on the behalf of the West Midlands Pension Fund.
- Once the agreement(s) have been sealed, it can be backdated to the effective date of the contract (if necessary).
- Legal fees will be payable by the applicant to produce the admission agreement (and bond agreement if required).
- Once the agreements have been sealed and finalised, we will confirm the next steps to the applicant. Upon final receipt of the member data, we will update the member records and notify the member’s accordingly.



Timescale:

Please note an application will take a minimum of three months to process, but we are unable to confirm exact timescales due to various factors which may affect the application progress e.g. receipt of information, data accuracy, decisions on bond requirements and value and all parties agreeing the standard admission and bond agreements.

3) Guarantor

- For an admission body under (3- I.E. A PRIVATE COMPANY (SEE SECTION 3 – scheme regulations)), this is automatically the outsourcing scheme employer.
 - For an admission body under (1- I.E. A CHARITY (SEE SECTION 3)) or (2 – I.E. A BODY FUNDED BY A SCHEME EMPLOYER (SEE SECTION 3)), it is the policy of the Pensions Committee that employers should not be admitted to the Fund unless a suitable guarantee (normally a scheme employer) has been obtained in a form acceptable and that satisfies the West Midlands Pension Fund.
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The purpose of guarantee is to ensure that all pension costs will be met upon termination of an admission agreement and that no liability falls, by default, on the Fund.

If you are applying under 1 or 2 and have not already done so, please make enquiries (if appropriate) with the bodies from which you receive funding.

4) Risk Assessment and Recommended Bond Value

An actuarial assessment will determine the level of pension liability risk arising on the premature termination of the admission agreement due to insolvency, winding up or liquidation of the admission body, contract ending or last active member leaving employment.

This assessment will confirm the recommended bond value and employer contribution rate. The employer contribution will then be reassessed at the next triennial actuarial valuation.

If this assessment has not been included in the contract tender, an actuarial assessment will be requested by the Fund from the Fund actuary upon receipt of the application and member data from the former and new employer.

This assessment will be passed to the applicant. The payment of actuary fees will also be the responsibility of the applicant.

The Fund accepts an assessment of risk carried out by one of the following actuaries:

- Barnett Waddingham (Fund actuary)
- Mercer
- Aon Hewitt
- Hymans Robertson

You should contact the outsourcing scheme employer to confirm their requirements with regards to bond provision.

Please note that there is no requirement from the Fund for a bond to be implemented. The bond amount detailed in the Fund's actuary correspondence is for the applicant's reference, and **any decision to implement such a bond is the responsibility of the outsourcing scheme employer as it sees appropriate.**

Once the admission agreement is sealed, if the applicant were to terminate, and they were unable to pay the potential exit deficit this would fall back on the guarantor to pay. A bond would provide a certain level of protection to the guarantor, so they would not be liable for all or part of the outstanding deficit as the Fund could call on the bond.

If a bond is required by a scheme employer, the admission body shall enter into an indemnity or bond in an approved form with an authorised insurer or a relevant institution (as defined by Schedule 2 Part 3(7) of the Local Government Pension Scheme Regulations 2013: <http://lgpsregs.org/index.php/regs-legislation/timeline-regulations-2014>).

The Fund would then be notified of the bond requirement and bondsman (if a bond is required), and we will ask our legal advisors to circulate a draft version of the bond agreement (if required) with the admission agreement to the guarantor and applicant for approval. Once approved, the engrossed agreement would be issued for signing. Legal fees will apply for these agreements which would be charged to applicant.

Once Admission Agreement Finalised:

5) Employer Contribution Rate

Once the admission agreement is sealed and the applicant is a scheme employer, the employer contribution rate calculated during the actuarial assessment referenced above will be payable from the effective date of the admission agreement.

This rate will be subject to review at the next triennial actuarial valuation.

Payment in respect of the ongoing employer contributions should be made no later than the 19th day of the following month.

6) Employee Contribution Rate

Once the admission agreement is signed and sealed, employee pension contributions should be paid to the Fund.

The employee contribution rate banding can be found on our website: <http://www.wmpfonline.com/activemember>

The employee contribution rate would be payable from the 'effective date' of the agreement. Payment should be made by the employer no later than the 19th day of the following month.

7) Monthly Data Submissions

Once your agreement is sealed, the Fund will require monthly data submissions from your organisation from the 'effective date' of the agreement. More information can be found on our website: <http://www.wmpfonline.com/monthlysubmissions>

8) Termination of Admission Agreement

Please note that if your contract ends and is not extended or the last active member on the contract leaves employment, your admission agreement will terminate.

When an agreement terminates, the Fund must obtain:

- an actuarial valuation as at the exit date of the liabilities of the Fund in respect of benefits in respect of the exiting employer's current and former employees; and
- a revised rates and adjustments certificate showing the exit payment due from the exiting employer or exit credit payable to the exiting employer in respect of those benefits.

Actuarial fees for this actuarial valuation will be payable by the admission body.

If your contract is extended, you must confirm the new contract end date to the Fund as soon as possible, to enable us to update our records.

If your contract ends and you are awarded a new contract by the same organisation (which is a continuation of the previous service provided under the old contract) then, provided that the terms of the new contract **remain the same or broadly similar as the previous contract**, we can arrange for an addendum to the original admission agreement to be produced to reflect the change of contract. Any legal costs for this addendum will be payable by the applicant.

- The addendum will be signed by your organisation, the scheme employer who has awarded the contract, and the Fund.
- If the terms of the new contract are not the same or broadly similar, we will need to terminate the existing admission agreement and you will need to reapply for admission body status.