

	<h2 style="margin: 0;">Pension Fund Committee</h2> <h3 style="margin: 0;">31 January 2023</h3>
<b>Title</b>	<h2 style="margin: 0;">Admitted Body and Bond Status Update</h2>
<b>Report of</b>	Executive Director of Strategy & Resources (S151 officer)
<b>Wards</b>	N/A
<b>Status</b>	Public, with exempt appendix.
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	Appendix A – Update on Admission Agreements Appendix B – Update on Cessations Appendix C – Update on Bond renewals
<b>Officer Contact Details</b>	Mark Fox, Pensions Manager 0208 359 3341
<h2 style="margin: 0;">Summary</h2>	
<p>This report provides the Pension Fund Committee with a status update on the outstanding admitted body and bond agreements/renewals, as well as cessations from the Fund.</p> <p>The LBB Pensions Team 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>	
<h2 style="margin: 0;">Officer Recommendations</h2>	
<p>That the Pension Fund Committee note the progress on outstanding admitted body and bond agreements/renewals and cessation valuations.</p> <p>That the Pension Fund Committee approve the admission into the Fund of Capita Shared Services Limited and Chequers Cleaning) as detailed in paragraph 1.3.</p> <p>That the Pension Fund Committee approve the decision by the LBB Pensions Team in relation to the exit credit payment for Caterlink (Queen Elizabeth Girls School). Services Limited and Chequers Cleaning) as detailed in paragraph 1.12.</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 are two new admitted bodies to the Fund and the Committee are asked to approve the admission of the Capita Shared Services and Chequers Cleaning into the Fund.
- 1.4 As a result of Capita Re employees returning the Council on 1 April 2023, the LBB Pensions Team are exploring with the actuary whether there are any pensions considerations due to this insourcing.

### **Admission Agreements**

- 1.5 An update on the progress on the completion of Admission Agreements is attached in Appendix A.
- 1.6 The LBB Pensions Team sets 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.

Following legal advice, the LBB Pensions Team will be sending a letter to both Signature Education and all the schools advising that our opinion is that, following legal advice, their employees should be entitled to LGPS benefits and that they have not been provided with the benefits that they are entitled to. This is deemed to be a matter between Signature Education and the schools, which the LBB Pensions Team will help to resolve.

A copy of this correspondence has also been sent to The Pensions Regulator.

- 1.8 Capita Shared Services Limited is a new entity set up by Capita following an internal reorganisation within Capita. This will affect c20 members who are

currently employed by Capita CSG. The new entity has applied to become an admitted body on 1 November 2022.

Chequers Cleaning have applied to become an admitted body on 1 December 2022 following the cessation of Optivo as an admitted body on 30 November 2022. The new employer has one member.

### **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 the value of the assets and liabilities in relation to the employer to determine if there is a surplus (or exit credit) 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 exit credit payments for both Fremantle and Hartwig as previously agreed by the Committee have been paid following acceptance from both former employers.
- 1.12 For Absolute Catering (St James' Catholic School), the LBB Pensions Team are working the former employer and school to ensure that the deficit payment is made as soon as possible.
- 1.13 The LBB Pensions Team have recommended that for Caterlink (Queen Elizabeth Girls School), none of the surplus payment be returned to the former employer. This is because it has been found that there were significant issues with the data provided for the calculation of the opening position in 2016 and the 2019 valuation position. This has been accepted by the Caterlink.

The LBB Pensions Team request that the Committee approve this recommendation.

- 1.14 Since the last Committee meeting, there have been two new cessations:

Grasvenor School on 31 August 2022  
Optivo on 30 November 2022

Grasvenor School was an academy school that has now closed.

- 1.15 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**

- 1.16 An update on Bonds and Bond renewals is provided in Appendix C.

1.17 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.

1.18 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.

1.19 Revised bonds have now been received for both Capita Re and Capita CSG

## **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**

6.1 None