

By: Chairman Superannuation Fund Committee  
Corporate Director Finance and Procurement

To: Superannuation Fund Committee – 8 February 2013

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

Classification: Unrestricted

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Summary: To report on applications to join the Pension Fund and a potential admission application relating to Tonbridge and Malling Borough Council's leisure centres and golf centre.

## **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 provides information on a potential admission application and seeks committee approval for Tonbridge and Malling Borough Council to act as guarantor, rather than having a bond in place.

### **MEDWAY COMMUNITY HEALTHCARE CIC**

2. From 1 April 2013 Medway Community Healthcare CIC are taking over the running of care services at Balfour Day Centre from Medway Council.
3. This involves the transfer of approximately 31 employees from Medway Council to Medway Community Healthcare CIC. To ensure the continuity of pension arrangements for these employees, Medway Community Healthcare CIC 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 £395,000 for the first year and set an employer's contribution rate of 19.6%.
5. The completed questionnaire and Memorandum and Articles of Association provided by Medway Community Healthcare CIC have been examined by Legal Services to ensure compliance with the Local

Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

### **LINKED SERVICE CENTRES**

6. Medway Council is awarding contracts for residential and day care services at Robert Bean Lodge and Nelson Court, and a further contract for Platters Farm Lodge, effective from 1 April 2013.
7. This involves the transfer of approximately 139 employees from Medway Council to the successful bidders. To ensure the continuity of pension arrangements for these employees, four bidders have made an application for admission to join the Pension Fund.
8. Three out of the four bidders will, if successful, be awarded the contracts for Robert Bean Lodge and Nelson Court. The fourth bidder, Strode Park Foundation for People with Disabilities, has been awarded Platters Farm Lodge.
9. The applications have 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.
10. For a single contract covering Robert Bean Lodge and Nelson Court the Fund Actuary has assessed the level of bond at £662,000 for the first year and set an employer's contribution rate of 19.3%
11. For a single contract covering just Robert Bean Lodge the Fund Actuary has assessed the level of bond at £443,000 for the first year and set an employer's contribution rate of £19.5%
12. For a single contract covering just Nelson Court the Fund Actuary has assessed the level of bond at £256,000 for the first year and set an employer's contribution rate of £19.1%
13. For Platters Farm Lodge the Fund Actuary has assessed the level of bond at £350,000 for the first year and set an employer's contribution rate of 19.5%.
14. The completed questionnaire and Memorandum and Articles of Association provided by the bidders have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

### **HAZLITT ARTS CENTRE**

15. Maidstone Borough Council is awarding a contract for the running of the Hazlitt Arts Centre, effective from 1 April 2013.

16. This involves the transfer of approximately 28 employees from Maidstone Borough Council to the successful bidder. 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 a second bidder who if successful will provide a broadly comparable pension scheme of their own.
17. 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 £52,000 for the first year and set an employer's contribution rate of 18.6%.
18. 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.

#### **CATERLINK LTD. (re Upton Junior School)**

19. KCC is awarding a contract to Caterlink Ltd for catering services at Upton Junior School, although the effective date is currently not yet known.
20. This involves the transfer of 1 employee from KCC to Caterlink Ltd. To ensure the continuity of pension arrangements for this employee, Caterlink Ltd has made an application for admission to join the Pension Fund.
21. 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 £5,300 for the first year and set an employer's contribution rate of 12.6%.
22. The completed questionnaire and Memorandum and Articles of Association provided by Caterlink Ltd have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

#### **TONBRIDGE AND MALLING BOROUGH COUNCIL**

23. Tonbridge and Malling Borough Council are considering establishing a trust to run their leisure centres and golf centre, although a final decision has not yet been made.
24. This would involve the transfer of approximately 390 employees from Tonbridge and Malling Borough Council to the trust. To ensure the

continuity of pension arrangements for these employees, the trust would then make an application for admission to join the Pension Fund.

25. The Fund Actuary has assessed the level of bond at £456,000 for the first year, increasing to £492,000 in the second year and £775,000 in the third year. The employer's contribution rate has been set at 15%.
26. As it would not be desirable for the trust to finance bonds at these levels, Tonbridge and Malling Borough Council propose to act as guarantor as provided for under Regulation 38 (3) (a) of the LGPS (Administration) Regulations 2008. This arrangement would be included in the admission agreement and Barnett Waddingham supports this approach.

### **RECOMMENDATION**

27. Members are asked to:
  - (1) Agree to the admission to the Kent County Council Pension Fund of Medway Community Healthcare CIC, and
  - (2) Agree to the admission to the Kent County Council Pension Fund of the successful bidder(s) for the Linked Services Contract(s), and
  - (3) Agree to the admission to the Kent County Council Pension Fund of the successful bidder for the Maidstone Borough Council Hazlitt Arts Centre contract, and
  - (4) Agree to the admission to the Kent County Council Pension Fund of Caterlink Ltd, and
  - (5) Agree that the admission agreement made by the trust established by Tonbridge and Malling Borough Council relating to the leisure centres and golf centre, provides for a guarantee from Tonbridge and Malling Borough Council as the letting authority, and
  - (6) 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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