

	<h2 style="margin: 0;">Pension Fund Committee</h2> <h3 style="margin: 0;">18 January 2017</h3>
Title	<h2 style="margin: 0;">Pension Fund: Admission Body Agreement</h2>
Report of	Interim Chief Executive Officer/Section 151 Officer
Wards	All
Status	Public
Enclosures	Appendix A - Pre Amalgamation Deed of Agreement draft
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<h2 style="margin: 0;">Summary</h2>
<p>This report recommends that the Committee approves the admission into the pension fund of an amalgamated body formed between an existing admitted body (Viridian) and AmicusHorizon. The amalgamation has not yet taken place. However, in order for the new body to become an admitted body pre and post amalgamation deeds of agreement (the Deeds) between the Barnet Council and Viridian need to be finalised.</p>

<h2 style="margin: 0;">Recommendations</h2>
<ol style="list-style-type: none"> 1. That the Pension Fund Committee approves, subject to amalgamation taking place, the admission into the Pension Fund of a body formed following the amalgamation of Viridian and AmicusHorizon. 2. That the Pension Fund Committee delegates to the Section 151 officer: <ul style="list-style-type: none"> • To approve the pre and post amalgamation deeds of agreement between the London Borough of Barnet as administering authority for the London Borough of Pension Fund and Viridian Housing a registered provider

3. That the Pension Fund Committee note the requirement of the amalgamated company to provide a bond for the admitted body.

1. WHY THIS REPORT IS NEEDED

- 1.1 Viridian is an admitted employer in the Barnet LPS Pension Fund. Amiscus Horizon and Viridian are in advanced negotiations to form a new group structure by 31st March 2017.
- 1.2 It is anticipated that, subject to all relevant approvals and consents being obtained, Viridian Housing will initially become a subsidiary of Amicus Horizon (Stage 1). Stage 1 will have no consequence on Viridians admission to the pensions scheme.
- 1.3 The next stage (Stage 2) would be the amalgamation of Amiscus Horizon and Viridian. In essence, both organisations are seeking to ensure that by combining, no material pensions liability will crystallise in any pension scheme and the ongoing Admission Agreement shall continue as if it were between the new amalgamated company and Barnet Council. The name of the new company has yet to be decided.
- 1.4 A statutory amalgamation is effectively the coming together of two or more registered societies by a special resolution of each society, together forming one registered society. The effect of a statutory amalgamation on the amalgamating societies is that the property (assets and liabilities) of each amalgamating society vests in the post-amalgamation society without the need for any conveyance
- 1.5 The impact of a statutory amalgamation on pensions is that the current Admission Agreement would continue and no pension liability will crystallise. As such, the Admission Agreement would simply vest in the new society and Regulation 64 of the Local Government Pensions Scheme Regulations 2013 would not apply (requirement of an exit payment from an exiting scheme employer).
- 1.6 To ensure transparency and clarity of this arrangement, the Council will enter into a legal agreement with Viridian confirming this arrangement which reflects the fact that Viridian's liabilities and obligations will vest in the new company.
- 1.7 As the new company will take on the existing admission agreement it will effectively become an admitted body. Therefore, this report is needed to approve its admission. In order for this to take effect Deeds of Agreement are required to transfer a Pension Fund admission agreement on the merger of two registered housing providers to ensure continuity of pension obligations and to admit the new admitted body to the pension scheme subject to amalgamation.

2. REASONS FOR DECISIONS

- 2.1 Viridian Housing, an admitted body of the London Borough of Barnet Pension Fund is merging with Amiscus Horizon to form a new amalgamated company. The amalgamation has not yet taken place
- 2.2 This report is to approve pre and post-amalgamation deeds of agreement between the Barnet Council and Viridian Housing. The deeds confirm that on amalgamation the new company will enter into an admission agreement with the LB Barnet Pension Fund and provide a bond.

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 3.1 No other options applicable

4. POST DECISION IMPLEMENTATION

- 4.1 The Deeds will be signed and sealed and the decision will be reported to Pension Fund Committee.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 To maintain the integrity of the Pension Fund by monitoring of admitted body organisations and ensuring all third parties comply fully with admission agreements and bond requirements. This ensures that pension fund liabilities are covered by the responding admitted bodies; this in return protects Barnet's liabilities and supports the Council's corporate priorities as expressed through the Corporate Plan.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 The actuary will set the bond levels required for the admitted body which will act as guarantee for the Pension Fund liabilities.

5.3 Social Value

- 5.3.1 None in the context of this report.

5.4 Legal and Constitutional References

- 5.4.1 Schedule 2 of the Local Government Pension Scheme Regulations 2013 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.
- 5.4.2 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. However, the Regulations do allow in some circumstances for the scheme employer to act as guarantor.

5.4.3 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.

5.4.4 Under the Council's Constitution, Part 15 – Responsibility for Functions, one of the Pension Fund Committee's functions is to "approve applications from organisations wishing to become admitted bodies into the Fund where legislation provides for discretion, including the requirements for bonds."

5.5 Risk Management

5.5.1 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

5.5.2 There is a possibility of financial losses to the Pension Fund where arrangements around admitted bodies and bond agreements are not sufficiently robust. Monitoring arrangements are in place to ensure that admissions agreements and bonds (where relevant) are in place and that bonds are renewed, as appropriate, during the lifetime of the relevant admission agreement.

5.6 Equalities and Diversity

5.6.1 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.

The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies **to have due regard** to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- advance equality of opportunity between people from different groups
- foster good relations between people from different groups.

The broad purpose of this duty is to integrate considerations of equality into day to day business and keep them under review in decision making, the design of policies and the delivery of services.

5.7 Consultation and Engagement

5.7.1 None in the context of this report.

5.8 Insight

5.8.1 None in the context of this report.

6. BACKGROUND PAPERS

6.1 None