SUPPLEMENTARY

PENSIONS COMMITTEE

Wednesday, 19 September 2018

Agenda Item 8a  Application for Admitted Body Status- Aspen Services Limited and Lewis Graves Partnership Limited (Pages 1 - 3)

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PENSIONS COMMITTEE

19 September 2018

<table>
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<th>Title: Application for Admitted Body Status – Aspens-Services Limited and Lewis and Graves Partnership Limited</th>
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Report of the Strategic Director, Finance & Investment

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

Summary:

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

The Committee is asked to agree:

- the application for Admitted Body Status by Aspens, as a ‘closed’ agreement;
- the application for Admitted Body Status by Lewis and Graves Partnership Limited, 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 2018 The Jo Richardson Community School carried out a tender for catering services.
2.2 The Jo Richardson Community School 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 2018. Aspens are currently an admitted body within the scheme, but a separate admissions agreement is proposed for this contract.

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. Aspens will require a bond.

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 35.7%.

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 11 staff employed by the Council were TUPE transferred from the Council to Aspens. Of the 11 staff, 10 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 Lewis and Graves Partnership Limited Admission Agreement

3.1 In early 2018 Partnership Learning (PL) carried out a tender for cleaning services for Sydney Russell Comprehensive, Sydney Russell Primary, Riverside secondary, Riverside Primary, Riverside SEN, Eastbury Primary and Greatfields Primary.

3.2 PL appointed Lewis and Graves Partnership Limited as their cleaning contractor on a three-year contract, with options to extend the contract by a further two years. The previous catering contractor was the Council’s wholly owned company, BD Together. The start date of the transfer was 1 August 2018 and 16 August 2018.

3.3 Lewis and Graves Partnership Limited 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 Lewis and Graves Partnership Limited will be responsible for the risks, including investment risk, bond yield risk, inflation risk, pay award risk, longevity and regulatory risk. Lewis and Graves Partnership Limited will require a bond.
3.5 The transfer of the staff from the Council to Lewis and Graves Partnership Limited was completed on a fully funded basis, with the pension deficit remaining with the Council. The contribution rate calculated by the actuary for Lewis and Graves Partnership Limited is 28.5%.

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 34 staff employed by the Council were TUPE transferred from the Council to Aspens. Of the 34 staff, 25 are currently members of the Fund.

3.7 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.

4. Consultation

4.1 None.

5. Financial Implications

*Implications completed by: Claire Symonds, Chief Operating Officer*

5.1 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. To mitigate these risks a form of financial guarantee or an indemnity bond is required.

6. Legal Implications

*Dr. Paul Feild, Senior Governance Solicitor*

6.1 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 obligations. As a result, additional measures need to be taken in the form of an agreement backed 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.