

By: Chairman Superannuation Fund Committee  
Director of Finance

To: Superannuation Fund Committee – 20 August 2010

Subject: **APPLICATION FOR ADMISSION TO THE FUND**

Classification: Unrestricted

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Summary: To report on applications to join the Pension Fund and to set a policy on employer contribution rates for academies.

## **FOR DECISION**

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### **INTRODUCTION**

1. This report sets out information on applications from organisations to become admitted bodies within the Pension Fund and seeks committee approval to enter into an admission agreement with these organisations. It also sets out a policy on employer contribution rates for schools which become academies on or after 1 September 2010.

### **EAST KENT JOINT WASTE PROJECT**

2. The East Kent Joint Waste Project is seeking to develop a single cost effective collection and processing methodology across four East Kent Districts and enable KCC to provide strategic processing capacity up to 2020. The first phase of the project provides for the tendering of refuse/recycling/street cleansing services for Dover and Shepway and the provision of processing facilities from 2010 to 2020. Refuse, recycling and street cleansing services in Dover are currently provided by SITA and in Shepway refuse and recycling services are provided by VEOLIA, with the street cleansing services undertaken by in house staff. There are four tenderers in contention for the contract who are seeking admission to the Pension Fund. The names of the tenderers have been excluded from this report.
3. There are approximately 19 employees who would need to transfer from Shepway District Council to the successful contractor in November 2010. To ensure the continuity of pension arrangements for these employees, all four tenderers have made an application for admission to join the Pension Fund. The employees of SITA and VEOLIA are not eligible to join the Pension Fund.

4. The applications have all been made under Regulation 6(2)(a)(i) of the Local Government Pension Scheme (Administration) Regulations 2008, as amended and under this regulation the admitted body is required to provide a form of bond or indemnity. The Fund Actuary has assessed the level of bond required as £229,000 and three bidders have agreed to provide a bond.
5. One of the four bidders however has requested that they be allowed to provide a Parent Company Guarantee rather than a bond. The Parent Company Guarantee would provide assurance that the contractor's undertakings and liabilities as specified within the Pension Fund admission agreement would be met. If this option was acceptable to the Committee and this bidder won the contract then officers of KCC would expect to review the financial appraisal of this contractor which the District Councils and East Kent Joint Waste Project team had undertaken in arriving at their contract award decision.
6. The completed questionnaires and Memorandum and Articles of Association provided by all four bidders have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

#### **MAIDSTONE HOUSING TRUST/GOLDING HOMES**

7. Maidstone Housing Trust is an admitted body participating within the Pension Fund. At 22 March 2010, Maidstone Housing Trust changed its name to Golding Homes Limited.
8. As the Local Government Scheme Pension Regulations have been re-issued since the original admission agreement was entered into, it is proposed that an admission agreement which would reflect both the changes in Regulations and the name change should be drafted by Legal Services.

#### **POLICY ON ACADEMY EMPLOYER CONTRIBUTION RATES**

9. Eleven academies have joined the Pension Fund since 1 September 2005 and all have been given an individual employer contribution rate (including a share of the pension scheme deficit attributable to the transferring employees) assessed by the Fund Actuary.
10. There are six academies in the process of being set up in the Pension Fund from 1 September 2010, and another academy due to commence 1 November 2011.
11. The announcement by the Government that schools can be fast tracked to achieve academy status has resulted in a further eight academies to commence from 1 September; one from 1 November; three academies from 1 January 2011 and a further four schools which have applied for academy status but which have not yet been approved.

12. Given the number of academies which will participate in the Pension Fund it is now proposed that they have a group employer contribution rate rather than individual rates. The actuary will soon begin work on the 31 March 2010 actuarial valuation and it would seem appropriate to set a group rate for academies as part of this review.
13. The proposal which has been agreed in principle with the Fund Actuary is that:
  - academies already in the Pension Fund with an individual employer contribution rate will continue to have an individual employer contribution rate;
  - all schools becoming academies from 1 September 2010 will remain on the appropriate Council rate (ie KCC or Medway Council) until 31 March 2011;
  - as part of the 31 March 2010 actuarial valuation, the Fund Actuary will set two group rates for academies which would include those schools becoming an academy from 1 September 2010; from 1 April 2011 there would be a group rate for ex KCC schools and a group rate for ex Medway schools;
  - any academy which joins the Pension Fund on or after 1 September 2010 which is not ex KCC or ex Medway would have to have a separate employer contribution rate e.g. the Duke of York Royal Military School Dover (currently a Ministry of Defence school).

### **RECOMMENDATION**

14. Members are asked to agree:
  - (1) to the admission to the Kent County Council Pension Fund of the successful contractor from the four companies tendering for the East Kent Joint Waste Shepway District Council Street Cleansing Contract, and
  - (2) that a legal agreement can be entered into in respect of Golding Homes Limited, and
  - (3) in respect of both the above matters agree that once legal agreements or deeds have been prepared for all of the above matters, the Kent County Council seal can be affixed to the legal documents, and
  - (4) agree the policy on employer contribution rates in respect of Kent County Council schools and Medway Council schools which become academies on or after 1 September 2010.

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