

<p><u>MEETING</u></p> <p>PENSION FUND COMMITTEE</p>
<p><u>DATE AND TIME</u></p> <p>MONDAY 18 MARCH, 2013</p> <p>AT 7.00 PM</p>
<p><u>VENUE</u></p> <p>HENDON TOWN HALL, THE BURROUGHS, NW4 4BG</p>

Dear Councillors,

Please find enclosed additional papers relating to the following items for the above mentioned meeting which were not available at the time of collation of the agenda.

Item No	Title of Report	Pages
7.	Update on Admitted Body Organisations	1 - 6

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Meeting	Pension Fund Committee
Date	18 March 2013
Subject	Update on Admitted Body Organisations
Report of Summary	<p>Chief Operating Officer</p> <p>This report updates the Committee on the Admitted Bodies participating in the Local Government Pension Scheme Fund administered by the London Borough of Barnet</p>

Officer Contributors	John Hooton, Deputy Chief Operating Officer 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 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 Appendix 1.**

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.
- 5.2 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 section 149 of the Equality Act, 2010, the council has a public sector duty to: (i) have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; (ii) advancing equality of opportunity between those with a protected characteristic and those without; (iii) promoting good relations between those with a protected characteristic and those without. The, relevant, 'protected characteristics' 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 elimination discrimination
- 5.2 Ensuring the long term financial health of the pension fund will benefit everyone who contributes to it. Access to and participation in the Pension Fund is open to those with and those without protected characteristics, alike, provided that the criteria set out within the, relevant, Regulations are met.

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.
- 6.3 All the contracts have an Admission Agreement and Bond Agreement in place, with the exception of the following contracts (as detailed in Appendix 1).
 - 1. Birkin Cleaning Services – Instructions have been sent to HB Public Law requesting that a ‘solicitor’s letter’ be sent to Birkins requiring provision of the bond.
 - 2. Birkin Cleaning Services (St. James Catholic): the draft Admission Agreement and Bond have been with Birkins since December 2012. Instructions have been given to HB Public Law to advise as to what action may be taken in the face of the failure, on the part of Birkins, to return the documentation.

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, 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 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 This report provides an update on issues previously reported at the Committee meeting held in December 2012.

10. LIST OF BACKGROUND PAPERS

10.1 Appendix 1 to this report provides an update on the Admitted Body issues.

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

Appendix 1

Admitted Body Monitoring Spreadsheet

Admitted Body	No Of active Employees on transfer	Start Date	Bondsman	Bond Value (£)	Bond Expiry date	Bond 6mth Tag (red)	Pension cont on time RAG	Comments
Housing 21 New	56	06/09/2010	Barclays Bank	778K	30/09/2015		G	
London Care	3	05/03/2012	Lloyds	60K	04/03/2015		G	
Personnel & Care Bank	5	01/05/2012	Nat West	33K	31/10/2014		G	
Viridian Housing	11	22.04.2006	Euler Hermes UK	65K	16/08/2016		G	
Fremantle Trust	83	01.04.2001	Zurich Insurance PLC	1.4M	20/08/2013		G	
Greenwich Leisure	22	31.12.2002	Zurich Insurance PLC	328K	08/02/2015		G	
Birkin Cleaning Services	1	01.09.2009		3.8K		R	G	Bond has expired. Instructions have been given to HB Public Law to advise, further, on the matter.
Birkin Cleaning Services (St James Catholic)	6	24/10/2011		37K		R	G	Admissions Agreement and Bond Agreement not in place. HB Public Law have been instructed to advise on what action might be taken in the face of the failure, by Birkins, to return the draft documentation.
Turners Industrial Cleaning	1	01.04.2008	Lloyds TSB Securities	6.2K	continuing		G	

Go Plant	12	04.10.2008	HCC International Insurance Company PLC	290K	24/05/2013	G	Bond currently being extended to 31/12/2013 by Go Plant
Mears Group	19	10/04/2012	Euler Hermes	£320K	09/04/2015	G	
NSL	31	01/05/2012	Lloyds TSB	412K	30/04/2017	G	
Blue 9 Security	2	03.08.2012	Evolution Insurance	61K	02/08/2013	G	
Music Service (BEAT)	2	01.03.2013	N/A	24K	28/02/2016	G	Guarantee provided by LB Barnet for a three year period