Putting the Community First

BARNET
LONDON BOROUGH

MEETING **PENSION FUND COMMITTEE**
DATE AND TIME **TUESDAY 20 DECEMBER 2011** **AT 7.00PM**
VENUE **HENDON TOWN HALL, THE BURROUGHS, HENDON NW4 4BG**

TO: MEMBERS OF THE COMMITTEE (Quorum 3)

Chairman: Councillor Anthony Finn
Vice Chairman: Councillor Mark Shooter

Councillors:

Alex Brodkin	Jack Cohen	Geof Cooke	Susette Palmer

Substitute Members:

Andrew Harper	Geoff Johnson	Lord Palmer	Ansuya Sodha
Rowan Turner			

You are requested to attend the above meeting for which an agenda is attached.
Aysen Giritli – Head of Governance

Governance Service contact: Maria Lugangira 020 8359 2761

Media Relations contact: Sue Cocker 020 8359 7039

To view agenda papers on the website: http://committeepapers.barnet.gov.uk/democracy

CORPORATE GOVERNANCE DIRECTORATE

ORDER OF BUSINESS

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AGENDA ITEM: 6 Page nos. 1 - 2

Meeting	Pension Fund Committee
Date	20 December 2011
Subject	**One Barnet and the London Borough of Barnet Pension Fund**
Report of	Deputy Chief Executive
Summary	A presentation will be given to the Committee. This will outline the implications on the pension fund of the governments proposals for pension reform, and also the implications of transfer of staff to other employers through the One Barnet programme.

Officer Contributors	Jacquie McGeachie, Assistant Director of Human Resources
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Pension Fund Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Jacquie McGeachie, Assistant Director Human Resources

1. RECOMMENDATIONS

1.1 That the Committee note the content of the presentation to be provided to the Committee.

2. RELEVANT PREVIOUS DECISIONS

2.1 None.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 Maintaining the integrity of the Pension Fund supports the corporate priority of getting the best value from our resources.

4. RISK MANAGEMENT ISSUES

4.1 The ongoing viability of the Pension Fund is dependent on maximising contributions to the Fund.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 Ensuring the long term financial health of the pension fund will benefit everyone who contributes to it.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

6.1 The presentation to the Committee deals with the issues in respect of the Pension Fund of:

- The government's proposed pension reforms; and
- The implications of staff transferring to other employers through the One Barnet programme.

6.2 This report is just for information, there are no procurement, performance & value for money, staffing, IT, Property or Sustainability implications.

7. LEGAL ISSUES

7.1 No specific legal issues, this report is just for information.

8. CONSTITUTIONAL POWERS

8.1 No specific constitutional issues, this report is just for information.

9. BACKGROUND INFORMATION

9.1 A presentation will be given to the Committee. This will outline the in principle approach to pensions when dealing with the transfer of employees to a new employer in the context of the One Barnet Programme.

10. LIST OF BACKGROUND PAPERS

10.1 None.

Legal: SWS
CFO: JH/MC

AGENDA ITEM:7 Page nos. 3 - 23

Meeting	Pension Fund Committee
Date	20 December 2011
Subject	**Barnet Council Pension Fund Performance for Quarter July to September 2011**
Report of	Deputy Chief Executive
Summary	This report advises the Committee of the performance of the Pension Fund for the quarter July to September 2011

Officer Contributors	John Hooton, Assistant Director of Strategic Finance Iain Millar, Head of Treasury and Pensions
Status (public or exempt)	Public
Wards affected	None
Enclosures	Appendix A – Property Unit Trust Portfolio Appendix B – Pension Fund Market Value of Investments Appendix C – JLT Image Report Quarterly Update 30 September 2011
For decision by	Pension Fund Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Iain Millar Head of Treasury and Pensions Tel: 0208 359 7126

1. RECOMMENDATIONS

1.1 That, having considered the performance of the Pension Fund for the quarter July 2011 to September 2011, the Committee instruct the Deputy Chief Executive and Chief Finance Officer to address any issues that it considers necessary.

2. RELEVANT PREVIOUS DECISIONS

2.1 Council – 11th September 2007 – Minute 64.

2.2 Pension Fund Committee – 4 February 2010, Item 6

2.3 Pension Fund Committee – 21 March 2011, Item 7

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 To ensure that the pension fund is being invested prudently and to the best advantage in order to achieve the required funding level. Effective monitoring of the Pension Fund will provide support towards the Council's corporate priorities in providing better services, with less money.

4. RISK MANAGEMENT ISSUES

4.1 A key risk is that of poor investment performance. The performance of Fund managers is monitored by the committee every quarter with reference to reports from the WM Company Ltd, a company that measures the performance of pension funds. If fund manager performance is considered inadequate, the fund manager can be replaced.

4.2 Risks around safeguarding of pension fund assets are highlighted in the current economic climate following the US downgrade and crisis in the Eurozone. Fund managers need to have due regard to longer term investment success, in the context of significant market volatility. Both Newton's and Schroder's will attend this Committee to update on their approach in this context.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 Pursuant to the Equalities Act 2010, the council is under an obligation to have due regard to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, pregnancy, and maternity, religion or belief and sexual orientation

5.1 Good governance arrangements and monitoring of the pension fund managers will benefit everyone who contributes to the fund.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

6.1 As Administering authority for the London Borough of Barnet Pension Fund, the Council is required to invest any funds not required for the payment and administration of pension fund contributions and benefits.

6.2 The Pension Fund has appointed external fund managers to maximise pension fund assets in accordance with the fund investment strategy. The Pension Fund is a long term investor and volatility of investment return is expected, though in the longer term, the appointed fund managers are expected to deliver positive returns in accordance with the fund benchmarks.

7. LEGAL ISSUES

7.1 This report is based on the provisions of (i) the Local Government Pension Scheme (Administration) Regulations 2008 (SI 2008/239); (ii) the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (SI 2007/1166); and (iii) The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (SI 2008/238) which have their basis in the Superannuation Act 1972.

7.2 Other statutory provisions are referred to in the body of this report.

8. CONSTITUTIONAL POWERS

8.1 Constitution – Part 3 Responsibility for Functions – Section 2 – Responsibility for Council Functions delegated to the Pension Fund Committee through the Pension Fund Governance Compliance Statement.

9 BACKGROUND INFORMATION

9.1 History

9.1.1 The Superannuation Act 1972 makes provision for local authorities to operate pension funds for their employees and employees of other employers who have either a statutory right or an admission agreement to participate in the funds. The London Borough of Barnet's Pension Scheme Fund (The Fund) is set up under the Local Government Pension Scheme (Administration) Regulations 2008 (SI 2008/239); (ii) the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (SI 2007/1166); and (iii) The Local Government Pension Scheme (Transitional Provisions) Regulations 2008. The Regulations include provision for retirement pensions, grants on age or ill-health retirement, short service grants, death grants, injury allowances and widows' pensions.

9.2 Tax Status

9.2.1 The Fund is an exempt approved fund under the Finance Act 1970, and is therefore exempt from Capital Gains Tax on its investments. At present all Value Added Tax is recoverable, but the fund is not able to reclaim the tax on UK dividends.

9.3 Operation and Administration

9.3.1 The Fund is operated and administered by the London Borough of Barnet. Day to day investment management of the Fund's assets is delegated to expert investment advisors in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 (as amended). The Fund is managed on a balanced (excluding property and cash) basis. The current fund managers are Schroder Investment Management Ltd and Newton Investment Management Limited.

9.3.2 At the Pension Fund Committee meeting held on the 4 February 2010, the Committee agreed to implement a 70/30 diversified growth and bonds portfolio using the existing managers. Implementation of the new investment strategy commenced on 19 November 2010 and is now fully completed.

9.3.3 Actuarial services are provided by Barnett Waddingham and the fund receives investment advice from JLT Investment Consulting.

9.4 **Scheme Governance**

9.4.1 The Council is statutorily responsible for the management of the Fund and for making strategic decisions that govern the way the Fund is invested. In this respect, the Council delegates responsibility for making investment decisions and monitoring arrangements to the Pension Fund Committee. The Pension Fund Committee's responsibilities include reviewing and monitoring the Fund's investments; selecting and deselecting investment managers and other relevant third parties; and establishing investment objectives and policies.

The Fund's investment objectives and policies are published in a Statement of Investment Principles, details of this statement can be found on the Council's Web Site http://www.barnet.gov.uk/statement_of_investment_principles_oct_2010.pdf).

9.5 **Funding**

9.5.1 The Fund is financed by employer and employee contributions and from income derived from investments. Every three years the Fund Actuary carries out a valuation, which determines the level of employer contributions. The last triennial valuation took place as at 31 March 2010 and the final report has been published on the Council's website.

9.6 **Investment Performance & Benchmark**

9.6.1 The Fund's overall performance is measured against a liability benchmark return and includes internal property.

9.6.2 The Growth portfolio return is the combined Newton and Schroder Diversified Growth Fund portfolios and is measured against a notional 60/40 global equity benchmark and underlying benchmarks of each fund for comparison.

9.6.3 The performance of the Fund including manager performance is outlined in Appendix C.

9.6.4 The value of the fund at 30 September 2011 was £658.113m compared to £686.84m on 30 June 2011 and £662.82m as at 31 March 2011. The graph in Appendix B shows how the market value of the fund has appreciated since 2005.

9.6.5 Overall fund performance was -4.2% over the quarter, underperforming the benchmark of 6.2% as shown in the table below. Performance was well below the scheme benchmark. In a quarter marked by significant market uncertainty and volatility, the Fund's relative performance was 5.4% above the WM Local authority benchmark for the quarter (-9.0%). Although performance was negative the fund's strategy was effective in limiting downside risk during difficult market trading conditions.

Total Scheme Performance

	Portfolio Return Q3 2011 %	Benchmark Return Q3 2011 %
Total Scheme	-4.2	6.2
Growth Portfolio		
Growth v Global Equity	-6.7	-14.1
Growth v RPI+5% p.a.	-6.7	2.4
Growth v LIBOR + 4% p.a.	-6.7	1.2
Bond Portfolio		
Bond v Over 15 Year Gilts	2.3	14.4
Bond v Index-Linked Gilts (> 5 yrs)	2.3	7.8

The Growth portfolio excludes internal Property and L&G equities, Global equity 60% FTSE All Share Index, 40% FTSE AW All-World (ex UK) Index

The Bond portfolio excludes L&G corporate bond fund.

9.7 Internally managed funds

9.7.1 The property unit trust portfolio accounts for 3.5% of the total market value of the fund and was valued at £23.4m as at the 30th of September 2011. Appendix A shows the value of the individual units held in the portfolio and the movement in market value since the last quarter.

9.7.2 The performance of property fund is measured against the IPD All Properties Index, performance for the last quarter and the 12 months to 30 September 2011 are detailed in Appendix C.

9.7.3 As at 30 September 2011 £9.822 million Pension Fund cash was held compared to £5.745 million as at 30 June 2011. These funds are invested internally pending transfer to the external fund managers if not required for the payment and administration of pension benefits.

10. LIST OF BACKGROUND PAPERS

10.1 None.

Legal: SWS
CFO: JH/MC

Appendix A - Property Unit Trust Portfolio

Description	Holding	Book Value £	Bid £	Market Value 30 September 2011 £	Market Value 31 June 2011 £
Rockspring Hanover Property Unit Trust	206	1,868,514	11,850	2,441,100	2,422,560
Hermes Property Unit Trust	2,002,700	5,891,532	4.433	8,877,969	8,825,899
Blackrock UK Property Fund	180,300	4,987,991	33.9592	6,122,844	6,084,097
Schroder Exempt Property Unit Trust	190,433	4,954,405	31.87	6,069,100	6,027,204
Legal & General Index Tracker Fund	11,461,175	25,000,000	2.53713	29,078,490	34,166,793
Legal & General Active Corporate Bond – All Stock-Fund	8,202,074	11,000,000	1.75407	14,387,012	14,102,974
Cash				9,821,898	5,745,079
Total		**53,702,442**		**76,798,413**	**77,374,606**

Appendix B - Pension Fund Market Value of Investments

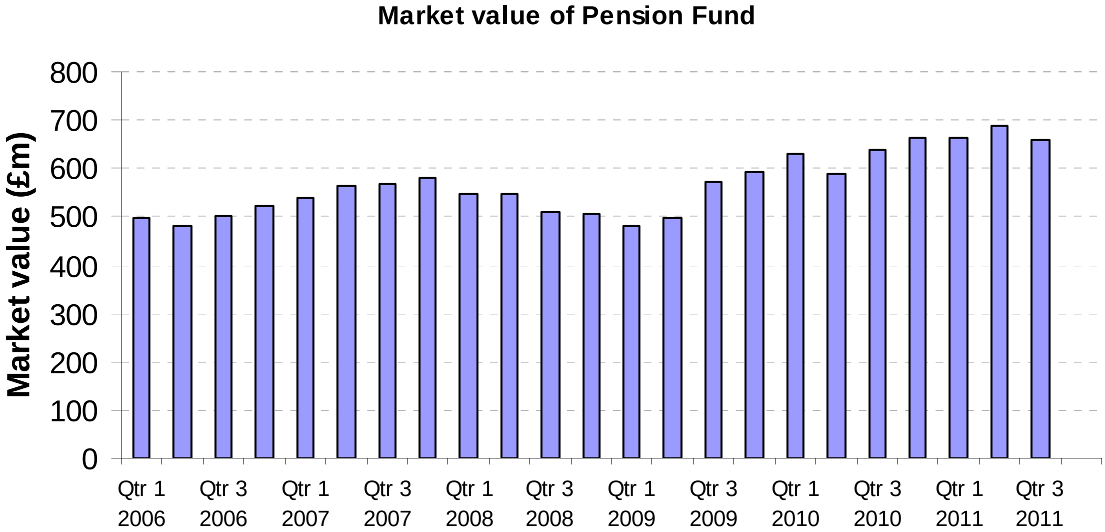


IMAGE Report - Quarterly Update
30 September 2011

London Borough of Barnet Superannuation Fund

JLT INVESTMENT CONSULTING

Contents

Jignasha Patel, MMath (Hons) IMC
Investment Consulting Analyst

Julian Brown, PhD IMC
Investment Consultant
December 2011

Section One – Market Update

Introduction

This summary covers the key market data for the three months to the end of September 2011.

Market statistics

Market Returns Growth Assets	3 Mths %	1 Year %
UK Equities	-13.5	-4.4
Overseas Equities	-15.1	-4.9
USA	-11.3	2.1
Europe	-24.4	-13.6
Japan	-3.1	1.9
Asia Pacific (ex Japan)	-17.9	-11.7
Emerging Markets	-19.2	-15.3
Property	1.9	8.7
Hedge Funds	-4.7	1.8
Commodities	-9.0	4.1
High Yield	-5.4	0.6
Cash	0.1	0.5

Market Returns Bond Assets	3 Mths %	1 Year %
UK Gilts (>15 yrs)	14.4	11.2
Index-Linked Gilts (>5yrs)	7.8	13.6
Corporate Bonds (>15yrsAA)	6.0	3.3
Non-Gilts (>15 yrs)	6.4	3.8

Change in Sterling	3 Mths %	1 Year %
Against US Dollar	-3.0	-1.1
Against Euro	4.9	0.6
Against Yen	-7.4	-8.8

Yields as at 30 September 2011	% p.a.
UK Equities	3.66
UK Gilts (>15 yrs)	3.45
Real Yield (>5 yrs ILG)	0.16
Corporate Bonds (>15 yrs AA)	5.12
Non-Gilts (>15 yrs)	5.03

Absolute Change in Yields	3 Mths %	1 Year %
UK Gilts (>15 yrs)	-0.8	-0.4
Index-Linked Gilts (>5 yrs)	-0.3	-0.3
Corporate Bonds (>15 yrs AA)	-0.4	0.2
Non-Gilts (>15 yrs)	-0.5	0.1

Change in inflation Indices	3 Mths %	1 Year %
Price Inflation - RPI	1.1	5.6
Price Inflation - CPI	1.3	5.2
Earnings Inflation *	-0.1	1.6

* is subject to 1 month lag

Statistical highlights

- The rate of CPI inflation rose from 4.2% in June to 5.2% in September. Nevertheless, the Bank of England's Monetary Policy Committee kept interest rates on hold at 0.5% over the quarter, and restarted its programme of Quantitative Easing ("QE"), unveiling plans to increase the size of QE from £200 billion to £275 billion.
- UK retail sales saw their worst performance for 16 months in September, according to the Confederation of British Industry ("CBI"), resulting from rising unemployment, low wage growth and the high rate of RPI inflation.
- The Office for National Statistics ("ONS") reported that the number of people unemployed rose by 114,000 in the 3 months to August to reach 2.57 million, the largest increase for nearly two years. Youth unemployment hit a record high of 991,000. The jobless rate now stands at 8.1%.
- The European Central Bank ("ECB") kept interest rates on hold at 1.5% and whilst the US Federal Reserve decided against increasing the existing $2.3 trillion quantitative easing programme, it introduced a programme to swap short-term for long-term government debt in a policy called "operation twist" that it expects to produce a similar benefit.
- The pound depreciated against the US Dollar and Yen over the quarter but appreciated against the Euro. Sentiment for the Euro still remains negative as many analysts fear a Greek default.
- Major uncertainty about the global economic outlook and the implications of the sovereign debt crisis in the Eurozone had a significant negative impact on the third quarter equity returns in all the major regions. In the developed economies, economic growth slowed partially in response to uncertainty regarding the extent of cuts in government spending and inflationary pressures in emerging markets. The financial markets experienced high levels of volatility and we have seen an increasing correlation both within and across major asset classes.
- The FTSE-All Share Index produced a return over the quarter of -13.5% and Europe equities performed particularly poorly, with return of -24.4%, on fears about the stability of the banking system. This was driven by the political uncertainty in the US and the sovereign debt crisis facing the Eurozone. Despite, the US Federal Reserve implementing another version of quantitative easing, the political impasse regarding the measures needed to make a meaningful reduction in the government deficit led to the US equity market producing a return of -11.3%. The equity markets in the Asia Pacific ex Japan and Emerging Markets regions produced returns of -17.9% and -19.2% respectively.
- Against the turmoil in the equity markets and the government bond markets in the Eurozone, the UK gilt market was perceived to be a safe haven and, at the long end, produced a return of 14.4% over the quarter. Long dated corporate bonds produced a return of 6.0%, driven by corporate restructuring that has resulted in strong balance sheets, strong cash flow and healthy margins.

Section Two – Total Scheme Performance

Fund values

		Start of Quarter		Net New Money	End of Quarter	
Manager	Fund	Value £	Proportion of Total %	£	Value £	Proportion of Total %
Newton Investment Management Limited (Newton)	Real Return	217,840,227	31.7	-	207,529,769	31.5
Schroder Investment Management Limited (Schroder)	Diversified Growth	213,734,238	31.1	-	195,313,840	29.7
Legal and General Investment Management (L&G)	World (ex UK) Equity Index	34,166,793	5.0	-	29,078,490	4.4
Newton	Corporate Bond	91,427,026	13.3	-	96,822,334	14.7
Schroder	All Maturities Corporate Bond	92,213,436	13.4	-	91,093,618	13.8
L&G	Active Corporate Bond – All Stocks	14,102,974	2.1	-	14,387,012	2.2
Internal	Property	23,359,761	3.4	-	23,511,013	3.6
Schroders	Cash	-	0.0	-	376,826	0.1
ASSET SPLIT						
Bond assets		197,743,436	28.8	-	202,302,964	30.7
Growth assets		489,101,019	71.2	-	455,809,938	69.3
TOTAL		**686,844,455**	**100.0**	**-**	**658,112,902**	**100.0**

Source: Investment managers, bid values. Please note that the internal property amount is based on bid values.

Total Scheme Performance

	Portfolio Return Q3 2011 %	Benchmark Return Q3 2011 %
Total Scheme	-4.2	6.2
Growth Portfolio		
Growth v Global Equity	-6.7	-14.1
Growth v RPI+5% p.a.	-6.7	2.4
Growth v LIBOR + 4% p.a.	-6.7	1.2
Bond Portfolio		
Bond v Over 15 Year Gilts	2.3	14.4
Bond v Index-Linked Gilts (> 5 yrs)	2.3	7.8

The Growth portfolio excludes internal Property and L&G equities, Global equity 60% FTSE All Share Index, 40% FTSE AW All-World (ex UK) Index

The Bond portfolio excludes L&G corporate bond fund.

The total scheme return is shown against the liability benchmark return, and includes the internal property fund. The Growth portfolio return is the combined Newton and Schroder DGF portfolios and is shown against a notional 60/40 global equity benchmark and the underlying benchmarks of each fund for comparison purposes. The Bond portfolio is the combined Newton and Schroder corporate bond portfolios and is shown against the Over 15 Year Gilts Index and Index Linked (Over 5 years) Index.

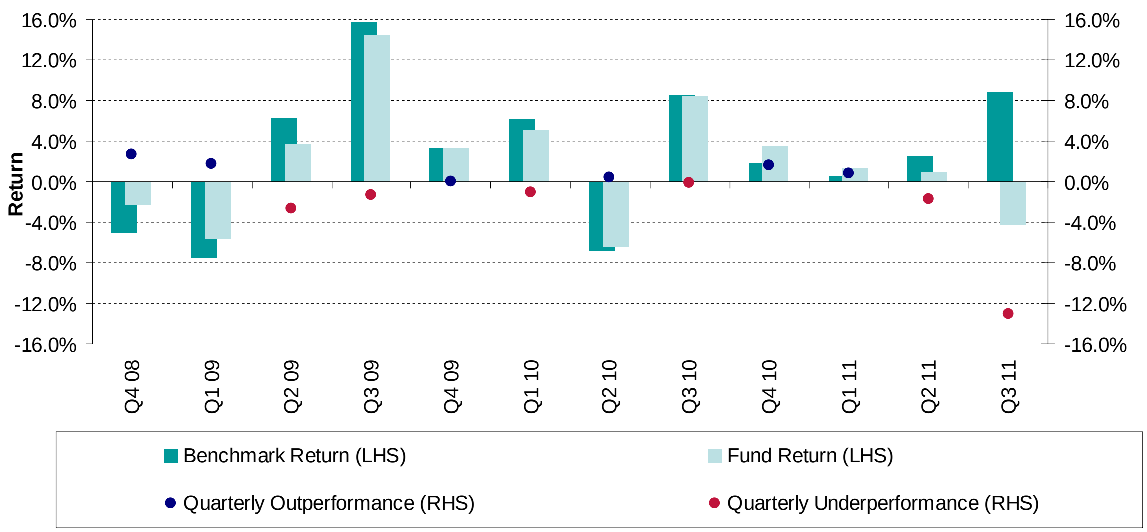
Individual Manager Performance

Manager/Fund	Portfolio Return Q3 2011 %	Benchmark Return Q3 2011 %
Newton Real Return	-4.7	1.2
Schroder Diversified Growth	-8.6	2.4
L&G – Overseas Equity	-14.9	-15.1
Newton Corporate Bond	5.9	5.4
Schroder Corporate Bond	-1.2	1.7
L&G – Corporate Bond	2.0	1.6
Internal Property	0.6	1.9

Source: Investment managers, Thomson Reuters.

The above table shows the breakdown of the individual manager/portfolio returns against their underlying benchmarks. The internal property portfolio is compared to the IPD UK Monthly index.

Total Scheme - performance relative to benchmark



Source: Investment managers, Thomson Reuters.

The Scheme achieved a return of -4.2% over the quarter and underperformed the liability benchmark return of 6.2 %.

The chart also shows the historical returns against the WM Universe for information. The new strategy against the liability benchmark is effective from 1 January 2011.

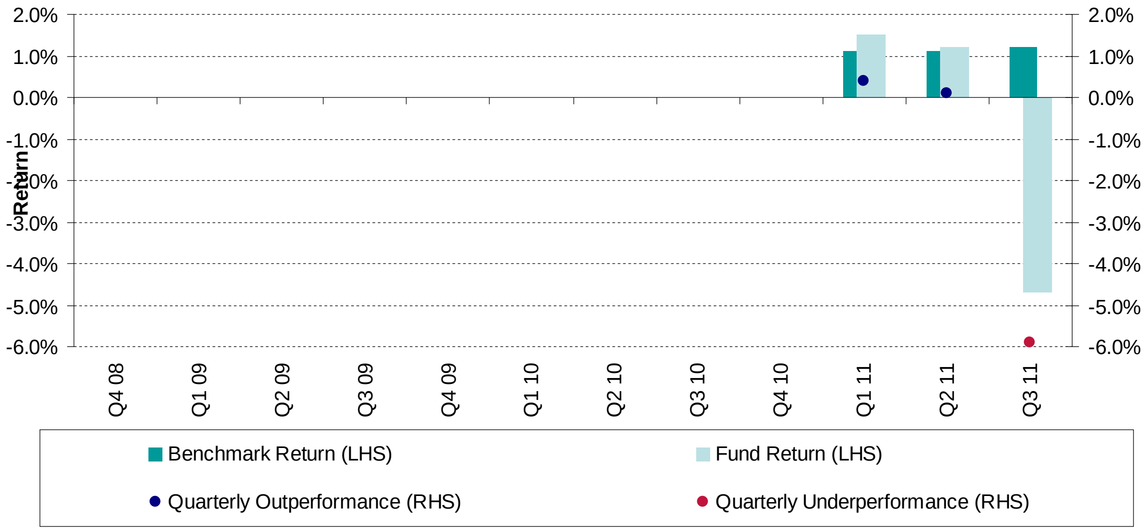
The absolute return was generated by negative returns across the DGF and equity portfolios, as well as the Schroders bond portfolio.

The Growth Portfolio, comprising the two DGF funds, outperformed the notional 60/40 global equity benchmark, by 7.4%, due to the performance of both DGF funds. It is usual to expect DGF funds to outperform equities in falling markets. The Growth portfolio returned less than both of the LIBOR +4% and the RPI +5% returns.

The Bond Portfolio, comprising the two corporate bond portfolio's managed by Newton and Schroder, underperformed both the Over 15 Year Gilts Index (-12.1%) and the Over 5 Years Index Linked Gilts Index (-5.5%). During the quarter, although bonds in general produced positive returns, government bonds and index linked gilts outperformed corporate bonds.

Section Three – Manager Performance

Newton - Real return fund- performance relative to benchmark

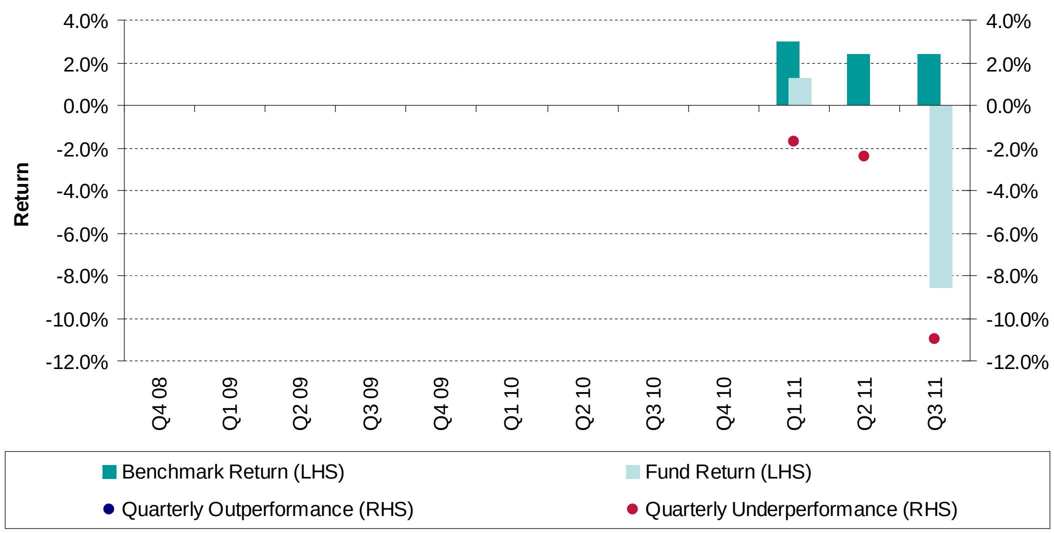


Source: Investment manager.

The portfolio return was -4.7% compared to its LIBOR+4% p.a. benchmark return of 1.2% underperforming by 5.9%. In comparison to a notional 60/40 global equity benchmark return the fund outperformed.

The fund underperformed over a difficult and volatile quarter. The holdings in global equities and high yield credit suffered as risk assets sold off over the quarter. Holdings in gold, US Treasury index-linked bonds, index put and currency options provided some offset.

Schroder - Diversified growth fund - performance relative to benchmark



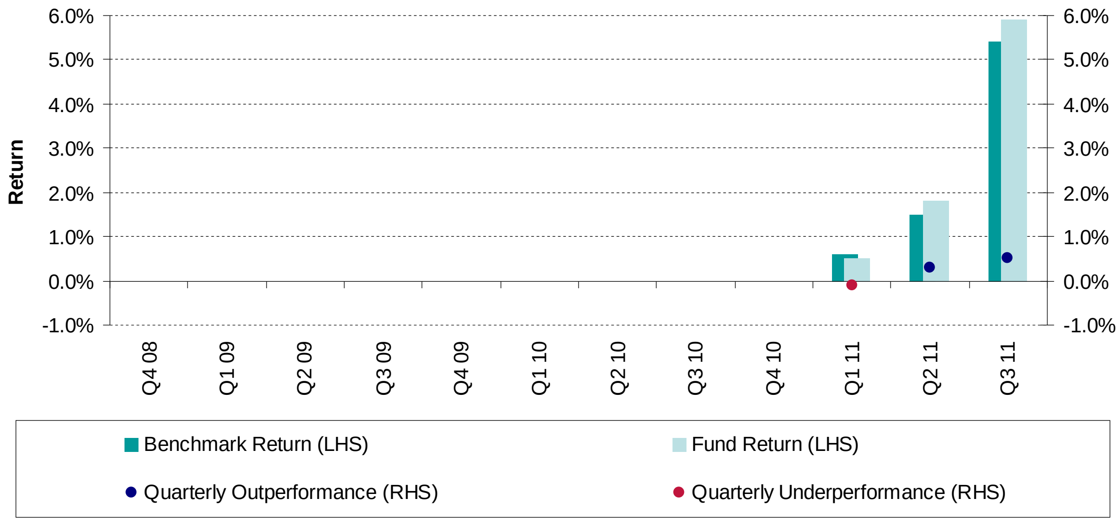
Source: Investment managers.

The portfolio return was -8.6% compared to its RPI+5% p.a. benchmark return of 2.4% underperforming by 11.0%. Like the Newton Real Return Fund, the Schroder DGF outperformed global equities over the quarter. The Fund suffered as risk assets sold off and equities, in particular, reported significant losses. The commodity exposure also detracted from performance. The exposure to Asian currencies was reduced in early September was positive for performance as Asian currencies depreciated during this period.

Asset allocation for growth managers: movement over the quarter

	Q3 '11 Newton %	Q3 '11 Schroder %	Q2 '11 Newton %	Q2 '11 Schroder %
UK Equities	16.0	0.9	17.9	3.0
Overseas Equities	37.4	34.8	42.1	44.4
Fixed Interest	4.9	-	4.1	0.0
Corporate Bonds	9.3	-	10.8	0.0
High Yield	-	29.1	-	24.5
Private Equity	-	3.9	-	3.8
Commodities	4.7	13.4	3.0	15.5
Absolute Return	-	2.5	-	3.0
Index-Linked	3.3	-	2.3	0.0
Property	-	2.9	-	2.9
Cash/Other	24.4	12.5	19.8	2.9

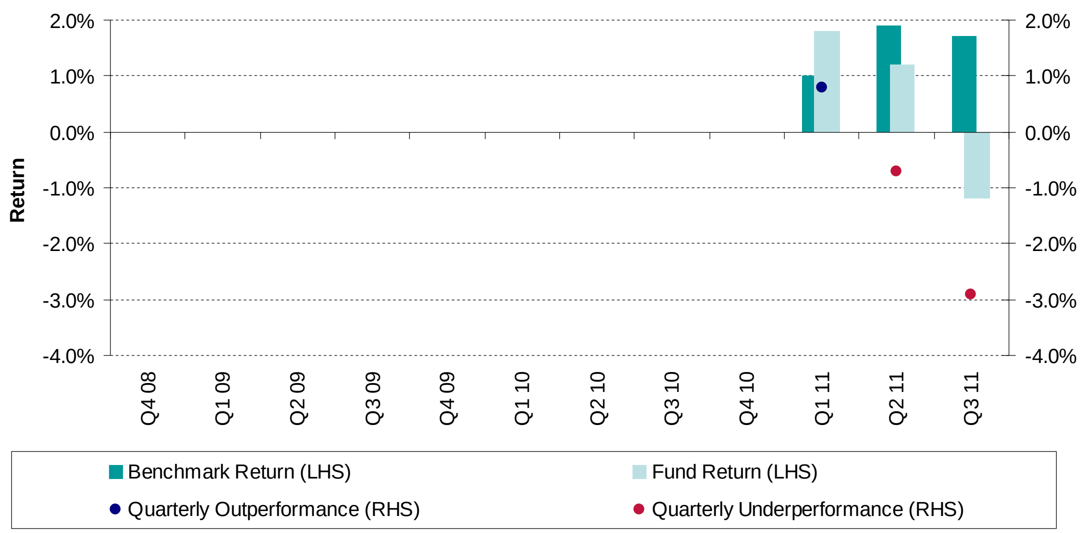
Newton - Corporate bond portfolio - performance relative to benchmark



Source: Investment managers

The Newton Corporate Bond portfolio outperformed its benchmark, returning 5.9% versus the benchmark return of 5.4%. Performance was driven by positive returns from both corporate bonds and gilts over the quarter. The Newton High Yield Global Bond Fund performed negatively in both absolute and relative terms, however, this fund makes up only around 3% of the bond portfolio.

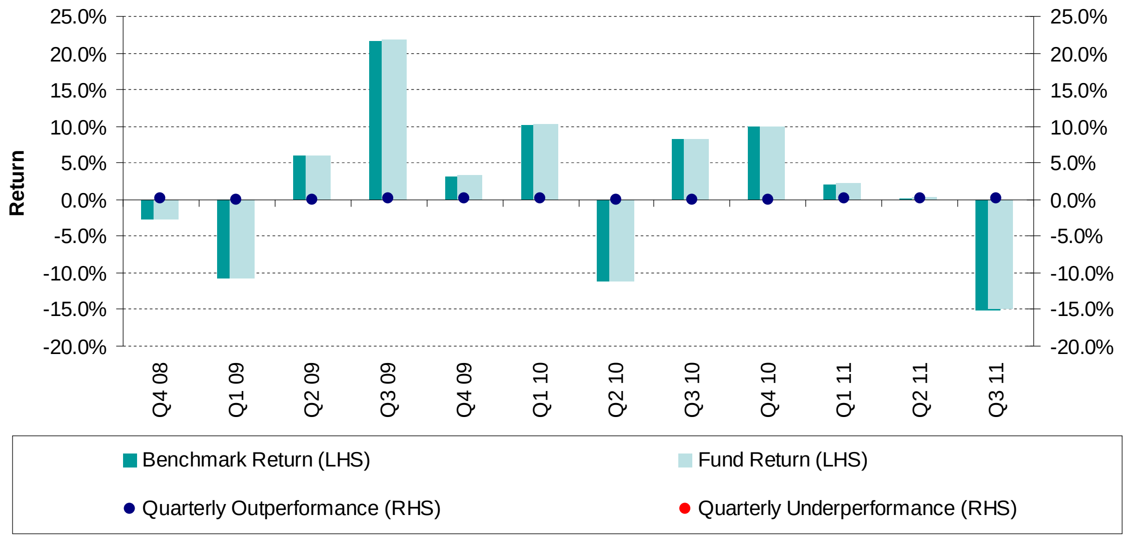
Schroder - All maturities corporate bond portfolio - performance relative to benchmark



Source: Investment managers

The Schroders Corporate Bond portfolio underperformed the benchmark by 2.9%, returning -1.2%. Performance was driven by the positioning in high credit spread beta, which hurt performance as credit spreads widened due to increasingly negative market sentiment caused by fears over the future of the Eurozone and worries about a Greek default.

L&G – Equities



Source: Investment manager.

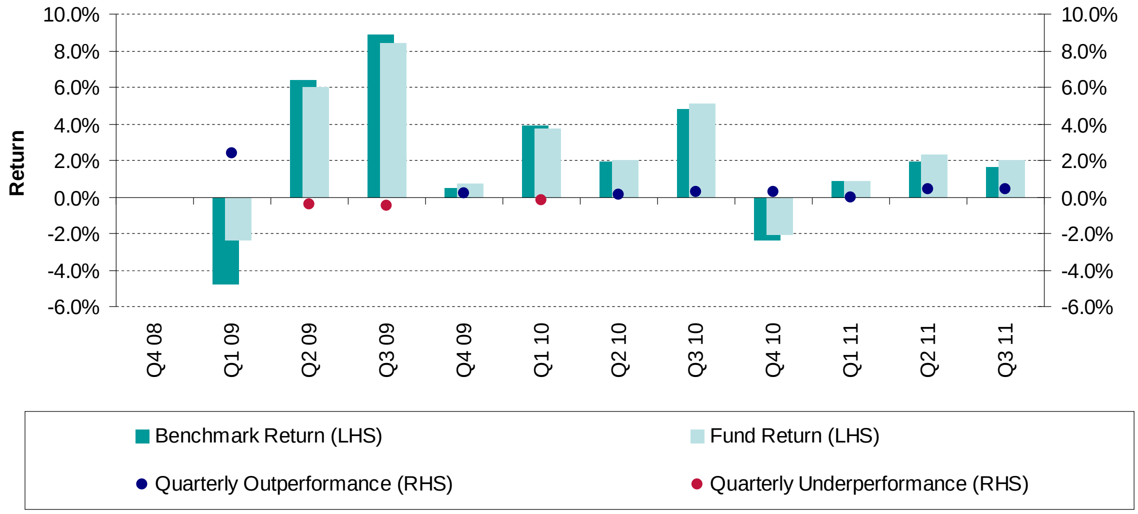
The first investment in the L&G World (ex UK) Equity Index Fund was made on 23 September 2008. There is now a full three year performance.

Over the third quarter of 2011, the fund return was -14.9% marginally outperforming the benchmark return of -15.1%; all the equity regions performed much in line with their respective benchmarks.

Over the year, the fund return was -4.0% compared with the benchmark return of -4.1%. Over the three years to 30 September 2011, the fund return was -12.7% compared with the benchmark return of -13.2%.

This fund has achieved its target of matching the relevant indices over both the quarter and year.

L&G – Fixed Interest



Source: Investment manager.

The first investment in the L&G Active Corporate Bond – All Stocks Fund was made on 17 December 2008.

Over the third quarter of 2011, the fund return was 2.0% outperforming the benchmark return of 1.6%.

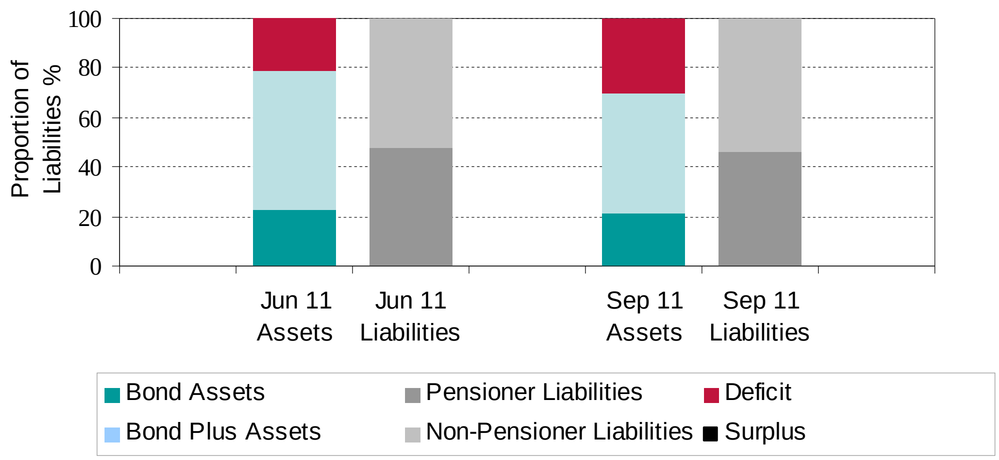
The fund retains an overall defensive bias, and maintains the overweight position in collateralised debt issues which proved positive for performance.

Over the year, the fund has performed well with a return of 3.2% compared with the benchmark return of 2.0%.

Section Four – Consideration of Funding Level

This section of IMAGE considers the funding level of the Scheme. Firstly, it looks at the Scheme asset allocation relative to its liabilities. Then it looks at market movements, as they have an impact on both the assets and the estimated value placed on the liabilities

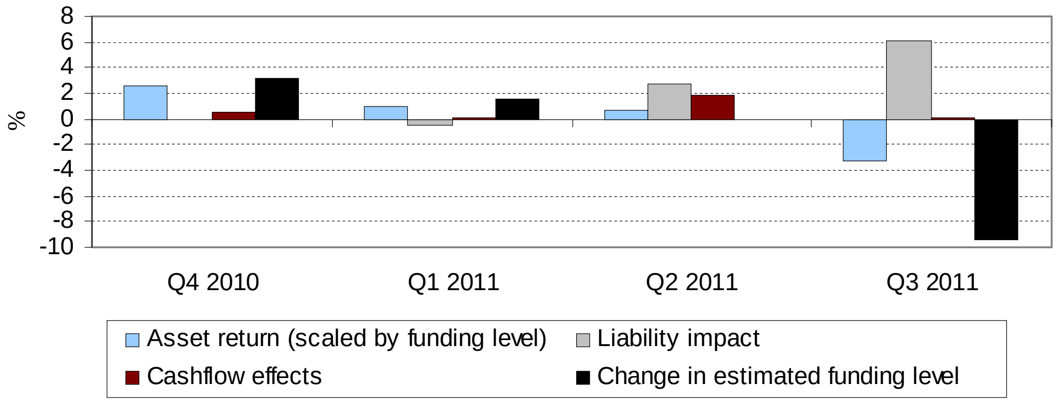
Allocation to Bond and Bond Plus assets against estimated liability split



The chart above shows the allocation of the Scheme to Bond and Bond Plus assets (see appendix for definition) against the estimated liability split, which is based on changes in gilt yields underlying the Scheme Actuary's calculation of liabilities. The reference yield for the liabilities is the over 15-year gilt yield, as shown in the Market Statistics table in Section 2. These calculations do not take account of unexpected changes to Scheme membership and should not be construed as an actuarial valuation. However, by showing approximations to these liabilities, this chart should assist the Panel in making informed decisions on asset allocation.

The split between non-pensioner and pensioner liabilities is estimated to have remained fairly stable over the quarter. The Scheme remains very underweight to Bond assets relative to its estimated pensioner liabilities; a mismatch that leaves the Scheme exposed to both market and interest rate risk.

Scheme performance relative to estimated liabilities



The above chart shows, for each quarter, how changes in the value of the assets and the liabilities, combined with the cashflow of the Scheme, have affected the funding level. As detailed earlier, the value of the liabilities has been estimated with reference to changes in the gilt yields underlying the Scheme Actuary's calculation of liabilities, as shown in the Market Statistics table.

Long-dated government bond yields fell (i.e. government bond prices rose) over the quarter and this is expected to have increased the value of the liabilities (all else being equal).

In addition, the value of the Scheme's assets fell over the quarter which has led to a significant deterioration in the funding level.

Therefore, based on movements in the investment markets alone, this quarter has seen a decrease in the Scheme's estimated funding position with an increase in the funding deficit.

Section Five – Summary

Overall this has been a difficult quarter for the Scheme.

In absolute terms, the Scheme's assets produced a return of -4.2% over the quarter. Only the Newton Corporate Bond Fund the L&G Corporate Bond Fund and the Internal Property produced positive absolute performances.

In relative terms, the Scheme underperformed the liability benchmark return of 6.2%.

The Newton Real Return Fund, the Schroder Diversified Growth Fund, the Schroder Corporate Bond Fund and the Internal Property all underperformed their respective benchmarks. All other funds outperformed their respective benchmarks.

The combined Growth portfolio outperformed a notional 60/40 global equity return driven by both DGF funds. In a falling equity market it is usual to expect DGF funds to outperform equities and reduce the impact of the equity fall as they are designed to do.

The combined Bond Portfolio underperformed the two indices that will be used to measure the duration portfolio as government and index-linked bonds rose more in value than corporate bonds.

Over the quarter it is anticipated, other things being equal, that investment conditions had a significant negative impact on the Scheme's funding level.

Appendix

Liability benchmarking

An assessment of Scheme liabilities and how they change would require details of membership changes and actuarial valuation calculations to be carried out. However, by considering the changes in value of a suitable notional portfolio, based on your own liabilities, we can obtain an approximation to the changes in liabilities which will have occurred as a result of investment factors. In this report, when we refer to "liabilities" we mean the notional portfolio representing the actuarial liabilities disclosed in the actuarial valuation report dated 31 March 2010, adjusted approximately to reflect changes in investment factors. This will, therefore, not reflect any unanticipated member movements since the actuarial valuation. However, as a broad approximation it will allow more informed decisions on investment strategy.

Summary of current funds

Manager	Fund	Date of Appointment	Management Style	Monitoring Benchmark	Target
Newton Investment Management Limited (Newton)	Real Return	December 2010	Active, pooled	1 month LIBOR plus 4% p.a.	To achieve significant real rates of return in sterling terms predominantly from a portfolio of UK and international securities and to outperform the benchmark over rolling 5 years
Newton	Corporate Bond	December 2010	Active, pooled	Merrill Lynch Sterling Non Gilt Over 10 Years Investment Grade Index	To outperform the benchmark by 1% p.a. over rolling 5 years
Schroder Investment Management Limited (Schroder)	Diversified Growth	December 2010	Active, pooled	Retail Price Index plus 5% p.a.	To outperform the benchmark over a market cycle (typically 5 years)
Schroder	All Maturities Corporate Bond	December 2010	Active, pooled	Merrill Lynch Sterling Non-Gilts All Stocks Index	To outperform the benchmark by 0.75% p.a. (gross of fees) over rolling 3 years
Legal and General Investment Management (L&G)	World (ex UK) Equity Index Fund	September 2008	Passive, pooled	FTSE AW World (ex UK) Index	Track within +/- 0.5% p.a. the index for 2 years in every 3

Summary of current funds (continued)

Manager	Fund	Date of Appointment	Management Style	Monitoring Benchmark	Target
L&G	Active Corporate Bond – All Stocks	December 2008	Active, pooled	iBoxx Sterling Non-Gilts All Stocks Index	Outperform by 0.75% p.a. (before fees) over rolling 3 years
Internal	Property	N/a	Active, property unit trust portfolio	UK IPD Property Index	Outperform the index
Newton Investment Management Limited (Newton)	Balanced	April 2006	Active, segregated	WM Local Authority Weighted Average	Outperform by 1% p.a over rolling 3 years, and not to underperform by 3% in any rolling 12 month period
Schroder Investment Management Limited (Schroder)	Balanced	1994	Active, segregated	WM Local Authority Weighted Average ex property, Japan and other international equities	Outperform by 1% p.a over rolling 3 years, and not to underperform by 3% in any rolling 12 month period

Glossary of Terms

Term	Definition
Absolute return	The overall return on a fund.
Bond asset	Assets held in the expectation that they will exhibit a degree of sensitivity to yield changes. The value of a benefit payable to a pensioner is often calculated assuming the invested assets in respect of those liabilities achieve a return based on UK bonds.
Bond plus asset	Assets held in the expectation that they will achieve more than the return on UK bonds. The value of a benefit payable to a non-pensioner is often calculated assuming the invested assets in respect of those liabilities achieve a return based on UK bonds plus a premium (for example, if holding equities an equity risk premium may be applied). The liabilities will still remain sensitive to yields although the bond plus assets may not.
CAPS	A performance monitoring service provided by Russell Mellon. This shows manager by manager performance on a fund by fund basis, including median manager returns. CAPS use a form of time-weighted rate of return.
Duration	The average time to payment of cashflows (in years), calculated by reference to the time and amount of each payment. It is a measure of the sensitivity of price/value to movements in yields.
Equity risk premium	The additional return expected from equities over and above that expected from UK Gilts. An equity risk premium is given as an example and other risk premia also exist.
Funded liabilities	The value of benefits payable to members that can be paid from the existing assets of the scheme (i.e. those liabilities that have assets available to meet them).
IMAGE Median	The return from the median manager in the IMAGE survey.
IMAGE Universe	All the managers who are included in the IMAGE survey of pooled balanced funds.
Market stats indices	The following indices are used for asset returns: UK Equities: FTSE All-Share Index Overseas Equities: FTSE World Index Series (and regional sub-indices) UK Gilts: FTSE-A Gilt >15 Yrs Index Index Linked Gilts: FTSE-A ILG >5 Yrs Index Corporate Bonds: iBoxx Corporate Bonds (AA) Over 15 Yrs Index Non-Gilts: iBoxx Non-Gilts Over 15 Yrs Index Property: IPD Property Index High Yield: ML Global High Yield Index Commodities: S&P GSCI GBP Index Hedge Funds: CSFB/Tremont Hedge Fund Index Cash: 7 day London Interbank Middle Rate Price Inflation: Retail Price Index (excluding mortgages), RPIX Earnings Inflation: Average Earnings Index

Market forecast committee	An internal committee at HSBC Actuaries that meets each quarter to set long term return expectations on different asset classes using fund manager surveys and wider economic data from the investment market.
Market volatility	The impact of the assets producing returns different to those assumed within the actuarial valuation basis, excluding the yield change impact.
Money-Weighted rate of return	The rate of return on an investment including the amount and timing of cashflows.
Non-Pensioner liability	The value of benefits payable to those who are yet to retire, including active and deferred members.
Pensioner liability	The value of benefits payable to those who have already retired, irrespective of their age.
Relative return	The return on a fund compared to the return on another fund, index or benchmark. For IMAGE purposes this is defined as: Return on Fund *less* Return on Index or Benchmark.
Scheme investments	Refers only to the invested assets, including cash, held by your investment managers.
Standard deviation	A statistical measure of volatility. We expect returns to be within one standard deviation of the benchmark 2 years in every 3. Hence as the standard deviation increases so does the risk.
Surplus/Deficit	The estimated funding position of the Scheme. This is not an actuarial valuation and is based on estimated changes in liabilities as a result of bond yield changes, asset movements and, if carried out, output from an asset liability investigation (ALI). If no ALI has been undertaken the estimate is less robust.
Time-Weighted rate of return	The rate of return on an investment removing the effect of the amount and timing of cashflows.
Unfunded liabilities	The value of benefits payable to members that cannot be paid from the existing assets of the Scheme (i.e. those liabilities that have no physical assets available to meet them). These liabilities are effectively the deficit of the Scheme.
Yield (gross redemption yield)	The return expected from a bond if held to maturity. It is calculated by finding the rate of return that equates the current market price to the discounted value of future cashflows.
3 Year return	The total return on the fund over a 3 year period expressed in percent per annum.

Manager Research Tier Rating System

Tier	Definition
Tier One	Significant probability that the manager will meet the client's objectives.
Tier Two	Reasonable probability that the manager will meet the client's objectives.
Tier Three	The manager may reach the client's objectives but a number of concerns exist.
Tier Four	There is a reasonable probability that the manager will fail to meet the client's objective due to a number of key concerns.
Tier Five	Significant concerns exist and it is highly probable that the manager will not meet client's objectives.

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AGENDA ITEM: 8 Page nos. 24 - 33

Meeting	Pension Fund Committee
Date	20 December 2011
Subject	**Investment of Surplus Cash: Asset Allocation Review**
Report of	Deputy Chief Executive
Summary	This report considers the options for investing surplus pension fund cash arising from the disposal of the property unit trust portfolio. .A paper from JLT, the Pension Fund's investment consultant, sets out the case for making an allocation to complimentary asset classes including institutional investment into residential housing.

Officer Contributors	John Hooton, Assistant Director of Strategic Finance Iain Millar, Head of Treasury and Pensions
Status (public or exempt)	Public
Wards affected	None
Enclosures	Appendix A– Property Unit Trust Portfolio as at 30 September 2011 Appendix B – JLT Report Investment of Accumulated Cash
For decision by	Pension Fund Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Iain Millar Head of Treasury and Pensions Tel: 0208 359 7126

1. RECOMMENDATION

1.1 That the Committee:

(1) Note the disposal of the holdings in the Pension Fund property unit trusts and the accumulation of £30 million surplus cash by 31 December 2011.

(2) Instructs the Deputy Chief Executive and Chief Finance Officer to invest surplus cash available from the disposal of the property unit trust holdings, allocating 70:30, in accordance with the agreed strategic asset allocation between the Diversified Growth Fund and Corporate Bond Mandates held by Newton and Schroder pending further consideration of allocation to additional asset classes and to address any issue that it considers necessary.

(3) Considers the options for making an allocation to complimentary asset classes including institutional investment into residential housing.

(4) Considers the case for disposing of the legacy assets held with Legal and General Asset Management in indexed assets and corporate bonds for further investment within the strategic allocation or alternative investments

2. RELEVANT PREVIOUS DECISIONS

2.1 Council – 11th September 2007 – Minute 64.

2.2 Pension Fund Committee – 4 February 2010, Item 6

2.3 Pension Fund Committee – 21 March 2011, Item 7

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 To ensure that the pension fund is being invested prudently and to the best advantage in order to achieve the required funding level. Effective financial management and review of the investment strategy of the Pension Fund will provide support towards the Council's corporate priorities in providing better services, with less money.

4. RISK MANAGEMENT ISSUES

4.1 A key risk is that of poor investment performance. The performance of Fund managers is monitored by the committee every quarter with reference to reports from the WM Company Ltd, a company that measures the performance of pension funds. If fund manager performance is considered inadequate, the fund manager can be replaced.

4.2 More consistent overall investment return can be achieved through diversification into a range of asset classes with due regard to the risk profile of the type of investment type and the experience and track record of the investment manager. The down side is that this type of asset can be illiquid and may not be traded quickly unless new investors to the fund are available.

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5. EQUALITIES AND DIVERSITY ISSUES

5.1 Pursuant to the Equalities Act 2010, the council is under an obligation to have due regard to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, pregnancy, and maternity, religion or belief and sexual orientation

5.1 Good governance arrangements and monitoring of the pension fund managers will benefit everyone who contributes to the fund.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

6.1 The Pension Fund Committee has agreed a multi-asset diversified growth strategy and holding a separate commercial property asset class was not consistent with that strategy investing the cash proceeds from the disposal of the property unit trust holdings in accordance with the diversified growth strategy should maximise fund investment return in the longer term.

6.2 Investing in a highly specialised asset class such residential property offers potential diversification. A potential hedge against inflation and the potential for consistent long term returns.

6.3 There is over £30 million surplus to investment after taking into consideration investment cash of £9.8million cash at band and current £22.9 million of cash realised from investments.

7. LEGAL ISSUES

7.1 This report is based on the provisions of (i) the Local Government Pension Scheme (Administration) Regulations 2008 (SI 2008/239); (ii) the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (SI 2007/1166); and (iii) The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (SI 2008/238) which have their basis in the Superannuation Act 1972.

7.2 Other statutory provisions are referred to in the body of this report.

8. CONSTITUTIONAL POWERS

8.1 Constitution – Part 3 Responsibility for Functions – Section 2 – Responsibility for Council Functions delegated to the Pension Fund Committee through the Pension Fund Governance Compliance Statement.

9 BACKGROUND INFORMATION

9.1 History

9.1.1 At the Pension Fund Committee meeting held on the 4th of February 2010, the Committee agreed to implement a 70/30 diversified growth and bonds portfolio using the existing managers. Implementation of the new investment strategy commenced on Friday the 19th of November 2010 and is now fully completed.

9.1.2 At the Pension Fund Meeting on 21 March 2011, the Committee agreed to the disposal of the property unit trust portfolio which accounts for 3.5% of the total market value of the fund. By 31 December £22.9 million will have been realised from the sale of the property unit trusts. The remaining unsold units are valued at £1.45 million and are scheduled for sale by 31 March 2012.

9.1.3 The Pension Fund has accumulated cash from the surplus of contributions and property unit trust dividend income .This amounts to £9.8 million and this is held internally in the Pension Fund Bank Account in addition to the proceeds of the property portfolio disposal This means there is over £30 million available to re-invest in the Fund and potentially to allocate to new investment classes at a later date.

9.1.4 The combined holding of index tracker funds and corporate bonds held with Legal and General, (£43.46 million) made up 6.5% of the market value of the fund as at 30 September 2011. This portfolio is outside the strategic asset allocation.

9.2 Residential Property Investment

9.2.1 The JLT paper attached as Appendix B, sets out the case for considering applying surplus cash to institutional making an allocation to complimentary asset classes including institutional investments into residential housing This investment class is not available through the current strategic investment allocation .It involves a co–ownership model for institutional investors to fund shared ownership for first time residential buyers on the London property market by buying properties with potential for capital growth.

9.2.2 The returns available from an investment in residential property are divergent from those available from commercial property. This means there is potential to diversify by investing in an uncorrelated asset class not currently accessible to the Fund's large institutional managers Newton and Schroders. Residential property opportunities are currently not of a scale or sufficiently liquid to be considered by them.

9.2.3 Residential property is a highly specialised and recent innovation in the property market. The London residential property market is also more resilient and demand led than other part of the country.

10. LIST OF BACKGROUND PAPERS

10.1 None

Legal: SWS
CFO: JH/MC

Appendix A - Property Unit Trust Portfolio as at 30 September 2011

Property Unit Trust Portfolio

Description	Holding	Book Value £	Bid £	Market Value 30 September 2011 £	Market Value 31 June 2011 £
Rockspring Hanover Property Unit Trust	206	1,868,514	11,850	2,441,100	2,422,560
Hermes Property Unit Trust	2,002,700	5,891,532	4.433	8,877,969	8,825,899
Blackrock UK Property Fund	180,300	4,987,991	33.9592	6,122,844	6,084,097
Schroder Exempt Property Unit Trust	190,433	4,954,405	31.87	6,069,100	6,027,204
Legal & General Index Tracker Fund	11,461,175	25,000,000	2.53713	29,078,490	34,166,793
Legal & General Active Corporate Bond – All Stock-Fund	8,202,074	11,000,000	1.75407	14,387,012	14,102,974
Cash				9,821,898	5,745,079
Total		**53,702,442**		**76,798,413**	**77,374,606**

Investment of Accumulated Cash

London Borough of Barnet Pension Fund

JLT INVESTMENT CONSULTING

December 2011

Introduction

The London Borough of Barnet Pension Fund ("the Fund") has an internally managed property portfolio which makes up approximately 4% of the Fund's assets and has historically underperformed its benchmark.

As investment advisors we have advised that the Fund disinvests this portfolio as it only has a very marginal impact on the Fund performance as a whole; and because the Fund's Diversified Growth (DGF) mandates mean that Fund's managers, Newton and Schroders, can make active property allocations within their respective DGFs. Therefore it has been agreed that a separately managed, internal property portfolio is no longer required.

In this short paper we discuss the implications that arise from realising the property asset class investments, i.e. that cash is returned to the Fund, we will then comment on the specific considerations for the Fund of investing that cash, and finally make some recommendations.

Implications of Realising Cash

We would consider the Fund's internal property portfolio as a 'Growth' asset portfolio. Property investments can provide a rental income or yield similar to that from 'Bond' assets. However, whilst they are not highly correlated to equity markets (property markets historically have tended to lag both equity markets and the wider economy) neither do they display the strict interest rate sensitivity, or duration, of genuine Bond assets. We do note that some pension schemes choose to consider property within a wider classification of bond-like or yielding assets.

This classification debate highlights that the decision that must now be made with respect to the Fund's recent accumulation of cash in realising the majority of the property assets since the end of the last quarter.

The vast majority of the Fund's assets reside with Newton and Schroders and have been allocated as per the agreed investment strategy of 70% in DGF (Growth) assets and 30% in Corporate Bond assets. The internal property portfolio had been excluded from the calculation of the strategic asset allocation split, so where should these (previously unallocated) proceeds now be allocated?

This decision represents an opportunity for the Fund; potentially the money could be applied to address any market-driven, relative movement away from the strategic asset allocation, or it could be used to supplement the agreed investment strategy.

Factors to Consider When Allocating Cash

In percentage terms the allocation of the cash proceeds from the internal property portfolio will only have a marginal impact on the Fund; typically we would suggest an allocation has to exceed 5% for it to be meaningful. That is not to say we are dismissive of making a stand-alone investment of less than 5% of a pension scheme's assets; especially when - as is the Fund's case - this is in monetary terms a potentially significant investment which will exceed £20m.

The default that, as investment advisors, we would always recommend is that any new monies to a pension scheme are always allocated as per the agreed and stated investment strategy. The reason for this default allocation is simply that the agreed investment strategy is set for the long-term, and unless there are valid reasons to consider a different allocation this default avoids a governance decision every time there is new money entering a scheme.

Mindful of the potential governance implications of making additional allocations to previously un-invested assets or managers we do believe there are valid reasons for at least considering an allocation that complements the long term investment strategy. The two most compelling arguments for considering a new asset allocation alongside an existing investment strategy is when the asset class being considered is either:

- a new asset class that has not previously been available to either the Fund and its managers
- or, it is an asset class into which the Fund's managers are unable to invest but the Fund can.

Additional Asset Classes

We constantly review the investment markets and fund managers' offerings for any innovative products that could be a useful addition to our clients. Since we implemented the Fund's investment strategy in 2009/10 there have, of course, been developments in the institutional investment markets.

We would suggest there is a development that should be considered by the Fund for potential investment:

- The very recent potential for institutional investment in residential housing funds

Institutional investment in residential housing

JLT Investment Consulting are currently completing operational due diligence on the Mill Group - Institutional Investors in Housing (IIH) Fund. We have been engaged by the Greater London Authority (GLA) to conduct this work. This is a co-ownership model for institutional investors to fund the first-time buyer purchases within the London market. It is clearly a well researched proposal that addresses some of the key issues that have faced institutional investors and effectively precluded them from this large, potentially very lucrative but highly fragmented portion of the property market. We believe this Fund has a cogent investment thesis and will have a credible General Partner and therefore merits consideration by the Fund. We do note that this is potential investment is structured as Limited Partnership Agreement (LPA) and that it would be illiquid in comparison to the rest of the Fund's investments.

Recommendations

We would recommend that the Members of the Pension Committee should consider allocating the realised proceeds of the Fund's property portfolio to either:-

- the agreed strategic asset allocation of 70:30 DGF : Corporate Bonds; or,
- a complementary asset class to the Fund's Growth portfolio
- the complementary asset class we have included for initial consideration and discussion is an institutional investment into residential housing.

Discussion and implications for the future

Implicit within our recommendations above is that there will be a discussion around the amount of the Fund's assets as a whole that the Members wish to have outside of the strategic asset allocation, and whether an initial investment may be increased at a later date.

We note that the Fund still has significant holdings, in monetary terms, with L&G in index assets and corporate bonds that are held outside the strategic asset allocation which we wish to review in the future. These could provide future cash to augment any initial investment into a complementary asset class in order to make the total allocation meaningful enough to have a significant impact on the Fund's overall investment performance.

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AGENDA ITEM:9 Page nos. 34 - 38

Meeting	Pension Fund Committee
	20 December 2011
Subject	**Admission of Blue 9 Security Ltd into London Borough of Barnet Local Government Pension Scheme Fund**
Report of	Director for Commercial Services
Summary	This report sets out information on the application from Blue 9 Security Ltd for Admitted Body status within the London Borough of Barnet's Local Government Pension Scheme Fund and seeks Committee approval for this.

Officer Contributors	Craig Cooper, Director for Commercial Services Mick Stokes, Assistant Director – Commercial Services Martyn Carter, Procurement Manager
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Pension Fund Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Martyn Carter, Procurement Manager- 0208 359 7267

1. RECOMMENDATIONS

1.1 That the Committee approve the admission of Blue 9 Security Ltd as an 'Admission Body' to the Local Government Pension Scheme Fund administered by the council.

2. RELEVANT PREVIOUS DECISIONS

2.1 None.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 To maintain the integrity of the Pension Fund by ensuring robust monitoring of admitted body organisations and ensuring that all third-parties comply fully with admission agreements and bond requirements. The principle supports the corporate priority of getting 'better services for less money'

4. RISK MANAGEMENT ISSUES

4.1 The ongoing viability of the Pension Fund is dependent on maximising contributions to the Fund. All admitted bodies are subject to reviews and actuarial assessments to ensure compliance with admissions agreements and maintenance of appropriate employer contribution levels to mitigate against any risk to the financial viability of the pension fund.

4.2 The pension Regulations require actuarial assessments of the value of the pension fund and the liabilities of the employer. This is done initially and at each triennial valuation. The actuarial assessment will determine the employer contribution rate required to be made to the fund dependant on the profile of the workforce and the potential risk to the fund of admitting the body.

4.3 The risk is commonly addressed by the employer being required to take out an admission bond to ensure payment to the pension fund in case of the premature termination of the provision of the service due to insolvency, winding up or liquidation of the admission body.

4.4 The council as 'Administering Authority' will carry out an assessment with the benefit of actuarial advice, as required under the Regulations, of the level of risk exposure arising on premature termination of the contract by reason of the insolvency, winding up or liquidation of the Admission Body. If the assessment identifies that a bond is required, the Admission Body will be required to secure the provision of a bond at the identified level.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 Under the Equality Act 2010, the council and all other organisations exercising public functions on its behalf must have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex;

sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination

5.1 Ensuring the long term financial health of the pension fund will benefit everyone who contributes to it.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

6.1 Paragraph 4, above, deals with the financial implications.

6.2 There are no procurement, performance & value for money, staffing, IT, Property or Sustainability implications.

6.3 The admission body will be required to meet the cost of securing and maintaining the required level of bond in accordance with actuarial advice before the admission agreement is signed.

7. LEGAL ISSUES

7.1 The Local Government Pension Scheme (Administration) Regulations 2008 (as amended) provide that a Local Authority as an 'Administering Authority' may admit a contractor into the Local Government Pension Scheme. Under the Regulations the form of admission available to Blue 9 Security Ltd would be as a 'transferee admission body', on the basis that Blue 9 Security Ltd. will provide a service in connection with the exercise of a function of a 'Scheme Employer' as a result of the transfer of the service by means of a contract or other arrangement. The council is a 'Scheme Employer' and Blue 9 Security Ltd will provide a security service to the council pursuant to a contract to be entered into between the parties.

7.2 With respect to an admission agreement with a transferee admission body, the Regulations further provide for an assessment of the level of risk arising on premature termination of the provision of the service or assets by reason of insolvency, winding up or liquidation of the transferee admission body. The assessment must be carried out by the council - as 'Scheme Employer' - with the benefit of actuarial advice. Where the assessment identifies that the level of risk is such as to require it, the Admission Agreement must provide that the transferee admission body shall enter into an indemnity or bond to meet the level of risk identified.

7.3 The Council's standard Admissions Agreement makes provision for the, relevant, admission body to maintain a bond in an approved form and to vary the level of risk exposure under the bond as may be required from time to time.

7.4 On the basis that The Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended), will apply, the provisions of the Regulations must be complied with by the council and Blue 9 Security Ltd. with respect to the transfer of the services and staff to Blue 9 Security Ltd.

8. CONSTITUTIONAL POWERS

8.1 The Council's constitution, Part 3 – Responsibility for Functions, Pension Fund Governance Compliance Statement, paragraph 2.2.13 empowers the Pension Fund Committee to "approve applications from organisations wishing to become admitted bodies into the Fund where legislation provides for discretion, including the requirements for bonds.”

9. BACKGROUND INFORMATION

9.1 Currently there are two companies which provide buildings security services to the Council. It was acknowledged that outsourcing to one provider would improve client side contract management and achieve more competitive rates due to economies of scale.

9.2 Following the Delegated Powers Report No 798, May 2009 to authorise the instigation of a specification phase, followed by a tender exercise, an external Consultant was engaged to devise a security specification for the five corporate buildings. The buildings within the scope of the tender are: Barnet House, Hendon Town Hall, Barbara Langstone House, Mill Hill Depot and Burnt Oak Library. .

9.3 On completion of the specification, a restricted procurement process was undertaken. This involved an initial pre-qualification questionnaire (PQQ) followed by a shortlisting process for Invitation to Tender. A total of 135 PQQ’s were requested of which 35 were completed and returned.

9.4 Following PQQ evaluation, Invitations to tender were sent to the top 10 short listed companies. One Company decided to withdraw from the tender process therefore leaving 9 tender submissions.

9.5 Tenders were evaluated by a team of Council Officers on the basis of the most economically advantageous tender according to the criteria and corresponding weightings set out in the table below and notified to the bidders with the Invitation to Tender. The evaluation was based on a combination of Quality and Price with the ratio of 50/50 (50 Quality and 50 Price).

Award Criteria	**Weighting %**
1. Ability to ensure continuity in service provision including cover for civil emergencies.	10
2. Capacity and Resources to support the contract	15
3. Ability to meet the requirements of the specification	15
4. Ability to provide and evaluate management performance information to monitor and improve services including delivery and monitoring of KPI’s	10
6. Price	50

9.6 The evaluation team concluded that Blue 9 Security Ltd provided the most economically advantageous tender at an annual cost of £883,218.

9.7 The Transfer of Undertakings (Protection of Employment) Regulations 2006 (“TUPE”) (as amended) will apply in respect this tender process.

10. LIST OF BACKGROUND PAPERS

10.1 None

Legal: SWS
CFO: JH/MC

AGENDA ITEM:10 Page nos. 39 - 44

Meeting	Pension Fund Committee
Date	20 December 2011
Subject	**Admission of NSL Services Group into the London Borough of Barnet Pension Fund**
Report of	Assistant Director, Environment, Planning & Regeneration
Summary	This report informs the Committee of the 14 December 2011 Cabinet Resources Committee approval of the Business Case for the creation of a strategic partnership with NSL Limited ("NSL") and seeks approval for NSL to become a member of the Local Government Pension Scheme through Admission Body status.

Officer Contributors	Tahir Mahmood, Project Manager Alison Clark, HR Business Partner
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Pension Fund Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Tahir Mahmood, Project Manager on 020 8359 7678

1. RECOMMENDATIONS

1.1 That the Committee note the 14 December 2011 Cabinet Resources Committee approval to create a strategic partnership with NSL to transfer the Parking Service and TUPE transfer the relevant staff; and

1.2 That the Committee approve admission to the Local Government Pension Scheme under Admission Body Status for NSL.

1.3 A status update regarding NSL securing a bond will be provided at the next Pension Fund Committee through the Admitted Body Organisations report.

2. RELEVANT PREVIOUS DECISIONS

2.1 Cabinet, 6 May 2008 (Decision item 5) – approved the establishment of the Future Shape of the Organisation.

2.2 Cabinet, 3 December 2008 (Decision item 5) – approved the programme structure for the next phase of the Future Shape programme and that a detailed assessment of the overall model for public service commissioning, design and delivery should be undertaken.

2.3 Cabinet, 6 July 2009 (Decision item 5) – approved that three principles would be adopted as the strategic basis for making future decisions (a new relationship with citizens, a one public sector approach and a relentless drive for efficiency) and that a phased approach to delivering the Future Shape Programme and immediate consolidation of activity in the areas of property, support and transact.

2.4 Overview and Scrutiny Panel, 21 September 2010 (Decision item 9) – approved a template for Equalities Impact Assessment for use in One Barnet projects to assess the impact of service transformation on current staff.

2.5 Cabinet, 21 October 2009 (Decision item 8) – approved plans to implement the Future Shape programme.

2.6 Cabinet, 29 November 2010 (Decision item 10) – authorised the Director of Commercial Services to commence a procurement process to identify a strategic partner for the delivery of parking; and that the procurement process for a Parking Service be commenced as soon as practicable and covering the end-to-end process of the service.

2.7 Business Management Overview and Scrutiny Sub-Committee, 16 December 2010 (Item 6) – the Sub-Committee referred the decision on the Future of the Parking Service back to Cabinet for the reason “that the procurement should be delayed due to a lack of robust evidence of financial information and for a full options appraisal to be carried out, including the in-house option.”

2.8 Cabinet, 10 January 2011 (Decision item 10) – resolved that decision item 10 (Future of the Parking Service) taken by Cabinet on 29 November 2010 be reaffirmed.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 Maintain the integrity of the Pension Fund by ensuring robust monitoring of admission body organisations and ensuring all third parties comply fully with admission agreements and bond requirements. The principle supports the corporate priority of getting the best value from our resources.

3.2 The full and final proposed enhanced TUPE commitments presented to the trade unions at the end of August 2011 has been implemented stating:

Pensions

The London Borough of Barnet will ensure that employees transferred from the Council to a new employer will be able to continue in membership of the Local Government Pension Scheme [LGPS] by requiring that the new employer obtains Admitted Body Status [ABS] within LGPS. ABS permits employees to participate in LGPS should they choose to do so although they will no longer be employed by the Council.

The London Borough of Barnet will consider on a case-by-case basis, in conjunction with the new employer, whether new employees [that is employees of the new provider who were not transferred from the London Borough of Barnet] employed on work transferred from the Council will have the opportunity to join LGPS. This is a complex matter and there is no underpinning plan as to the proportion of new employees who may or may not become eligible to join LGPS where ABS has been agreed.

3.3 The government may remove the existing requirement for continued local government or equivalent provision for transferring staff and there are also possible changes as a result of the Hutton review. Should either or both of these occur then the above commitment will be reviewed by the Local Authority.

4. RISK MANAGEMENT ISSUES

4.1 The ongoing viability of the Pension Fund is dependent on maximising contributions to the Fund. The employees of NSL, who become members of the Local Government Pension Scheme (LGPS), will pay pension contributions as specified under the Regulations.

4.2 The pension regulations require actuarial assessments of the value of the pension fund and the liabilities of the employer. This is done initially and at each triennial valuation. The actuarial assessment will determine the employer contribution rate required to be made to the fund, dependant on the profile of the workforce and the potential risk to the fund of admitting the body.

4.3 The risk is commonly addressed by the employer being required to take out an Indemnity Bond to ensure payment to the pension fund in case of default.

4.4 The Authority on behalf of the employer has carried an assessment with actuarial advice, as required under the Regulations, of the level of risk exposure arising on premature termination of the contract by reason of the solvency, winding up or liquidation of the Admission Body. The Admission Body will be required to secure the required level of bond prior to the completion of the admissions agreement.

4.5 The LGPS provides for early payment of pension benefits on compulsory early retirement, redundancy or ill-health. As an employer in the pension fund, NSL will take responsibility for any potential strain on the fund resulting from any such early retirements. Payments will be made to the Pension Fund by NSL, as and when required, should there be any pension strain or contribution issues as a consequence of any decisions made by NSL.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 Ensuring the long-term financial health of the pension fund will benefit everyone who contributes to it.

5.2 An Employee Equalities Impact Assessment has been conducted for the proposal which is set for the full in-scope workforce to transfer to NSL. At the final tender stage, it is envisaged that there may be an adverse equalities impact on female staff due to a change in location of the back office as females tend to carry out more of the family caring responsibilities. This issue will continue to be monitored and the impact on staff will be assessed by the new employer by holding one-to-one meetings with affected staff. NSL have informed us in their tender that they will work with employees to ensure that support is given to offer continued employment.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

6.1 The authority acts as the administering authority for the pension fund and oversees other employers in the fund.

6.2 Where a contractor takes over an existing council service involving the transfer of employees under TUPE and those employees have rights under the Local Government Pension Scheme, the new employer has either to seek an admissions agreement to the Pension Fund or offer a Government Actuary Department (GAD) certified scheme to demonstrate broadly comparable benefits to the LGPS. Where employers seek admitted body status, the Committee needs to be assured that the bodies are able to meet their obligations under the Regulations and that the Fund is not put at risk, where bodies may go into default, this is usually secured by the contractor putting a bond in place.

6.3 NSL will become an admitted body to the Pension Fund under a closed agreement. The agreement will be fully funded at the point of transfer and the contractor will pick up employer pension costs associated with future liabilities. Provision has been made in the business case both for the costs associated with a pension bond, and also for costs that the Council will retain in respect of the past deficit for these employees.

7. LEGAL ISSUES

7.1 The Local Government Pension Scheme (Administration) Regulations 2008 (as amended) (Administration Regulations) provide that a body may be admitted to the LGPS administered by the Council as a Transferee Admitted Body where that body is providing or will provide services or assets in connection with a function of the council by means of a contract (in accordance with section 6(2)(a)(i) of the Administration Regulations).

7.2 NSL satisfy the requirements of Section 6(2)(a)(i) of the Administration Regulations and, subject to NSL making an application for membership and Pension Fund Committee approval, are capable of admission to the LGPS administered by the council as a Transferee Admission Body.

7.3 The Administration Regulations require that, in the case of admitting a Transferee Admission Body to the LGPS, the council must carry out an assessment of the level of risk arising on premature termination of the provision of the service or assets by reason of insolvency, winding up or liquidation of the Transferee Admission Body. The assessment must take into account actuarial advice and, where the level of risk is such as to require it, the admission body shall enter into an indemnity or bond to meet the level of risk identified.

7.4 NSL will be required to execute the Council's standard Admissions Agreement which complies with the requirements of the LGPS Regulations and makes provision for the Transferee Admission Body to obtain and maintain a bond in an approved form and to vary the level of risk exposure under the bond as may be required from time-to-time.

8. CONSTITUTIONAL POWERS

8.1 Constitution – Part 3 Responsibility for Functions – Section 2 – Responsibility for Council Functions delegated to the Pension Fund Committee, as set out in the Pension Fund Governance Compliance Statement.

9. BACKGROUND INFORMATION

9.1 There is a need for change in the parking service as, although strong in some areas, it is weak in others and has consistently failed to meet activity and income targets. This is due partly to a lack of investment but is also caused by a failure throughout the organisation to focus and act on the key drivers for these areas.

9.2 The solution agreed by Cabinet is to engage a delivery partner, who will bring both investment and expertise, allowing the service to be raised to a new level of efficiency and effectiveness. This partner will maintain activity levels, hence income, at the required level but will reduce costs by bringing both economies of scale and expertise.

9.3 Following the decision by Cabinet on 29 November 2010 to approve the outsourcing of the current parking enforcement services, a project team was set up comprising of officers from Parking Services, Commercial Services, Finance, Human Resources and Legal Services. The pre-qualification stage also included input from Environmental Health and Health and Safety.

9.4 The team was assisted by the Legal Advisers to the One Barnet Programme. All key documents and correspondence were reviewed by the Legal Advisors prior to completion and dispatch to tendering companies.

9.5 A tender notice was advertised in the Official Journal of the European Union (OJEU) on 6 April 2011 inviting interested parties to complete the tender pre-qualification questionnaire. The tender notice detailed the general content and scope of the parking services to include its component parts, namely the following:

- On and Off Street Parking Enforcement
- Penalty Charge Notice Processing
- Administering Payments and Non-Statutory Notices
- Suspension of Parking Bays
- Provision of a Cashless Parking Payment System
- Provision of a Parking I.T System
- Issue of Parking Permits
- Issue of Parking Dispensations
- Signs and Lines Maintenance

9.6 The tender notice also detailed that the Council envisaged the selection of the top 5 scoring companies for subsequent Invitation to Tender. A total of twenty four Pre-Qualification Questionnaires (PQQs) were requested of which eight completed questionnaires were returned on 23 May 2011. The evaluation team scored the questionnaires in accordance with pre-determined criteria covering: experience, capacity, financial viability, environmental aspects, health and safety.

9.7 Following completion of scoring, the results were presented to the Parking Project Board. The Board agreed to the short-listing of the top seven scoring companies for Invitation to Tender. Four completed Tenders were returned on 16 September 2011. Tenders were evaluated on the basis of the most economically advantageous tender according to the criteria based on a combination of quality and price with the ratio of 60/40 (60 quality and 40 price).

9.8 Evaluation of the HR and Finance sections was undertaken by dedicated officers from those departments and the scores combined with other evaluations to be fed into the challenge process. Evaluation of the remainder of each bid was undertaken by an evaluation team made up of an officer from within the service, an officer from another authority, and a specialist consultant engaged for this purpose. The evaluation and the scores were submitted to a challenge session made up of senior stakeholders and the project team's recommendation to award the contract to NSL Limited was re-affirmed.

9.9 NSL, formerly NCP Services, is the biggest company in the parking services field and the current UK market leader. It was clear from their bid that the specification had been studied line-by-line and a robust offer prepared which is capable of meeting the council's requirements. Ample evidence has been provided of the successful operation of similar services elsewhere leaving no doubt that their proposal to build on the existing operation is capable of delivering planned activity levels. They have a strong commitment to staff and are already providing pensions services to many TUPE'd staff from other local authorities via admitted body status.

10. LIST OF BACKGROUND PAPERS

10.1 None

Legal: SWS
CFO: JH/MC

AGENDA ITEM:11 Page nos. 45 - 48

Meeting	Pension Fund Committee
Date	20 December 2011
Subject	**Admission of Mears Group into London Borough of Barnet Pension Fund**
Report of	Deputy Chief Executive
Summary	This report sets out information on the application from Mears Group PLC for Admitted Body status within the Pension fund and seeks Committee approval to allow this.

Officer Contributors	Hansha Patel, Pension Services Manager Mandy Dunstan, Barnet Homes
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Pension Fund Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Mandy Dunstan 0208 359 2502, Hansha Patel 0208 359 7895

1. RECOMMENDATIONS

1.1 That the Committee approve admission to the Local Government Pension Scheme under Admission Body Status for Mears Group PLC.

2. RELEVANT PREVIOUS DECISIONS

2.1 None.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 Maintain the integrity of the Pension Fund by ensuring robust monitoring of admitted body organisations and ensuring all third-parties comply fully with admission agreements and bond requirements. The principle supports the corporate priority of 'better services for less money'.

4. RISK MANAGEMENT ISSUES

4.1 The ongoing viability of the Pension Fund is dependent on maximising contributions to the Fund. All admitted bodies are subject to reviews and actuarial assessments to ensure compliance with admissions agreements and maintenance of appropriate employer contribution levels in order to mitigate against any risk to the financial viability of the pension fund.

4.2 The pension regulations require actuarial assessments of the value of the pension fund and the liabilities of the employer. This is done initially and at each triennial valuation. The actuarial assessment will determine the employer contribution rate required to be made to the fund dependant on the profile of the workforce and the potential risk to the fund of admitting the body.

4.3 The risk is commonly addressed by the employer being required to take out an Indemnity Bond to ensure payment to the pension fund in case of default.

4.4 The Authority on behalf of the employer will carry an assessment with actuarial advice, as required under the Regulations, of the level of risk exposure arising on premature termination of the contract by reason of the solvency, winding up or liquidation of the Admission Body. The Admission Body will be required to secure the required level of bond prior to the completion of the admissions agreement.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 Pursuant to the Equalities Act 2010, the council is under an obligation to have due regard to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, pregnancy, and maternity, religion or belief and sexual orientation.

5.2 Ensuring the long term financial health of the pension fund will benefit everyone who contributes to it.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

6.1 Paragraph 4, above, deals with the financial implications of this report.

6.2 There are no procurement, performance & value for money, staffing, IT, Property or Sustainability implications.

7. LEGAL ISSUES

7.1 The Local Government Pension Scheme (Administration) Regulations 2008 (as amended) provide that a Local Authority as an administering authority may admit a contractor into the Local Government Pension Scheme. Under the Regulations, the form of admission available to a contractor would either be ‘a community admission body’, or ‘a transferee admission body’ as defined in the Regulations. The form of admission available to Mears Group PLC would be as a transferee admission body.

7.2 With respect to an admission agreement with a transferee admission body, the Regulations further provide for an assessment of the level of risk arising on premature termination of the provision of the service or assets by reason of insolvency, winding up or liquidation of the transferee admission body. The assessment must be with the benefit of actuarial advice and, where the level of risk is such as to require it, the transferee admission body shall enter into an indemnity or bond to meet the level of risk identified.

7.3 The Council’s standard Admissions Agreement makes provision for the admission body to maintain a bond in an approved form and to vary the level of risk exposure under the bond as may be required from time to time.

8. CONSTITUTIONAL POWERS

8.1 The Council’s constitution, Part 3 – Responsibility for Functions, Pension Fund Governance Compliance Statement, paragraph 2.2.13 empowers the Pension Fund Committee to “approve applications from organisations wishing to become admitted bodies into the Fund where legislation provides for discretion, including the requirements for bonds.”

9. BACKGROUND INFORMATION

9.1 Barnet Homes is the ALMO providing the management services of the LBB housing stock. In April 2006 Barnet Homes transferred its Direct Labour Organisation to Connaught under TUPE. Connaught applied to Barnet Pensions under the Admitted Body status for all Barnet Homes’ former staff to retain their LGPS status and this was granted. Following the collapse of Connaught, Lovells was awarded the contract and they too were admitted by Barnet Pensions under admitted body status for staff that were formerly employed by Barnet Homes. This number of staff has reduced from its original number of 52 to 16.

9.2 Barnet Homes re-procured its repair and maintenance service to start from April 2012 for a ten year period following a comprehensive tender process. The contract has been awarded to Mears who are currently making all arrangements to take over the contract including its TUPE obligations.

9.3 Barnet Homes is committed to ensuring that Mears provides terms and conditions to staff under transfer that are not less favourable and in particular in relation to Pensions. We believe that honouring the LGPS status to its former employees, Barnet Homes will send a positive message to Unions thereby giving confidence to future outsourcing initiatives that the council may carry out in the near future.

9.4 It is on this basis that a recommendation is made to the Pension Fund Committee to consider Mears application in relation to the 16 former Barnet Homes' employees to Admitted Body status in the LGPS.

Legal: SWS
CFO: JH

AGENDA ITEM:12 Page nos. 49 - 52

Meeting	Pension Fund Committee
Date	20 December 2011
Subject	**New Revised Admissions Agreement for Turners Cleaning Services**
Report of	Deputy Chief Executive
Summary	This report sets out information on the application from Turners Cleaning and Support Services for a new revised Admissions Agreement to include three additional staff to the existing cleaning contract and seeks Committee approval to allow this.

Officer Contributors	Hansha Patel, Pension Services Manager Julia Gallaway – Contract Manager, Corporate Procurement Team
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Pension Fund Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Hansha Patel 0208 359 7895, Jenny Hastings 0208 359 4420

1. RECOMMENDATIONS

1.1 That the Committee approve a new revised Admissions Agreement to include additional staff being transferred from Barnet to the existing cleaning contract with Turners Cleaning and Support Services.

2. RELEVANT PREVIOUS DECISIONS

2.1 None.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 Maintain the integrity of the Pension Fund by ensuring robust monitoring of admitted body organisations and ensuring all third-parties comply fully with admission agreements and bond requirements. The principle supports the corporate priority of getting the best value from our resources.

3.2 The government may remove the existing requirement for continued local government or equivalent pension provision for transferring staff and there are also possible changes as a result of the Hutton review. Should either or both of these occur then the above commitment will be reviewed by the Local Authority.

4. RISK MANAGEMENT ISSUES

4.1 The ongoing viability of the Pension Fund is dependent on maximising contributions to the Fund. All admitted bodies are subject to reviews and actuarial assessments to ensure compliance with admissions agreements and maintenance of appropriate employer contribution levels in order to mitigate against any risk to the financial viability of the pension fund.

4.2 The pension regulations require actuarial assessments of the value of the pension fund and the liabilities of the employer. This is done initially and at each triennial valuation. The actuarial assessment will determine the Employer contribution rate required to be made to the fund dependant on the profile of the workforce and the potential risk to the fund of admitting the body.

4.3 The risk is commonly addressed by the Employer being required to take out an Indemnity Bond to ensure payment to the pension fund in case of default.

4.4 The Authority on behalf of the employer will carry an assessment with actuarial advice, as required under the Regulations, of the level of risk exposure arising on premature termination of the contract by reason of the solvency, winding up or liquidation of the Admission Body.

4.5 Turners Cleaning and Support Services currently have a bond in place for the existing staff participating in the Local Government Pension Scheme under the current cleaning contract. This bond will be re-assessed to include the additional staff that will be transferring. The Admission Body will be required to secure the required level of bond prior to the completion of the new admissions agreement.

4.6 The LGPS provides for early payment of pension benefits on compulsory early retirement, redundancy or ill-health. As an Employer in the pension fund, Turners Cleaning will take responsibility for any potential strain on the fund resulting from any such early retirements. Payments will be made to the Pension Fund by Turners

Cleaning and Support Services, as and when required, should there be any pension strain or contribution issues as a consequence of any decisions made by Turners Cleaning and Support Services

5. EQUALITIES AND DIVERSITY ISSUES

5.1 Pursuant to the Equalities Act 2010, the council is under an obligation to have due regard to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, pregnancy, and maternity, religion or belief and sexual orientation.

5.2 Ensuring the long term financial health of the pension fund will benefit everyone who contributes to it.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

6.1 Paragraph 4, above, deals with the financial implications of this report.

6.2 There are no procurement, performance and value for money, staffing, IT, Property or Sustainability implications.

6.3 The admission body will be required to meet the cost of securing and maintaining the required level of bond in accordance with actuarial advice before the admission agreement is signed.

7. LEGAL ISSUES

7.1 Local Government Pension Scheme (Administration) Regulations 2008 (as amended) provide that a Local Authority as an administering authority may admit a contractor into the Local Government Pension Scheme. Under the Regulations, the form of admission available to a contractor would either be ‘a community admission body’, or ‘a transferee admission body’ as defined in the Regulations. The form of admission available to Turners Cleaning and support Services would be as a transferee admission body.

7.2 With respect to an admission agreement with a transferee admission body, the Regulations further provide for an assessment of the level of risk arising on premature termination of the provision of the service or assets by reason of insolvency, winding up or liquidation of the transferee admission body. The assessment must be with the benefit of actuarial advice and, where the level of risk is such as to require it, the transferee admission body shall enter into an indemnity or bond to meet the level of risk identified.

7.3.1 The Council’s standard Admissions Agreement makes provision for the admission body to maintain a bond in an approved form and to vary the level of risk exposure under the bond as may be required from time to time.

8. CONSTITUTIONAL POWERS

8.1 The Council’s constitution, Part 3 – Responsibility for Functions, Pension Fund Governance Compliance Statement, paragraph 2.2.13 empowers the Pension Fund Committee to “approve applications from organisations wishing to become admitted bodies into the Fund where legislation provides for discretion, including the requirements for bonds.”

9. BACKGROUND INFORMATION

London Borough of Barnet has a contract with Turners Cleaning and Support Services for Building Cleaning.

When the contract was first let in April 2008 it was the intention to include all London Borough of Barnet buildings that were not educational settings within the contract. The staff were transferred from London Borough of Barnet to the Turners Cleaning and Support Services pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). Under TUPE, the new employer takes over the contracts of employment of all employees “assigned” to the undertaking immediately prior to the transfer. Those employed in the undertaking (or part) are those assigned to it. One of the principal provisions of TUPE is that the pre-transfer liabilities relating to the relevant employees are transferred to the employer; this includes any contractual obligation to contribute to an employee’s individual or group personal pension plan (as opposed to an occupational pension scheme). The Cabinet Office Statement of Practice on Staff Transfers in the Public Sector 2000 provides that TUPE is guaranteed to apply to transfers involving central and local government departments and the NHS. Annexed to the Statement of Practice is “A fair Deal for Staff Pension”. This provides that the transferee (new employer) must provide transferring employees with “broadly comparable” pension benefits.

As stated at paragraph 4.5 above, the existing staff are participating in the Local Government Pension Scheme under the current cleaning contract. Unfortunately Mill Hill Depot was not included in the transfer in 2008. There are now two full time and one part-time cleaners working directly for LBB at Mill Hill Depot who need to be transferred across to Turners Cleaning and Support Services under TUPE and retain membership of the Local Government Pension Scheme.

10. LIST OF BACKGROUND PAPERS

10.1 None.

Legal: SWS
CFO: JH/MC

AGENDA ITEM:13	Page nos. 53 - 61
Meeting	Pension Fund Committee
Date	20 December 2011
Subject	**Update on Admitted Body organisations**
Report of	Deputy Chief Executive
Summary	This report updates the Committee on the Admitted Bodies participating in the Local Government Pension Scheme Fund administered by the London Borough of Barnet

Officer Contributors	John Hooton, Assistant Director of Strategic Finance Hansha Patel, Pension Services Manager
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Pension Fund Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Hansha Patel, Pension Services Manager 0208 359 7895

1. RECOMMENDATIONS

1.1 That the Committee note the update to issues in respect of admitted body organisations within the Pension Fund, as detailed in the attached spreadsheet.

2. RELEVANT PREVIOUS DECISIONS

2.1 None.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 To maintain the integrity of the Pension Fund by ensuring robust monitoring of admitted body organisations and ensuring all third-parties comply fully with admission agreements and bond requirements. The principle supports the corporate priority of 'better services with less money'.

4. RISK MANAGEMENT ISSUES

4.1 The ongoing viability of the Pension Fund is dependent on maximising contributions to the Fund. All admitted bodies are subject to actuarial assessments and are reviewed to ensure compliance with admissions agreements and maintenance of appropriate employer contribution levels in order to mitigate against any risk to the financial viability of the pension fund.

4.2 There is a possibility of financial losses on the Pension Fund where arrangements around admitted bodies and bond agreements are not sufficiently robust. New monitoring arrangements are being put in place to ensure that Admissions Agreements and, where relevant, bonds, are in place and that bonds are renewed, as appropriate, during the lifetime of the, relevant Admission Agreement.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 Pursuant to the Equalities Act 2010, the council is under an obligation to have due regard to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, pregnancy, and maternity, religion or belief and sexual orientation.

5.2 Ensuring the long term financial health of the pension fund will benefit everyone who contributes to it.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

6.1 The admission body is required to meet the cost of securing and maintaining the required level of bond in accordance with actuarial advice. Currently, as set out in Appendix 1, there are ten bonded admission agreements in place, (two of these tagged red are due for renewal in the next quarter).Officers are working with the other three employers (as set out in a separate report) to ensure that funding arrangements are in place for the remaining life of these contracts.

6.2 There are no procurement, performance & value for money, staffing, IT, Property or Sustainability implications.

7. LEGAL ISSUES

7.1 The Local Government Pension Scheme (Administration) Regulations 2008 (as amended) provide that a Local Authority, as an 'Administering Authority' for the Fund, may admit an organisation into the Local Government Pension Scheme, subject to that organisation, or the contractual arrangement between that organisation and the council, meeting the criteria set out in the Regulations. Under the Regulations, the form of admission available to a contractor would either be 'a community admission body', or 'a transferee admission body' as defined in the Regulations

7.2 With respect to an admission agreement with a transferee admission body, the Regulations further provide for an assessment of the level of risk arising on premature termination of the provision of the service or assets by reason of insolvency, winding up or liquidation of the transferee admission body. The assessment must be with the benefit of actuarial advice and, where the level of risk is such as to require it, the transferee admission body shall enter into an indemnity or bond to meet the level of risk identified.

7.3 The Council's standard Admissions Agreement makes provision for the admission body to maintain a bond in an approved form and to vary the level of risk exposure under the bond as may be required from time to time.

8. CONSTITUTIONAL POWERS

8.1 The Council's constitution, Part 3 – Responsibility for Functions, Pension Fund Governance Compliance Statement, paragraph 2.2.13 empowers the Pension Fund Committee to "approve applications from organisations wishing to become admitted bodies into the Fund where legislation provides for discretion, including the requirements for bonds."

9. BACKGROUND INFORMATION

9.1 This report provides an update on issues previously reported at the Committee meeting held in September 2011.

9.2 Notes are attached, detailing the Employers that can participate in the Local Government Pension Scheme. Appendix 2

10. UPDATE OF CURRENT ISSUES:

The attached spreadsheet provides an update on the Admitted Body issues. Appendix 1

Legal: SWS
CFO: JH/MC

Appendix 1

Admitted Body Monitoring Spreadsheet

Admitted Body	No Of active Employees	Start Date	Bondsman	Bond Value (£)	Bond Expiry date	Bond 6mnth Tag (red)	Pension cont on time RAG	Comments
Housing 21 New	56	01/09/2010	Barclays Bank	263K	30/09/2015		G	Pension contributions are being received monthly.
Goldsborough	3	Separate report to follow					A	
Amonet Care Watch	5	Separate report to follow					A	
Allied Homes	2	Separate report to follow					A	
Lovell	19	01.10.2010	HCC International Insurance	330K	31.03/2012		G	Lovell contract due to end 31/03/2012 and transfer to Mears Group from 01/04/2012.(refer to separate paper) .
Viridian Housing	11	22.04.2006	Euler Hermes UK	65K	10/08/2012		G	
Fremantle Trust	83	01.04.2010	Zurich Insurance PLC	1.4M	20.08.2013		G	
Birkins Cleaning	1	01.09.2009	FIBI Bank (UK) PLC	3.8K	30/12/2011	R	G	Bond currently being renewed by Birkins.

Go Plant	12	04.10.2008	Bank of Scotland PLC	220K	03.10.2012		G	Bond level currently being reviewed and likely to be increased.
Turners industrial cleaning	1	01.04.2008	Lloyds TSB Securities	6.2K	continuing		G	Admission agreement to be redrafted to include 3 additional staff. Contribution rate and bond level will be reviewed as a result of this.
Greenwich Leisure	22	31.12.2002	Zurich Insurance PLC	248K	08.02.2012	R	G	Revised bond notified to GLL for renewal for 09.02.2012
YGEN	1	01.04.2008	Euler Hermes UK	32K	30.03.2012		G	Bond will be reviewed if service contract extended.
Friend of Moat Mount (registered charity)	1	01.04.2008	N/A	N/A	N/A		G	Community Admissions Agreement- no bond required

LOCAL GOVERNMENT PENSION SCHEME [LGPS]

PENSION SCHEME EMPLOYERS

Eligible Employers

To be able to join the LGPS, an employee must work for an employer who participates in the LGPS. There are three types of employer who are able to participate, as follows:

Scheduled Body*:* this is a statutorily defined body listed within **Part 1 of Schedule 2** of the LGPS Administration Regulations and has a statutory obligation to participate in the LGPS.

Designated Body*:* this is a statutorily defined body listed within **Part 2 of Schedule 2** of the LGPS Administration Regulations and it has the power to designate which of its employees can join the LGPS.

Admission Body*:*

a) Community Admission Body (e.g. a charity) – a body that satisfies the requirements of **Regulation 5** of the Administration Regulations can be admitted to the Barnet Pension Fund by an admission agreement approved by Barnet.

b) Transferee Admission Body – a body that provides a service to a Scheme Employer by means of a contract or other arrangement and satisfies the requirements of **Regulation 6** of the Administration Regulations can be admitted to the Barnet Pension Fund by an admission agreement approved by Barnet. An employee of an Admission Body can elect to join the LGPS if he/she has been nominated by the Admission Body as being eligible to join.

Employees of Scheduled Bodies

All new employees will **automatically** become members of the LGPS from the first day of their employment:

- unless the employee has the right to join another public service pension scheme this includes firefighters, teachers and lecturers unless they are excluded from their own scheme, and

- providing there is a contract of employment of three months or more, and providing the employee is less than 75 years of age

- unless notice has been given to the employer to opt out of the LGPS before the date of commencement of employment

- with the exception of casual employees on the basis that there is no ‘contract of employment’ between the scheduled body and the casual employee.

Scheduled ('Scheme Employer') Bodies under Part 1 of Schedule 2

1. The Commission for Local Administration in England.

2. In England, a county council, a district council, a London borough council or the Common Council of the City of London.

3. In Wales, a county council or a county borough council.

4. A joint board, body or committee appointed under any Act or statutory order or statutory scheme, of which all the constituent authorities are councils of a description in paragraph 2 or 3 or a combination of such councils.

5. A fire and rescue authority within the meaning of the Fire and Rescue Services Act 2004.

6. A police authority within the meaning of the Police Act 1996.

7. A probation trust established under section 5 of the Offender Management Act 2007 or a National Probation Service local board

8. The Chichester Harbour Conservancy.

9. The Lee Valley Regional Park Authority.

10. A passenger transport authority.

11. The Broads Authority.

12. A further education corporation.

13. A higher education corporation.

14. The London Pensions Fund Authority.

15. The South Yorkshire Pensions Authority.

16. The Environment Agency.

17. A National Park Authority established under Part 3 of the Environment Act 1995.

18. An Education Action Forum within the meaning of section 11 of the School Standards and Framework Act 1998.

19. The National College for School Leadership.

20. The Standards Board for England.

21. A proprietor of an Academy within the meaning of section 579 (general interpretation) of the Education Act 1996, who has entered into Academy arrangements within the meaning of section 1 (Academy arrangements) of the Academies Act 2010.)

22. A body set up by a local housing authority in exercise of powers under section 2 of the Local Government Act 2000 as a housing management company to exercise management functions of the authority under an agreement approved by the Secretary of State under section 27 of the Housing Act 1985.

23. The Valuation Tribunal Service for England established under section 105 of the Local Government Act 2003 and the Valuation Tribunal Service for Wales established under regulation 4 of the Valuation Tribunal for Wales Regulations 2010.

24. A conservation board established under section 86 of the Countryside and Rights of Way Act 2000.

25. Firebuy Limited established under Section 29 of the Fire and Rescue Services Act 2004.

26. The Greater London Authority.

Employees of Designated Bodies

All new employees will **automatically** become members of the LGPS from the first day of their employment, provided:

- the employer has designated them as being eligible to join the LGPS, and there is a contract of employment of three months or more, and

- the employee is less than 75 years of age

- that notice has not been given to the employer to opt out of the LGPS before the date of commencement of employment

’Casual employees are excepted on the basis that there is no contract of employment between the Designated Body and the casual employee.

<u>Designated Bodies under Part 2 of Schedule 2</u>

1. The Board of Governors of the Museum of London;

2. A body (other than a body listed as a scheduled (‘Scheme Employer’) body) is:
   (a) a precepting authority (as defined in section 69 of the Local Government Finance Act 1992),
   (b) a levying body within the meaning of section 74 of the Local Government Finance Act 1988 (levies), or
   (c) a body to which section 75 of that Act (special levies) applies.

3. A passenger transport executive.

4. A designated institution which immediately before designation was assisted or maintained by a Local Authority.

5. A company under the control of a body listed in Part 1 of Schedule 2 where “under the control" has the same meaning as in section 68 or, as the case may be, section 73 of the Local Government and Housing Act 1989 (except that any direction given by the Secretary of State must be disregarded, and any references to a local authority treated as references to such a body).

6. The Public Services Ombudsman for Wales.

7. The Serious Organised Crime Agency.

8. Transport for London.

9. The London Development Agency.

10. The Metropolitan Police Authority.

11. The London Transport Users’ Committee.

12. The Cultural Strategy Group for London.

13. The Children and Family Court Advisory and Support Service.

14. An urban development corporation.

Employees of Admission Bodies

All new employees can become members of the LGPS from the first day of their employment or later, providing:

- the employer is allowed to nominate them as being eligible to join the LGPS, within the terms of the admission agreement, and
- there is a contract of employment of three months or more, and
- the employee is less than 75 years of age, and
- the employee has elected to join the LGPS

’Casual’ employees are excepted on the basis that there is no contract of employment between the Admission Body and the causal employee..

BARNET
LONDON BOROUGH

AGENDA ITEM:14 Page nos. 62 - 66

Meeting	Pension Fund Committee
Date	20 December 2011
Subject	**Status Update on Housing 21 and related contracts**
Report of	Assistant Director Adult Social Care and Health
Summary	This report updates the Committee on admitted body organisation issues relating to Adults Social Care and Health services providers and the contracts for Home and Community Support.

Officer Contributors	Mathew Kendall - Assistant Director Adult Social Care and Health Eryl Davies – Head of Strategic Commissioning and Supply Management Hansha Patel – Pensions Services Manager
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Pension Fund Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Eryl Davies – Head of Strategic Commissioning and Supply Management 020 8359 4559

1. RECOMMENDATIONS

1.1 That the Committee note the update to issues in respect of admitted body organisations within the Pension Fund, as detailed in section 10 of this report and grant approval for admitted body status for Allied Healthcare.

1.2 That the Committee grants approval to the admission in principle of three lead providers who are now confirmed as London Care, Enara and Personnel and Care Bank following contract selection award effective from November 1 2011 (refer to paragraph 9 for background).

2. RELEVANT PREVIOUS DECISIONS

2.1 Contract award for Home and Community Support and Enablement – Cabinet Resources Committee 19 July 2010

2.1. Contract award for Home and Community Support Lead providers – Cabinet Resources Committee 29 September 2011

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 Maintain the integrity of the Pension Fund by ensuring robust monitoring of admitted body organisations and ensuring all third-parties comply fully with admission agreements and bond requirements. The principle supports the corporate priority of getting the best value from our resources.

4. RISK MANAGEMENT ISSUES

4.1 The ongoing viability of the Pension Fund is dependent on maximising contributions to the Fund. All admitted bodies are subject to reviews and actuarial assessments to ensure compliance with admissions agreements and maintenance of appropriate employer contribution levels in order to mitigate against any risk to the financial viability of the pension fund.

4.2 There is a possibility of financial losses on the Pension Fund where arrangements around admitted bodies and bond agreements are not sufficiently robust. The new monitoring arrangements are being put in place to ensure that Admissions Agreements and, where relevant, bonds, are in place and that bonds are renewed, as appropriate, during the lifetime of the, relevant Admission Agreement.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 Pursuant to the Equalities Act 2010, the council is under an obligation to have due regard to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, pregnancy, and maternity, religion or belief and sexual orientation.

5.2 Ensuring the long term financial health of the pension fund will benefit everyone who contributes to it.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

6.1 Paragraph 4, above, deals with the financial risk implications of this report.

6.2 The costs of any pension fund deficit (either on the natural termination of the contracts in April 2012 or in the event of premature termination), will be met from departmental resources from the Adult Social Care Budget.

6.3 Housing 21 has a bond for the required term is in place, but at the level of £263,000 as opposed to the correct level of £778,000. Housing 21 have agreed to increase the level of bond and confirmation of this is awaited.

6.4 In the case of these three other providers – Allied, Goldsborough and Amonet the risk to the Council of not having a bond in place would only be germane in the event that the contracts are prematurely terminated in that the Council has agreed to underwrite any pension deficit as at the natural termination of the contracts. As the termination date is only 3 months away, the amount of the deficit as at early termination will be effectively the same as it would be as at 31st March 2012.

6.5 It has been agreed that the cessation deficit will be met from departmental resources from Adults Social Care Budget. There are only 10 employees involved in these agreements, so the financial risk to the Council, in the event of all three contracts terminating early, is likely to be in the region of £100k. As we are so close to the natural termination of the contacts, should any of the contacts be terminated early the deficit will be met from the Adults Social Care Budget.

6.6 There are no procurement, performance & value for money, staffing, IT, Property or Sustainability implications.

7. LEGAL ISSUES

7.1 The Local Government Pension Scheme (Administration) Regulations 2008 (as amended) provide that a Local Authority may admit a contractor into the Local Government Pension Scheme.

7.2 The Regulations, further, provide for an assessment of the level of risk arising on premature termination of the provision of the service or assets by reason of insolvency, winding up or liquidation of the admitted body. The assessment must be with the benefit of actuarial advice and, where the level of risk is such as to require it, the admitted body shall enter into an indemnity or bond to meet the level of risk identified.

7.3 The Council's standard Admissions Agreement makes provision for the admitted body to maintain a bond in an approved form and to vary the level of risk exposure under the bond as may be required from time to time.

8. CONSTITUTIONAL POWERS

8.1 The Council's constitution, Part 3 – Responsibility for Functions, Pension Fund Governance Compliance Statement, paragraph 2.2.13 empowers the Pension Fund Committee to "approve applications from organisations wishing to become admitted bodies into the Fund where legislation provides for discretion, including the requirements for bonds."

9. BACKGROUND INFORMATION

9.1 Officers have undertaken a review of the admitted body arrangements in respect of the organisations named in section 10 of this report. This report provides a further update on some of the issues previously reported at the Committee meeting held in September 2011.

10. UPDATE OF CURRENT ISSUES:

10.1 Background

Housing 21 held an Adults Social Care Service contract for Home and Community Support and Enablement Services. The previous contract has expired, and the services have now been separately decommissioned in two stages to safely manage the transition from a large block contract. Housing 21 has been awarded a new contract for the Enablement part of the service, with 56 staff who are already TUPE'd across to it.
10 other contractors' secured contracts which commenced 1 November 2010 to provide Home and Community Support services for one year. Of these 10 contractors, three, Amonet, Goldsborough and Allied have taken on respectively 5, 3, and 2 members of staff in the Pension Scheme. Since the transfer two of the Goldsborough transferees have retired.

10.1.1 Housing 21 (56 employees)

Negotiations regarding the Admission Agreement are reaching a conclusion. These have been delayed by the contractor's request to cover the commercial indemnities offered in the Commercial Contract in the form of a side letter. These indemnities have now been incorporated in the latest version of the draft contract to be submitted to the contractor for approval.

The contractor has provided evidence of a bond, which is in a smaller sum than has been requested, but has confirmed, in an email, that it has no problem with providing a bond in the sum required by the actuarial advice.

The pensions team confirms that contributions have been arriving promptly and in accordance with returns and expectations.

10.1. 2 Amonet (5 employees – staff already transferred)

Negotiations have not progressed smoothly as it was initially difficult to identify who was responsible for dealing with the documentation for the contractor. Pressure exerted has produced a result in that the contractor's Head of Human Resources has now agreed to deal with the matter. She has advanced a number of reasons as to why the Admissions Agreement and Bond can not be entered into, all of which have been dismissed. A formal letter from Legal has now been sent requiring compliance with the provisions of the commercial contract before the 20th December 2011.

The pensions team advises that no contributions have yet been received, but the team has, notwithstanding the absence of the admissions agreement, already written to Amonet for a full breakdown of employee payroll data from the start of contract to date to enable it to assess the level of contributions due. .

10.1.3 Goldsborough (2 employees – staff already transferred)

Negotiations with this contractor have similarly not progressed smoothly. The contractor is now actively trying to secure a complete withdrawal of service and negotiations are underway by the commercial team to effect the necessary transfer of provision. The Admissions Agreement and Bond Documentation have now been sent to the contractor's company secretary and Legal have arranged a site meeting to visit the contractor's company secretary to discuss this and progress generally. A formal letter from Legal has now been sent requiring compliance with the provisions of the commercial contract before the 20th December 2011.

The pensions team advises that some funds have been received, (£7,962.59) but that it is not clear how these are calculated and whether they are accurate and sufficient. The team has, notwithstanding the absence of the admissions agreement, already written to Goldsborough for a full breakdown of employee payroll data from the start of contract to date to enable it to assess the level of contributions due.

10.1.4 Allied (2 employees - staff already transferred)

Allied had initially confirmed that the staff had been transferred into a Government Actuary Department (GAD) certified scheme. Subsequently Allied have paid pension contributions to Barnet and have recently requested Admitted Body status with this authority.

Draft documents have been sent to the contractor's head of HR, who is dealing with them in an expeditious and appropriate manner. Notwithstanding this a formal letter from Legal has now been sent requiring compliance with the provisions of the commercial contract before the 20th December 2011.

The pensions team advises that some funds have been received, (£2,528.23) but that it is not clear how these are calculated and whether they are accurate and sufficient. The team has, notwithstanding the absence of the admissions agreement, already written to Allied for a full breakdown of employee payroll data from the start of contract to date to enable it to assess the level of contributions due.

Committee approval is requested for admission of Allied as an Admitted Body.

10.1.5 London Care, Enara and Personnel and Care Bank

These are the three lead providers for the Home Care and Community Support Service who won contracts for lead provider's status in phase 2 of the contract award. These contracts commenced on 1 November 2011. The three lead providers will remain on a framework agreement with the Council until 31 October 2015. The outgoing providers have all agreed extension terms to their current one year agreement to the end of April 2012, with the exception of Goldsborough referred to in paragraph 10.2.3, to allow for a safe transition period from 11 to 3 providers for the Home and Community Support Service. It is not possible to determine which, if any, relevant employees will TUPE across to which contractor, and it will not be possible to determine this until the commissioning and reviewing teams have completed its service user re-allocation appraisal. Accordingly Committee approval is requested for the admission of all three of London Care, Enara and Personnel and Care Bank as Admitted Bodies so that admission is not delayed unduly after the conclusion of the re-allocation appraisal.