



Pension Fund Committee

26 March 2019

Title	Admitted Body and Bond Status Update
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	None.
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Summary

This report provides the Committee with a status update on the outstanding admitted body and bond agreements, as well as bond renewals and cessation calculations, that need arranging.

It has become apparent that work on the arrangements of admitted body and bond agreements, including bond renewals and cessation calculations, ceased c. mid-2017.

The Council has latterly been working with Capita to understand:

- The true number of admission and bond agreements that need arranging.
- Why the Pensions Administration team apparently ceased to arrange admission and bond agreements.
- Why the Council were not notified that Capita had apparently relinquished responsibility for arranging admission and bond agreements.
- Roles and responsibilities relating to the admission and bond agreement process.

In the meantime, the Council has been working with Capita, Hymans Robertson and HB Public Law to ensure outstanding admission and bond agreements are put in place.

Officer Recommendations

That the Committee to note the significant number of outstanding admitted body and bond agreements, including bond renewals and cessation calculations.

1. WHY THIS REPORT IS NEEDED

1.1 The Report is to update the Pensions Fund Committee on outstanding items in relation to:

- Admission Agreements
- Cessation Calculations
- Bonds and Bond Renewals

Admission Agreements

1.2 The below employers are seeking to participate in the Local Government Pension Scheme. The Council is currently working with the employer, HB Public Law, and Hymans Robertson to arrange the admission agreements.

	Employer	Contract Start Date
A	Caterlink (Compton)	29/10/2018
B	Caterlink (Totteridge)	01/08/2017
C	Cambridge Education	01/04/2019
D	Churchill Catering (Queenswell School)	28/05/2016
E	Elior 1 (Archer Academy)	01/09/2017
F	Elior 2 (Copthall School)	01/09/2017
G	HCL	01/09/2018
H	Olive Dining	01/09/2018
I	St Andrew's C of E (Ashlyn's)	01/04/2017

1.3 We should note that the contract for both Elior 1 (Archer Academy) and Elior 2 (Copthall School) ended on 31/07/2018. As such, the Council are in the unusual position of arranging admitted body status for an employer that the local authority no longer has a commercial contract with.

Cessation

1.4 When the last active member leaves the Local Government Pension Scheme a cessation valuation must be calculated. The Council's actuary, Hymans Robertson, calculates both assets and liabilities in relation to the Scheme Employer to understand if there is a surplus or deficit at the end of the contract.

1.5 Historically, any surplus is retained within the Fund. However, the Regulations covering cessations have recently been changed – any surplus must now be paid to the employer. Should a deficit be calculated then this, in some cases, would need to be recovered from the relevant Employer.

1.6 The Council is currently working with the relevant Employer, HB Public Law, and Hymans Robertson to arrange the below cessation calculations.

	Employer	Contract End Date
A	Absolutely Catering (1) Queenswell	27/05/2016

B	Elior 1 (Archer Academy)	31/08/2018
C	Elior 2 (Cophall School)	31/08/2018
D	GLL	31/12/2017
E	Housing 21	30/09/2015

Bonds and Bond Renewals

- 1.7 The below table sets out the Scheme Employers that require a bond to be put in place.

	Employer	Bond	Expired
A	Caterlink (Compton)	New	
B	Caterlink (Totteridge)	New	
C	Cambridge Education	New	
D	Churchill Catering (Queenswell School)	New	
E	Elior 1 (Archer Academy)	New	
F	Elior 2 (Cophall School)	New	
G	HCL	New	
H	Olive Dining	New	
I	St Andrew's C of E (Ashlyn's)	New	
J	Absolutely Catering (2) St James' Catholic School	Renewal	01/01/2019
K	Beat Educational Arts Trust	Renewal	28/02/2016
L	Hestia (Domestic Violence Service)	Renewal	17/04/2019
M	Fremantle Trust (2)	Renewal	05/12/2018
N	Mears Group	Renewal	30/09/2017
O	NSL Limited	Renewal	30/04/2017
P	OSC Group	Renewal	31/05/2017
Q	Ridgecrest Cleaning	Renewal	30/09/2018
R	Servest (Henrietta Barnet School)	Renewal	01/11/2018
S	Viridian Housing	Renewal	16/08/2016

- 1.8 Bonds have been put in place in relation to Capita CSG and Capita RE – both expire on 24/11/2019.
- 1.9 An oral update on timescales will be provided at the meeting.

2. REASONS FOR RECOMMENDATIONS

- 2.1 There is no action required of the Committee.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 Not applicable.

4. POST DECISION IMPLEMENTATION

4.1 Once fit for purpose data has been submitted to Hymans Robertson, and the opening contribution rate and / or bond values have been calculated, the Council will work with HB Public Law to finalise the admission and / or bond agreements.

4.2 To manage expectations, we ask the Committee to note the significant number of historical admission agreements, bonds, and cessations valuations that need arranging (33). Such backlog requires significant resource, and will be dependent on Hymans Robertson and HB Public Law availability.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 To maintain the integrity of the Pension Fund by monitoring 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 Not applicable.

5.3 Social Value

5.3.1 Membership of the Pension Fund ensures the long term financial health of the contributing employees on retirement.

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 because 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 obtain an indemnity or bond to meet the level of risk identified.

5.5 Risk Management

5.5.1 The ongoing viability of the Pension Fund is dependent on acquiring assets that match the pension liabilities. All admitted bodies are subject to actuarial assessments and are reviewed to ensure compliance with admissions agreements and maintenance of appropriate employer contribution levels 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, bond agreements and contributions are not sufficiently robust. The Council have commissioned PWC to audit Capita by understanding existing processes and identifying key controls – this will provide the Council with a better understanding around how the Fund is being protected. The final report is expected to be ready by early May.

5.6 **Equalities and Diversity**

Pursuant to the Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.

5.7 **Consultation and Engagement**

5.7.1 Not Applicable

5.8 **Insight**

5.8.1 Not applicable

6. **BACKGROUND PAPERS**

6.1 None
