



**Pensions Fund Sub-Committee**  
28 June 2016

**Report from the Chief Finance  
Officer**

For Information Purposes

Wards affected:  
ALL

**Smaller Admitted Bodies and the Triennial Review**

**1. INTRODUCTION**

- 1.1 The purpose of this briefing note is to update members on the impact of the Triennial Review and the increasingly differentiated risks attached to the Various Bodies. It is also to update members on the review and planned actions that officers are starting to take to ensure that risks are addressed.

**2. RECOMMENDATIONS**

- 2.1 The Committee is recommended to note this report.

**3. DETAILS**

- 3.1 Brent's Pension Fund includes many different organisations, of which the largest is Brent Council. Depending on the level of the deficit each organization has with respect to the Pension Fund and local circumstances, different organisations will have different contribution rates and different timescales to clear that deficit. However, all admitted bodies are still required to contribute to the Fund appropriate levels of contributions to meet their share of the underlying deficit in an appropriate timescale.
- 3.2 Scheduled bodies are tax-raising bodies or agencies of tax raising bodies. A full listing is provided in the LGPS Regulations 2013 - SI2013-2356.

- 3.3 Admitted bodies are those allowed to maintain employees within the pension fund. Some are scheduled bodies, while others have become permitted due to providing services on behalf of a scheduled body. Most of these smaller bodies in the Brent Pension Fund are educational institutions but some are housing associations or charities. It is normal for employers with employees who TUPE'd over to these bodies upon outsourcing or transitioning to academies to obtain admitted body status.
- 3.4 Admitted bodies come in a variety of have different statuses and some have higher risks than others. Tax-raising bodies (often referred to as scheduled bodies) such as the Council are regarded as lower risk than colleges that are reliant on government funding and there are increasing examples of such institutions having financial difficulties. Not having a guarantee is the greatest risk of all to the Pension Fund.
- 3.5 It is important to recognise that members' responsibility on this Pensions Board and the Sub-Committee is to the Pension Fund and not to individual admitted bodies. While plans to manage the reduction of the deficit can to some limited extent be tailored to fit local need, they must be prudent and sustainable in order to protect the interests of all members of the Fund.
- 3.6 Hymans Robertson LLP, Brent's actuaries, conducted a risk-based review of the smaller admitted bodies, some of whom have larger deficits than the Council and have far fewer resources to manage those deficits. The actuaries assessed the bodies against many criteria including but not limited to number of active members, cashflow, active liability as a % of total liability, funding level and closed or open status.

3.7 Please see table below for anonymized details:

Organisation	Funding Level as at 31 March 2016 (%)	Net annual Cashflow as % of Current Assets	Closed to New Entrants	Change in active membership since 2013	Active members as at 31 March 2016	Active liability as % of total liability	Type of Body	Total Risk Score
Brent Council	52%	0%	N	-31%	2903	40%	Scheduled	35
Academy	84%	29%	N	60%	72	94%	Scheduled	10
Academy	72%	14%	N	10%	45	82%	Scheduled	15
College	57%	3%	N	-31%	161	54%	College	40
Academy	69%	10%	N	31%	34	73%	Scheduled	25
Academy	65%	15%	N	33%	24	63%	Scheduled	25
BHP	64%	2%	N	0%	117	64%	Scheduled	25
Private	167%	4%	Y	-50%	3	74%	Private	25
Private	106%	2%	Y	-38%	8	100%	Private	25
Private	96%	8%	Y	-25%	6	100%	Private	20
Private	88%	6%	Y	0%	1	88%	Private	25
Housing Association	80%	50%	Y	-50%	1	100%	Private	35
Other	73%	15%	N	-23%	20	85%	Resolution	25
Charity	53%	4%	Y	-37%	48	49%	AB - No Guarantor	70
Other	78%	6%	N	-20%	12	72%	AB - No Guarantor	45
Other	81%	9%	N	-38%	5	98%	AB - No Guarantor	55
Charity	71%	6%	N	0%	1	49%	AB - No Guarantor	55
Academy	38%	109%	N	56%	67	100%	Academy	30
Academy	31%	49%	N	47%	75	99%	Academy	30
Academy	48%	52%	N	79%	50	97%	Academy	30
Academy	39%	45%	N	-14%	83	100%	Academy	30
Academy	29%	67%	N	24%	47	100%	Academy	35
Academy	34%	67%	N	14%	25	92%	Academy	35
Academy	32%	63%	N	2%	103	98%	Academy	30
Academy	33%	31%	N	71%	48	33%	Academy	40
Academy	31%	50%	N	-16%	48	100%	Academy	35
Academy	22%	50%	N	-10%	44	100%	Academy	35
Academy	129%	50%	N	30%	13	100%	Academy	15
Academy	14%	50%	N	19%	19	100%	Academy	35
Academy	8%	50%	N	-21%	30	100%	Academy	35
Academy	27%	50%	N	47%	28	100%	Academy	35
Academy	54%	50%	N	8%	40	78%	Academy	35
Housing Association	100%	50%	Y	0%	1	100%	TAB	15
Private	100%	10%	Y	-25%	3	100%	TAB	20
Private	100%	10%	Y	331%	56	100%	TAB	5
Charity	100%	10%	Y	0%	51	100%	TAB	5

3.8 The final valuation data and required contribution rates will not be available for some months. The risk assessment was commissioned precisely to ensure that those admitted bodies who may be most at risk of facing sharp increases in their contribution rate can be contacted now. This will enable a dialogue around the likely issues and any possible mitigation. Brent's officers have reviewed the data and will over the next month make connections with the admitted bodies to open dialogue on the triennial valuation. It is important that admitted bodies are aware that the triennial review impact can have an impact on contribution levels and that they can contribute to the process, but Members are again reminded that their responsibilities in this role are to the fund as a whole and not to individual organisations.

- 3.9 The actual rate of contributions required and any localised plan would still not be decided till September. However, Brent is starting to engage early so that this consideration is included in their service and financial planning process.

#### **4.0 Financial Implications**

- 4.1 The Financial Implications in the Pension Fund are that the Pension Fund should benefit from £86K of annual savings.

#### **5.0 Legal Implications**

- 5.1 Not Applicable

#### **6.0 Diversity Implications**

- 6.1 Not Applicable

Background Papers

#### **Contact Officers**

Persons wishing to discuss the above should contact Conrad Hall, Chief Finance Officer, Investment and Pensions Section, Finance, on 020 8937 6528, [conrad.hall@brent.gov.uk](mailto:conrad.hall@brent.gov.uk) at Brent Civic Centre