

	<p>Pension Fund Committee</p> <p>13 February 2020</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>
<p>Officer Contact Details</p>	<p>Mark Fox, Pensions Manager 0208 359 3341</p>
<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>	

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 has been slower than expected due the resources at both Capita and Hymans, who have been focusing on the data for the 2019 valuation, along with some employers, to progress their actions. However, work has now started to progress the outstanding items in the next few months.

Admission Agreements

- 1.2 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	Atlas Cleaning (St Lawrence)	01/05/2018	2
2	Atlas Cleaning (Claremont)	19/01/2015	3
3	Atlas Cleaning (St Michaels)	01/09/2014	5
4	HCL	01/09/2018	1
5	Olive Dining (Archer Academy)	01/09/2018	3
6	Ashlyns (St Andrew's C of E)	01/04/2017	3
7	Innovate Food	01/08/2019	N/A
8	Olive Dining (St Joseph's Primary)	1/09/2018	3
9	MI Healthcare	14/12/2018	2

- 1.4.1 The admission agreement for Olive Dining has now been completed by HB Law and has been sent to the employer and the Council.
- 1.4.2 Capita have provided Hymans with the data for Ashlyns (St Andrews C of E) and Hymans are in the process of calculating the funding rate.
- 1.5 Regarding the remaining cases, Officers have met with Capita and Hymans to produce an action plan to progress the agreements.
- 1.6 A verbal update on the progress will be provided to the Committee at the meeting.

Cessations

- 1.6 When the last active member leaves the Local Government Pension Scheme a cessation valuation must be calculated. The Council's actuary, Hymans, 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 Progress has again been limited due to Hymans working on the triennial valuation. However, progress was discussed at the meeting between Officers, Capita and Hymans, with the intention to progress.
- 1.8 Capita have agreed to submit outstanding data to Hymans urgently, so Hymans can progress their calculations. Where data has already been received by Hymans, they will start to progress these cases.

	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 HB Law are waiting for confirmation that the bond renewal for NSL Limited can be engrossed for signing. They are actively chasing on this.
- 1.10 As above, the actuary has committed to producing the outstanding bond renewal reports after the valuation results have been completed.

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 By monitoring admitted body organisations and ensuring all third parties comply fully with admission agreements and bond requirements, good management of the Pension Fund is maintained. This is because the cost of providing benefits will be equitably split between all employers, thus enabling funds to be directed to Council priorities as set out in the Council's Corporate Plan for 2019-2024.

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

- 5.2.1 There are no immediate financial implications from the report. However, it is important that admitted bodies have their contribution set by the Actuary to ensure that employers can commence membership in the Scheme with an equitable contributions rate and that cessation values are calculated to ensure that any deficits from ceasing employers are paid for.

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 Corporate Parenting

5.7.1 Not applicable in the context of this report.

5.8 Consultation and Engagement

5.8.1 Not required.

5.9 Insight

5.9.1 Not applicable

6. BACKGROUND PAPERS

6.1 See Admissions, Bonds and Cessation papers and minutes of the Committee meetings on 26 March 2019, 30 May 2019, 29 July 2019, 9 September 2019 and 21 November 2019.