

**Report for:** Pensions Committee and Board 20<sup>th</sup> July 2017

**Item number:**

**Title:** Pensions Administration Report

**Report authorised by :** Tracie Evans, Deputy Chief Executive

**Lead Officer:** Janet Richards – Pensions Manager,

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**Ward(s) affected:** Not applicable

**Report for Key/  
Non Key Decision:** Not applicable

## 1. Describe the issue under consideration

1.1. This report presents details of four new admissions to the pension fund, and notification of the potential merger of the College of Haringey, Enfield and North East London with the Capital City College Group.

## 2. Cabinet Member Introduction

2.1. Not applicable

## 3. Recommendations that members:

3.1. Approve the admission of Hillcrest Cleaning Ltd as a new employer to the Pension Fund, subject to their securing a bond or a guarantee from a third party in line with the LGPS regulations, to indemnify the pension fund against any future potential liabilities that could arise.

3.2. Approve the admission of Pabulum as a new employer to the Pension Fund, subject to their securing a bond or a guarantee from a third party in line with the LGPS regulations, to indemnify the pension fund against any future potential liabilities that could arise.

3.3. Approve the admission of Hertfordshire Catering Ltd as a new employer to the Pension Fund, subject to their securing a bond or a guarantee from a third party in line with the LGPS regulations, to indemnify the pension fund against any future potential liabilities that could arise.

3.4. Approve the admission of ISS World Ltd as a new employer to the Pension Fund, subject to their securing a bond or a guarantee from a third party in line with the LGPS regulations, to indemnify the pension fund against any future potential liabilities that could arise

3.5. Note the potential merger of the College of Haringey, Enfield and North East London with the Capital City College Group with a potential transfer date of 1 November 2017. The CONEL board decided, as part of the proposed merger, to transfer its Local Government Pension Scheme pensions funds from the London Borough of Haringey

scheme into the London Pension Funds Authority. All assets and liabilities will transfer with the college if the transfer takes place, so Haringey Pension Fund will not be disadvantaged or left with a historic deficit from the college.

#### **4. Reason for decision**

##### New Admission Body to the Fund

- 4.1. Stroud Green Primary School has tendered its cleaning service and the successful bidder was Hillcrest Cleaning Ltd. It is proposed that Hillcrest Cleaning Ltd be admitted to the Haringey Pension Scheme as an Admission Body in relation to the provision of the Cleaning Service for Stroud Green Primary School, subject to Hillcrest Cleaning Ltd entering into an admission agreement with the Council so that those eligible employees can remain within the Haringey Pension Fund.
  
- 4.2. Northumberland Park Community School has tendered its catering service and the successful bidder was Hertfordshire Catering Ltd. It is proposed that Hertfordshire Catering Ltd be admitted to the Haringey Pension Scheme as an Admission Body in relation to the provision of the catering Service for Northumberland Park Community School, subject to Hertfordshire Catering Ltd entering into an admission agreement with the Council so that those eligible employees can remain within the Haringey Pension Fund.
  
- 4.3. North Harringay Primary School has tendered its catering service and the successful bidder was Pabulum Catering Ltd. It is proposed that Pabulum Catering Ltd be admitted to the Haringey Pension Scheme as an Admission Body in relation to the provision of the catering Service for North Harringay Primary School, subject to Pabulum Catering Ltd entering into an admission agreement with the Council so that those eligible employees can remain within the Haringey Pension Fund.
  
- 4.4. West Green School has tendered its catering service and the successful bidder was ISS Catering. It is proposed that ISS Catering be admitted to the Haringey Pension Scheme as an Admission Body in relation to the provision of the catering Service for West Green School, subject to ISS Catering entering into an admission agreement with the Council so that those eligible employees can remain within the Haringey Pension Fund.
  
- 4.5. That an admission agreement satisfactory to the Council, be entered into - in respect of each of the service contracts and that the agreements are closed agreements, as such that new members can not be admitted.
  
- 4.6. Under the LGPS, if a body is an admission body as defined by the Regulations; the administering authority enter into an admission agreement with that admitted body. The admitted body's employees which have transferred over and providing the service will be eligible for membership of the Scheme if designated under the terms of the agreement. An admitted body will provide a service in connection with the exercise of a function of a Scheme employer as a result of the transfer of the service or assets by means of a contract or another arrangement.

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##### College Transfer

4.7. The Capital City College group is roughly double the size of the CONEL, and thus it is expected under LGPS regulations that after the merger takes place between the two colleges, members will transfer from Haringey's LGPS fund into the Capital City College Group's LGPS fund (which is the LPFA).

## 5. Alternative options considered

Not applicable

## 6. Background information:

- 6.1. Stroud Green Primary School has tendered its cleaning service, which will transfer to Hillcrest Cleaning Ltd on 1 June 2017. Four staff will be TUPE transferred; three are members of the LGPS. The admission agreement will be closed and only the TUPE transferred staff can participate in the LGPS. The contract length is 2 years. Staff are required to work no less than 50% of their time on the contract. The actuary has calculated that Hillcrest Cleaning Ltd will pay a rate of 33.5% for employers pension contributions.
- 6.2. The admission to Haringey Pension Fund will be conditional upon Hillcrest Cleaning Ltd securing a bond or guarantor which will indemnify the Pension Fund should Hillcrest Cleaning fail to pay across any amounts due to the pension fund over the course of the contract.
- 6.3. Northumberland Park Community School has tendered its catering service, which will transfer to Hertfordshire Catering Ltd on 1 April 2017. Six staff will be TUPE transferred; they are all members of the LGPS. The admission agreement will be closed and only the TUPE transferred staff can participate in the LGPS. The contract length is 4 years. Staff are required to work no less than 50% of their time on the contract. The actuary has calculated that Hertfordshire Catering Ltd will pay a rate of 33.2% for employers pension contributions.
- 6.4. The admission to Haringey Pension Fund will be conditional upon Hertfordshire Catering Ltd (HCL) securing a bond or guarantor which will indemnify the Pension Fund should HCL fail to pay across any amounts due to the pension fund over the course of the contract
- 6.5. North Haringay Primary School has tendered its catering service, which transferred to Pabulum Ltd on 1 May 2017. Three staff will be TUPE transferred; they are all members of the LGPS. The admission agreement will be closed and only the TUPE transferred staff can participate in the LGPS. The contract length is 2 years. Staff are required to work no less than 50% of their time on the contract. The actuary has calculated that Pabulum Ltd will pay a rate of 34.6% for employers pension contributions.
- 6.6. The admission to Haringey Pension Fund will be conditional upon Pabulum Ltd securing a bond or guarantor which will indemnify the Pension Fund should Pabulum fail to pay across any amounts due to the pension fund over the course of the contract
- 6.7. West Green School has tendered its catering service, which will transfer to ISS Catering, the transfer will take place to ISS Catering on 1 September 2017. Three staff will be TUPE transferred; they are all members of the LGPS. The admission agreement will be closed and only the TUPE transferred staff can participate in the LGPS. The contract

length is 2 years. Staff are required to work no less than 50% of their time on the contract. The actuary has been asked to calculate the employers pension contribution rate.

- 6.8. The admission to Haringey Pension Fund will be conditional upon ISS Catering securing a bond or guarantor which will indemnify the Pension Fund should ISS Catering fail to pay across any amounts due to the pension fund over the course of the contract.

#### College transfer

- 6.9. The College of Haringey, Enfield and North East London (CONEL), if merging with the Capital City College group: and is aiming for a pensions transfer date of 1 November 2017. All of the active, deferred and pensioner members for the college would transfer from the Haringey Fund, to the LPFA fund. As all membership would be transferring, all assets and liabilities belonging to the fund will transfer to the LPFA: the transfer will therefore not negatively impact upon Haringey's overall funding position.

- 6.10. In order to carry out a transfer of all membership from Haringey to the LPFA, a 'Directions Order' must be sought from the Secretary of State for Communities and Local Government. CONEL has sought legal advice regarding this, and will be carrying out the application for a Directions Order. It is not thought likely that this application would be denied.

### **7. Contribution to strategic outcomes**

Not applicable

### **8. Statutory Officers' comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

#### Chief Finance Officer

- 8.1. Should any new employer be admitted to the Pension Fund without proper indemnity in place: i.e. a bond or guarantor, then this opens up the fund to the risk that the new employer should become insolvent and employer contributions or a pensions deficit would not be paid across to the fund. If this case were to arise, any deficit or liabilities would then be apportioned amongst the other employers in the fund: clearly a situation to be avoided.

- 8.2. There are a number of new admissions to the fund that are proposed in this report: each one of the new admissions is done on the basis that they will only be admitted if a bond or suitable guarantee is provided: these new admissions are therefore supported.

- 8.3. The transfer of all membership of the College of Haringey, Enfield and North East London to the LPFA will mean transferring all assets which are attributable to this employer, along with all of the liabilities and any pensions deficit. The rationale for the transfer direction to be from Haringey's fund to the LPFA is clear and in line with the LGPS regulations as the Capital City College Group is roughly double the size of CONEL.

8.4. In line with the LGPS regulations, the asset share attributable to the college will be revalued up to the actual transfer date and this will take into account financial market conditions on and up to the date of transfer. The value of the asset transfer amount will be agreed by both Haringey's actuary and the LPFA fund actuary prior to transfer.

Assistant Director of Corporate Governance

8.5 The Committee is being asked to approve a number of entities to admitted body status. Under Regulation 3 of the Local Government Pension Scheme Regulations 2013 the employees involved are eligible to remain members of the Haringey Pension Fund if the employer has entered into an Admission Agreement. The Admission Agreements are to be closed agreement. Where a "pass through arrangement" has been agreed no bond/ indemnity or guarantee will be provided.

**9. Use of Appendices**

Not applicable

**10. Local Government (Access to Information) Act 1985**

Not Applicable