

WILTSHIRE PENSION FUND COMMITTEE
2 September 2004

APPLICATION FOR ADMISSION OF EMPLOYER BODIES

Purpose of Report

1. The purpose of this report is to ask the Committee to consider admitting the following companies to the Wiltshire Pension Fund in respect of staff transferring from schools within Swindon Borough Council:

	Potential Staff involved
Cygnnet Catering	9
Alliance in Partnership	7
Super Clean Services	1

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.

New Applications

4. Swindon Borough Council has organised a procurement brokerage service. One of their functions is a contract procurement and management service for schools. Three recent tendering exercises have resulted in catering and cleaning contracts being awarded to the companies listed in 1. above.
5. All three companies have applied for admitted body status under the "best value" route and Swindon Borough Council has agreed to be party to an agreement.
6. Advice is being sought from the Solicitor to the Council and the Actuary. The companies will be required to provide an indemnity bond, as assessed by the Fund's actuary, Hymans Robertson.

Risk Assessment

7. 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 may not have paid sufficient amounts into the Fund to meet the liabilities arising from membership of their employees, even with the bond in place.
8. In this case, liability would fall on the County Council (as administering authority) or the whole Pension Fund, 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 these cases the risk is relatively small.
9. The fact that all three companies 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

10. There is none.

Reasons for Proposals

11. 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

12. The Committee is asked to approve the admission of

Cygnnet Catering;
Alliance in Partnership; and
Super Clean Services

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.

MIKE PRINCE
County Treasurer

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Unpublished documents relied upon in the production of this report:

NONE