
Meeting Pension Fund Committee

Date 4 September 2012

Subject Update on Admitted Body Organisations

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 of Strategic Finance
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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

- 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. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 2.1 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'.**

3. KEY DECISION

- 3.1 Not applicable.**

4. RELEVANT PREVIOUS DECISIONS

- 4.1 None**

5. RISK MANAGEMENT ISSUES

- 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.**
- 5.2 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.**

6. EQUALITIES AND DIVERSITY ISSUES

- 6.1 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.**
- 6.2 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.**

7. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 7.1 Paragraph 5, above, deals with the financial implications of this report.
- 7.2 There are no procurement, performance & value for money, staffing, IT, Property or Sustainability implications.
- 7.3 All the contracts have an Admission Agreement and Bond Agreement in place, with the exception of the following recent contracts (as detailed in Appendix 1). These are currently with Legal Department for completion.
 - 1. London Care
 - 2. Personnel & Care Bank
 - 3. Birkins Cleaning Services (St. James Catholic)

8. LEGAL ISSUES

- 8.1 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
- 8.2 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.
- 8.3 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.

9. CONSTITUTIONAL POWERS (Relevant section from the Constitution)

- 9.1 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."

10. BACKGROUND INFORMATION

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

11. LIST OF BACKGROUND PAPERS

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

Cleared by Finance (Officer's initials)	JH
Cleared by Legal (Officer's initials)	TE

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	778K	30/09/2015		G	
London Care	3	05/03/2012 – contract following on from old Housing 21 contract				R	R	Admissions agreement and bond agreement currently being dealt with by Adults Social Services legal officer Weekly dialogue with provider and Adult Social Care and Health to finalise admissions agreement and bond.
Personnel & Care Bank	5	01/05/2012 – contract following on from old Housing 21 contract				R	R	Admissions agreement and bond agreement currently being dealt with by Adults Social Services legal officer Weekly dialogue with provider and Adult Social Care and Health to finalise admissions agreement and bond.
Viridian Housing	11	22.04.2006	Euler Hermes UK	65K	16/08/2016		G	
Fremantle Trust	83	01.04.2010	Zurich Insurance PLC	1.4M	20.08.2013		G	
Birkin Cleaning Services	1	01.09.2009	FIBI Bank (UK) PLC	3.8K	Awaiting confirmation	R	G	Current bond has expired. New bond being arranged by Birkins for a longer term with a new Bank. If confirmation not received by 31/08/2012 matter will be referred to Legal.

Birkin Cleaning Services (St James Catholic)	6	24/10/2011		37K		R	G	Admitted Body Status approved at last Committee. Admissions Agreement and Bond Agreement currently being dealt with by Legal
Go Plant	12	04.10.2008	Bank of Scotland PLC	220K	03.10.2012		G	
Turners Industrial Cleaning	1	01.04.2008	Lloyds TSB Securities	6.2K	continuing		G	
Friend of Moat Mount (registered charity)	1	01.04.2008	N/A	N/A	N/A		G	Community Admissions Agreement-no bond required
Mears Group	19	10/04/2012	Euler Hermes	£320K	09/04/2013		G	
NSL	31	01/05/2012	Lloyds TSB	412K	30/04/2017		G	
RR Donnelley	7	20/04/2012	NatWest	141K	31/10/2012		G	