

APPLICATIONS FOR ADMISSION OF EMPLOYER BODIES

Purpose of Report

1. The purpose of this report is to:
 - a) update the Committee on the position in relation to the New Swindon Company and Sarsen Housing Association's new group structure, for whom admission was agreed at the meeting of 23 April 2003; and
 - b) ask the Committee to consider admitting CATs Solutions Ltd to the Wiltshire Pension Fund in respect of two staff transferred from Swindon College Printing Service.

Background

2. 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.
3. 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.

Update on New Swindon Company and Sarsen Housing Association

4. The New Swindon Company has decided not to join the Wiltshire Pension Fund, because Swindon Borough Council were reluctant to give a guarantee as requested by this Committee, and the alternative, assessing and purchasing an indemnity bond, would generate costs the Company did not wish to pay. The Company has now been accepted by a large local authority fund from the north which has admitted several organisations of this type.
5. The change over to Sarsen Housing Association's new group structure is progressing and should be concluded shortly.

New Application from CATs Solutions Ltd (Swindon College Printing Service)

6. Swindon College transferred its printing service to CATs Solutions Ltd on 9 June 2003. The two members of staff working in the printing service who have transferred under TUPE regulations are both members of the Wiltshire Pension Fund.
7. CATs Solutions Ltd has applied for admitted body status under the "best value" route and Swindon College has agreed to be party to an agreement.
8. Advice is being sought from the Solicitor to the Council and the Actuary. The company will be required to provide an indemnity bond, as assessed by the Fund's actuary, Hymans Robertson.

Risk Assessment

9. Membership of the Pension Fund is a long-term commitment. If an admitted body were to fold after admittance to the Fund it is likely that it would not have paid sufficient amounts into the Fund to meet the liabilities arising from membership of their employees.

10. In this case liability would fall on the County Council as administering authority if it could not be met from any other source. The purpose of the indemnity bond is to mitigate that risk as far as possible. Having said that, in this case the risk is relatively small.
11. The fact that CATs Solutions Ltd will be operating a “closed scheme” policy will be reflected by the contribution rate determined by Hymans Robertson. They will be seeking to ensure that amounts paid in are sufficient to avoid a deficit occurring, even if the organisation ceased trading.

Environmental Impact of the Proposal

12. There is none.

Reasons for Proposals

13. Subject to the company meeting the usual financial, legal and actuarial conditions, it would be usual to accept bodies applying for membership under the so-called “best value” arrangement. I can see no reason not to in this case.

Proposals

14. The Committee is asked to:
- a) approve the admission of CATs Solutions Ltd to the Wiltshire Pension Fund, subject to the County Treasurer and the Solicitor to the Council being satisfied that all required conditions are met, including provision of a satisfactory indemnity bond, and that an admission agreement can be settled; and
 - b) note that the New Swindon Company will not now be joining the Fund.

MIKE PRINCE
County Treasurer

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Unpublished documents relied upon in the production of this report:

NONE

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