

ABERDEEN CITY COUNCIL

COMMITTEE: Finance, Policy and Resources

DATE: 20 February 2014

DIRECTOR: Gayle Gorman

TITLE OF REPORT: COAST – Pension Fund Guarantee

REPORT NUMBER:

1. PURPOSE OF REPORT

A report was considered by Education, Culture and Sport Committee in November 2013, which set out the proposal to move the management of COAST (the City's performance swimming team) from Sport Aberdeen to Aberdeen Sports Village.

Work is now underway to formally TUPE the affected staff and Aberdeen Sports Village has requested confirmation that the Council will act as a guarantor for any pension liabilities arising from the transfer of the 2 members of COAST staff from Sport Aberdeen to Aberdeen Sports Village.

This report seeks approval for Aberdeen City Council to act as guarantor in respect of these staff who are due to transfer to Aberdeen Sports Village in April 2014.

2. RECOMMENDATION(S)

It is recommended that the Committee:

Agrees that the Council will act as guarantor in respect of the transferring employees. (Subject to the Pensions Panel accepting the application from ASV for these employees to remain in the scheme.)

3. FINANCIAL IMPLICATIONS

There are no initial financial implications for the Council. It is understood that the Council currently acts as pensions guarantor in respect of these employees through their employment with Sport Aberdeen.

Aberdeen Sports Village will be responsible for employer contributions to the North East Scotland Pension Fund. In the event that the body should cease to exist all further liabilities would be met jointly by the City Council

and University on a 50/50 basis with past service costs met solely by the Council.

4. OTHER IMPLICATIONS

Legal Implications

There are two members of staff who will be transferred through TUPE from Sport Aberdeen to Aberdeen Sports Village.

Sport Aberdeen is wholly owned by the Council and Aberdeen Sports Village is owned between the Council and the University on a 50/50 basis. The relationships between each of these organisations and the Council is governed through a set of legal documents.

5. BACKGROUND/MAIN ISSUES

5.1 COAST – Performance Swimming Programme

COAST (City of Aberdeen Swim Team) is Aberdeen's performance swimming programme. The programme allows swimming clubs within Aberdeen to train together and compete as a composite club. COAST was initially established in 1996, and is now regarded as a high performing Scottish swimming team.

5.2 Aberdeen City Council provides a significant level of funding to COAST, through Sport Aberdeen. When Sport Aberdeen was set up in 2010, the management of COAST transferred to Sport Aberdeen, along with annual Council funding of £110,769 per year.

5.3 To ensure that the highly performing athletes within COAST continue to be supported to reach their potential, it is recognised that the appropriate place for COAST swimmers to train will be in the Aberdeen Aquatics Centre. With this in mind, it is logical for the management of COAST to transfer from Sport Aberdeen to Aberdeen Sports Village. This principle is agreed by both Sport Aberdeen and Aberdeen Sports Village.

5.4 To support this change in management, the Council's Education, Culture and Sport Committee agreed to change the Funding and Services grant payment for each organisation to reflect the transfer of responsibility for delivery of this service. The formal transfer date is expected to be 1 April 2014.

5.5 North East Scotland Pension Fund

As the administering authority for the North East Scotland Pension Fund, the City Council is responsible for the prudent governance and management of the Pension Fund in the interest of all scheduled and admitted bodies. As the administering authority, Aberdeen City may admit a body to the Pension fund as 'an admitted body' providing:

i.) The organisation can confirm that they have sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest, whether because the operations of the admission body are dependent on the operations of the Scheme employer or otherwise.

ii.) The Scheme employer is prepared to act as a Guarantor in the event that the admitted body should cease to exist. If this situation were to occur and staff were made redundant, the staff over age 50 would become entitled to immediate payment of their pension benefits. This would create a cost to the pension fund as the pension benefits would have to be paid prior to normal retirement age. This cost is known as the “strain on the fund” and as from 1 April 2001 has become a charge to the scheme employer.

At a meeting of the Pension Panel on 12 March 2008 admitted body status was granted to the Aberdeen Sports Village, for transferring employees subject to Aberdeen City Council acting as ultimate guarantor in the event that the Sports Village ceases to trade and benefits became payable.

At its meeting of 5 August 2009, the Council’s Urgent Business Committee agreed to act as ultimate guarantor in respect of the transferring employees (from the University of Aberdeen) employed by the Aberdeen Sports Village.

5.6 **Guarantee**

In respect of the proposed transfer of employees from Sport Aberdeen to Aberdeen Sports Village, the Pensions Fund has asked for a formal guarantee by the Council and the University of Aberdeen for any pension liabilities arising from the transfer of the 2 members of COAST staff from Sport Aberdeen to Aberdeen Sports Village.

These employees are currently employed by Sport Aberdeen, through which the Council is currently ultimately liable.

6. **IMPACT**

Corporate – This report relates to ‘Aberdeen – the Smarter City’

- We will enhance the physical and emotional wellbeing of all our citizens by offering support and activities which promote independence, resilience, confidence and self-esteem.
- We will improve access to and increase participation in arts and culture by providing opportunities for citizens and visitors to experience a broad range of high quality arts and cultural activities.
- We will aim to have a workforce across the city which has the skills and knowledge to sustain, grow and diversify the cultural economy.

- We will embrace the distinctive pride the people of Aberdeen take in their city and work with them to enhance the sense of well-being here, building strong communities which look out for, and look after one another.

This report also relates to the Combined Community Plan and Single Outcome Agreement as follows:

- Protecting children and vulnerable adults
- People of all ages take an active part in their own learning to achieve their full potential Learning and training is appropriate and accessible to learner's needs
- Children and young people access positive learning environments and develop their skills, confidence and self esteem to the fullest potential
- Children, young people and their families/carers are involved in decisions that affect them. Their voices heard and they play an active and responsible role in their communities
- Educational attainment in Aberdeen is continuously sustained and improved
- Children and young people actively participate in their communities and have optimum involvement in decision making
- All children, young people and their families have access to high quality services when required and services provide timely, proportionate and appropriate response that meeting the needs of children and young people within Getting it Right for Every Child, (GIRFEC) requirements
- Improve the quality of life in our most deprived areas
- Citizens are increasingly more active in their communities regardless of age, gender, sexual orientation, ethnic origin, where they live, disability or faith/religion/belief and contribute to 'active citizenship'
- Develop pathways to participation which enhance the diversity of local representation at and engagement with regional, national and international arts, heritage and sporting events
- Our public services are consistently high quality, continually improving, efficient and responsive to local people's needs

7. MANAGEMENT OF RISK

The risk relates to the possibility of the admitted body ceasing to exist. Aberdeen City Council currently carries this risk in respect of these employees through their employment with Sport Aberdeen, and this report recommends that the Council continues to carry this risk in respect of these employees through their employment with Aberdeen Sports Village.

8. BACKGROUND PAPERS

5/8/09 Urgent Business Committee: Aberdeen Sports Village – Pension Fund Guarantee Report

9. REPORT AUTHOR DETAILS

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