



Haringey Council

Agenda item.

Pensions Committee

On 12th April 2011

Report Title. **Admission of Europa Support Services Ltd (ESSL) to the Haringey Pension Fund**

Report of:

Julie Parker Chief Financial Officer

Signed *J. Parker*

dated 4/4/11

Stuart Young Assistant Chief Executive People and Organisational Development

Signed :

Stuart Young

Contact Officer : Ian Benson

Pensions Manager (020 8489 3824)

Nicola Webb

Head of Treasury and Pensions (020 8489 3726)

Wards(s) affected: All

Report for: Information only

1. Purpose of the report

- 1.1. To approve the admission of Europa Security Services Ltd as a transferee admitted body participating in the Haringey Council Pension Fund from 1st November 2011.

2. Introduction by Cabinet Member (if necessary)

- 2.1. N/A

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

3.1 N/A

4. Recommendations

- 4.1. That Members agree to the admission of Europa Support Services Ltd as a transferee admitted body to the Fund from 1st November 2010.
- 4.2. That the agreement is a closed agreement such that no new members can be admitted
- 4.3. That the contractor is required to provide a Bond valued by the Fund actuary to cover its potential pensions liabilities should the contractor fail commercially and that the Bond value is reviewed annually
- 4.4. That final approval to the terms of this Admission Agreement be delegated to the Chief Financial Officer.

5. Reason for recommendation

- 5.1 Committee approval is required to admit ESSL as an transferee admitted body to the Haringey Council Pension Fund

6. Other options considered

- 6.1 Not applicable.

7. Summary

- 7.1 The Charitable Trust originally outsourced its security contract to Trident Ltd and on 1st August 2002 entered into an Admission Agreement with the Fund. . Three scheme members were TUPE transferred of which one active member remains. Several further changes of contractor ensued of which the change from Europa Workspace Ltd to ESSL is the latest. ESSL is the parent company of Europa Workspace Ltd.
- 7.2 The contract with the Charitable Trust is for four years with an option to extend for up to a further two years.
- 7.3 The new contractor will pay a contribution rate set by the Fund actuary to cover the cost of future service accrual. The rate is 28% of pensionable pay reducing to 24.6% from 1st April 2011. The Charitable Trust will retain the past service deficit and will reimburse the Fund for any related costs.
- 7.4 The contractor is also required to provide a Bond which is initially valued by the Fund actuary at £26,000. The Bond is required to protect the Fund against the commercial failure of the contractor.

8. Chief Financial Officer Comments

- 8.1 The Chief Financial Officer concurs with the financial implications set out in section 13 below. The contractor has agreed to meet all the costs associated with their participation in the Pension Fund and a bond is being put in place to protect the Fund in the event of the company failing. The funding position of the contractor will be

monitored throughout their membership of the Pension Fund

9. Head of Legal Services Comments

9.1 The Head of Legal Services has been consulted on the content of this report. The recommendations set out in the report meet the requirements of the general power available to the Council to make an admission agreement with a transferee admission body and the conditions that will apply to such an agreement set out in the Local Government Pension Scheme Administration Regulations 2008. In this particular case a bond is required under the provisions of Regulation 6 of the 2008 Regulations to meet the level of risk arising on premature termination of the provision of the service or assets by reason of the insolvency, winding up or liquidation of the transferee admission body, following an assessment made of that risk. The Committee has the power to delegate the final approval of the terms of the admission agreement under the terms of the scheme of delegation within the Council's Constitution.

10. Head of Procurement Comments

10.1 Not applicable.

11 Equalities & Community Cohesion Comments

11.1.

12. Consultation

12.1 The Employees-side were consulted and support the recommendations in this report.

13. Service Financial Comments

13.1 The Council's actuary has set a future service contribution rate for the contractor of 28.1% of pensionable payroll reducing to 24.6% of payroll from 1st April 2011. This will be reviewed at each triennial valuation. A Bond is required to protect the Fund against the commercial failure of the company and will be reviewed annually. Initially the Bond value is £26,000.

13.2 The Charitable Trust has agreed to retain the past service deficit and to reimburse the Fund with any related costs.

13.3 This agreement on past service deficit costs has been approved by the Charitable Trust in consultation with the Fund Actuary.

14. Use of appendices /Tables and photographs

14. There is no Appendix to this report

15. Local Government (Access to Information) Act 1985

15.1 Local Government Pension Scheme (Administration) Regulations 2008 (as amended)

1 BACKGROUND

- 1.1 On 1st November 2011 Alexandra Palace Charitable Trust entered into a contract for security services with ESSL. The previous contractor was Europa Workspace Ltd which is a subsidiary company of ESSL. There have been several changes of contractor since the original contract was outsourced to Trident Ltd on 1st August 2002. Of the original three staff who were TUPE transferred to Trident one remains in active employment.
- 1.2 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.
- 1.3 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. The actuary has set the employer contribution rate for future service at 28%. This will reduce to 24.6% from 1st April 2011. This reduction follows from the 2010 fund valuation.
- 1.4 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.
- 1.5 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.
- 1.6 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 Conclusion
- 1.7 Members are asked to approve the recommendations in this report.