

AGENDA ITEM: 8

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Meeting	Pension Fund Committee
Date	15 March 2012
Subject	Admission of Blue 9 Security Ltd into London Borough of Barnet Pension Fund
Report of Summary	Director for Commercial Services This report sets out information on the application from Blue 9 Security Ltd for Admitted Body status within the Local Government Pension fund administered by LB Barnet and seeks Committee approval to allow this

Officer Contributors	Craig Cooper, Director for Commercial Services Mick Stokers, Assistant Director – Commercial Services Martyn Carter, Procurement Manager
Status (public or exempt)	Public
Wards Affected	All
Key Decision	Not Applicable
Reason for urgency / exemption from call-in	None
Function of	Council
Enclosures	None
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1. RECOMMENDATIONS

- 1.1 That the Committee approve admission to the Local Government Pension Scheme under Admission Body Status for Blue 9 Security Ltd**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 On 20 February 2012 Cabinet Resources Committee approved the awarding of a three year buildings security contract, with an option to extend for a further two years to Blue 9 Security Ltd.

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 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 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 has carried out 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' 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 (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, 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 currently two companies that provide buildings security Services to the Council. It was acknowledged that outsourcing to one provider should 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. Transfer of Undertakings [Protection of Employment] (TUPE) Regulations 2006 applies in respect of fourteen contracted Security Officers who will be subjected to second generation TUPE. There are also two Council employed Security Officers who will be subjected to first generation TUPE . In respect of the two Council employees, TUPE will ensure the continuity of their pension rights. Following the completion of the procurement process, the evaluation team recommended that Blue 9 Security Ltd be awarded the contract given that the company represented the most economically advantageous tender.

10. LIST OF BACKGROUND PAPERS

10.1 None

Cleared by Finance (Officer's initials)	JH/MC
Cleared by Legal (Officer's initials)	SWS