

By: Chairman Superannuation Fund Committee  
Corporate Director Finance and Procurement

To: Superannuation Fund Committee – 31 August 2012

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

Classification: Unrestricted

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Summary: To report on an application to join the Pension Fund, the execution of a bond for a scheduled body, the termination of an admission agreement and an update on academies.

**FOR DECISION**

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## **INTRODUCTION**

1. This report sets out information on an application from an organisation applying to become an admitted body within the Pension Fund and seeks committee approval to enter into an admission agreement with this organisation. It also explains the need to execute bond for a new scheduled body, advises of the termination of an admission agreement and provides an update on academies.

## **MID KENT JOINT WASTE**

2. Maidstone Borough Council are awarding a second generation contract on behalf of Ashford Borough Council, Maidstone Borough Council and Swale Borough Council for waste collection and street cleaning from 1 April 2013.
3. This involves the transfer of 2 current employees of Maidstone Borough Council to the successful bidder. There are no current employees of Ashford Borough Council and Swale Borough Council being transferred to the successful bidder. This is because they were transferred to the current contractors, Biffa and Sita, when the contract was originally awarded in 1999. These staff will transfer onto the successful bidder.
4. To ensure the continuity of pension arrangements for these employees, one of the bidders has made an application for admission to join the Pension Fund. There are two other bidders who if successful, will provide a comparable pension scheme of their own.
5. The admission application has 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 at £22,000 for the first year and set an employer's contribution rate of 21.2%.

6. The completed questionnaire and Memorandum and Articles of Association provided by the bidder have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

### **COMMERCIAL SERVICES**

7. KCC have undertaken a review of Commercial Services and how it operates with a view to putting on a more commercial footing. The outcome is that a Local Authority Trading Company is being created (to be called Commercial Services Kent Limited). This has been approved by the Commercial Services Governance Board.
8. This involves the transfer of approximately 520 staff from KCC to Commercial Services Kent Limited although the date of transfer is not yet known.
9. As a company under the control of KCC, Commercial Services Kent Limited will pass a formal resolution to enter the scheme as a scheduled body, under Schedule 2 Part 2 5 of the Local Government Pension Scheme (Administration) Regulations 2008. As such an admission agreement is not required.
10. Whilst it is not necessary to enter into an admission agreement, the actuary has recommended that a Bond be put in place for £2,567,000 and set an employer contribution rate of 18.3%.

### **AVENUES TRUST COMMUNITY SUPPORT SERVICES**

- 11 Avenues Trust Community Support Services is a transferee admission body who joined the Pension Fund on the 1 March 2010 following the award of a homecare services contract by Medway Council.
- 12 Avenues Trust Community Support Services have given three months notice to terminate their admission agreement. A cessation report has been requested from the actuary. This will show if any sum is due from Avenues Trust Community Support Services to the Pension Fund. If any payment is required, it will be made before the termination is completed.

### **ACADEMIES**

13. When a school converts to an academy an initial report is obtained from Barnett Waddingham, the cost of which is currently £1655 plus VAT. At their meeting on 31 July 2011, the committee agreed this charge could be passed to the academies, rather than being met by the Pension Fund.

14. Each year academies also require a Financial Reporting Standards 17 (FRS17) report as at 31 August. The actuary charge for each report is calculated on a sliding scale which averages at £250 plus VAT for each academy who have had a report in previous years and £600 plus VAT for academies who have not. There are now approximately 90 academies that require a report for 2012 and this number is expected to rise in the future. The total actuary fee for this work is estimate at £40,000.
15. The Education Funding Agency has recently issued a briefing note to academies explaining they may claim a grant from them to cover the cost of obtaining their 2012 FRS17 report. It is unclear if this grant will be available in future years.

### **RECOMMENDATION**

16. Members are asked to:
  - (1) Agree to the admission to the Kent County Council Pension Fund of the successful bidder from the Mid Kent Joint Waste matter, and
  - (2) Agree that a Bond may be entered into with Commercial Services Kent Limited, and
  - (3) Note the withdrawal of Avenues Trust Community Support Services, and
  - (4) Agree that the cost of obtaining the 2012 FRS17 reports should be recovered from academies, and
  - (5) Agree that once legal agreements have been prepared for the above matters, the Kent County Council seal can be affixed to the legal documents.

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