



**Haringey Council**

Agenda item:

**Pensions Committee**

**On 19<sup>th</sup> March 2009**

Report Title: **Admission of Workforce Facilities to the Haringey Pension Fund**

Forward Plan reference number (if applicable): **Not Applicable**

Report of: **Chief Financial Officer and Assistant Chief Executive People & Organisational Development**

Wards(s) affected: **All**

Report for: **Non key decision**

**1. Purpose**

- 1.1 To approve the admission of Workforce Facilities Ltd as transferee admitted body participating in the Haringey Council Pension Fund from 1<sup>st</sup> April 2009.
- 1.2 This results from the TUPE transfer of security staff employed by Mittie Security Services to the above-mentioned contractor.

**2. Recommendations**

- 2.1 That Members agree to the admission of Workforce Facilities Ltd as a transferee admitted body to the Fund from 1<sup>st</sup> April 2009
- 2.2 That the agreement is a closed agreement such that no new members can be admitted.
- 2.3 That the contractor is required to provide a Bond to the value of £26,000 to be reviewed by the Fund actuary on an annual basis.
- 2.4 That final approval to the terms of this Admission Agreement be delegated to the Chief Financial Officer.

Report Authorised by:

**Gerald Almeroth**  
Chief Financial Officer

and by

**Stuart Young**  
Assistant Chief Executive P.O.D

Contact Officer: I M Benson Pensions Manager 0208 489 3824.

### 3. Head of Legal Services Comments

- 3.1 The Head of Legal Services has been consulted on the content of this report. The recommendations set out in the report follow the general power available to the Council to make an admission agreement with any transferee admission body and the conditions that will apply to such an agreement set out in the Local Government Pension Scheme Administration Regulations 2008
- 3.2 The Admission Agreement and Bond have been drafted by the Council's legal services. The Bond document has been drafted to protect the Fund against the commercial failure of Workforce Facilities Ltd based on an actuarial assessment of the pension liabilities provided by the Fund Actuary.

### 4. Local Government (Access to Information) Act 1985

- 4.1 Local Government Pension Scheme (Administration) Regulations 2008
- 4.2 Draft Admission Agreement
- 4.3 Report from Hymans Robertson on Bond and Contribution Rate Assessment.
- 4.4 Reasons why this report is exempt **Not Applicable**

### 5. Strategic Implications

- 5.1 There are no strategic implications arising from this report

### 6. Financial Implications

- 6.1 The Council's actuary has assessed a contribution rate for the contractor as 28% and a Bond value of £26,000 which will be reviewed annually. The Bond is in place to protect the fund against the commercial failure of the company.
- 6.2 The contractor is required to meet future service costs as reflected in the above-mentioned contribution rate. The past service deficit remains with the Charitable Trust which will reimburse the Fund for any related costs

### 7. Legal Implications

- 7.1 Workforce Facilities Ltd is being admitted as a transferee admission body as defined in regulation 6(2) of the Local Government Pension Scheme (Administration) Regulations 2008.

### 8. Equalities Implications

- 8.1 There are no equalities implications arising from this report

## **9. Consultation**

- 9.1 The Employees Side have been consulted and state that they have no objection to this Admission Agreement.

## **10. Background**

- 10.1 On 1<sup>st</sup> August 2002 Alexandra Palace Charitable Trust entered into a contract for security services with Trident Security Ltd which is currently Mittie Security Services. This contract has now been awarded to Workforce Facilities Ltd with effect from 1<sup>st</sup> April 2009. The contract is for three years with the option to extend for a further two years.
- 10.2 Of the three scheme members originally TUPE transferred to Trident Security Ltd, one remains as an active member of the Fund.
- 10.3 This admission agreement is with a private contractor where service is being transferred by means of a contract. The contractor is thereby a 'transferee admission body' as defined in regulation 6 of the Local Government Pension Scheme Administration Regulations 2008.
- 10.4 The agreement will be a 'closed agreement' under which only the remaining member of the LGPS who is employed on the contract, will be eligible for admission to the Local Government Pension Scheme. On this basis, the actuary has set the employer contribution rate for future service at 28%. Changes increasing the required contribution rate are only paid for by the contractor if they are changes they have made. All other consequential contribution increases above 28% will be met by Alexandra Palace Charitable Trust.
- 10.5 The regulations require that the contractor provides an indemnity bond to protect the fund should the agreement terminate early. The value of the Bond is determined by actuarial assessment and is agreed between the parties. The review and provision of the Bond is an employer cost. The Council's actuary has put a value on the Bond of £26,000. The Bond protects the Fund against potential early retirement on redundancy costs should the company fail commercially.
- 10.6 Any actions taken that require payment of a capital cost will be recovered through the normal charging process. The actuary will take account of the contractor's discretionary policy including early and ill health retirements when setting its employer contribution rate at future fund valuations.
- 10.7 As the final details of the application for admission are still under review, Members are asked to approve the delegation of final approval to the Chief Financial

## **11. Conclusion**

- 11.1 Members are asked to approve the recommendations and that there are sufficient controls and measures in place to protect the Fund.

## **12. Use of Appendices / Tables / Photographs**

- 12.1 There are no appendices to this report