

Meeting	Pension Fund Committee
Date	13 June 2012
Subject	Admission of Birkin Cleaning Services Limited to London Borough of Barnet Pension Fund
Report of	Deputy Chief Executive
Summary	This report sets out information on the application from Birkin Cleaning Services Limited for Admission Body status within the Pension Fund and seeks Committee approval to allow this.

Officer Contributors	Hansha Patel, Pension Services Manager
Status (public or exempt)	Public
Wards Affected	None
Key Decision	Not Applicable
Reason for urgency / exemption from call-in	Not Applicable
Function of	Council
Enclosures	None
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1. RECOMMENDATIONS

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- 1.1 That the Committee approve admission to the London Borough of Barnet Pension Fund under Admission Body Status for Birkin Cleaning Services Limited

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Birkin Cleaning Services Limited already has an admissions agreement with London Borough of Barnet since 01/09/2009 in respect of a previous cleaning contract.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 Maintain the integrity of the Pension Fund by ensuring that a robust monitoring system for the admitted body organisations is in place and ensuring that all third-parties comply fully with admission agreements and bond requirements. The principle supports the corporate priority of '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 dependent 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 will carry 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

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 may admit a contractor into the Local Government Pension Scheme. 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. The form of admission available to Birkin Cleaning Services Ltd would be as a transferee admission body.
- 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

- 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 Birkin Cleaning Services Limited already has an admissions agreement with LB Barnet in respect of two members of staff that transferred under TUPE, on 1 September 2009.

Six employees of St. James Catholic School (Voluntary Aided School), who were members of the Local Government Pension Scheme, have been transferred over to Birkin Cleaning Services Limited with effect from 24 October 2011. Birkin Cleaning Services Limited wishes to allow these members of staff to remain members of the Local Government Pension Scheme.

Separate admissions agreements will be required for the separate cleaning contracts with the same supplier. This is now being requested following internal legal advice that staff of St. James Catholic School cannot be covered under the current admissions agreement in place.

Pension contributions are currently being paid for the six transferred staff and a pensions bond will be put in place following an actuarial assessment.

- 9.2 It is on this basis that a recommendation is made to the Pension Fund Committee to consider Birkin's application in relation to the six former employees of St. James Catholic School.