Title: Application for Admitted Body Status – Aspens-Services Limited

Report of the Strategic Director, Finance & Investment

<table>
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<th>Public Report</th>
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<tr>
<td>Wards Affected: None</td>
<td>Key Decision: No</td>
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<td>Accountable Strategic Director: Claire Symonds, Chief Operating Officer</td>
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Summary:

To consider the application for Admitted Body status from Aspens-Services Limited (Aspens) to the Local Government Scheme (LGPS).

The Panel is asked to agree:

- the application for Admitted Body Status by ASPENS, as a 'closed' agreement.

1 Introduction and Background

1.1 At present, the Pension Fund has a number of Admitted Bodies, some of which have been members of the London Borough of Baking and Dagenham Pension Fund (“the Fund”) for a number of years.

1.2 As Administering Authority, the Council cannot decline to admit a contractor if the contractor and the letting authority agree to meet the relevant requirements of the Local Government Pension Scheme (LGPS) regulations. In cases where the requirement of the LGPS regulations have been met, the Pension Panel can agree to retrospectively agree an admission agreement.
2 Aspens-Services Limited Admission Agreement

2.1 In early 2017 Partnership Learning (PL) carried out a tender for catering services for three academies, namely Sydney Russell Primary & Secondary, Riverside School, Greatlands School and one council run school, Dagenham Park School.

2.2 PL appointed Aspens-Services Limited (Aspens) as their catering contractor on a three-year contract, with options to extend the contract by a further two years. The previous catering contractor was the London Borough of Barking and Dagenham. The start date of the transfer was 1 August 2017.

2.3 ASPENS will be a Transferee Admission Bodies (TAB) within the LGPS. These are typically private sector companies or charities. They take on staff from a scheduled body as a result of an outsourcing of services and the transferring employees had a right to remain in the LGPS or a “broadly equivalent” scheme.

2.4 Aspens will be responsible for the risks, including investment risk, bond yield risk, inflation risk, pay award risk, longevity and regulatory risk. PL have agreed to act guarantor for Aspens, which is allowed by the LGPS regulations. This means that were Aspens to fail to pay any sum due to the Administering Authority, PL shall be liable for any shortfall in contribution and any funding shortfall.

2.5 The transfer of the staff from the Council to Aspens was completed on a fully funded basis, with the pension deficit remaining with the Council. The contribution rate calculated by the actuary for Aspens is 31.3%.

2.6 This Admission Agreement is a ‘closed’ agreement covering those employees currently working on the contract and will not include new staff. A total of 31 staff employed by the Council were TUPE transfer from the Council to Aspens. Of the 31 staff, 22 are currently members of the Fund.

2.7 A review of the admitted body’s accounts and security provided by PL will occur on an annual basis with a summary of the results for all Admitted Bodies taken to Panel.

3. Consultation

3.1 None.

4. Financial Implications

*Implications completed by: Kathy Freeman, Director of Finance*

4.1 It is now usual when considering requests for Admitted Body status to consider the financial risks that can fall upon the fund should the Admitted Body fall into financial difficulties. In order to mitigate these risks a form of financial guarantee or an indemnity bond is required.
5. **Legal Implications**

*Implications completed by: Dr. Paul Feild, Senior Governance Solicitor*

5.1 As outlined in the report, there is the potential for the fund to carry a risk if the organisation which seeks admission defaults in its obligation. As a result, additional measures need to be taken in the form of an agreement back by a guarantor or a bond to cover possible losses if the organisation cannot meet its liabilities so as to ensure that the admission of the body does not present additional risks to the fund.

5.2 In the current application Partnership Learning are to be guarantor, the Council will take responsibility for the existing deficit and so the admission will be to a fully funded transfer of staff that will be closed to new entrants.