

By: Chairman Superannuation Fund Committee
Corporate Director Finance and Procurement

To: Superannuation Fund Committee – 29 August 2014

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

Classification: Unrestricted

Summary:

FOR DECISION To report on applications to join the Pension Fund and a number of admission matters.

INTRODUCTION

1. This report sets out information on applications from two organisations to become admitted bodies within the Pension Fund and advises of three terminations. The Committee's approval is sought to enter into these agreements.
2. The Committee are advised that the minutes relating to the new admission application from Compass Contract Services (UK) Limited are to be signed at the end of today's meeting to facilitate completion on the desired date.

TCS INDEPENDENT LIMITED (re Istead Rise Primary School)

3. KCC is awarding a three year contract for catering services effective from January 2014.
4. This involves the transfer of two employees from KCC to TCS Independent Limited.
5. To ensure the continuity of pension arrangements for these employees, TCS Independent Limited has made an application for admission to join the Pension Fund.
6. 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 £5,000 for the first year and set an employer's contribution rate of 14.5%.
7. The completed questionnaire and supporting documents provided by TCS Independent Limited has been examined by Officers to ensure compliance with the Local Government Pension Scheme Regulations, and Legal Services have given a favourable opinion on the application.

COMPASS CONTRACT SERVICES (UK) LIMITED

8. Fort Pitt Grammar School Academy Trust is awarding a five year contract for catering services.

9. This involves the transfer of 10 employees from Fort Pitt Academy Trust to Compass Contract Services (UK) Limited.
10. To ensure the continuity of pension arrangements for these employees, Compass Contract Services (UK) Limited has made an application for admission to join the Pension Fund.
11. The admission application has been made under Schedule 2 Part 3 regulation 1(d)(i) of the Local Government Pension Scheme Regulations 2013, 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 £62,000 for the first three years and set an employer's contribution rate of 23.2% for a close agreement or 22.3% for an open agreement.
12. The completed questionnaire and supporting documents provided by Compass Contract Services (UK) Limited has been examined by Officers to ensure compliance with the Local Government Pension Scheme Regulations, and Legal Services have given a favourable opinion on the application.

CAPITA IT MANAGED SOLUTIONS LIMITED (regarding St John's School, Gravesend)

13. Capita Managed IT Solutions is a Transferee Admission Body in the Kent Fund following the transfer of staff from KCC.
14. This contract will expire on 31 August 2014 and Capita will become an exiting employer. We will then obtain an actuarial valuation which will show what, if anything, is payable to the Pension Fund.
15. It is proposed that we enter into a termination agreement with Capita.

PIE FACTORY MUSIC

16. Pie Factory Music is a transferee admission body who joined the Pension Fund on 1 February 2014 following the transfer of one member of staff from KCC.
17. As this member opted out of the LGPS on 1 February 2014 Pie Factory Music has become an exiting employer. The actuary has confirmed there is nothing owing to the Pension Fund and it is proposed that we enter into a termination agreement with the company.

AVENUES TRUST

18. The Avenues Trust is 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.
19. At their meeting on 30 August 2013, the Committee agreed that should Avenues Trust give notice to terminate their admission agreement, we may enter into a termination agreement with them on the basis of the Closed Fund approach. On 29 January 2014 Avenues Trust informed us that due to the prohibitive costs involved in obtaining a Bond of the required level, they would continue in the Pension Fund.

20. The Committee also asked for an annual update on the situation.
21. On 23 May 2014, following receipt of their annual FRS17 accounting report, Avenues Trust requested an updated cessation report based upon current market conditions assuming a termination date of 31 October 2014.
22. This report shows a significant improvement in the funding position, showing an estimated exit payment being due of £21,000.
23. Avenues Trust have now given notice to terminate their admission agreement as at 31 October 2014.
24. We will now obtain an actuarial valuation which will show what, if anything, is payable to the Pension Fund.
25. It is proposed that we enter into a termination agreement with Avenues Trust.

RECOMMENDATION

26. Members are asked to agree:
 - (1) to the admission to the Kent County Council Pension Fund of TCS Independent Limited (re: Istead Rise Primary School);
 - (2) to the admission to the Kent County Council Pension Fund of Compass Contract Services (UK) Limited;
 - (3) that a termination agreement may be entered into in respect of CAPITA IT Managed Limited (re: St John's School, Gravesend);
 - (4) that a termination agreement may be entered into in respect of Pie Factory Music;
 - (5) that a termination agreement may be entered into in respect of Avenues Trust;
 - (6) agree that the Chairman may sign the minutes of today's meeting relating to recommendation (2) above at the end of today's meeting, and
 - (7) that once legal agreements have been prepared for (1) to (5) above, the Kent County Council seal can be affixed to the legal documents.

Steven Tagg
Treasury and Investments
Ext: 4625