

	<p>Pension Fund Committee</p> <p>21 November 2019</p>
<p>Title</p>	<p>Admitted Body and Bond Status Update</p>
<p>Report of</p>	<p>Director of Finance</p>
<p>Wards</p>	<p>N/A</p>
<p>Status</p>	<p>Public</p>
<p>Urgent</p>	<p>No</p>
<p>Key</p>	<p>No</p>
<p>Enclosures</p>	<p>None.</p>
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<p>Summary</p>	
<p>This report provides the Pension Fund Committee with a status update on the outstanding admitted body and bond agreements, as well as bond renewals and cessation calculations, that need arranging.</p>	
<p>The Council has been working with relevant employers, Capita, Hymans Robertson and HB Public Law to ensure outstanding admission and bond agreements are put in place.</p>	
<p>Recommendations</p>	
<p>That the Pension Fund Committee note the progress on outstanding admitted body and bond agreements, including bond renewals and cessation calculations.</p>	

1. WHY THIS REPORT IS NEEDED

- 1.1 The Report is to update the Pensions Fund Committee on outstanding work in relation to admissions, cessations and bond renewals. Progress is being made in addressing the backlog but has been slower than expected due the dependencies on the capacity of Capita, the actuary and employers to progress their actions. However plans are in place to expedite the outstanding items in the coming months.

Admission Agreements

- 1.2 Due to resources at both Capita and Hymans continuing to focus on the data for the 2019 valuation, there has little progress since the last update. The employers listed below, are seeking to participate in the Local Government Pension Scheme. The Council is continuing to work with the employer, HB Public Law, and Hymans Robertson to arrange the admission agreements:

	Employer	Contract Start Date	No of members
1	Caterlink (Holly Park School)		N/A
2	Caterlink (Queen Elizabeth Girls School)	01/08/2016	N/A
3	Atlas Cleaning (St Lawrence)	01/05/2018	2
4	Atlas Cleaning (Claremont)	19/01/2015	3
5	Atlas Cleaning (St Michaels)	01/09/2014	5
6	HCL	01/09/2018	1
7	Olive Dining (Archer Academy)	01/09/2018	3
8	St Andrew's C of E (Ashlyn's)	01/04/2017	3
9	Sacks Morasha	01/03/2019	N/A
10	Innovate Food	01/08/2019	N/A

- 1.4 The admission agreement and bond for Olive Dining are still with the employer for signing – this is being actively chased by HB Law.
- 1.5 With regard to the remaining cases, Capita are in the process of producing an action plan to progress.

Cessation

- 1.6 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.

- 1.7 For the reasons outlined above, progress has again been limited. However the actuary has committed to progressing these cases in November/December using the recently submitted and validated valuation data.

	Employer	Contract End Date	Estimated surplus/(deficit)
1	Absolutely Catering (1) Queenswell	27/05/2016	Nil
2	GLL	31/12/2017	£519,000
3	Housing 21	30/09/2015	£1,065,000
4	Allied Healthcare	13/12/2018	(£3,000)
5	Freemantle Trust	30/06/2019	£476,000
6	Rimon	31/03/2019	(£16,000)
7	Ridgecrest	01/09/2018	£5,000
8	Absolutely Catering (2) St James' Catholic School	31/07/2019	Nil

Bonds and Bond Renewals

- 1.8 The table below sets out the Scheme Employers that are required to put a renewed bond in place:

	Employer	Expired	Approx value
1	Fremantle Trust (2)	17/04/2019	£800k
2	Hestia (Domestic Violence Service)	05/12/2018	£15k
3	NSL Limited	30/04/2017	£1,037k
4	OSC Group	31/05/2017	£103k
5	Servest (Henrietta Barnet School)	01/11/2018	£7k
6	Viridian Housing	16/08/2016	£110k

- 1.9 As noted at the last update provided to the Pension Fund Committee on 9 September, the bond renewal for NSL Limited is still with the employer for review. Again, HB Law are chasing.

- 1.10 As above, the actuary has committed to producing the outstanding bond renewal reports (using data supplied for the 2019 valuation) shortly after the valuation results (November/December).

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 Not applicable.

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 participating 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 work identified above is being done within existing resources.

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 Regulation 2 and 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 is improving internal controls to ensure the Fund is protected.

5.6 Equalities and Diversity

5.6.1 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) 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. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality duty.

5.6.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public-sector equality duty. The Public Sector Equality Duty requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements will benefit everyone who contributes to the fund.

5.7 Consultation and Engagement

5.7.1 Not Applicable

5.8 Insight

5.8.1 Not applicable

6. BACKGROUND PAPERS

6.1 None