

PENSIONS COMMITTEE

10 June 2020

Title: Application for Admitted Body Status – Caterlink Contract Gains	
Report of the Strategic Director, Finance & Investment	
Public Report	For Information
Wards Affected: None	Key Decision: No
Report Author: Jesmine Anwar, Pension Fund Accountant	Contact Details: Tel: 020 8227 3763 E-mail: Jesmine.anwar@lbbd.gov.uk
Accountable Director: Philip Gregory, Finance Director	
Accountable Strategic Director: Claire Symonds, Acting Chief Executive	
Summary: To consider the application for Admitted Body status from further contracts gained by Caterlink to the Local Government Scheme (LGPS).	
Recommendation The committee is asked to agree the application for Admitted Body Status by Caterlink, 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 the 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 Admission Agreement

- 2.1 In the June 2019 Pensions Committee, members agreed the application for Admitted Body status by Caterlink as a 'Closed Agreement'. Goresbrook School had appointed Caterlink as their catering contractor and Caterlink was the Transferee Admission Body (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. Caterlink have gained a number of new contracts with various schools and have applied for an Admitted Body status for these contracts as staff will be transferring across.

- 2.2 Caterlink will be responsible for the risks, including investment risk, bond yield risk, inflation risk, pay award risk, longevity and regulatory risk. Caterlink will require a bond.
- 2.3 The Admissions process will be carried out subject to officer's due diligence. The funds Actuary will be calculating the contribution rates to be used by the new Admitted Bodies following the completion of the contract gains.
- 2.4 This Admission Agreements will be a 'closed' agreement.

3. Consultation

- 3.1 None.

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

5. Legal Implications

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.