

PENSIONS COMMITTEE

16 March 2022

Title: Application for Admitted Body Status – Aspens-Services Limited (3) and Medequip	
Report of the Managing Director	
Open Report	For Decision
Wards Affected: None	
Report Author: David Dickinson, Investment Fund Manager	
Accountable Director: Philip Gregory, Chief Financial Officer	
Accountable Strategic Leadership Director: Claire Symonds, Acting Chief Executive	
Summary: To consider the application for Admitted Body status from Aspens-Services Limited (Aspens) and Medequip to the Local Government Scheme (LGPS).	
The Committee is asked to agree: <ul style="list-style-type: none">• the application for Admitted Body Status by ASPENS, as a ‘closed’ agreement.; and• the application for Admitted Body Status by Medequip, 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 Barking 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 Committee can agree to retrospectively agree an admission agreement.

2 Aspens-Services Limited Admission Agreement

- 2.1 BDTP, an admitted body and a subsidiary of the Council, has awarded a contract to ASPENS. ASPENS is already an admitted body in the Fund and has two other contracts and therefore this would be the third admissions agreement.
- 2.2 BDTP appointed Aspens on a 3-year contract, with options to extend the contract by a further 2 years. The previous catering contractor was the London Borough of Barking and Dagenham. The start date of the transfer was 1 August 2021.
- 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. BDTP 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, BDTP shall be liable for any shortfall in contribution and any funding shortfall.
- 2.5 The transfer of the staff from the Council to BDTP and then 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 still to be confirmed but will be included in the Admissions Agreement.
- 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 3 employees will be TUPE transfer to Aspens. Of the 3 staff, 2 are currently members of the Fund.

3. Medequip

- 3.1 The Council has awarded a contract to Medequip as an Innovation Partner for the management and delivery of an all-age Care Technology solution to the residents of Barking and Dagenham.
- 3.2 The Council appointed Medequip with the start date of the transfer planned to be 1 April 2022.
- 3.3 MEDEQUIP 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.
- 3.4 The Council has agreed to indemnify and to fund any costs incurred by the Fund. Medequip will have a fixed employer contribution of 3%, with the additional contribution funded by the Council. The Council will be responsible for the risks, including investment risk, bond yield risk, inflation risk, pay award risk, longevity and regulatory risk. The Council will act as a guarantor for Medequip, which is allowed by the LGPS regulations.

This means that were Medequip to fail to pay any sum due to the Administering Authority, The Council shall be liable for any shortfall in contribution and any funding shortfall.

- 3.5 The transfer of the staff from the Council to Medequip was completed on a fully funded basis, with the pension deficit remaining with the Council. The contribution rate calculated by the actuary for Medequip is 23.7%. The date of admission is 1 April 2022 and our calculations are based on market conditions as at 25 February 2022. Therefore the Council will contribute 20.7% and Medequip 3%. This arrangement is unusual but has been agreed by the Council and will reduce the risk exposure for the Fund as the Council has a much less risky employer than even a large private sector employer.
- 3.6 This Admission Agreement is a 'closed' agreement covering those employees currently working on the contract and will not include new staff. A total of 1 employees will be TUPE transfer to Medequip. All staff currently members of the Fund.

4. Financial Implications

Implications completed by: Philip Gregory, Finance Director

- 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 matter of Aspens Services Limited, Barking and Dagenham Trading Partnership are to be guarantor, and in the matter of Medequip the Council will act as a guarantor for these arrangements are allowed by the LGPS regulations.