

**AGENDA ITEM: 9**

Page nos. 32 – 37

Meeting	Pension Fund Committee
Date	15 March 2012
<b>Subject</b>	<b>Update on Admitted Body Organisations</b>
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 – Strategic Finance Hansha Patel, Pension Services Manager
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	Appendix 1 - Admitted Body Monitoring Spreadsheet
Contact for Further Information:	Hansha Patel, Pension Services Manager, 020 8359 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 This report provides an update on issues previously reported at the meeting of the Pension Fund Committee meeting on 20 December 2011.

## **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 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 implications of this report.
- 6.2 The table below sets out any financial issues arising from bonds and admissions agreements in respect of Admitted Bodies to the Pension Fund. This confirms that bonds are in place. Two bonds are currently nearing their expiry date. The table

also highlights that contributions are outstanding for Amonet, which are currently being pursued by the legal service

- 6.3 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 an organisation 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 Please refer to Appendix 1

## **10. LIST OF BACKGROUND PAPERS**

- 10.1 None

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

# **Appendix 1**

## **Admitted Body Monitoring Spreadsheet**

## Appendix 1 - Admitted Body Monitoring Spreadsheet

Admitted Body	No Of active Employees	Start Date	Bondsman	Bond Value (£)	Bond Expiry date	Bond 6mth Tag (red)	Pension cont on time RAG	Comments
Housing 21 New	56	01/09/2010	Barclays Bank	778,000	30/09/2015		Green	
Goldsborough	3	Contract to cease 31/03/2012					Green	
Amonet Care Watch	5	Contract to cease 31/03/2012					Red	Pension contributions outstanding. Legal are pursuing payment. Approximately £21000.00
Allied Homes	2	Contract to cease 31/03/2012					Green	
Lovell	19	01.10.2010	HCC International Insurance	330,000	31.03/2012	Amber	Green	Lovell contract due to end 31/03/2012 and transfer to Mears Group from 01/04/2012.
Viridian Housing	11	22.04.2006	Euler Hermes UK	65,000	16/08/2016		Green	
Fremantle Trust	83	01.04.2010	Zurich Insurance PLC	1,400,000	20.08.2013		Green	
Birkins Cleaning	1	01.09.2009	FIBI Bank (UK) PLC	3800	31/03/2012	Amber	Green	Bond currently being renewed by Birkins for a longer term with a new Bank.
Go Plant	12	04.10.2008	Bank of Scotland PLC	220,000	03.10.2012		Green	
Turners Industrial Cleaning	1	01.04.2008	Lloyds TSB Securities	6200	continuing		Green	

Greenwich Leisure	22	31.12.2002	Zurich Insurance PLC	328,000	08.02.2015		Green	
YGEN	1	01.04.2008	Euler Hermes UK	32,000	31.03.2012	Amber	Green	Contract due to cease 31/03/2012
Friend of Moat Mount (registered charity)	1	01.04.2008	N/A	N/A	N/A		Green	Community Admissions Agreement- no bond required