

SUPERANNUATION FUND COMMITTEE

Friday, 20th November, 2009

10.00 am



AGENDA

SUPERANNUATION FUND COMMITTEE

Friday, 20th November, 2009 at 10.00 am
Medway Room, Sessions House, County
Hall, Maidstone

Ask for: **Geoff Rudd**
Telephone: **01622 694358**

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

A. COMMITTEE BUSINESS

1. Substitutes
2. Declarations of Interests by Members in items on the Agenda for this meeting.
3. Minutes - 2 and 18 September 2009 (Pages 1 - 6)

B. MOTION TO EXCLUDE THE PRESS AND PUBLIC FOR EXEMPT ITEMS

That under Section 100A of the Local Government Act 1972 the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of part 1 of Schedule 12A of the Act.

EXEMPT ITEMS

(During these items the meeting is likely NOT to be open to the press and public)

EXEMPT ITEMS

C. MATTERS FOR REPORT/DECISION BY THE COMMITTEE

1. Minutes - 2 and 18 September 2009 (Pages 7 - 10)
2. Baillie Gifford
3. GMO
4. Property Investing (Pages 11 - 24)
5. Currency Management (Pages 25 - 42)
6. Fund Structure (Pages 43 - 54)

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

7. Fund Position Statement (Pages 55 - 62)
8. Pensions Administration (Pages 63 - 72)

9. Admissions to the Fund (Pages 73 - 76)

10. Dates of Future Meetings

Friday, 5 March 2010

Friday, 18 June 2010

Friday, 10 September 2010

Friday, 19 November 2010

Peter Sass

Head of Democratic Services and Local Leadership

(01622) 694002

Saturday, 14 November 2009

- (i) *Please note that any background documents referred to in the accompanying papers may be inspected by arrangement with the officer responsible for preparing the relevant report.*
- (ii) *In accordance with the current arrangements for meetings, representatives of the Managers have been given notice of the meeting and will be in attendance for Items C2 and C3.*

KENT COUNTY COUNCIL

SUPERANNUATION FUND COMMITTEE

MINUTES of a meeting of the Superannuation Fund Committee held in the Pendragon, Invicta House, County Hall, Maidstone on Wednesday, 2 September 2009.

PRESENT: Mr J E Scholes (Chairman), Mr K Bamber, Ms S J Carey, Mr P Clokie, Mr D S Daley, Mr J A Davies, Mr M J Jarvis, Mr J F London, Mr R A Marsh, Mr R Packham, Mr R J Parry, Mr S Richards and Mrs M Wiggins.

IN ATTENDANCE: Mr N Vickers (Head of Financial Services) and Mr G Rudd (Assistant Democratic Services Manager).

ALSO IN ATTENDANCE: Mr M Hayward (Chief Finance Officer of Medway Council), Mr C Greaves (Strategic Procurement), Mr P R Luscombe (Pensions Manager) and Mrs A Mings (Treasury & Investments Manager)

**SUMMARY OF EXEMPT ITEM
(Where Access to Minutes Remains Restricted)**

C. MATTERS FOR REPORT/DECISION BY THE COMMITTEE

27. To consider the appointment of a Fund Actuary
(Item C1 - Report by Director of Finance)

The Committee agreed upon the appointment of a fund actuary and that the responsibility for finalising the negotiations and contracts award be delegated to the Head of Financial Services.

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SUPERANNUATION FUND COMMITTEE

MINUTES of a meeting of the Superannuation Fund Committee held in the Medway Room, Sessions House, County Hall, Maidstone on Friday, 18 September 2009.

PRESENT: Mr J E Scholes (Chairman), Mr J Burden, Mr P Clokie, Mr D S Daley, Mr J A Davies, Mrs J De Rochefort, Ms A Dickensen, Mr J F London, Mr R A Marsh, Mr R Packham, Mr R J Parry, Mr S Richards and Mr M V Snelling.

IN ATTENDANCE: Ms L McMullan (Director of Finance), Mr N Vickers (Head of Financial Services), Ms A Mings (Treasury & Investments Manager) and Mr G Rudd (Assistant Democratic Services Manager).

UNRESTRICTED ITEMS

27. Minutes - 3 July 2009

(Item A3)

RESOLVED that the Minutes of the meeting held on 3 July 2009 are correctly recorded and that they be signed by the Chairman.

28. External Audit Report

(Item D1)

(Mr G Brown of the Audit Commission was in attendance for this item)

(1) Mr G Brown reported verbally that the 2008/09 Superannuation Fund Audit had been completed and that the Audit Commission was happy with the outcome of its findings.

(2) RESOLVED that the verbal report be noted.

29. Treasury Strategy

(Item D2 - report by the Director of Finance)

(1) Members were asked to decide whether they wanted Cash managed with KCC funds or a Segregated Cash Portfolio.

(2) Mr J E Scholes moved, Mr J Burden seconded that Cash should be managed with KCC funds.

Carried

(3) RESOLVED that Cash be managed with KCC funds.

30. LGPS Consultation

(Item D3 - report by the Director of Finance)

RESOLVED that:-

- (a) the Committee supports the Financing Plan Proposal contained in the draft response in Appendix 2 of the report;
- (b) the Committee supports the view contained in the draft response in Appendix 4 of the report that the Medway Council representative should have voting rights; and
- (c) the Director of Finance be delegated responsibility for finalising the response in consultation with Mr J E Scholes.

31. Fund Position Statement

(Item D4 - report by the Director of Finance)

RESOLVED that the report be noted.

32. Applications for Admissions to the Fund

(Item D5 - report by the Director of Finance)

RESOLVED that:-

- (a) the applications for admission to the Kent County Council Pension Fund by MyTime Active, Twinkletoes Nursery and The Avenues Trust be agreed;
- (b) legal agreements be entered into in respect of Thanet Community Housing Association/Orbit and Swale Housing Association;
- (c) subject to the agreement from all parties to the original admission agreement a Deed of Modification be entered into in respect of Mitie and Compass Group UK Limited; and
- (d) once legal agreements have been prepared for the matters referred to in (b) and (c), the Kent County Council seal can be affixed to the legal documents.

EXEMPT ITEMS

(Open Access to Minutes)

33. Minutes

(Item C1)

RESOLVED that the Minutes of the meeting held on 3 July 2009 are correctly recorded and they be signed by the Chairman.

34. Schroder Investment Management

(Item C2)

(Mr G Day and Ms S Noffke were in attendance for this item)

RESOLVED that the report be noted.

SUMMARY OF EXEMPT ITEMS

(Where Access to Minutes Remains Restricted)

35. Fund Structure

(Item C3 - report by the Director of Finance)

The Committee agreed issues relating to the structure and management of the Fund.

36. Fixed Income Review

(Item C4 - report by the Director of Finance)

The Committee agreed changes to the Fixed Income mandates of the Fund.

37. Alternative Investments

(Item C5 - (report by the Director of Finance)

The Committee noted and agreed options relating to the Fund's allocation to Alternative Investments.

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By: Chairman Superannuation Fund Committee
Director of Finance

To: Superannuation Fund Committee –20 November 2009

Subject: **FUND POSITION STATEMENT**

Classification: Unrestricted

Summary: To provide a summary of the Fund asset association and performance.

FOR INFORMATION

INTRODUCTION

1. Attached is the Fund Position Statement report.

RECOMMENDATIONS

2. Members are asked to note this report.

Paul Leeves
Senior Accountant (Investments)
X4642

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FUND POSITION STATEMENT

Classification: Unrestricted
Item: D1 refers

Summary of Fund Asset Allocation and Performance

Superannuation Fund Committee

20th November 2009

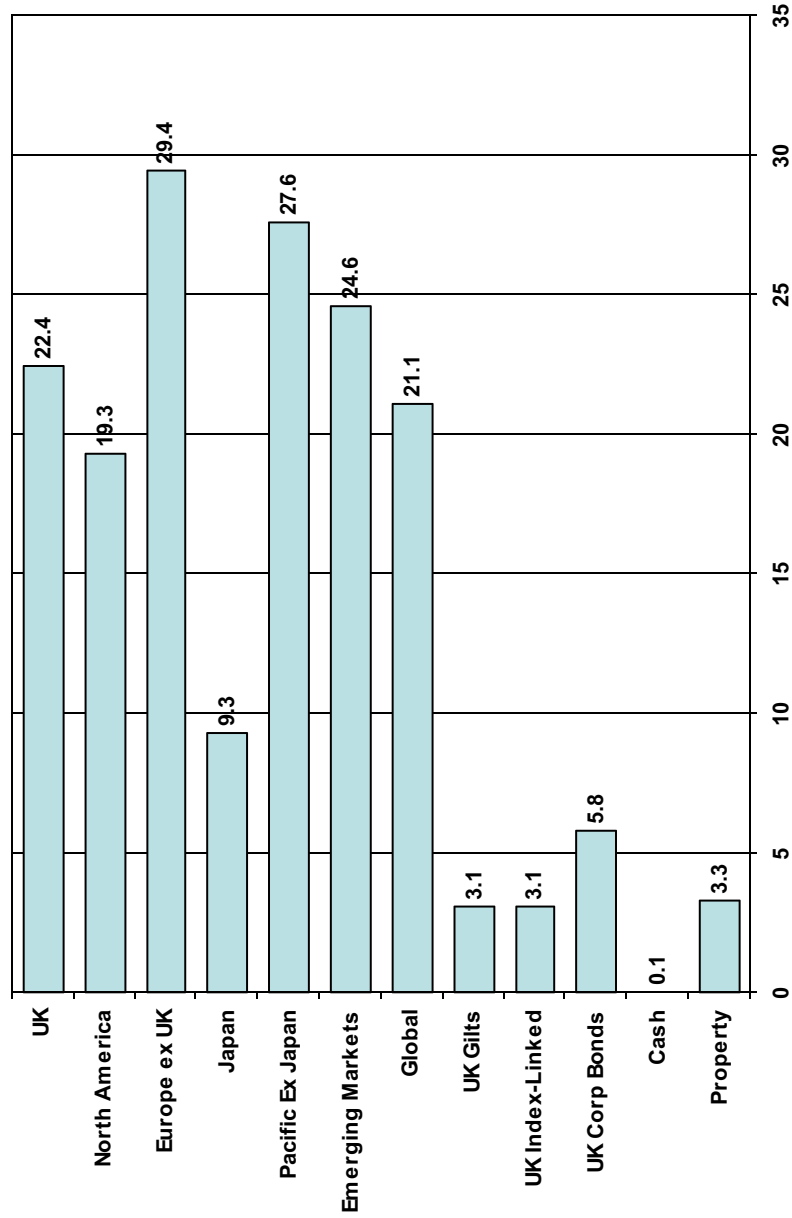
By: Chairman Superannuation Fund Committee
Director of Finance



Kent County Council
Superannuation Fund 2009

Nick Vickers—Head of Financial Services

Market Returns-3 months to 30 September 2009



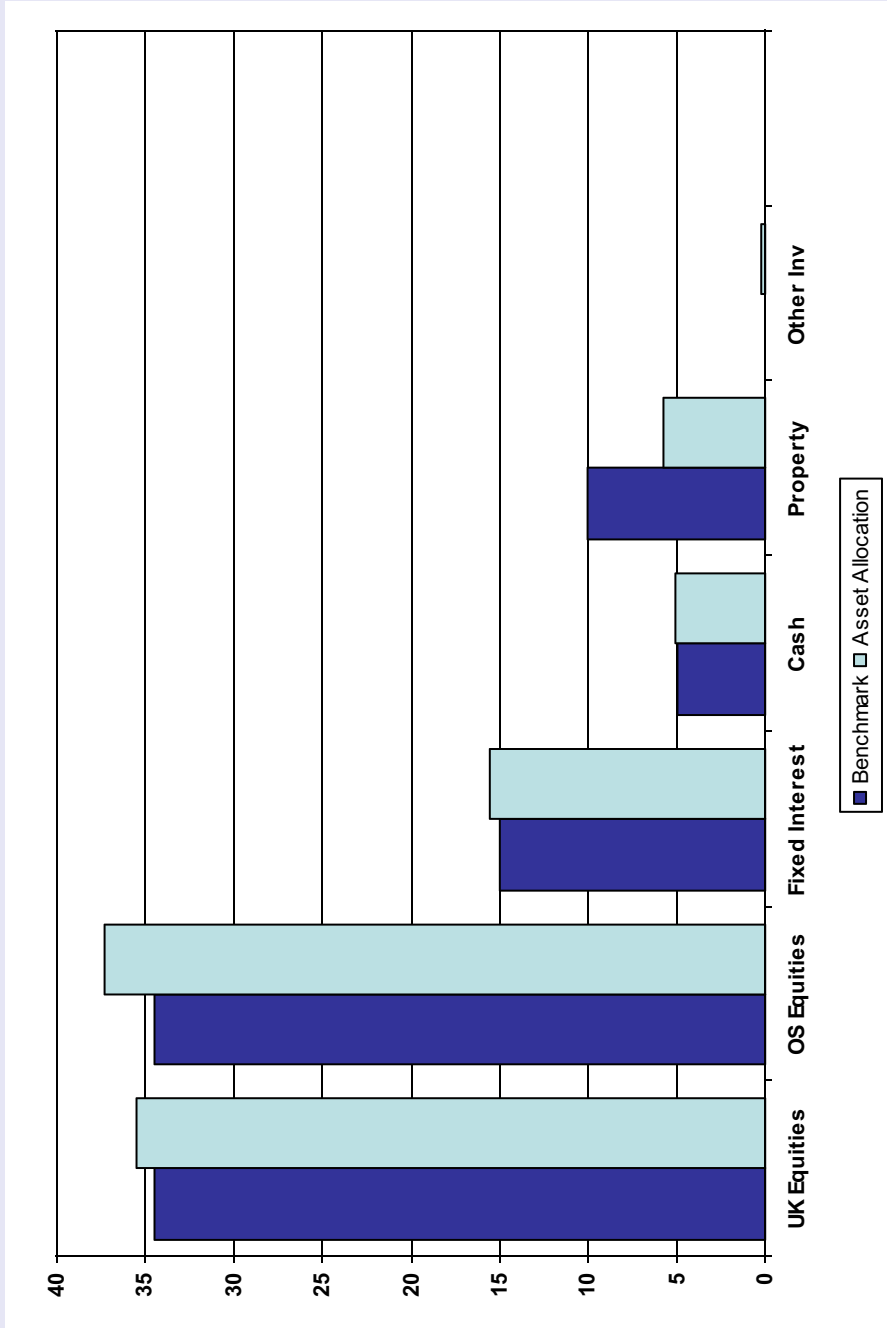
- The second quarter of 2009 showed strong results across most markets.
- UK and North American equities performed rather well with returns of 22.4% and 19.3% respectively.
- Europe excluding UK demonstrated the best performance throughout the quarter with a return of 29.4%.
- There was positive performance from Fixed Income.
- Property values returned to positive growth with a rise of 3.3% for the quarter.

Kent Fund Asset Allocation vs Fund Benchmark

Classification: Unrestricted
Item: DI refers



Asset Class	Kent Fund		Benchmark
	£m	%	%
UK Equities	901	35.5	34.5
Overseas Equities	947	37.3	34.5
Fixed Interest	393	15.5	15
UK Property	145	5.7	10
European Property	20	0.8	1
Cash	129	5.1	5
Other Inv	5	0.2	-
Total Value	2,540	100.0	100



Asset Distribution Fund Manager

Classification: Unrestricted
Item: D I refers

Values (GBP)'000	Mandate	Value at		Capital		Value at		Fund	Benchmark
		30/06/09	30/09/09	Gain / loss	Income	30/09/09	%		
Schroders	UK Equity	340,348	426,986	72,838	3,829	13,800	426,986	17	Customised
Invesco	UK Equity	255,390	300,433	35,043		10,000	300,433	12	Customised
State Street	UK Equity	125,187	172,875	28,047		19,641	172,875	7	FTSE 100 All Share
State Street	Global Equity								FTSE All World ex UK
Alliance Bernstein	Global Equity	185,462	226,565	39,951	1,144	1,152	226,565	9	MSCI World
Ballie Gifford	Global Equity	350,770	440,544	77,936	2,194	11,838	440,544	17	Customised
GMO	Global Quantitative	133,461	160,162	26,701			160,162	6	MSCI World
Schroders	Global Quantitative	96,940	119,251	22,311			119,251	5	MSCI World
Goldman Sachs	Fixed Interest	198,290	217,953	13,905	2,691	5,758	217,953	9	ML £ Broad Market
Schroders	Fixed Interest	163,603	175,385	11,782	30		175,385	7	ML £ Broad Market
DTZ	Property UK	152,683	145,254	5,427	2,602	-12,856	145,254	6	IPD All Properties Index
DTZ	Property Europe	19,729	19,634	-94			19,634	1	IPD All Properties Index
Internally Managed	Cash	153,858	134,701	-3,706	521	-15,451	134,701	5	LIBID 7 Day Rate
Total Fund		2,175,711	2,539,743	330,141	13,011	33,882	2,539,743	100	Kent Combined Fund

Performance Returns to 30 September 2009

Classification:
Unrestricted
Item: DI refers

	Quarter		1 year		3 years	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
	%	%	%	%	%	%
Total Fund	15.7	16.4	7.7	7.7	-0.4	0.3
UK Equity						
Schroders UK	22.4	21.9	14.2	10.7	1.7	-1.0
State Street	22.4	22.4				
Invesco	13.7	22.4	6.3	10.8		
Overseas Equity						
Alliance Bernstein	22.1	21.1	4.0	9.6	-5.2	1.3
Baillie Gifford	22.6	22.0	16.6	14.7	5.2	3.7
GMO	20.0	21.1	6.0	9.6	0.4	1.3
Schroders GAV	23.0	21.1	18.5	9.6	3.1	1.3
Fixed Interest						
Goldmans Fixed Interest	8.4	5.8	13.0	11.6	3.8	4.1
Schroders Fixed Interest	7.2	5.8	17.1	11.6	5.6	4.1
Property						
UK Property	5.5	3.3	-17.5	-19.2	-7.0	-10.8
European Property	-0.5	3.3	-25.7	-19.2		

Data Source: The WM Company

- returns subject to rounding differences

- The fund increased in value by over £360m during the quarter.

- The Fund lagged the benchmark for the quarter posting positive returns of 15.7% against a benchmark of 16.4%, placing us 58th in the WMLA universe.

- The 1 year performance of the fund matches the benchmark figure of 7.7%, placing us 66th in the WMLA universe.

- Our 3 year performance is -0.4% against a benchmark return of 0.3%, placing us 70th in the WMLA universe.

- Schroders once again performed very well over the quarter with all three mandates outperforming their respective benchmark.

- Invesco's defensive portfolio underperformed benchmark for the third quarter in a row due to a continued lack of exposure to the rallying sectors of the FTSE All-Share Index.

Fund Structure

UK Equities

Schroders
+1.5%
£427m

State Street
+0.0%
£173m

Invesco
Unconstrained
£300m

Global Equities

Baillie Gifford
+1.5%
£441m

Alliance
Bernstein
+3.0%
£226m

GMO
+3.0%
£160m

Schroders
+3.0 - +4.0%
£119m

Fixed Interest

Goldman Sachs
+0.75%
£218m

Schroders
+1.0%
£175m

Alternative

DTZ
UK Property
£145m

DTZ
Europe Property
€21m (£20m)

Kent Cash
£129m

Henderson
Secondary PFI
£4m

YFM Private
Equity £1m

Market Value £2.5bn
as at 30 September 2009.

By: Chairman Superannuation Fund Committee
Director of Finance

To: Superannuation Fund Committee – 20 November 2009

Subject: **PENSIONS ADMINISTRATION**

Classification: Unrestricted

Summary: To provide members with a comprehensive update of administration issues including:-

FOR DECISION

- Workload position
 - Achievements against Key Performance Indicators (KPIs)
 - CIPFA Benchmarking Survey 2009 – Results
 - Future Technology strategy and issues
 - PWC audit report
 - Internal audit report
 - Other current matters
-

INTRODUCTION

1. This report is to update Members on a range of administrative issues.

WORKLOAD

2. Members were advised in November 2008 and July 2009 of an increasing workload for the administration unit and the reasons for this increase. Appendix 1 provides members with an update of the workload position.
3. The figures demonstrate consistent increases in workload over the 4 year period. Production levels have increased and the total outstanding cases have decreased.

ACHIEVEMENTS AGAINST KEY PERFORMANCE INDICATORS (KPIs)

4. The team are required to achieve a 95% on target performance in each of the KPI areas. These tasks represent work, directly output to scheme members and, which it is considered reflects the general service quality.
5. As shown in Appendix II, for the second consecutive six month period, the section has outperformed the 95% objective in each of the KPI areas.

CIPFA BENCHMARK SURVEY (ADMINISTRATION COSTS)

6. Members are provided with out results in the CIPFA survey at Appendix III. The survey compares KCC with 56 other LGPS schemes (All Schemes Survey) and against 19 selected 'peer group' authorities (Peer Group Survey). The latter are all 'Shire County' based schemes.
7. Schemes in the survey are ranked by size, calculated, by total scheme members. The peer group range from the smallest at 43,717 to the largest at 130,891. KCC membership totalled 106,972 being third largest.
8. Our position in the peer group compares closely to our rank in the 2007/08 survey. Our cost of administration per member, reduced from £17.90 to £17.66. This places us 7th in the Peer Group Survey and 14th of 56 in the all schemes survey.
9. The peer group average cost per member was £19.12p (KCC £17.66) and the all scheme average was £21.77.
10. Authorities which have outsourced the function average a per member cost of £23.57. The CIPFA report quotes that private sector costs per member are £46 (in-house) and £39 (outsourced).
11. The remaining figures provide a range of comparative costs. Those which warrant particular comment are as follows:-

	KCC	Peer	All Schemes
Payroll costs per member	£4.90	£10.79	£14.11
IT costs per member	£1.22	£1.99	£2.37
Scheme members per FTE	2540	3237	3304
Communication costs per member	£1.65	£0.72	£0.91
Staff costs per FTE	£27571	£29700	£30418

12. Payroll costs I believe reflects the practice in other authorities of passing to the Pension Fund, an element of County Council payroll costs, rather than those specific to the payment of pensioners. KCC costs reduced sharply when the payroll was moved from the County Council Payroll system to the AXISe pensions payroll software.
13. The remaining figures in paragraph 11 above reflect the following.
 - We pay our staff on average, less than those other schemes in both surveys.
 - However, we have a lower ratio of scheme member per FTE than the average in the two surveys. This will be followed up.
 - Our IT costs per member are lower than the average for both the peer and all schemes surveys.
 - Conversely, we are one of only 10 schemes who communicate, direct to home addresses, the cost per member being higher than both the all schemes and peer group surveys.

14. It is essential to very much bear in mind the surveys have no measurement for 'quality of service' and are simply ranked on a 'per member cost basis'.
15. In addition, members are advised that the Kent Scheme, with something close to 300 employers, has around 3 times the number of employers, proportionately, than both the peer and all scheme averages.

FUTURE TECHNOLOGY STRATEGY AND ISSUES

16. Our business can essentially be split into three distinct segments:
 - **Data Input.** The transmission of data from scheme employers to the Pension Section.
 - **Administration of data.** How we administer the data received.
 - **Data output.** The communication of our data output to employers and scheme members.
17. To date our investment in technology has been for the largest part, in the development and use of software, to ensure our production is maintained efficiently. I believe our investment to ensure work is scanned, electronically stored, each task is tracked electronically and time recorded reflects in our excellent KPI results and puts us in the forefront of the LGPS schemes across the UK.
18. However, our use of technology in the areas of 'data input' and 'data output' (communication) I regret leaves us now falling behind other authorities of a similar size to Kent.
19. Members agreed the cost of purchasing 'AXISe Employer' which enables employers to undertake a range of tasks on line. This includes simple data changes i.e. addresses but can also include more complex tasks e.g. retirement cost calculations, estimates of benefits, cost of additional regular contributions etc.
20. At present we are still discussing with KCC IS department, a functional method by which employers can access the AXISe software, which is located on the secure KCC Network. The only solution on offer at present is a 'keyring fob password SSL solution', which is both costly and less than functional. Our peers elsewhere use a 'Citrix' link, enabling employers to simply access the system via their desktop but, KCC has no Citrix facility and limited experience of the technology.
21. We also would like to create 'electronic interfaces' with our key employers, in order that basic data i.e. salary figures, hour changes (part time staff) etc. can be downloaded to our system automatically. The benefits are less errors, by removing the need to manually input changes and, the reduction in staff that results from automating basic functions currently undertaken by the administration teams. This would go some way to reduce our staff costs per member and the ratio of scheme members to FTE.
22. To develop such interfaces requires investment by employers whom I understand may have more pressing priorities and budget restraints in the coming years. However, this is where the significant savings can be achieved for both employers

and the administration unit, by reducing the number of inconsistencies in data, which require investigation by both parties.

23. We will work with the top 14 employers, representing around 73% of total scheme membership, to achieve the significant savings, automatic data download would deliver.
24. I have to confirm to members that we face similar frustrations in our efforts to provide 'online self service' facilities for our scheme membership. Such facilities could be provided via the Pension Fund website. However, the website is at present located on the KCC network and once more the problem lies in the ability of scheme members to gain access to the site which has powerful firewall protection.
25. Clearly, it is not possible to provide each member with a manual 'fob' to visit the site. The preferred option is a simple stand alone secure www.domain address and a PIN number to access an individual record. This is in situ in other Local Government Authorities.
26. In this way we could provide members with estimate facilities, on line annual benefit statements, links to AVC accounts and DWP pension statements etc. This would seriously drive down costs and workload.
27. At present the website is merely an information point rather than a dynamic provider of service. We are awaiting agreement to move to a stand alone website domain on a scheme web arrangement. We will keep members advised of progress.

PwC AUDIT

28. An external audit of the Axis Pension System was conducted by PwC to review what assurance could be given to KCC, that the risks, which could prevent the achievement of business objectives for the audited system, are managed effectively. The overall level of assurance given in the audit was 'substantial'.
29. Three recommendations were made of a 'housekeeping' nature which have all been implemented.

INTERNAL AUDIT

30. An internal audit has been conducted, to review the level of assurance, that could be given to KCC in respect of the following:
 - The correct calculation of transfers in and out. The reconciliation of the Pensions Admin system, with the Councils Financial Systems, of all funds flowing in and out of the Pension Scheme, due to transfers both in and out.
 - That retirement benefits are calculated correctly and paid only to those eligible to receive them.

31. I am pleased to confirm the outcome of the audit found all calculations to be correct, reconciliation was complete and a 'high' level of assurance could therefore be given.
32. One minor housekeeping recommendation was made and has been implemented.

OTHER CURRENT ISSUES

FRAUD CASE

33. I reported to members that a potential fraud had been identified with a potential loss to the Pension Scheme of £16,500. For the purposes of confidentiality I will refer to the lady in question as Miss X.
34. Following enquiries by the Kent Constabulary, Miss X was formally charged with fraud and pleaded guilty to the charges when appearing at the County Court in September this year.
35. The case involved the fraudulent completion of Certificates of Entitlement in respect of the deceased mother; the mothers pension continued to be paid following her demise some years previously.
36. Miss X has been given a conditional discharge subject to her paying £5000 by way of compensation to the Kent Pension Scheme.
37. I seek members agreement to write off the balance of £11,650.80 which will not be recovered.

MORTALITY SCREENING

38. Members agreed that a contract could be entered into with Faraday Tracing Bureau (FTB) at an annual cost of £7,600. FTB provide a comprehensive screening service against each Register Office in the UK to minimise losses similar to the circumstances in the fraud case above.
39. The contract requires we provide FTB with data on our entire pensioner population (38,000) including a number of key personal identifiers i.e. name, address, date of birth, National Insurance Number etc.
40. We are advised that KCC does not currently have an 'encryption' facility under which this volume of potentially sensitive data can be electronically transmitted to FTB. I do not recommend simple password protection when sending such volumes of data. I will advise members of progress, if any, at the next report.

RECOMMENDATIONS

41. Members are asked to note the content of this report.
42. Members are requested to write of £11,650.80 in respect of the loss due to the fraud contained in this report.

**Patrick Luscombe
Pensions Manager
Extension 4714**

Workload Summary

Cases completed in key areas

Case Type	2005/06	2006/07	2007/08	2008/09
Benefit Calculation	1255	1547	1544	1814
Divorce Quotations	No data	304	306	373
Estimate Calculations	1206	2302	2121	2364
Preserved Benefit Calculations	No data	3810	3923	4443
Transfers In (Actual & Quote)	No data	499	754	597
Transfers Out (Actual & Quotes)	No data	239	430	542
Widows Benefits	342	307	346	379

Total cases completed and total outstanding cases (20 weeks each year May/September)

	2006	2007	2008	2009
Total cases completed	11464	15240	14885	15641
Total cases outstanding	7844	9937	9129	7753

Achievements against Key Performance Indicators

Case Type	Target Time	6 months to April 2008		6 months to Sept 2008		6 months to April 2009		6 months to September 2009	
		No	% in Target	No	% in Target	No	% in Target	No	% in Target
Calculation and payment of benefit award	20 days from receipt of all paperwork	731	96%	977	92.5%	837	98.5%	907	98%
Calculation and payment of dependant benefit	15 days from receipt of all paperwork	170	91%	172	95.8%	200	100%	134	99%
Provision of Benefit estimate	20 days from receipt of all paperwork	951	95%	1198	91.5%	1166	98.0%	1161	98%
Reply to correspondence	Full reply within ten working days	607	95%	741	91.0%	862	98.0%	785	99%

Achievements against Key Performance Indicators

Cost Centre	KCC	Average peer group (19 authorities)	Average all schemes (56 authorities)	Rank position in peer survey (19 authorities)
Staff costs per scheme member (excl. payroll)	£10.85	£9.49	£9.74	7 th
Staff costs per FTE administration staff	£27,571	£29,700	£30,418	8 th
Payroll costs per scheme member	£1.08	£2.16	£3.18	5 th
Payroll costs per pensioner	£4.90	£10.79	£14.11	5 th
Communication costs per scheme member	£1.65	£0.72	£0.91	19 th
Actuarial costs per scheme member	£0.83	£1.14	£1.24	7 th
IT costs per scheme member	£1.22	£1.99	£2.37	4 th
Accommodation costs per scheme member	£1.26	£0.73	£0.83	17 th
Number of scheme members per FTE	2540	3237	3304	18 th
Total administration costs per scheme member	£17.66	£19.12	£21.77	7th

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By: Chairman Superannuation Fund Committee
Director of Finance

To: Superannuation Fund Committee – 20 November 2009

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

Classification: Unrestricted

Summary: To report on applications to join the Pension Fund.

FOR DECISION

INTRODUCTION

1. This report sets out information on applications from organisations to become admitted bodies within the Pension Fund and seeks committee approval to enter into an admission agreement with these organisations.

AVANTE PARTNERSHIP LIMITED

2. A report on Kent Community Housing Trust (KCHT) was submitted to the 3 July Committee meeting and approval was given for this organisation to be admitted to the Kent County Council Pension Fund. However, prior to the legal documents being signed by KCHT and Kent County Council, the organisation changed its name to Avante Partnership Limited. Consequently, an admission application has been made in the name of the new organisation and the details are given in the following paragraphs of this report.
3. Avante Partnership Limited is the successful bidder for a contract outsourced by Kent County Council to provide domiciliary care services. Two employees are involved in the TUPE transfer from Kent County Council to Avante Partnership Limited.
4. The application has been made under Regulation 6(2)(a)(i) of the Local Government Pension Scheme (Administration) Regulations 2008, as amended. Under this Regulation, there is a requirement for a form of bond or indemnity to be provided. The bond/indemnity is actuarially assessed to cover the costs of early retirement in the event of redundancy. The actuary has assessed the level of the bond/indemnity as £2,000 for the first year.
5. The completed questionnaire and Memorandum and Articles have been examined by Legal Services to ensure compliance with the Local

Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

TURNER CONTEMPORARY

6. Turner Contemporary is a charitable trust which has been set up by Kent County Council to deliver a wide range of artistic and educational programmes in Margate and Thanet. It is moving to an independent status to take effect from 1 April 2010. The employees, finance and legal liabilities are to be transferred to a company limited by guarantee which will be known as Turner Contemporary.

The charity aims to promote art for the benefit of the public through activities including exhibitions, displays, events and commissions. Funding for the company is from a number of sources – including KCC and Arts Council England (ACE)

7. There are currently four employees on the project who will be transferred to the new company. The application to join the Pension Fund has been made to ensure the continued pension provision for those employees.
8. The application has been made under Regulation 5(2)(a)(i) of the Local Government Pension Scheme Regulations. There is no requirement under this regulation for a bond or indemnity. There is a potential financial risk to the Pension Fund if Turner Contemporary ceases to exist. This risk will be covered by KCC acting as a guarantor.
9. The completed questionnaire and Memorandum and Articles have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

NORWEST HOLST

10. Norwest Holst is a Transferee Admission Body participating in the Pension Fund. The company has recently advised the Pension Fund that the company name was changed to Vinci Construction UK Limited at 29 December 2008.
11. This change of name needs to be reflected in our legal agreements by means of a deed. Committee approval is required for KCC to enter into the deed and use the KCC seal.

ORCHARD THEATRE DARTFORD LIMITED

12. At its meeting on 3 July 2009 the Superannuation Fund Committee approved the admission to the Fund of the Orchard Theatre as HQ Theatres Limited.
13. Prior to the legal agreement being signed it was noticed however that the correct name of the admission body was Orchard Theatre Dartford Limited. The Committee approval at the 3 July meeting did not

therefore provide authority for Kent County Council to enter into the legal agreement and use the KCC seal.

14. The date for the transfer as agreed between Dartford Borough Council and Orchard Theatre Dartford Limited was 1 October 2009. As the transfer of employees was imminent, the agreement of the Committee Chairman was sought to ensure that the legal documentation to effect the admission of Orchard Theatre Dartford Limited could proceed, subject to officers giving an update at the next Committee meeting, so that this change of name can be properly reflected in the Committee's minutes.
15. Steps are being taken to prevent this situation arising in the future. These include advising employers of the process and timetable for admission applications and the committee timetable and ensuring that the applicant name in the Committee report matches that on the application.

RECOMMENDATION

16. Members are asked to agree to the admission to the Kent County Council Pension Fund of:
 - (1) Avante Partnership Limited;
 - (2) Turner Contemporary;
 - (3) and agree that a deed can be entered into in respect of the change of name from Norwest Holst to Vinci Construction UK Limited;
 - (4) and in respect of all of the above matters agree that once legal agreements or deeds have been prepared for all of the above matters, the Kent County Council seal can be affixed to the legal documents.
 - (5) note the action taken in respect of Orchard Theatre Dartford Limited.

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