



Pension Fund Committee

18 April 2024

Title	Admissions, Cessations and Bond Status Update
Date of meeting	18 April 2024
Report of	Interim Executive Director of Resources (S151 officer)
Wards	All
Status	Public
Urgent	No
Appendices	Appendix A – Update on Admission Agreements Appendix B – Update on Cessations Appendix C – Update on Bond renewals
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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.

Recommendations

That the Pension Fund Committee note the progress on outstanding admissions, cessations and bond agreements/renewals.

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 have been no new admissions advised since the last update to the Committee, although the LBB Pensions Team have been made aware of potential new admissions that may start in the summer.
- 1.4 In addition, the Pensions Team have been informed of four schools looking to convert to academies in the near future which, should the conversion proceed, will require calculations from the Fund Actuary and revised contribution rates.
- 1.5 There are currently three admission agreements with HB Law to arrange signing and sealing on behalf of the Council. HB Law have recently advised the Pensions Team of a change of procedure for sealing agreements, that had been in place since the pandemic. This has meant the Pensions Team contacting some employers for additional information.
- 1.6 The LBB Pensions Team continue to set target dates for the outstanding work to complete the Admission Agreements.
- 1.7 The LBB Pensions Team will provide further updates to the Committee at future meetings.

Cessations

- 1.8 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.
- 1.9 An update on progress is on cessation valuations is included as **Appendix B**.
- 1.10 Since the last update to the Committee, and following approval by the Committee, exit credit payments have been made to:
- Absolute Catering (St James' Catholic School)
 - Caterlink (Totteridge Academy)
 - Grasvenor Avenue Infants School
 - Caterlink (Holly Park School)
- 1.11 There have been no new cessations since the last update to the Committee.
- 1.12 The LBB Pensions Team are waiting for a submission from Caterlink following the cessation of their contract at The Compton School, on why they believe the full exit credit payment of £127,000 should be made. The Committee will be updated on this at the next meeting.

Bonds and Bond Renewals

- 1.13 An update on Bonds and Bond renewals is provided as **Appendix C**.
- 1.14 Hymans have recently calculated updated bond values for seven employers and these have or will soon be provided to these employers.
- 1.15 Bonds are put in place for a three-year period before being recalculated.
- 1.16 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

- 1.17 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.
- 1.18 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.