



Pension Fund Committee

Title	Admissions, Cessations and Bond Status Update
Date of meeting	4 July 2023
Report of	Executive Director of Strategy & Resources (S151 officer)
Wards	N/A
Status	Public, with exempt appendix
Urgent	No
Appendices	Appendix A – Update on Admission Agreements Appendix B – Update on Cessations Appendix C – Update on Bond renewals Appendix D – Update on cessation payment to OCS (Exempt) Exempt enclosure – appendix D - Not for publication by virtue of paragraphs 3 of Schedule 12A of the Local Government Act 1972 as amended (Information relating to the financial or business affairs of any particular person (including the authority holding that information)).
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Summary

This report provides the Pension Fund Committee with a status update on the outstanding admissions, cessations and bond agreements/renewals.

The LBB Pensions Team has been working with employers, West Yorkshire Pension Fund (WYPF), Hymans Robertson and HB Public Law to ensure the outstanding admissions and cessations are completed and that bond agreements are put in place. Officer Recommendations That the Pension Fund Committee note the progress on outstanding admitted body and bond agreements/renewals and cessation valuation.

Recommendations

1. That the Pension Fund Committee note the progress on outstanding admissions, cessations and bond agreements/renewals.
2. That the Pension Fund Committee approve the admission into the Fund of Innovate (Blessed Dominic School, as detailed in paragraph 1.2.
3. That the Pension Fund Committee note the update on Signature Education as detailed in paragraph 1.7.
4. That the Pension Fund Committee approve the decision by the LBB Pensions Team in relation to the exit credit payment for OCS as detailed in Appendix D.

1. Reasons for the Recommendations

- 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 There have been no new admitted bodies to the Fund since the last update to the Committee. For Innovate's contract at Blessed Dominic School, the signed Admission Agreement is with HB Law for sealing. However, HB Law is unable to find confirmation that the Committee have approved this contractor's admission to Fund. Therefore, the Committee are asked to approve the admission of the Innovate (Blessed Dominic School) into the Fund.
- 1.3 The LBB Pensions Team will be undertaking a review of the admissions, bonds and cessations process during the summer, with the aim to make this more efficient for all parties. The Pensions Team will update the Committee at the next meeting.

Admission Agreements

- 1.4 An update on the progress on the completion of Admission Agreements is attached as Appendix A.
- 1.5 Since the last update to the Committee, two Admission Agreements have been signed and sealed – Innovate at St James Catholic School and Enigma CCTV Limited.
- 1.6 The LBB Pensions Team has set target dates for the outstanding work to complete the 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 had 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.
- 1.8 Signature Education advised the LBB Pensions Team that they had paid contributions for their employees into the National Employment Savings Trust (NEST) instead of into the Barnet Fund.
- 1.9 The Pensions Team were then advised that the employees of Signature Education would be re-employed by London Kosher Caterer from 1 March 2023. The Pensions Team subsequently started the admission process with this employer.
- 1.10 London Kosher Caterer then went into liquidation on 5 May 2023. This meant that for the individuals involved, they have had no pension accrual in the LGPS since 2021, when they were first employed by Signature Education.

1.11 Whilst this issue is of detriment to these individuals, after taking legal advice, the Pensions Team are of the view that under employment law regulations, it is up to the schools to resolve this matter. The Pensions Team continue to discuss this situation with the Schools Team at the Council.

Cessations

1.12 When the last active member leaves the Fund or if the contract of an admitted body ends, is terminated or the admitted body ceases trading, the Actuary will calculate a cessation valuation where both the value of the assets and liabilities for the employer are determined. The result will be either a surplus (or exit credit) or deficit for the ceasing employer.

1.13 An update on progress is on cessation valuations is included as Appendix B.

1.14 Since the last update to the Committee, Churchill Catering (Queenswell School) have paid the deficit payment due.

1.15 An update of the cessation of OCS is shown as Appendix D.

1.16 Optivo has also agreed to pay the deficit due and the LBB Pensions Team expect that payment will be made shortly.

1.17 There have been two new cessations since the last update to the Committee – Capita Re, where staff returned to the Council on 1 April 2023 and Caterlink (Holly Park School).

Bonds and Bond Renewals

1.18 An update on Bonds and Bond renewals is provided as Appendix C.

1.19 There are eight bond renewals due before the end of the year. The LBB Pensions Team have agreed with Hymans Robertson that it would be both more administratively and cost efficient to arrange for the revised bond values to be calculated at the same date. Therefore, for these eight employers, the bonds will all be calculated as of 1 July 2023.

1.20 Bonds are put in place for a three year period before being recalculated.

1.21 There are three new admissions where we are waiting for the admitted body to provide a bond or guarantee.

2. Alternative Options Considered and Not Recommended

2.1 Not applicable in the context of this report.

3. Post Decision Implementation

3.1 Not applicable in the context of this report.

4. Corporate Priorities, Performance and Other Considerations

Corporate Plan

4.1 The Pension Fund Committee supports the delivery of the Council's strategic objectives and priorities as expressed through the Corporate Plan, by careful monitoring of the Pension Fund activities with a view to ensuring the overall sustainability of the Pension Fund.

4.2 Sustainability of the Pension Fund is a crucial pillar in allowing the council to fulfil its wider objectives.

4.3 The Pension Fund is also developing its NetZero and Stewardship policies which feed into the wider objectives around Planet, Places and People.

Corporate Performance / Outcome Measures

4.4 Not applicable in the context of this report.

Sustainability

4.5 Not applicable in the context of this report.

Corporate Parenting

4.6 Not applicable in the context of this report.

Risk Management

4.7 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met. Good governance is essential to managing the risks of the pension fund.

Insight

4.8 Not applicable in the context of this report.

Social Value

4.9 Not applicable in the context of this report.

5. Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)

5.1 Risks that are not mitigated or managed can have a financial penalty to the Fund.

6. Legal Implications and Constitution References

6.1 Government Guidance around the pooling requirements is linked in the body of this report.

6.2 The terms of reference for the committee (Barnet Constitution Part 2B , s15) include:

- To have responsibility for all aspects of the governance, investment and administration of the LB Barnet Pension fund, including, but not limited to the following:
 - To ensure compliance with all Local Government Pension Scheme statutes, regulations and best practice.

7. Consultation

7.1 Not applicable in the context of this report.

8. Equalities and Diversity

8.1 Pursuant to the Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 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, marriage and civil partnership.

8.2 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.

9. Background Papers

9.1 None