

**WILTSHIRE PENSION FUND COMMITTEE**

23 April 2003

**APPLICATIONS FOR ADMISSION OF EMPLOYER BODIES**

**Introduction**

1. The Local Government Pension Scheme (LGPS) Regulations give the County Council power to admit to the Pension Fund any employer body, so long as it "provides a public service in the United Kingdom other than for the purpose of gain", subject to County Council approval as administering authority.
2. An application can, however, also be made from an outside contractor under a "best value" arrangement, and so long as the transferring employer agrees to be party to the agreement, the administering authority must enter into an admission agreement, subject to certain terms being met.
3. Two cases are brought forward for decision under 1 above.

**Sarsen Housing Association**

4. Sarsen Housing Association became an admitted body within the Wiltshire Pension Fund in July 1995. The Admission Agreement allows the employer to nominate new employees to become members of the LGPS, but since 1 June 2002 Sarsen Housing Association have operated the agreement as a "closed scheme", as there is now an alternative pension scheme available for new staff.
5. The Association, in response to regulatory requirements of the Housing Corporation, and in order to set up a tax efficient way of dealing with any trading surpluses, has decided to set up a group structure.
6. The Group will be set up by the creation of a parent holding company (Silbury Group Ltd), a charitable housing association (Ridgeway Community Housing Association) and a company (Silbury First Ltd), which will take over part of the activities currently undertaken within the original Sarsen Housing Association. The group parent would be the sole shareholder in this company, which would be registered as a private limited company. The formal composition of the Group is such that any surpluses generated will be covenanted to the charitable housing association, Ridgeway Community Housing Association, in furtherance of its objectives.
7. As a result of this restructuring, staff currently employed by Sarsen Housing Association who are members of the LGPS within the Wiltshire Pension Fund would be transferred to the other companies within the Group. The purpose of this application is to safeguard the LGPS pension rights of these staff by allowing LGPS membership to continue within the new group structure.
8. A similar exercise has recently been carried out by Signpost Housing Association within Dorset Pension Fund, who have allowed admission to the LGPS.

**New Swindon Company**

9. Swindon Borough Council applied to the DTLR for Urban Regeneration Company Status in 2001 and permission was granted in early 2002. Swindon Urban Regeneration Company Limited was incorporated on 13 August 2002 as a company limited by guarantee with the founder members being Swindon Borough Council (SBC) and South West of England Regional Development Agency (SWERDA). English Partnerships has recently become a member. It has registered a trading name of The New Swindon Company and it will be funded by the member organisations. The primary role is to act as catalyst for the regeneration of the centre of Swindon.
10. An application has been received from The New Swindon Company to become an admitted body within the Wiltshire Pension Fund. It has an expected lifespan of 15 years.
11. Recruitment of staff is currently ongoing and will consist of 7 staff by the end of this financial year with at least one additional post expected to be added in the next financial year. The company would like all its employees to become active LGPS members. It is possible that some of these employees may be former employees of the Borough Council or the County Council.

- 12 In the past the admission route has been used to allow organisations access to the LGPS where their activities could be shown to complement those of a local authority or where services formerly delivered by a local authority were undertaken.

### **Risk Assessment**

- 13 Membership of the Pension Fund is a long-term commitment. If an admitted body were to fold after admittance to the Fund it is possible that it would not have paid sufficient amounts into the Fund to meet the liabilities arising from membership of their employees. This liability could fall on the County Council as administering authority, if it could not be met from another source.
- 14 The fact that Sarsen Housing will be operating a “closed scheme” policy and that The New Swindon Company has an initially defined lifespan will be reflected by the contribution rate determined by our actuary Hymans Robertson. They will be seeking to ensure that amounts paid in are sufficient to avoid a deficit occurring, even if the organisation ceased.
- 15 As Sarsen Housing Association are already an admitted body, it would be difficult to exclude their new group structure from the Fund on the basis of risk, because the risks have not changed. The New Swindon Company is of more concern because it is new and so has no past financial record, and because of its 15 year lifespan. However, it is owned by three public bodies. Members are recommended to accept admission of the Company into the Fund if a funding guarantee can be obtained from Swindon Borough Council.

### **The Process from here**

- 16 The County Treasurer will conclude the formal financial checks on the bodies making application, and subject to these proving satisfactory, new admission agreements will be drawn up by the Solicitor to the Council.

### **Recommendation**

- 17 The Committee is asked to approve the following employer body admissions to the Wiltshire Pension Fund, subject to the County Treasurer and the Solicitor to the Council being satisfied that all required conditions are met and that admission agreements can be settled:
- 17.1 Sarsen Housing Association Group Structure:
- Silbury Group Ltd
  - Ridgeway Community Housing Association
  - Silbury First Ltd
- 17.2 The New Swindon Company (subject also to obtaining a funding guarantee from Swindon Borough Council).

**Mike Prince**  
**County Treasurer**

The following unpublished documents have been relied upon in the preparation of this report: NONE  
Environmental impact of the recommendations contained in this report: NONE KNOWN

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