



Pension Fund Committee

Date:	19th October 2023
Classification:	General Release
Title:	London Diocesan Board of Schools
Report of:	Sarah Hay, Pensions Officer People Services
Wards Involved:	All
Policy Context:	Service Delivery
Financial Summary:	£ unknown

1. Introduction

1.2 This report provides a brief outline of the request from the London Diocesan Board of Schools (LDBS) to be granted access to the Westminster Pension Fund.

2. London Diocesan Board of Schools

2.1 On the 6th of December 2022, I submitted a paper to the prior Pension Committee on a request received from, Terri Patterson, Head of People and Culture at the LDBS asking if they could become an admitted body in the City of Westminster Pension Fund.

2.2 The report confirmed that LDBS is a charitable organisation working with local authorities to improve education standards. They have a working relationship with 26 Westminster Schools of a faith origin. LDBS are currently part of the Church of England defined benefit scheme which we have now been advised is due to close by the 31st of March 2024. LDBS have been advised that they need to find alternative pension provision and would like to retain a similar scheme to their current pension arrangement and help them to retain their staff.

2.3 LDBS, which is a registered charity, is not a scheduled body therefore it is entirely up to the fund if we grant access and if we do to set criteria for access to our pension fund. The Pension Committee can reject this request if you are not comfortable on the merits of the application or have concerns over the general security of the fund if access is granted.

- 2.4 Generally I would not suggest to the Pension Committee, we accept a new employer unless one of our existing fund employers is tupe transferring staff to them or they are a scheduled body with entitlements to access the fund. LDBS meets neither requirement, but they are working in Westminster and supporting Westminster schools. In addition to this Sarah Newman the Executive Director, Bi-Borough Children's Services has expressed her support for their application into our LGPS fund in recognition of the work that they do in the borough.
- 2.5 The LDBS have provided the fund with some provisional membership data for 11 staff, which I have asked the funds actuary to review. The LDBS had initially asked the fund to consider an open admission agreement. This would allow LDBS to enter new members into the pension fund from their date of entry into the fund on a continuing basis as new people joined the employer.
- 2.6 Following discussion with the actuary and the Tri Borough Treasury and Pensions, I concluded that the risk of an open admission agreement with a charitable organisation and no ceding employer to guarantee their liabilities would not be in the fund's interests.
- 2.7 I requested the actuary to calculate a rate for a potential LDBS admission into the scheme based on closed admission agreement and on a very risk averse funding strategy. This in essence means that LDBS will only be allowed to transfer staff into our fund who are in the Church of England defined benefit scheme on the 31st of March 2024 and any new staff will have to join a new scheme. The risk averse funding strategy assumes that the fund is likely to make lower returns going forward and as a result the employer rate that has come back for LDBS is 42.5% and as I understand significantly higher than they are currently paying in the Church of England Pension scheme.
- 2.8 The actuary has indicated that the above employer rate percentage would give a 90% likelihood of success i.e. of the employer being fully funded in the scheme in 17 years' time. If returns were higher than assumed, they could potentially be over funded, but it should be noted that other factors including ill health retirements and transfers into the fund that the members elect to make could impact future funding. The population of staff involved is small a single tier 1 ill health retirement would have a significant impact.
- 2.9 Whilst we could request a bond as a part of allowing membership of our fund that would cover us if LDBS became insolvent. it should be noted that bonds are normally for a limited period. It is possible that LDBS is able to get a bond in 2024 but cannot in 2030 which would be an issue if the employer were less than 100% funded then. Our approach has been to try and ensure if LDBS is allowed into the pension fund that they are highly likely to be as funded as possible in the event of any financial issues in the future.
- 2.9 I have not engaged with legal on an admission agreement and await the direction of the Pension Committee.

2.10 The LDBS have shared their last funding statement and accounts that shows a healthy balance sheet. I have asked finance for a credit report on LDBS and will update you as soon as I am able to do so.

3. Summary

3.1 I am asking the Pension Committee to decide if they are agreeable to LDBS joining the WCC Pension Fund on a closed admission basis from the 1st of April 2024.