

By: Chairman Superannuation Fund Committee
Corporate Director Finance and Procurement

To: Superannuation Fund Committee – 16 November 2012

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

Classification: Unrestricted

Summary: To report on applications to join the Pension Fund, the termination of an admission agreement and three Deeds of Modification.

FOR DECISION

INTRODUCTION

1. This report sets out information on applications from organisations applying to become admitted bodies within the Pension Fund and seeks committee approval to enter into admission agreements with these organisations. Committee approval is also sought to enter into a termination agreement on the Closed Fund approach and to enter into three Deeds of Modification.

PRINCIPAL CATERING CONSULTANTS (re Meadowfields Special School in Sittingbourne)

2. KCC is awarding a contract to Principal Catering Consultants for catering services at Meadowfields Special School, although the effective date is not yet known.
3. This involves the transfer of 4 employees from KCC to Principal Catering Consultants. To ensure the continuity of pension arrangements for these employees, Principal Catering Consultants have made an application for admission to join the Pension Fund.
4. The 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 £8,000 for the first year and set an employer's contribution rate of 15.4%.
5. The completed questionnaire and Memorandum and Articles of Association provided by Principal Catering Consultants have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

CANTERBURY CITY COUNCIL GROUNDS MAINTENANCE CONTRACT

6. Canterbury City Council is awarding a second generation contract for grounds maintenance from 1 April 2013.

7. This involves the transfer of 6 former employees of Canterbury City Council from the current contractor SERCO, to the successful bidder.
8. 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 is one other bidder who if successful, will provide a comparable pension scheme of their own.
9. 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 £46,000 for the first year and set an employer's contribution rate of 19.9%.
10. 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.

ORBIT SOUTH HOUSING ASSOCIATION LIMITED

11. Orbit South Housing Association Limited is a community admitted body who joined the Pension Fund on the 8 February 1995 under their original name of Thanet Community Housing Association Limited. When Thanet Community Housing Association Limited changed their name to Orbit South Housing Association Limited, the original admission agreement was amended.
12. Orbit South Housing Association Limited intends to give three months notice to terminate their admission agreement so it is closed to future accrual. The current members would cease contributing and become entitled to deferred benefits.
13. Barnett Waddingham has prepared a provisional cessation report as at 31 July 2012 on both a Full Cessation basis and using the Closed Fund Approach.
14. The Full cessation basis shows a deficit of £3.75m which would be payable by Orbit South Housing Association Limited to the Pension Fund. This approach makes assumptions about the future (such as life expectancy) and if taken, means whilst the Pension Fund would get this money now, it would have no further redress to Orbit South Housing Association Limited in the future. The £3.75m may or may not be an adequate payment depending on what actually happens to the scheme members involved in the future.
15. On the Closed Fund approach, which is the approach the committee are being asked to consider, nothing is payable now as there is a surplus of £351k. However, we do have redress to Orbit South Housing Association Limited and any payments necessary would be set at future valuations based on actual experience at that time. Orbit South Housing Association Limited is also proposing they offer a parent company guarantee from Orbit Group Limited as part of this proposal, which could be written into the termination agreement. A similar agreement has been put in place with the London Borough of Bexley.

16. Barnett Waddingham supports the Closed Fund approach.

PROJECT SALUS

17. Project Salus is a transferee admission body who joined the Pension Fund on the 1 June 2011 following the award of a two year contract by Kent County Council.
18. Project Salus will now continue to provide this service until 1 July 2014. It is therefore necessary to extend the original admission agreement by a Deed of Modification.

CONNEXIONS PARTNERSHIP KENT AND MEDWAY

19. Connexions Partnership Kent and Medway is a transferee admission body who joined the Pension Fund on the 31 March 2010 following the award of a three year contract by Kent County Council.
20. Connexions Partnership Kent and Medway has changed its name to EXK Limited and will continue to provide this service until 31 August 2013. It is therefore necessary to amend and extend the original admission agreement by a Deed of Modification.

THE CALDECOTT COMMUNITY

21. The Caldecott Community is a community admission body who joined the Pension Fund on the 17 January 1974.
22. The Caldecott Community has given notice that it wishes to alter its admission agreement so no new staff are able to join. It is therefore necessary to amend and extend the original admission agreement by a Deed of Modification.

RECOMMENDATION

23. Members are asked to:
- (1) Agree to the admission to the Kent County Council Pension Fund of Principal Catering Consultants re Meadowfields Special School, and
 - (2) Agree to the admission to the Kent County Council Pension Fund of the successful bidder from the Canterbury City Council grounds maintenance contract, and
 - (3) Agree that a termination agreement can be entered into for Orbit South Housing based on the Closed Fund Approach, and
 - (4) Agree that a Deed Of Modification can be entered into for Project Salus, and

- (5) Agree that a Deed of Modification can be entered into for Connexions Partnership Kent and Medway, and
- (6) Agree that a Deed of Modification can be entered into for The Caldecott Community, and
- (7) 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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