

By: Chairman Superannuation Fund Committee
Corporate Director of Finance and Procurement

To: Superannuation Fund Committee – 28 June 2013

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

Classification: Unrestricted

Summary: To report on a number of admission matters and the recovery of actuary fees from academies.

FOR DECISION

INTRODUCTION

1. This report sets out information on applications from organisations to become admitted bodies within the Pension Fund. It also advises of the need to enter into termination agreements and to make a new agreement with an admitted body due to a change of name. Committee approval is sought to enter into these agreements.
2. The Committee are asked to approve the recovery of the Actuary's fees for August 2013 FRS17 reports from academies.

TONBRIDGE & MALLING LEISURE TRUST

3. At its meeting on 8 February 2013, the Committee agreed in principle that an 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. An admission application has now been received.
4. Tonbridge & Malling Borough Council is awarding a fifteen year contract to Tonbridge & Malling Leisure Trust for leisure services, although the effective date is currently not yet known. The employer's contribution rate has been set at 15%.
5. This involves the transfer of approximately 390 employees from Tonbridge & Malling Borough Council. To ensure the continuity of pension arrangements for these employees, Tonbridge & Malling Leisure Trust has made an application for admission to join the Pension Fund.

6. The application has been made under Regulation 6 (2) (a) (i) of the Local Government Pension Scheme (Administration) Regulations 2008, as amended, and a guarantee will be provided by Tonbridge & Malling Borough Council as letting authority under Regulation 38 (3) (a) of the LGPS (Administration) Regulations 2008.
7. The completed questionnaire and Memorandum and Articles of Association provided by Tonbridge & Malling Leisure Trust have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

MEDWAY COUNCIL LINKED SERVICE CENTRES

8. The Committee agreed at its meeting on 8 February 2013 to the admission of the successful bidder(s) for the Medway Council Linked Services contracts.
9. Strode Park Foundation for People with Disabilities was awarded the Platters Farm Lodge contract and their admission was then completed on 1 April 2013 with a bond for the first year of £350,000.
10. Agincare Homes Holdings Limited (Agincare) is taking over the running of Robert Bean Lodge and Nelson Court, with a proposed completion date in July or August 2013.
11. The employer contribution rate for Robert Bean Lodge has been set at 20.3% of payroll and for Nelson Court 20.1% of payroll, and the Fund Actuary has assessed the level of bond for Robert Bean Lodge at £312,000 for the first year and for Nelson Court at £183,000.
12. Medway Council have agreed that it would not be desirable for Agincare to finance bonds at these levels and propose to act as guarantor as provided for under Regulation 38 (3) (a) of the LGPS (Administration) Regulations 2008. Medway Council have also agreed to be responsible for any termination deficit should there be one. These arrangements would be included in the admission agreement and Barnett Waddingham supports this approach.

PIE FACTORY MUSIC GROUP

13. KCC is awarding a three year contract for youth music, although the effective date is not yet known.
14. This involves the transfer of one employee from KCC to Pie Factory Music Group. To ensure the continuity of pension arrangements for this employee, Pie Factory Music Group has made an application for admission to join the Pension Fund.

15. 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 £5,000 for the first year and set an employer's contribution rate of 17.7%.
16. The completed questionnaire and Memorandum and Articles of Association provided by Pie Factory Music Group have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

SHEPWAY DISTRICT COUNCIL GROUNDS MAINTENANCE CONTRACT

17. Shepway District Council is awarding a ten year contract for grounds maintenance, although the effective date is again not yet known.
18. This involves the transfer of approximately 55 employees from Shepway District Council to the successful bidder. To ensure the continuity of pension arrangements for these employees, four bidders have made an application for admission to join the Pension Fund.
19. 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. The Fund Actuary has assessed the level of bond at £268,000 for the first year and set an employer's contribution rate of 17.3%.
20. 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.

AMEY OW LTD

21. KCC is awarding a five year contract for technical and environmental services, although the effective date is not yet known.
22. This will involve the transfer of an estimated 35 employees, originally employed by KCC, from Jacobs to Amey OW Ltd. To ensure the continuity of pension arrangements for these employees Amey OW Ltd, have made an application for admission to join the Pension Fund.
23. 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 will assess the level of bond for the first year and set an employer's contribution rate.

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

WESTGATE COMMUNITY TRUST (CANTERBURY) LIMITED

25. Westgate Community Trust (Canterbury) Limited are taking over the running of a community hall from Canterbury City Council, although the effective date is not yet known.
26. This involves the transfer of one employee from Canterbury City Council to Westgate Community Trust (Canterbury) Limited. To ensure the continuity of pension arrangements for this employee, Westgate Community Trust (Canterbury) Limited have made an application for admission to join the Pension Fund.
27. 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 will assess the level of bond for the first year and set an employer's contribution rate.
28. The completed questionnaire and Memorandum and Articles of Association provided by Westgate Community Trust (Canterbury) Limited have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

MCCH LIMITED

29. MCCH Limited is a transferee admission body which joined the Pension Fund on 1 July 2009 following the award of a contract by KCC.
30. MCCH Limited have given notice to terminate their admission agreement on 1 July 2013 and a cessation report will be obtained from the scheme actuary. This will show what, if anything, is due from MCCH Limited to the Pension Fund.

ROFFA LIMITED

31. Roffa Limited is a transferee admission body who joined the pension fund on 19 October 2012 following the award of a contract by Medway Council.

32. As the last active LGPS member at Roffa left the LGPS on 1 March 2013 a cessation report was commissioned from the Actuary and this shows there is no termination payment due from Roffa Limited to the Pension Fund.

NORTHGATE MANAGED SERVICES

33. Northgate Managed Services is a Transferee Admission Body who currently have four admission agreements in the Kent Pension Fund, following an original transfer of staff from KCC.
34. On 12 March 2013 Capita acquired 100% of the equity share capital of Northgate Managed Services and the new entity will be called Capita Managed IT Solutions Ltd. As the Local Government Pension Scheme Regulations have also been amended since the original admission agreement was made, it is proposed that a new admission agreement be entered into which reflects both the name change and the changes to the Regulations.

ACADEMY FRS17 REPORTS

35. As at 31 August each year the Pension Fund is required to provide an FRS17 report to each academy. The Actuary's fee per report is £370 for each academy that has had a report in previous years, and £805 for a new academy. More than 100 academies will require a report for August 2013 and this number is expected to rise in the future.
36. At its meeting on 30 August 2012, the Committee agreed that this cost should be recovered directly from each academy rather than it being funded by the Fund.
37. Academies were able to claim the cost of their 2012 FRS17 reports from the EFA however it is unclear if this grant will be available for 2013.

RECOMMENDATION

38. Members are asked to:
- (1) Agree to the admission to the Kent County Council Pension Fund of Tonbridge and Malling Leisure Trust, and
 - (2) Agree that the admission agreements made by Agincare relating to Robert Bean Lodge and Nelson Court, provide for guarantees from Medway Council, and

- (3) Agree to the admission to the Kent County Council Pension Fund of Pie Factory Music Group, and
- (4) Agree to the admission to the Kent County Council Pension Fund of the successful bidder for the Shepway District Council grounds maintenance contract, and
- (5) Agree to the admission to the Kent County Council Pension Fund of Amey OW Ltd, and
- (6) Agree to the admission to the Kent County Council Pension Fund of Westgate Community Trust (Canterbury) Limited, and
- (7) Note the withdrawal of MCCH Ltd as a participating employer in the Pension Fund, and
- (8) Note the withdrawal of Roffa Limited as a participating employer in the Pension Fund, and
- (9) Agree that an admission agreement can be entered into with Capita Managed IT Solutions Ltd Limited, and
- (10) Agree to recover the August 2013 FRS17 charges from academies, and
- (11) Agree that once legal agreements have been prepared for the matters (1) to (9) above, the Kent County Council seal can be affixed to the legal documents.

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