

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

To: Superannuation Fund Committee – 30 August 2013

Subject: **ADMISSIONS TO THE FUND**

Classification: Unrestricted

Summary: To report on several applications to join the Pension Fund, a number of other admission matters and related issues.

FOR DECISION

INTRODUCTION.

1. This report sets out information on applications from organisations to become admitted bodies within the Pension Fund and advises of the need to make agreements for a change of name, the closure of two admission agreements to new members and two termination agreements. Committee's approval is sought to enter into these agreements with these organisations.
2. The Committee is also asked to note the position on Parish Councils, the update on the recovery of the Pension Fund's costs and to agree the process for the signing of the minutes relating to admission matters.

PRINCIPLE CATERING CONSULTANTS (re Ursuline College)

3. Ursuline College is awarding a three year contract for catering services, although the effective date is not yet known.
4. This involves the transfer of three employees from Ursuline College to Principle Catering Consultants. To ensure the continuity of pension arrangements for this employee, Principle Catering Consultants has made an application for admission to join the Pension Fund.
5. 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 £6,000 for the first year and set an employer's contribution rate of 14.7%.

6. The completed questionnaire and Memorandum and Articles of Association provided by Principle 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.

ROCHESTER CARE HOME LIMITED

7. The Committee agreed at its meeting on 28 June 2013 to the admission applications made by Agincare relating to Robert Bean Lodge, on the basis of the guarantee from Medway Council.
8. It has since been established that Rochester Care Home Limited, a subsidiary of Agincare is the company taking over the running of Robert Bean Lodge from Medway Council from 1 September 2013.
9. Rochester Care Home Ltd is therefore now applying for admission to the fund to ensure the continuity of pension arrangements for the 37 employees transferring from Medway Council on 1 September 2013.
10. 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 £312,000 for the first year and set an employer's contribution rate of 20.3%.
11. The completed questionnaire and Memorandum and Articles of Association provided by Rochester Care Home Limited have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.
12. Medway Council has agreed that it would not be desirable for Rochester Care Home Limited to finance a bond at this level and proposes to act as guarantor as provided for under Regulation 38 (3) (a) of the LGPS (Administration) Regulations 2008. Medway Council has 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.

VICTORY CARE HOME LIMITED

13. The Committee agreed at its meeting on 28 June 2013 to the admission applications made by Agincare relating to Nelson Court, on the basis of the guarantee from Medway Council.

14. It has since been established that Victory Care Home Limited, a subsidiary of Agincare is the company taking over the running of Nelson Court from Medway Council from 1 September 2013.
15. Victory Care Home Limited is therefore now applying for admission to the fund to ensure the continuity of pension arrangements for the 32 employees transferring from Medway Council on 1 September 2013.
16. 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 £183,000 for the first year and set an employer's contribution rate of 20.1%.
17. The completed questionnaire and Memorandum and Articles of Association provided by Victory Care Home Limited have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.
18. Medway Council has agreed that it would not be desirable for Victory Care Home Limited to finance a bond at this level and proposes to act as guarantor as provided for under Regulation 38 (3) (a) of the LGPS (Administration) Regulations 2008. Medway Council has 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.

THANET LEISURE FORCE

19. Thanet Leisure Force is a Community Admission Body within the Pension Fund following the transfer of staff to them on 15 November 1999 from Thanet District Council. On 1 April 2013 the company changed its name to Your Leisure Kent Ltd.
20. 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 in Regulations.

GRAVESHAM COMMUNITY LEISURE

21. Gravesham Community Leisure are a community admission body who joined the pension scheme on the 10 April 2000 following a transfer of staff to them from the Relaxion plc. The staff involved were originally employees of Gravesham Borough Council.

22. Gravesham Community Leisure have given written notice to amend the terms of their admission agreement, so that no more of their employees can join the pension scheme. Existing members will be allowed to continue their LGPS membership.
23. 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 this change and the changes in Regulations. It is therefore necessary to enter into a revised legal agreement with them.

ACTIVE LIFE LIMITED

24. Active Life Limited are a community admission body who joined the pension scheme on the 26 March 2002 following a transfer of staff to them from Canterbury City Council.
25. Active Life Limited have given written notice to amend the terms of their admission agreement, so that no more of their employees can join the pension scheme. Existing members will be allowed to continue their LGPS membership.
26. 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 this change and the changes in Regulations. It is therefore necessary to enter into a revised legal agreement with them.

BRENWARDS LIMITED

27. Brenwards Limited is a transferee admission body who joined the pension fund on the 22 August 2005 July following the award of a contract by West Kent Housing Association.
28. As the last active LGPS member at Brenwards Limited has left the Local Government Pension Scheme it is necessary to commission a cessation report. This shows a termination payment of £8,000 is due from Brenwards Limited to the Pension Fund which has been paid.

THE AVENUES TRUST

29. The Avenues Trust are a Community Admission Body who joined the pension fund under their original name of Kelsey Care Limited on 18 October 1994. They changed their name to The Avenues Trust in 2001.
30. The Avenues Trust may 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 or pensions.

31. Barnett Waddingham has prepared a provisional cessation report as at 31 March 2013 on both a Full Cessation basis and using the Closed Fund Approach.
32. The Full cessation basis shows a deficit of £513,000 which would be payable by The Avenues Trust 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 The Avenues Trust in the future. The £513,000 may or may not be an adequate payment depending on what actually happens to the scheme members involved in the future.
33. 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 £514,000. However, we do have redress to The Avenues Trust and any payments necessary would be set at future valuations based on actual experience at that time. This would be written into the termination agreement Barnett Waddingham supports the Closed Fund approach.
34. The Avenues Trust do not have a Parent Company so will put up a Bond as a form of guarantee which has been calculated for the first year as £473,000.

PARISH COUNCILS

35. Parish Councils can choose to offer their staff LGPS membership by making a written resolution to do so. In such circumstances Barnett Waddingham calculate the employer contribution which is then reviewed at each subsequent valuation in the usual way.
36. When the last active LGPS member of a Parish Council leaves employment, a cessation report is commissioned from Barnett Waddingham to show what if anything is due from the Council to the Pension Fund. Any such sum due is known as a termination deficit.
37. The legal advice obtained from Eversheds confirms we may ask for the termination deficit in a single one off payment or may enter into instalment plans under guidance from Barnett Waddingham.

RECOVERY OF THE FUND'S COSTS

38. At its meeting on 28 June the Committee asked for a report to be submitted to a future meeting on charges for the administration of admissions to the Fund. At the present time all of the Fund's costs other than the actuary's fees relating to academies, are recovered from

scheme employers via the employer contribution. Officers have considered options for the recovery of administrative costs direct from employers including consultation with other LGPS administering authorities, and plan to bring a proposal for a Fund charging policy to the Committee's November meeting.

SIGNING OF THE ADMISSION MINUTES

39. As the Committee may be aware the number of applications for admission to the Fund is increasing due to the reorganisation of the arrangements for the provision of services by scheme employers. The timetable for the completion of these arrangements may not necessarily fit with the pattern of the meetings of the Superannuation Fund Committee and it is intended that a proposal for the delegation of decisions on admissions be brought to the November meeting.
40. The Committee is now asked to agree that pending any decision on delegation of these matters, the minutes relating to certain admission matters be signed by the Chairman at the end of each meeting, as they are agreed by the Committee, to expedite the completion of admission matters.
41. The minutes of the decisions re the admissions of Rochester Care Home Ltd and Victory Care Home Ltd should be signed at the end of today's meeting to facilitate the admissions to complete on 1st September 2013.

RECOMMENDATION

42. Members are asked to:
 - (1) Agree to the admission to the Kent County Council Pension Fund of Principle Catering Consultants, and
 - (2) Agree that the admission agreement made by Rochester Care Home Limited relating to Robert Bean Lodge provides for a guarantee from Medway Council, and
 - (3) Agree that the admission agreement made by Victory Care Home Limited relating to Nelson Court, provides for a guarantee from Medway Council, and
 - (4) Agree that an admission agreement can be entered into with Your Leisure Kent Ltd, and
 - (5) Agree that an amended legal agreement can be entered into with Gravesham Community Leisure, and

- (6) Agree that an amended legal agreement can be entered into with Active Life Limited, and
- (7) Note the withdrawal of Brenwards Limited as a participating employer in the Pension Fund, and
- (8) Agree that a termination agreement can be entered into for The Avenues Trust based on the Closed Fund Approach, and
- (9) Note the information on Parish Councils, and
- (10) Note the position re the recovery of the Pension Fund's costs, and
- (11) Note the issue regarding the signing of the minutes, and agree that the Chairman may sign the minutes of today's meeting re the admissions of Rochester Care Home Ltd and Victory Care Home Ltd at the end of today's meeting, and
- (12) Agree that once legal agreements have been prepared for (1) to (8) above, the Kent County Council seal can be affixed to the legal documents.

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