



Pension Fund Committee

Title	Admissions, Cessations and Bond Status Update
Date of meeting	11 January 2024
Report of	Executive Director of Strategy & Resources (S151 officer)
Wards	All
Status	Public, with exempt appendix Exempt enclosure – appendix D - Not for publication by virtue of paragraphs 3 of Schedule 12A of the Local Government Act 1972 as amended (Information relating to the financial or business affairs of any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)).
Urgent	No
Appendices	Appendix A – Update on Admission Agreements Appendix B – Update on Cessations Appendix C – Update on Bond renewals Appendix D – Update on the admission of Sancroft Community Care to the Barnet Pension Fund. (Exempt)
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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.

The report also includes recommendations for approval by the Committee on one admission to the Barnet Pension Fund.

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 recommendation by the LBB Pensions Team in relation to the admission of Sancroft Community Care into the Barnet Pension Fund, 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.

Admission Agreements

- 1.2 An update on the completion of Admission Agreements is attached as **Appendix A**.
- 1.3 There are currently three admission agreements with HB Law to arrange signing and sealing on behalf of the Council. A further six admission agreements have been drafted and are with the admitted bodies for signing.
- 1.4 The LBB Pensions Team has set target dates for the outstanding work to complete the Admission Agreements.
- 1.5 There have been no new admitted bodies to the Fund since the last update to the Committee.
- 1.6 **Sancroft Community Care** became an admitted body in June 2019 and have not signed their admission agreement. The LBB Pensions Team have been working with Sancroft to get the admission agreement signed with the main issue that Sancroft are unable to provide a bond or guarantee for their one employee in the Fund. The bond value required is £101,000.
- 1.7 Further details on this recommendation are attached in Appendix D.
- 1.8 The LBB Pensions Team request that the Committee approve the recommendation that Sancroft be admitted to the Barnet Fund on a pass-through basis.
- 1.9 The LBB Pensions Team will provide further updates to the Committee at future meetings.

Cessations

- 1.10 When the last active member of an admitted body 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 calculated. The result will be either a surplus (or exit credit) or deficit for the ceasing employer.
- 1.11 An update on progress is on cessation valuations is included as **Appendix B**.
- 1.12 Since the last update to the Committee, the exit credit payment of £11,600 to OCS approved by the Committee at the July 2023 meeting has been paid.
- 1.13 The LBB Pensions Team are currently arranging payment of the exit credit agreed at the last Committee meeting for Caterlink's contracts at Holly Park School and Totteridge Academy and these payments should have been made by the date of the Committee meeting.
- 1.14 There have been no new cessations since the last update to the Committee.

1.15 Grasvenor Avenue Infant School was an academy school that closed in August 2022. There is a cessation deficit payment due of £272,000. The LBB Pensions Team requested payment from the Academy Trust on 18 December and we are expecting payment to be made in late January/early February.

Bonds and Bond Renewals

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

1.17 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. Hymans are currently calculating the updated bond values required and these will be provided to the employers in due course.

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

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

New admissions to the Barnet Pension Fund

1.20 At the meeting on 2 November 2023, the Committee approved the proposal that all new admissions to the Pension Fund be admitted on a 'pass through' basis. This was to have been effective from 1 January 2024.

1.21 It has subsequently been requested that for schools (who are the main employers of admitted bodies) to prepare for this new policy that it come into effect from 1 April 2024, and this has been agreed by the Pensions Team.

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 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.

6.2 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.

6.3 The Council's Constitution – Part 2B section 15.1 includes within the responsibilities of the Pension Fund Committee. The Committee has responsibility for all aspects of the governance, investment and administration of the LB Barnet Pension fund. This specifically includes 'to approve admissions agreements with any admission body'.

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 Not applicable in the context of this report.