

Meeting	Pensions Fund Committee
Date	18 March 2014
Subject	Implications to the Pension Fund of the transfer of staff from the Registration and Nationality service to the London Borough of Brent for the purposes of establishing a Shared Registration and Nationality Service
Report of	Chief Operating Officer
Summary of Report	<p>This report details the pension implications of the TUPE transfer of staff out from Barnet and to Brent for the committee to note and agree the terms of the pension transfer. The new provider London Borough of Brent operates its own Local Government Pensions Scheme (LGPS). The LGPS scheme rules do not allow employees of one council to remain in the LGPS of another council. This means that Barnet employees transferring to Brent will be transferred into Brent LGPS. The staff will transfer to Brent on a fully funded basis.</p>
Officer Contributors	<p>Mathew Kendall – Assistant Director, Adults and Communities</p> <p>John Hooton – Deputy Chief Operating Officer</p> <p>Hansha Patel – Pensions Service Manager</p>
Status (public or exempt)	Public
Wards Affected	Not Applicable
Key Decision	Not Applicable
Reason for urgency / exemption from call-in	Not Applicable
Function of	Council
Enclosures	None
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1. RECOMMENDATION

- 1.1 That the Pensions Fund Committee note and approve the terms of the Transfer of LBB employees to Brent Local Government Pensions Scheme (LGPS), consequent on the Shared Registration and Nationality Service TUPE transfer.

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet, 29 November 2010 (Decision item 6) – approved the One Barnet Framework and the funding strategy for its implementation.
- 2.2 Cabinet Resources Committee 24 June 2013 (Decision items 1.16 and 9.18.12) – approved the fund to review the Registration and Nationality Service.
- 2.3 Cabinet Resources Committee, 4 November 2013 (Decision item 12) approved the recommended option of entering into a shared service model with the London Borough of Brent (Brent), hosted by Brent (subject to Brent completing its own Democratic process) and budget agreement of the project.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The aim of reviewing the delivery of the Registration and Nationality service supports the three priority outcomes set out in the 2013/16 Corporate Plan:
- Promote responsible growth, development and success across the Borough;
 - Support families and individuals that need it – promoting independence, learning and wellbeing; and
 - Improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study.
- 3.2 The review of the Registration and Nationality service is part of the London Borough of Barnet (Barnet)'s corporate change programme (One Barnet Programme). It supports the One Barnet key priorities of:
- A new relationship with citizens.
 - A relentless drive for efficiency.
 - A 'one public sector' approach.

4. RISK MANAGEMENT ISSUES

- 4.1 There is a risk to the Council that the employer contribution rate is insufficient to fund the pension liabilities. This risk is mitigated by ensuring that the calculation of the deficit payment to Brent is accurate and that sufficient budget is clawed back from the transferring registration and nationality service to fund any change in the contribution rate.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The Equality Act 2010, requires public bodies and all other organisations exercising public functions on its behalf to 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; and c) promote good relations between those with a protected characteristic and those without.
- 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 within the risk management implications section of this report.
- 6.2 Staff will transfer on a “fully funded basis”. This means that the pensions’ deficit will not transfer to Brent from Barnet in respect of these staff. To reflect that the liability will remain with Barnet, the employee budget associated with the recovery of the pension deficit (the difference between the total contribution rate of 24.8% and the fully funded contribution rate) will be removed from the Registration and Nationality funding and will remain with Barnet. The calculation of the deficit is subject to an actuarial assessment.

7. LEGAL ISSUES

- 7.1 There are no additional legal issues not covered elsewhere in this report.

8. CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)

- 8.1 The Council’s constitution, Part 3 – Responsibility for Functions, Pension Fund Governance Compliance Statement, and paragraph 2.2.11 empowers the Pension Fund Committee to, “consider actuarial valuations and their impact on the pension fund.”

9. BACKGROUND INFORMATION

- 9.1 Financial due diligence has been carried out to compare the costs of the proposed shared service with the current registration and nationality service budgets and medium term financial strategy projections.
- 9.2 The core cost of the service as set out in the Barnet proposal (Section 6, Appendix 1 of the CRC Report), is in line with the Registration and Nationality Service budget for 2012/13.
- 9.3 The past service pension fund deficit in respect of the staff transferring will not transfer to Brent. It will remain with Barnet, and the employee budgets associated with the recovery of the pensions’ deficit will also remain with

Barnet. These total approximately £10,000 and have been removed from the Registration and Nationality Service baseline.

- 9.4 Currently circa 13 FTE are in scope for transfer, circa 4 of the posts are vacant. 9 staff are employed by the London Borough of Barnet, though this employment relationship will change when the staff are transferred from the council to London Borough of Brent under the principles set out in the Transfer of Undertakings (Protection of Employment) Regulations 2006 (“TUPE”)
- 9.5 The transferred employees will become members of the Local Government Pension scheme administered by LB Brent from the date of the transfer. An option will be provided to the employees to elect to transfer their accrued pensionable membership within the LB Barnet pension fund to the LB Brent pension fund.
- 9.6 An actuarial assessment of the pension fund associated with the transfer was undertaken by Barnett Waddingham LLP (3 March 2014), to determine the amount of deficit attributable to transferring members. The actuary has assessed that the share of the deficit attributable to the shared Registration and Nationality Services as at 31 March 2014 is £45,000.
- 9.7 Staff will transfer on a “fully funded basis”. This means that the pensions’ deficit will not transfer to Brent from Barnet in respect of these staff. To reflect that the liability will remain with Barnet, the employee budget associated with the recovery of the pension deficit (the difference between the total contribution rate of 24.8% and the fully funded contribution rate) will be removed from the Registration and Nationality service funding and will remain with Barnet.

10. LIST OF BACKGROUND PAPERS

- 10.1 Barnett Waddingham’s Deficit Report for London Borough of Barnet, 31March 2014

Cleared by Finance (Officer’s initials)	JH
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