

	<h2 style="text-align: center;">Pension Fund Committee</h2> <h3 style="text-align: center;">10 November 2022</h3>
Title	Admitted Body and Bond Status Update
Report of	Executive Director of Strategy & Resources (S151 officer)
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Update on Admission Agreements Appendix B – Update on Cessations Appendix C – Update on Bond renewals
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<h3 style="text-align: center;">Summary</h3>	
<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 employers, West Yorkshire Pension Fund (WYPF), Hymans Robertson and HB Public Law to ensure outstanding admission and bond agreements are put in place.</p>	
<h3 style="text-align: center;">Officer Recommendations</h3>	
<p>That the Pension Fund Committee note the progress on outstanding admitted body and bond agreements, including bond renewals and cessation valuations.</p> <p>That the Pension Fund Committee approve the admission into the Fund Enigma CCTV Limited and Nourish Contract Catering Ltd (at Osidge School) as listed in 1.8.</p>	

WHY THIS REPORT IS NEEDED

- 1.1 The Report is to update the Pensions Fund Committee on the current position in relation to outstanding admissions, cessations and bond renewals.
- 1.2 Where Admission Agreements, Cessation Valuations or the provision of Bonds are delayed by employers, the LBB Pensions Team will consider using the appropriate action considering the actions permitted in the Pensions Administration Strategy document for the Barnet Fund.
- 1.3 There is one new admitted body to the Fund.

Admission Agreements

- 1.4 An update on the progress on the completion of Admission Agreements is attached in Appendix A.
- 1.5 Three Admission Agreements have recently been signed and sealed since the last Committee meeting. These are:

Atlas Cleaning (Claremont School)
Olive Dining (Archer Academy)
City and County Healthcare Group

- 1.6 The LBB Pensions Team set target dates for the outstanding work to complete Admission Agreements. An update will be provided at the meeting where the deadlines have passed between the date that this report was written and the meeting.
- 1.7 Signature Education have eight contracts with schools to provide catering services. The Pensions Team were in the final stages of getting the admission agreements signed, when Signature Education advised that they are terminating their contracts with the schools, and as such, will not be entering their employees into the LGPS. The Pensions Team took legal advice, which stated that under the LGPS regulations, their employees should have been in the LGPS until the contracts were terminated. We are trying to arrange a call with Signature Education to discuss further.
- 1.8 The Committee are asked to approve the admission of the Enigma CCTV Limited and Nourish Contract Catering Ltd (at Osidge School) into the Fund.

Enigma CCTV Limited have one member and the contract is with the Council having taken over from OCS Limited, who will now cease to be an Admitted Body within the Fund.

Nourish Contract Catering Ltd have taken over the catering contract at Osidge school from Alliance in Partnership, who will also cease to be an Admitted Body within the Fund.

Cessations

- 1.9 When the last active member leaves the LGPS or if the contract of an admitted body ends, is terminated or the admitted body ceases trading, a cessation valuation is calculated. The Actuary calculates both assets and liabilities in relation to the Employer to understand if there is a surplus or deficit at the end of the contract.
- 1.10 An update on progress is on cessation valuations is included in Appendix B.
- 1.11 The LBB Pensions Team have contacted both Fremantle and Hartwig following the Committees decision at the last meeting. An update will be provided to the Committee at the meeting.
- 1.12 For Absolute Catering (St James' Catholic School), this employer has since been taken over by another employer and the Pensions Team are working with new employer and the school to arrange payment of the deficit.
- 1.13 Since the last Committee meeting, there have been two new cessations:

City and County Healthcare Group on 8 June 2022
Alliance in Partnership (Osidge School) on 31 July 2022
OCS Group on 31 August 2022
- 1.14 The LBB Pensions Team have again set target dates for employers to provide outstanding information so cessation valuations can be completed. An update will be provided at the meeting on those employers where the deadline will have passed between the date that this report was written and the meeting.

Bonds and Bond Renewals

- 1.15 An update on Bonds and Bond renewals is provided in Appendix C.
- 1.16 The LBB Pensions Team continue to work with employers for the outstanding bonds and chasing WYPF for the data required by the Actuary to calculate the bond values.
- 1.17 Where employers do not provide a Bond within the timeframe requested, Officers will request that Hymans recalculate the employer's contribution rate, to cover the non-provision of the indemnity. This policy is detailed in the Contribution Review Policy approved by the Committee at the meeting on 28 October 2021.

- 1.18 Sancroft Community Care are a wholly owned subsidiary of Harrow Council. The Pensions Team are still waiting for a guarantee letter to be sent by Harrow Council
- 1.19 For both Capita Re and Capita CSG, Hymans Robertson are calculating the revised bonds required as the current bonds expire.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Committee should be notified and approve the admittance of new employers who require Admitted Body status in the Fund.

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 2020-2025.

The current corporate plan (Barnet Plan 2021-2025) was adopted in March 2021. Following the May 2022 elections, the council now has a new administration and a new corporate plan, consistent with the new administration's priorities will be brought forward shortly.

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 3 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.

The Council's Constitution – Article 7 – sets out the responsibilities of the Pension Fund Committee which are to have responsibility for all aspects of the governance, investment and administration of the LB Barnet Pension fund including to approve admissions agreements with any admission body. It is therefore considered appropriate for the Pension Fund Committee to receive this report.

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. ENVIRONMENTAL IMPACT

- 6.1 None

7. BACKGROUND PAPERS

- 7.1 None