



Haverling

LONDON BOROUGH

PENSIONS COMMITTEE AGENDA

7.00 pm

**Tuesday
25 June 2024**

**Council Chamber -
Town Hall**

Members 6: Quorum 3

COUNCILLORS:

**Conservative Group
(2)**

Joshua Chapman
Viddy Persaud

**Haverling Residents' Group
(3)**

James Glass
Jacqueline Williams
Stephanie Nunn (Vice-Chair)

**Labour Group
(1)**

Mandy Anderson (Chairman)

Trade Union Observers

(No Voting Rights) (1)

Derek Scott (UNISON)

**Admitted/Scheduled Bodies
Representative**

(Voting Rights) (0)

**For information about the meeting please contact:
Luke Phimister 01708 434619
luke.phimister@onesource.co.uk**

Under the Committee Procedure Rules within the Council's Constitution the Chairman of the meeting may exercise the powers conferred upon the Mayor in relation to the conduct of full Council meetings. As such, should any member of the public interrupt proceedings, the Chairman will warn the person concerned. If they continue to interrupt, the Chairman will order their removal from the meeting room and may adjourn the meeting while this takes place.

Excessive noise and talking should also be kept to a minimum whilst the meeting is in progress in order that the scheduled business may proceed as planned.

Protocol for members of the public wishing to report on meetings of the London Borough of Havering

Members of the public are entitled to report on meetings of Council, Committees and Cabinet, except in circumstances where the public have been excluded as permitted by law.

Reporting means:-

- filming, photographing or making an audio recording of the proceedings of the meeting;
- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing, so that the report or commentary is available as the meeting takes place or later if the person is not present.

Anyone present at a meeting as it takes place is not permitted to carry out an oral commentary or report. This is to prevent the business of the meeting being disrupted.

Anyone attending a meeting is asked to advise Democratic Services staff on 01708 433076 that they wish to report on the meeting and how they wish to do so. This is to enable employees to guide anyone choosing to report on proceedings to an appropriate place from which to be able to report effectively.

Members of the public are asked to remain seated throughout the meeting as standing up and walking around could distract from the business in hand.

AGENDA ITEMS

1 CHAIRMAN'S ANNOUNCEMENTS

The Chairman will announce details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

2 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

(if any) - receive

3 DISCLOSURE OF INTERESTS

Members are invited to disclose any interest in any of the items on the agenda at this point of the meeting.

Members may still disclose any interest in any item at any time prior to the consideration of the matter.

4 MINUTES OF THE MEETING (Pages 5 - 8)

To approve as correct the minutes of the meeting held on 13 March 2024 and authorise the Chairman to sign them.

5 PENSION FUND MONITORING QUARTER END 31 MARCH 2024

To follow

6 PENSION FUND ACCOUNTS

To follow

7 2024-27 BUSINESS PLAN & 2023-24 ANNUAL REPORT

To follow

8 PENSION ADMINISTRATION BUDGET 2024-25 (Pages 9 - 14)

9 REVIEW OF PENSIONS FUND ADMISSIONS POLICY (Pages 15 - 18)

10 NEW EMPLOYER ADMISSIONS TO THE PENSION FUND (Pages 19 - 24)

Zena Smith
Head of Committee and
Election Services

Public Document Pack Agenda Item 4

**MINUTES OF A MEETING OF THE
PENSIONS COMMITTEE
Council Chamber - Town Hall
19 March 2024 (7.00 - 9.07 pm)**

Present:

COUNCILLORS

Conservative Group Joshua Chapman, Dilip Patel and Viddy Persaud

Havering Residents' Group James Glass and Jacqueline Williams

Labour Group Mandy Anderson (Chairman)

329 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

Apologies were received for the absence of Derek Scott.

330 DISCLOSURE OF INTERESTS

There were no disclosures of interests.

331 MINUTES OF THE MEETING

The open and exempt minutes of the previous meeting held on 24th January 2024 were agreed as a correct and signed by the Chairman.

332 MINUTES OF THE LOCAL PENSION BOARD

It was noted that the minutes of the Local Pension Board would be circulated to members after the meeting.

333 EXCLUSION OF THE PUBLIC

It was **AGREED** that, for the relevant section of agenda item 7 only, the public should be excluded from the meeting on the grounds that it was likely that, on view of the nature of the business to be transacted or the nature of the proceedings, if members of the public were present during that item, there would be disclosure to them of exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972.

334 **PENSION FUND MONITORING QUARTER END 31 DECEMBER 2023**

The Committee was presented with the Pension Fund Monitoring for the quarter ending 31st December 2023.

It was noted by members that the fund had increased in the quarter and there was an error on page 27 of the agenda with the correct figures to be circulated to members following the meeting.

Members noted that the fund returned 3.9% over the quarter and the LCIV Paris Aligned returned positively and outperformed its benchmarks. It was noted that it was a positive quarter as a whole and had performed positively in absolute terms, however, the asset long term growth was under target and the income was also under the long term target.

Officers then explained to members that all Pensions Committee members must complete the mandatory LOLA v1 or v2 learning modules with the slides from the previous climate change training to be circulated to members. It was also noted that the LGPS had made changes with a new code of practise published in January 2024 and would be adopted on 27th March 2024 and would supersede the current COP14.

The meeting then went into an exempt sessions.

After the exempt session concluded, the Committee:

1. **Considered** Hymans Market Background, Strategic Overview and Manager Performance Report (Appendix A)
2. **Considered** Hymans Performance Report and views (Appendix B Exempt)
3. **Received** presentation from the Funds Private Debt Manager (Permira) for an overview on the fund's performance (Appendix C – Exempt)
4. **Considered** the quarterly reports sent electronically, provided by each fund manager.
5. **Noted** the analysis of the cash balances.

335 **CASH FLOW POLICY**

The Committee were presented with a cash flow policy proposed by Hymans.

The policy was proposed to ensure the fund had a high enough level of cash flow. The target working cash balance was noted of £8million which was up from the previous £6million. It was proposed to hold no less than £5million and no more than £13million which was also increased from £3million and £8million respectively.

Members noted a balance of £8million provided for 1 month of predictable outgoings and 3 months of unpredictable outgoings plus a currency settlement allowance. Any balance above the threshold would be retained at the discretion of the Council's Section 151 officer and they would plan to bring the cash levels down below the threshold.

The Committee:

1. **Considered** and agree the updated Cash flow Policy (Appendix A).
2. **Agreed** that this policy be reviewed every three years, recognising the additional information provided by the valuation process, including the impact on contribution rates.
3. **Agreed** that in the event that the Fund's cash outflow profile was to materially change, for example if the Fund's benefit payments increased by more than 20%, then this policy be reviewed.

336 **VOTING AND ENGAGEMENT**

The Committee was presented with the Fund's voting and engagement policy.

Members noted this report reviewed the voting and engagement of the Fund managers. It was noted the Fund didn't have its own policy and delegated to fund managers within the annual review. A high percentage of votes were cast which was seen as positive.

It was noted that voting patterns were in line with expectations. It was highlighted that climate change and human rights were key areas of engagement across managers and board diversity was a main reason for voting against management with 1 in 5 voting against it.

The Committee:

1. **Noted** Hymans review of Fund Manager Voting and Engagement activity attached as Appendix A.
2. **Agreed** the recommendations as set out in Appendix A (page 16).
3. **Noted** the next steps as set out in Appendix A (page 16).

337 **ADMISSION OF CATERLINK TO THE PENSION FUND**

The Committee was presented with a report to admit Caterlink Limited to the Pensions Fund.

Caterlink Ltd won a contract to provide catering services which started on 11th February 2023 and due to end on 23rd October 2025. 5 members of staff would be admitted with initial contributions set at 24.8%. It was noted that Caterlink Ltd had previously been a member of the Fund.

The Committee **agreed** the admission of Caterlink Limited into the London Borough of Havering Pension Fund as an admitted body to enable 5 members, previously employed by the Academy, to continue membership of the LGPS subject to all parties signing up to an Admission Agreement.

Chairman

PENSIONS COMMITTEE

Subject Heading:

Pensions Administration Budget 2024/25

ELT Lead:

Kathy Freeman
Strategic Director of Resources

Report Author and contact details:

Caroline Guyon
Pensions Projects and Contracts Manager
caroline.guyon@havering.gov.uk
01708 4323185

Policy context:

Local Government Pension Scheme
Regulations 2013.

The proposed budget for 2024/25 is
£0.648m to be met by the Pension Fund.
This is an increase of £86,000 on the
original budget set for 2023/24

Financial summary:

The subject matter of this report deals with the following Council Objectives

- Communities making Havering [x]
- Places making Havering [x]
- Opportunities making Havering [x]
- Connections making Havering [x]

SUMMARY

The administration of the Havering Local Government Pension Scheme (LGPS) is provided via a shared service agreement with Lancashire County Council (LCC) who delegate the function to the Local Pensions Partnership Administration (LPPA).

This report details the LPPA's proposed budget for 2024/25 financial year of £0.648m, an overall increase of 15.38% from 2023/24, for agreement by Committee.

RECOMMENDATIONS

The Committee are asked to:

- Approve the 2024/25 budget of £0.648m for the provision of the LPPA pension administration service.

REPORT DETAIL

1. Background

- 1.1 From 1 November 2017, the London Borough of Havering delegated the pension administration service to Lancashire County Council who have engaged the Local Pensions Partnership Administration (LPPA) to undertake their pension portfolio. The Local Pensions Partnership was formed in 2016 through a collaboration between Lancashire County Council and the London Pensions Fund Authority and provides pension services to the Local Government Pension Scheme, Police and Firefighter Schemes
- 1.2 LPPA is a non-profit making entity and our contract with LCC is set on a full cost recovery basis, i.e. any surplus against the annual budget is refunded and any deficit is charged to the fund at the end of the financial year. LPPA on behalf of LCC, will propose the annual budget and it will be presented to officers, who will review before presenting to committee for approval.
- 1.3 Within the service agreement, the fund has the option to not agree the proposed budget, in such case the budget will be set at the current budget plus an increase based on Consumer Price Index (CPI) as at January. As set out in the terms of the arrangement, LCC operate a full cost recovery, so if LCC's actual costs are in line with their forecast and LBH agree to a lower budget based on CPI, LBH will be invoiced at the end of the financial year for the difference between the actual costs and the budget that was actually agreed.

- 1.4 Officers carried out a special budget challenge session with LPPA in February 2024, and required further details around membership numbers and cost/service demand assumptions following LPPA's submission of the latest proposed budget.
- 1.5 Due to timing of the session and subsequent information requested, officers were unable able to present a final budget position at March 2024 committee.
- 1.6 For the 2023-24 budget settlement LPPA presented a cost smoothing exercise to reduce the budget payable for the year from £0.562m to £0.533m which meant the balance of £0.029m to be recovered over 3 years commencing from April 2024, if LPPA were unable to underspend against the budget proposal.

2. Budget Proposal for 2024-25

- 2.1 LPPA on behalf of LCC has proposed a budget for 2024-25 of £0.648m this is an increase of 15.38% on 2023-24, the increase is split in two parts;
 - a. Increase in membership numbers
 - b. Increase in price per member
- 2.2 Table 1 below provides a summary of the split;

	Number of Members	Rate per Member	Total Cost
2023-24 LPPA Administration Budget	20,072	£27.98	*£561,615
2024-25 LPPA Administration Budget	21,149	£30.64	£648,005
Difference (Amount)	1,077	£2.66	£86,391
Difference (Percentage)	5.37%	9.51%	15.38%

**Actual Budget 2023-24, this figure is higher than the budget paid of £0.533m as LPPA agreed to reduce the budget and spread the increase from 2022-23 over 3 years from April 24.*

- 2.3 Membership numbers are taken in August of each year and used as the basis for the forthcoming budget proposal. The increase has been expected due to the continued growth in membership across the Havering pension fund, as reported in the LPPA's quarterly performance reports.

2.4 The increase in price per member has been driven by a variety of factors' but is grouped under;

- Inflationary
- Service Development
- Legislative Requirements

Inflationary Pressures

- a. Inflation related
 - i. Average wages increase 5%
 - ii. Average contract and Third Part Supplier cost increase – 6%

Service Development

- b. Investment in technology supporting LPPA's Efficiency and Service Programme (ESIP).
 - i. Additional functionality for portal development for employers and members including recent introduction of employer self service estimates.
 - ii. Improvements to the monthly returns process, which will allow for further automation in the future from data received. As a result of the focus on delivering the automation, additional resources are required to support the full roll out to all Havering employers. Automation from full monthly reporting will mean employers will not have to separately report starters, change of contracts and leavers for members with only post 2014 service. This will reduce delays in LPPA processing new joiners and leavers
 - iii. The expectation that the automation and improvements within the ESIP programme will start to yield the efficiencies required to stabilise prices in the future years.
- c. Additional budget set for training and development to support resilience within workforce as experienced local government Pension Administration positions become more competitive to source.

Legislative Requirements

- d. Increase in costs incurred for compliance with statutory and regulatory requirements;
 - i. Implementation of the McCloud remedy - the required updates to the UPM system are being tested and loaded. LPPA are now processing active retirements with underpin protections where required and will revise existing benefits once the final system updates are in place.

- ii. Pension Dashboard – this will enable individuals to access all their pension information (not just that held with Havering) online, securely and in one place with a view to supporting better planning for retirement. The connection date for public service pension schemes is October 2025.

2.5 The increase in membership numbers across the Havering Fund correlates to the reported increase in calls to LPPA’s contact centre and number of cases across the various areas within LPPA.

2.6 The proposed budget settlement of £0.648m, is LPPA’s estimate for the 2024-25 financial year. Officers will be provided with quarterly finance performance data, including their latest forecasted outturn, looking at outturn projections and future budget proposals.

3. Outturn Position 2023-24

3.1 At the end of each financial year LPPA will confirm any variance against the budget and the Fund will receive either an invoice or remittance for the balance. As part of the quarterly performance updates, the financial position is reviewed and challenged.

3.2 At the time of publishing this report, LPPA have provisionally advised of an outturn position of £0.552m, which would be a £0.010m underspend against the 2023-24 budget of £0.562m. A final outturn position will be presented at a later committee.

IMPLICATIONS AND RISKS

Financial implications and risks:

The cost of pension administration is recharged annually to the Fund, the contract costs from LCC are factored into the budget and any increase in contract costs, once agreed, the budget will be increased and the additional cost met within the Fund.

Legal implications and risks:

The Council has delegated its pension administration functions to LPPA by an agreement which provides for termination on either party giving 12 months’ notice but is otherwise indefinite.

The provisions relating to price are as follows:

- i. For the duration of this arrangement, in September of each year Lancashire will send to Havering a proposed budget for the next financial year including

detail of any increases or efficiency savings from previous years. Havering will either agree or offer an amended budget proposal. In the absence of agreement by both Parties the budget will remain as per the previous year plus an inflationary uplift per CPI as at September prior to the commencement of the budgetary year.

- ii. Once the proposed budget is agreed in principle, Havering will refer the proposed budget to its Pension committee or other appropriate body for approval. If approved the annual budget will be ring-fenced for Lancashire and transferred to Lancashire in twelve (12) equal monthly instalments. The actual budget spend will be monitored and reimbursed through a quarterly review process. At the end of each financial year any budgetary over or underspends will be adjusted accordingly.

As a result LPPA can propose a budgetary uplift of any value. As they are set up for full cost recovery the difference in the budget and the actual spend will always be adjusted with the authority.

It is open to the Council to not agree the budget proposal in which case it will be increased by CPI.

Human Resources implications and risks:

There appear to be no HR implications or risks arising directly as a result of this report

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- a. the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- b. the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- c. foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants. We will ensure that disabled people with sensory impairments are able to access the strategy.

PENSIONS COMMITTEE

Subject Heading:

Review of the Havering Pension Fund
Admissions Policy

SLT Lead:

Kathy Freeman
Section 151 Officer

Report Author and contact details:

Caroline Guyon
Pensions Projects and Contracts Manager
caroline.guyon@havering.gov.uk
01708 4323185

Policy context:

Local Government Pension Scheme
Regulations 2013.

Financial summary:

The cost of the policy review was £3,750
plus VAT and will be met by the Pension
Fund.

**The subject matter of this report deals with the following Council
Objectives**

Communities making Havering	[x]
Places making Havering	[x]
Opportunities making Havering	[x]
Connections making Havering	[x]

SUMMARY

This report provides an overview of the current Havering Pension Fund Admissions Policy which has been changed to reflect the current Funding Strategy Statement. The policy is included as Appendix A.

RECOMMENDATIONS

The recommendation is for Committee to approve the amendments to the Admissions Policy to reflect the current Funding Strategy Statement

REPORT DETAIL

1. The Admissions Policy was introduced in November 2017 in to ensure a considered and consistent approach is taken regarding the admission of new employers into the Havering Pension Fund (the Fund).
2. Effective from 1 January 2024, the Funding Strategy Statement (FSS) was updated to simplify outsourcing/admissions for academies and Local Education Authorities (LEAs) and to achieve additional employer guarantees for academy outsourcing (via the newly extended Department for Education (DfE) guarantee). The new DfE guarantee will now apply to all academy outsourcings as long as they are done on a pass through basis and are closed to new entrants.
3. The revised FSS was approved at the Committee meeting of 7 November 2023 and applies to all employers in the Fund
4. The Admissions Policy has been updated to reflect the new pass through requirements of the FSS
5. The review has been carried out by Hymans Robertson to ensure continuity with the FSS and adherence to the Local Government Scheme (LGPS) Regulations at a cost of £3,750 plus VAT which will be met by the Fund.

IMPLICATIONS AND RISKS

Financial implications and risks:

Having a policy in place is fundamental to managing the financial risks involved in the admission of new employers to the Fund. The update to the Admissions Policy ensure the DfE Academy Trust LGPS Guarantee can be used to protect the Fund in the event of the closure of an academy trust.

Legal implications and risks:

The changes to the Admission Policy are explained in the main report. Given that these changes are simply implementing the updated FSS and the proposed pass through arrangements are a condition of the DfE grant, there are no direct legal implications and risks arising from this report.

Human Resources implications and risks:

There are no direct HR implications and risks arising from this report.

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Authority is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Authority is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants. We will ensure that disabled people with sensory impairments are able to access the strategy.

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PENSIONS COMMITTEE

Subject Heading:

The Admission of CleanTEC Services Limited and Aspens Services Limited into the Havering Pension Fund

ELT Lead:

Kathy Freeman
Strategic Director of Resources

Report Author and contact details:

Caroline Guyon
Pensions Projects and Contracts Manager
01708 432185
caroline.guyon@havering.gov.uk

Policy context:

Local Government Pension Scheme Regulations 2013. Schedule 2 part 3

Financial summary:

The employers will be admitted in line with new Funding Strategy Statement with a 25% employer contribution rate and a pass through agreement.

The subject matter of this report deals with the following Council Objectives

Communities making Havering	[x]
Places making Havering	[x]
Opportunities making Havering	[x]
Connections making Havering	[x]

SUMMARY

This report requests the London Borough of Havering Pension Committee agree to the proposed closed agreement admission of CleanTEC Services Limited (CleanTEC) and Aspens Services Limited (Aspens) into the London Borough of Havering Pension Fund (the Fund) under the provisions of The Local Government Pension Scheme (LGPS) Regulations 2013, Schedule 2, Part 3 and follows New Fair Deal Guidance. This is due to the TUPE of staff to for the provision of cleaning and catering services for existing scheduled bodies. The protected staff employees of the letting authorities who were transferred to the contractor as part of the outsourcing.

RECOMMENDATIONS

- That the admission of CleanTEC Services Limited into the London Borough of Havering Pension Fund as an admitted body to enable 3 members, previously employed by Elm Park Primary School to continue membership of the LGPS be agreed, subject to all parties signing up to an Admission Agreement.
- That the admission of Aspens Services Limited into the London Borough of Havering Pension Fund as an admitted body to enable 24 members, previously employed by Havering, to provide services to the Empower Learning Academy Trust, to continue membership of the LGPS be agreed, subject to all parties signing up to an Admission Agreement.
-

REPORT DETAIL

1. The Pension Regulations require the LGPS Pension Funds to allow an admission to its scheme if the organisation is one that provides, or which will provide, a service for an existing scheme employer, as a result of the transfer of the service or assets by means of a contract or other arrangement.
2. Following guidance from DLUHC, where a transferee admission body (“TAB”) and the scheme employer undertake to meet the relevant requirements of Schedule 2, Part 3, an administering authority cannot decline to admit to the LGPS the eligible employees of the TAB. The terms on which the admission is permitted are noted in the Admission Agreement for the purposes of these Regulations.
3. Both CleanTEC and Aspens fall within the definition contained in Schedule 2, Part 3 of the LGPS Regulations 2013 and as such are eligible to become a TAB. Under Schedule 2, Part 3, the administering authority must admit to the scheme the eligible designated employees of the TAB, provided the TAB and the scheme

employer undertakes to meet the relevant requirements of the regulations through an Admission Agreement.

4. The contracts of employment of the affected staff transferred when the catering services transferred CleanTEC Limited. The Transfer of Undertakings (Protection of Employment) Regulations 2006 as amended by the Collective Redundancies and Transfer of Undertakings (Protection of Employment) Amendment Regulations 2014 (“TUPE”) protects the employment terms and conditions of the relevant employees except for pension rights which in this instance are covered under the New Fair Deal Guidance 2013. New Fair Deal Guidance is a non-statutory policy setting out how pension issues are to be dealt with when staff are compulsorily transferred from the public sector
5. CleanTEC Services Limited succeeded in winning the contract to provide cleaning services to Elm Park Primary School. The contract commenced 13 June 2024 and is due to expire on 12 June 2027.
6. The admission will protect the pension rights of 3 members of the Fund whose employment has transferred to CleanTEC.
7. Aspens Services Limited succeeded in winning the contract to provide catering services to the Empower Learning Academy Trust. The contract commenced 1 September 2023 and is due to expire on 31 August 2026.
8. The admission will protect the pension rights of 24 members of the Fund whose employment has transferred to Aspens.
9. The Authority will seek to sign appropriate pass through transferee Admission Agreements to allow CleanTEC and Aspens to be admitted to the Fund. When the Admission Agreement is formed both employers will be required to pay contribution rate as detailed within the Funding Strategy Statement, determined by the Fund Actuary, of 25% of pensionable pay.

IMPLICATIONS AND RISKS

Financial implications and risks:

Continued membership in the LGPS means there is no loss to contributions into the Fund. As noted in the report, employer contributions to be paid by admitted bodies are determined by the Fund’s Actuary. The rate for both employers as per the Funding Strategy Statement is set at 25%.

CleanTEC and Aspens will be admitted on a pass through basis and therefore they are not required to obtain an indemnity bond. The notional value of the assets and liabilities relating to the contractors staff remain the responsibility of the letting

authority during the participation period. The academies are covered by the Department for Education guarantee so the Council and all other Havering scheme employers are protected should either academy fail as a going concern.

The letting authority retains responsibility for variations in funding level, for instance due to investment performance, changes in market conditions, longevity, and salary experience under its pass-through arrangement.

Any strain costs that become due to the Fund following the termination of the employment of a Tupe'd employee on the grounds of ill health, redundancy or flexible retirement are payable by the Transferee Admitted Body and this will be specified in the admission agreement.

At the end of the contract (or when there are no longer any active members participating in the fund), the Admission Agreement will cease and no further payment will be required from the contractor (or the letting authority) to the fund, save for any outstanding regular contributions and/or invoices relating to the cost of early retirement strains, augmentations and/or salary experience. Likewise, no "exit credit" payment will be required from the Fund to the contractor (or letting authority).

The risk of non-payment of contributions, which would have a cash flow impact, is actively managed by the Havering pension team on a monthly basis with appropriate escalation for non-compliance. Cash flow performance is reported in the Pension Fund Annual Report.

Hymans Robertson carry out an annual assessment to review the level of risk a scheme employer poses to the Fund. However, the passthrough agreement in place provides surety that any deficit in funding at the end of the contract will be passed back to the relevant letting authority. Both TABs can therefore be categorised as low-risk.

There are no immediate financial implications to the Fund arising from the Fair Deal arrangements

Legal implications and risks:

Local Authority Schools and Academy Trusts are scheme employers for the purposes of the local government pension scheme. Where they let contracts for the provision of services, their contractors are eligible to become admitted bodies, subject to the completion of an Admission Agreement.

Local Authorities are public sector bodies required to have regard to the Government's policy guidance "Fair Deal for staff pensions: staff transfer from central Government" (published with immediate effect on the 4 October 2013) when outsourcing services. Where staff are compulsorily transferred (TUPE) to an independent provider of public services those staff will generally have a right of continued access to the relevant public service pension arrangements (Havering LGPS).

In the case of the employees transferring to their new contractor, Fair Deal obligations can be achieved by means of an Admission Agreement, between the administering authority (Havering) and the letting authority (Elm Park Primary School and Empower Learning Academy Trust) and the employing/admitted body (CleanTEC and Aspens) allowing the transferring employees to remain a member of the Local Government Pension Scheme. The admission will be on a passthrough basis as detailed in the Funding Strategy Statement with a standard 25% contribution rate for the duration of the contract.

The admittance of CleanTEC and Aspens into the Havering Pension Fund will ensure the current employees enjoy their current pension protection when transferring to their new employer and negate against any complaints to the Pension Regulator and Pensions Ombudsman resulting from a failure to ensure Fair Deal pension protection for its employee on transfer.

The recommendations in this report are in keeping with the constitutional delegation.

Human Resources implications and risks:

The recommendations in this report do not give rise to any identifiable HR risks or implications that would affect either the Authority or its workforce.

Admitted body status will allow the pension fund members, who transferred to the new providers, continued eligibility of the LGPS.

Equalities implications and risks:

The proposed admission of CleanTEC and Aspens into the London Borough of Havering Pension Fund will not only ensure that New Fair Deal guidance has been followed but will also enable the employees who have been compulsorily transferred to continue to enjoy pension protection when transferred to the new employer.

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Authority is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the

Authority is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants. We will ensure that disabled people with sensory impairments are able to access the strategy.