

PENSIONS COMMITTEE

13 March 2019

Title: Application for Admitted Body Status – Town and Country Cleaners	
Report of the Strategic Director, Finance & Investment	
Public Report	For Information
Wards Affected: None	Key Decision: No
Report Author: David Dickinson, Investment Fund Manager	Contact Details: Tel: 020 8227 2722 E-mail: david.dickinson@lbbd.gov.uk
Accountable Director: Helen Seechurn, Interim Director of Finance	
Accountable Strategic Director: Claire Symonds, Chief Operating Officer	
Summary: To consider the application for Admitted Body status from Town and Country Cleaners (T&CC) 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 Town and Country Cleaners, 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 T&CC Admission Agreement

- 2.1 In 2018 the Jo Richardson Community School carried out a tender for cleaning services.

- 2.2 The Jo Richardson Community School appointed Town and Country Cleaners (T&CC) 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 London Borough of Barking and Dagenham. The start date of the transfer was 1 January 2019.
- 2.3 T&CC 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 T&CC will be responsible for the risks, including investment risk, bond yield risk, inflation risk, pay award risk, longevity and regulatory risk. T&CC will require a bond.
- 2.5 The transfer of the staff from the Council to T&CC was completed on a fully funded basis, with the pension deficit remaining with the Council. The contribution rate calculated by the actuary for T&CC is 24.7%.
- 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 20 staff employed by the Council were TUPE transferred from the Council to Aspens. Of the 20 staff, 16 are currently members of the Fund.
- 2.7 A review of the admitted body’s accounts will occur on an annual basis with a summary of the results for all Admitted Bodies taken to Committee.

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 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.