

SUPERANNUATION FUND COMMITTEE

Friday, 29th June, 2012

10.00 am

**Medway Room, Sessions House, County Hall,
Maidstone**



AGENDA

SUPERANNUATION FUND COMMITTEE

Friday, 29th June, 2012 at 10.00 am Ask for: **Geoff Rudd**
Medway Room, Sessions House, County Telephone: **01622 694358**
Hall, Maidstone

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 (Pages 1 - 2)

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)

C. MATTERS FOR REPORT/DECISION BY THE COMMITTEE

1. Minutes (Pages 3 - 4)
2. Invesco Perpetual
3. Fund Structure (Pages 5 - 10)

UNRESTRICTED ITEMS

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

D. MATTERS FOR REPORT/DECISION BY THE COMMITTEE

1. Fund Position Statement (Pages 11 - 20)
2. Treasury Management (Pages 21 - 24)
3. Local Government Pension Scheme 2014 (Pages 25 - 40)
4. Pensions Administration (Pages 41 - 48)
5. Applications for Admissions to the Fund (Pages 49 - 52)

Peter Sass
Head of Democratic Services
(01622) 694002

Thursday, 21 June 2012

- (i) *Please note that any background documents referred to in the accompanying papers maybe 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 Medway Room, Sessions House, County Hall, Maidstone on Friday, 18 May 2012.

PRESENT: Mr J E Scholes (Chairman), Mr J Burden, Mr D C Carr, Mr P Clokie, Mr J A Davies, Ms J De Rochefort, Ms A Dickenson, Mr N Eden Green, Mr P J Homewood (Substitute for Mr J F London), Mr M J Jarvis, Mr R J Parry, Mr J Simmonds and Mr M V Snelling.

IN ATTENDANCE: Mr A Wood (Corporate Director of Finance and Procurement), Mr N Vickers (Head of Financial Services), Ms A Mings (Treasury & Investments Manager), Ms S Surana (Senior Accountant - Investments) and Mr S Tagg (Deputy Pensions Manager).

UNRESTRICTED ITEMS

A. COMMITTEE BUSINESS

17. Minutes

(Item A3)

RESOLVED that the minutes relating to unrestricted items of the meeting held on 2 March 2012 are correctly recorded and that they be signed by the Chairman.

C. MATTERS FOR REPORT/DECISION BY THE COMMITTEE

18. Minutes

RESOLVED that the minutes relating to exempt items of the meeting held on 2 March 2012 are correctly recorded and that they be signed by the Chairman.

19. Goldman Sachs Asset Management

(Item C1)

(1) Ms G Evans and Ms A Troop of Goldman Sachs Asset Management were in attendance for this item in order to give a presentation and answer questions from Committee members.

20. DTZ Investment Management

(Item C2)

(1) Mr P O'Gorman, Ms J Linacre, and Mr C Saunders of DTZ Investment Management were in attendance for this item in order to give a presentation and answer questions from Committee members.

21. Asset Allocation and Projects

(Items C3 and C4 - Report by the Chairman of the Superannuation Fund Committee and the Corporate Director of Finance and Procurement)

The Committee agreed a number of issues relating to Asset Allocation and Projects.

22. Pooled Property Funds

(Item C5-Report by the Chairman of the Superannuation Fund Committee and the Corporate Director of Finance and Procurement)

The Committee agreed an Option regarding Pooled Property Funds

D. MATTERS FOR REPORT/DECISION BY THE COMMITTEE

23. Appointment of a Tax Guarantor in Taiwan

(Item D1-Report by the Chairman of the Superannuation Fund Committee and the Corporate Director of Finance and Procurement)

RESOLVED that:-

- (a) the Corporate Director of Finance and Procurement be authorised to sign the Tax Guarantor Agreement; and
- (b) the Corporate Director of Finance and Procurement and Head of Financial Services be authorised to sign the Power of Attorney.
- (c) the Kent County Council seal can be affixed to the signed Power of Attorney.

24. Application for Admission to the Fund

(Item D2- Report by the Chairman of the Superannuation Fund Committee and the Corporate Director of Finance and Procurement)

RESOLVED that:-

- (a) the admission to the Kent County Council Pension Fund of Principal Catering Consultants Limited (regarding Our Lady of Hartley CP School, Longfield) be agreed:
- (b) the admission to the Kent County Council Pension Fund of the successful bidder for the Oakwood House contract be agreed; and
- (c) once legal agreements have been prepared for the above matters, the Kent County Council seal can be affixed to the legal documents.

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By: Chairman Superannuation Fund Committee
Corporate Director of Finance and Procurement

To: Superannuation Fund Committee –29 June 2012

Subject: **FUND POSITION STATEMENT**

Clarification: Unrestricted

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

FOR INFORMATION

INTRODUCTION

1. Attached is the Fund Position Statement report for the period ended 31 March 2012. This report will set out in rather more detail than usual investment performance.
2. The investment performance figures presented are based upon information prepared by the WM Company which gathers together information from all local authority pension funds and investment managers.

ANALYSIS

3. The value of the Fund was £3,272,576m, an increase of £113m in the year and a return of +2.7% compared with a benchmark return of +3.4%. The underperformance against the benchmark was due to asset allocation (-0.8%) whilst stock selection was positive (+0.1%) – but positive stock selection of +0.7% on UK Equities and +0.1% on Overseas Equities was offset by -0.7% on Fixed Income.
4. The WM local authority average return for the year was 2.6% placing the Kent return in the 56th percentile. So the Fund slightly outperformed the Local Authority Average.
5. At investment manager level the main positive contributors in the year were:
 - Invesco UK Equities +10.6%
 - Baillie Gifford Overseas Equities +3.6%
 - DTZ Property +1%
6. At investment manager level the main negative contributors in the year were:
 - Schroder UK Equities -3.5%

- GMO Overseas Equities -0.6%
 - Schroder Global Active Value -4.5%
 - Schroder Fixed Income -3%
 - Goldman Sachs Fixed Income -2.1%
 - Impax Global Equities -13.3%
7. Overall in the year clearly the main problem was the underperformance of all three Schroder mandates. Members did visit Schroders on 28 March and Schroder will be at the 31 August Committee meeting.
8. Moving on to the 3 year performance position a rather different position, the Fund return of +15.2% per annum is +0.1% ahead of benchmark, overall asset allocation detracted -0.5% but stock selection added +0.6% due primarily to Overseas Equities (+0.4%). The Fund outperformed the Local Authority Average return by +0.7% per annum and this put the Fund in the 36th percentile.
9. At investment manager level the main positive contributors over 3 years were:
- Baillie Gifford Overseas Equities +4%
 - Schroder Global Active Value +2.8%
 - Goldman Sachs Fixed Income +2.5%
 - Schroder UK Equities +0.5%
 - Schroder Fixed Income +0.7%
 - DTZ Property +2.8%
10. At investment manager level the main negative contributors over 3 years were:
- GMO Global Equities -1.9%
 - Invesco UK Equities -1%
11. Over the 3 year period the Fund also benefitted from the introduction of State Street in January 2009 to manage equities on a passive basis. Over 3 years State Street added +0.1% per annum on UK Equities. But more importantly a significant proportion of the total equity allocation could not underperform the benchmark.
12. Looking at 5 year returns the Fund return of +2.9% is -0.4% behind benchmark. Compared to the WM Local Authority Average return of +3.2% the Fund return is in the 53rd percentile. The 5 year performance returns include significant underperformance from managers no longer used – Alliance Bernstein and Soc Gen. The existing manager with 5 year returns have the following relative returns per annum:
- Schroder UK Equities +1.5%
 - Baillie Gifford Overseas Equities +3.5%
 - GMO Global Equities -1%
 - Schroder Global Active Value -0.5%
 - Goldman Sachs Fund Income +0.1%
 - Schroder Fixed Income +0.9%

- DTZ Property +2.3%

RECOMMENDATION

13. Members are asked to note the report.

Nick Vickers
Head of Financial Services

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FUND POSITION STATEMENT

Classification: Unrestricted
Item: D1 refers



Summary of Fund Asset Allocation and Performance

Superannuation Fund Committee

By: Chairman Superannuation Fund Committee
Corporate Director of Finance and Procurement

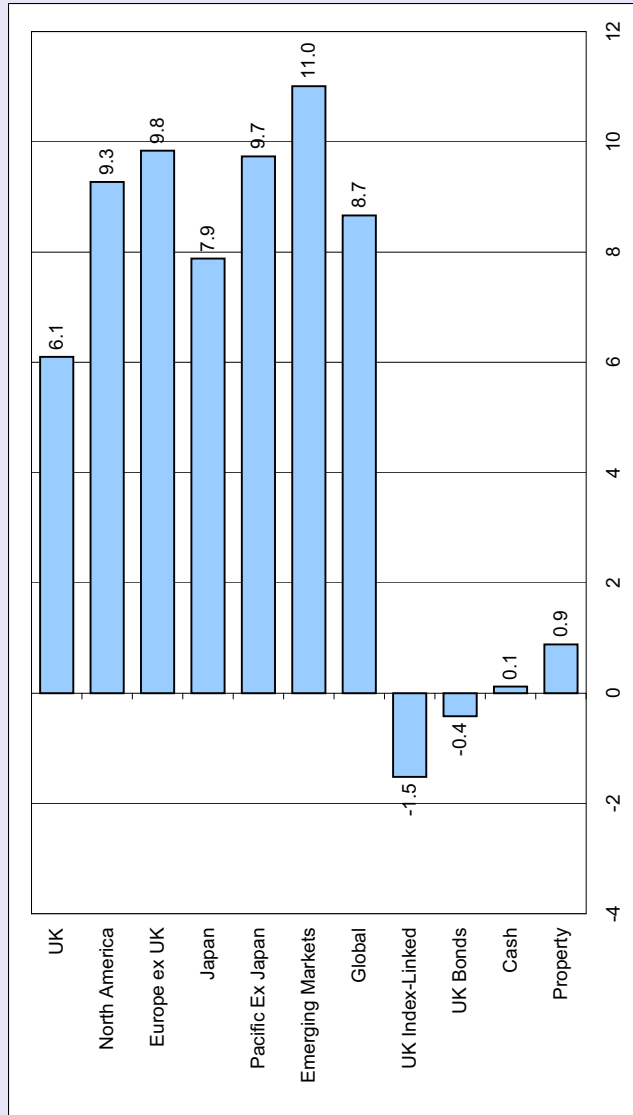


Kent County Council
Superannuation Fund 2012

Nick Vickers—Head of Financial Services

Market Returns - 3 Months to 31 March 2012

Classification: Unrestricted
Item: D1 refers



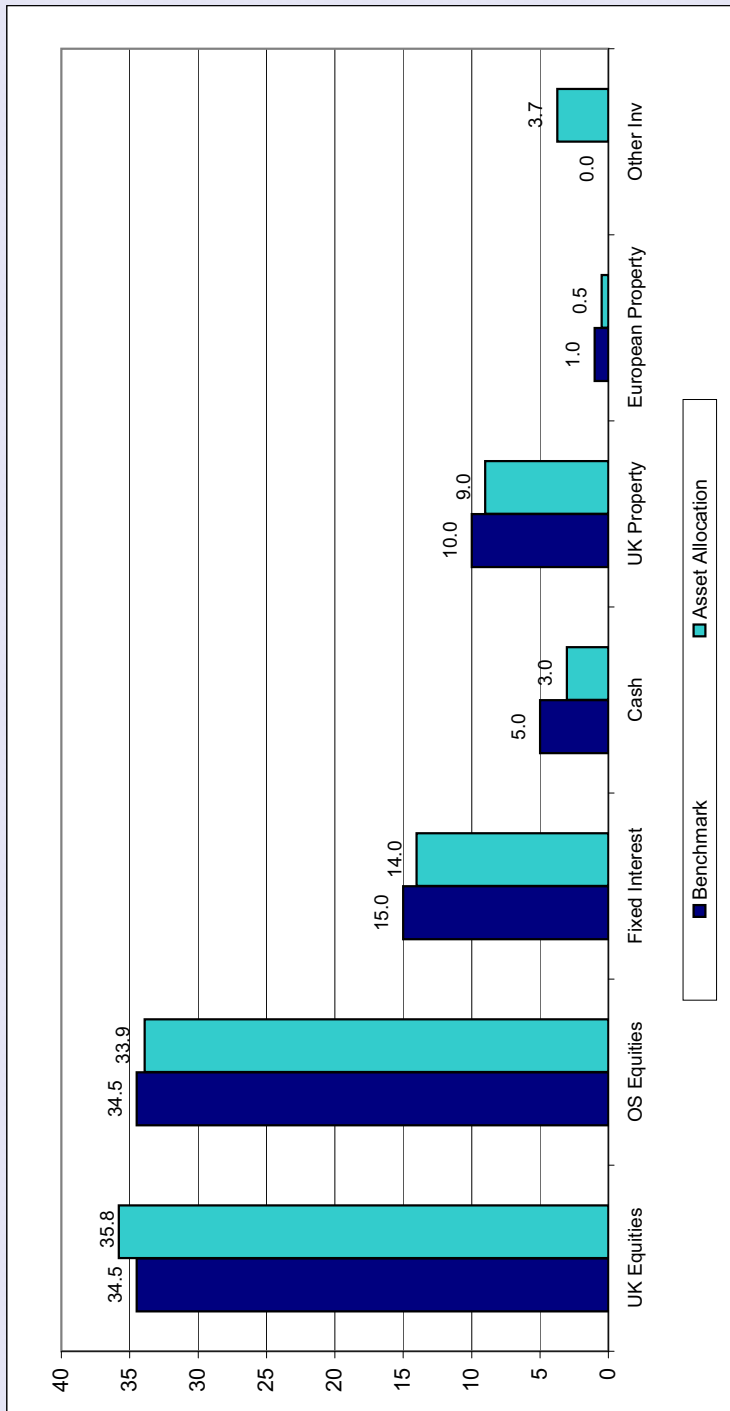
Global equity markets made further progress in the first quarter of 2012 building on the gains of the final quarter of 2011. This reflected a risk on approach at that point from investors-this has since reversed in light of the continuing Euro Zone problems.

UK Index - Linked securities returned a negative yield, and risk aversion combined with central Bank purchases (QE) have driven UK Bonds yields to all time lows.

Property produced a modest return of just under 1%

Asset Allocation vs Fund Benchmark - 31 March 2012

Classification: Unrestricted
Item: D1 refers



Asset Class	Kent Fund		Benchmark
	£m	%	%
UK Equities	1,171	35.8	34.5
Overseas Equities	1,110	33.9	34.5
Fixed Interest	459	14.0	15.0
UK Property	295	9.0	10.0
European Property	16	0.5	1.0
Cash	99	3.0	5.0
Other Inv	122	3.7	-
Total Value	3,273	100	100

Asset Distribution Fund Manager - 31 March 2012

Classification: Unrestricted
Item: D1 refers

Values (GBP)'000	Mandate	Value at		Capital		Value at		Fund	Benchmark
		30/12/2011	Transactions	Gain / loss	Income	30/03/2012	%		
Schroders	UK Equity	496,826	6,838	25,583	6,870	529,247	16	Customised	
Invesco	UK Equity	384,557	0	14,354	0	398,911	12	Customised	
State Street	UK Equity	229,624	(50,000)	14,705	0	194,329	6	FTSE All Share	
State Street	Global Equity	268,582	(43,998)	22,815	0	247,399	8	FTSE All World ex UK	
Baillie Gifford	Global Equity	535,956	2,991	44,178	3,713	583,125	18	Customised	
GMO	Global Quantitative	181,511	0	10,499	0	192,010	6	MSCI World NDR	
Schroders	Global Quantitative	133,557	0	10,941	0	144,498	4	MSCI World NDR	
Goldman Sachs	Fixed Interest	266,348	74	7,096	129	273,518	8	Customised	
Schroders	Fixed Interest	201,838	11	1,384	11	203,234	6	ML £ Broad Market	
Impax	Environmental	21,504	0	2,013	0	23,517	1	MSCI World NDR	
DTZ	Property UK	276,376	23,205	(2,436)	4,022	297,145	9	IPD All Properties Index	
DTZ	Property Europe	16,506	68	(538)	51	16,036	0	IPD All Properties Index	
Harbourvest	Private Equity	2,888	1,711	32	0	4,632	0	GBP 7 Day LIBID	
YFM	Private Equity	3,028	0	33	0	3,061	0	GBP 7 Day LIBID	
Partners	Infrastructure	21,603	3,493	825	0	25,921	1	GBP 7 Day LIBID	
Henderson	Infrastructure	8,837	0	(347)	0	8,490	0	GBP 7 Day LIBID	
Internally Managed	Cash	41,196	5,953	0	46	47,148	1	GBP 7 Day LIBID	
Pyrford	Absolute Return	0	80,000	354	0	80,354	2	RPI	
Total Fund		3,090,738	30,346	151,492	14,844	3,272,576	100	Kent Combined Fund	

Performance Returns - 31 March 2012

Classification: Unrestricted
Item: D1 refers

	Quarter		1 year		3 years	
	Fund %	Benchmark %	Fund %	Benchmark %	Fund %	Benchmark %
Total Fund	5.4	5.2	2.7	3.4	15.2	15.1
UK Equity						
Schroders UK	6.5	6.0	-2.1	1.4	19.0	18.5
State Street	6.2	6.1	1.5	1.4	18.9	18.8
Invesco	3.7	6.1	12.1	1.4	17.6	18.8
Overseas Equity						
Baillie Gifford	8.9	8.8	1.5	-2.0	20.5	15.8
GMO	5.8	8.5	0.3	0.9	14.0	16.2
Schroders GAV	8.2	8.5	-3.7	0.9	19.4	16.2
State Street	9.3	9.3	0.3	0.3		
Impax Environmental Fund	9.4	8.5	-12.5	0.9		
Fixed Interest						
Goldman Sachs Fixed Interest	2.7	-0.4	10.8	13.2	11.9	9.1
Schroders Fixed Interest	0.7	-0.1	3.8	7.0	7.0	6.3
Property						
UK Property	0.6	0.9	6.4	6.6	15.0	11.2
Overseas Property	-2.9	0.9	-5.2	6.6	-11.3	11.2
Private Equity						
Harbourvest	0.5	0.1	-8.7	0.5		
YFM	1.1	0.1	43.0	0.5		
Infrastructure						
Partners	3.5	0.1	-6.6	0.5		
Henderson	-3.9	0.1	4.0	0.5		
Absolute Return						
Pyrford	0.5#					
Data Source: The WM Company						
- returns subject to rounding differences						

In the UK equity category, Schroders out-performed the benchmark this quarter whilst Invesco under-performed. However over a one year horizon, Invesco has far out-performed the benchmark. State Street's tracker fund has consistently returned around benchmark figures.

All overseas equity managers with the exception of GMO produced near benchmark returns or more. However over the one year period Baillie Gifford out-performed the benchmark whilst all other fund managers under-performed with Impax under-performing significantly. Over a three year period both Baillie Gifford and Schroders out-performed the benchmark.

Fixed Interest Managers - Goldman Sachs and Schroders, have outperformed their benchmarks this quarter although performance against the one year benchmark fell short. Both did well against the 3 year benchmark.

Fund Structure - 31 March 2012

Classification: Unrestricted
Item: D1 refers

UK Equities	Global Equities	Fixed Interest	Property	Cash/Alternatives
Schroders +1.5% £529m	Baillie Gifford +1.5% £583m	Goldman Sachs +0.75% £274m	DTZ UK Property £297m	Kent Cash £47m
State Street +0.0% £194m	GMO +3.0% £192m	Schroders +1.0% £203m	DTZ Europe Property £16m	Henderson Secondary PFI £8m
Invesco Unconstrained £399m	Schroders +3.0 - +4.0% £144m			Partners £26m
	State Street +0.0% £247m			YFM Private Equity £3m
	Impax £24m			HarbourVest £5m
				Pyrford +5.0% £80m

Market Value £3.3bn
as at 31 March 2012

By: Chairman Superannuation Fund Committee
Corporate Director Finance and Procurement

To: Superannuation Fund Committee – 29 June 2012

Subject: **TREASURY MANAGEMENT**

Classification: Unrestricted

Summary: To agree what action should be taken to secure the Fund's cash holdings.

FOR DECISION

INTRODUCTION

1. The environment for the protection of the Fund's Cash holdings continues to become more challenging and this report updates from the report to Committee on 2 March where the Fund's Treasury Strategy was agreed.

CURRENT POSITION

2. On 2 March the Committee agreed the following counter parties:
 - JP Morgan Sterling Liquidity Fund – £20m limit.
 - Scottish Widows Global Liquidity Fund - £20m limit
 - Insight Sterling Liquidity Fund - £20m limit
 - Blackrock Institutional Sterling Government Liquidity Fund - £20m limit
 - Goldman Sachs Sterling Government Liquid Reserves Fund - £20m limit.
 - Nat West SIBA - £20m limit.
3. The Pension Fund is not able to access the Debt Management Account Deposit Facility which is the safest option available for local authority cash.

RECENT DEVELOPMENTS

4. There are two main areas of concern:
- (1) Arlingclose have already reduced their maximum recommended duration for Nat West to overnight and it is widely expected that Moody's will shortly downgrade Nat West (and Lloyds) which would mean we would no longer be able to use the SIBA account.
 - (2) We have an over-concentration of funds with JP Morgan. At 25 May the position reported to the Chairman, Vice Chairman and Corporate Director of Finance & Procurement was:
 - Baillie Gifford £21m
 - GSAM £10m
 - Schroders £12m
 - KCC euros 3m
 - KCC £2m
 - KCC \$30m

The investment managers are holding higher than normal levels of cash for obvious reasons. Officers spoke to Baillie Gifford and GSAM and their responses were:

- Baillie Gifford – have stopped using Santander UK and Clydesdale, using RBS and HSBC. Not options that help our risk spreading.
 - GSAM – proposed using their MMF's we already use the Government MMF they have and using their mainstream MMF does not help diversification.
- (3) Money Market Funds are AAA rated but they face an increasing problem of finding secure counterparties themselves. And the Government Money Market Funds are generally small and have the problem that there is very limited short term gilt issuance by higher rated sovereigns.

PROPOSED WAY FORWARD

5. The reality is that there are very limited options for the Cash. The main options are:
- (1) Move all KCC managed Pension Fund Cash from the JP Morgan Liquidity Fund. This has now been done.
 - (2) Set up a current account and call account with HSBC – this would replace the Nat West SIBA. This is underway.
 - (3) Officers are looking at options for short term gilt funds and will give an oral update at the meeting.

6. Prior to the separation of KCC and Pension Fund Cash, the Pension Fund would have been able to access the DMADF via KCC. It seems perverse that the instructions to separate the Pension Fund cash from KCC actually exposes the Pension Fund to more risk.

RECOMMENDATION

7. Members are asked to:
 - (1) Note the report.
 - (2) Delegate authority to the Corporate Director of Finance & procurement in consultation with the Chairman and Vice Chairman to make any arrangements necessary to protect the Fund's cash holdings.

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By: Chairman Superannuation Fund Committee
Corporate Director of Finance and Procurement

To: Superannuation Fund Committee –29 June 2012

Subject: **LOCAL GOVERNMENT PENSION SCHEME 2014**

Clarification: Unrestricted

Summary: To report the latest announcements on the future of the LGPS.

FOR INFORMATION

INTRODUCTION

1. On 31 May the Local Government Association and trade unions issued a joint statement on the outcome of their negotiations on the new LGPS.

PROPOSALS

2. A summarised version of the proposals is attached in Appendix 1.
3. The main changes are:
 - (1) A Career Average Revalued Earnings (CARE) scheme using CPI as the revaluation factor (the current scheme is a final salary scheme).
 - (2) The accrual rate would be 1/49th (the current scheme is 1/60th).
 - (3) Reversion to a two year vesting period (it is currently 3 months).
 - (4) There will be no normal scheme pension age, instead each member's Normal Pension Age (NPA) will be their State Pension Age (the current scheme has an NPA of 65).
 - (5) Average member contributions to the scheme would be 6.5% (same as the current scheme) with the rate determined on actual pay (the current scheme determines part-time contribution rates on full time equivalent pay). While there would be no change to average member contributions, the lowest paid would pay the same or less and the highest paid would pay higher contributions on a more progressive scale after tax relief.

- (6) Members who have already or are considering opting out of the scheme could instead elect to pay half contributions for half the pension, while retaining the full value of other benefits. This is known as the 50/50 option (the current scheme has no such flexible option).
 - (7) For current scheme members, benefits for service to 1st April 2014 are protected, including remaining 'Rule of 85' protection. Protected past service continues to be based on final salary and current NPA. The previously announced 10 year protections from 2012 still apply.
 - (8) Where scheme members are outsourced they will be able to stay in the scheme on first and subsequent transfers (currently this is a choice for the new employer).
4. Very preliminary thoughts on the proposals are:
- (1) Quality of the scheme – this remains a high quality pension scheme which is a major benefit to local authority staff and where appropriate councillors.
 - (2) What are the cost implications – the move to a CARE scheme and likely retirement age to the State Pension Age should reduce costs. The cost issues need to be reflected in the 2013 actuarial valuation.
 - (3) Employee rate increases are limited – the huge majority of local authority staff are low paid and face contributions after tax relief of 4.4-5.4%.
 - (4) Opt-out – there had been a lot of concern that opt out rates would substantially increase. The 50:50 options seems to be an innovative way of enabling individuals to stay in the scheme at times of financial stress for them.
 - (5) Administration – we are now less than 2 years from go live and there is an enormous amount of detail to be worked out as well as systems and processes to be amended.
 - (6) Understanding by scheme members – issues such as accrual rates expressed as fractions are an example of how the scheme both now and in the future is not easy for scheme members to understand. Whilst we can look to our website to provide high quality information the sheer size of the scheme makes providing specific advice very difficult.
5. We await further detailed information.

RECOMMENDATION

6. Members are asked to note this report.

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LGPS 2014 - JOINT STATEMENT

NEW LGPS PROPOSALS RELEASED

The Local Government Association (LGA) and trade unions have today announced the outcome of their negotiations on new LGPS proposals (for England and Wales) to take effect from 1st April 2014.

These proposals will now be communicated to scheme members, employers, funds and other scheme interests. Unions will consult their members over these proposals and the LGA will consult employers. Government has confirmed that a favourable outcome of our consultations will enable them to move directly to a statutory consultation later in the Autumn to implement these proposals.

The main provisions of the proposed LGPS 2014 are as follows:

1	A Career Average Revalued Earnings (CARE) scheme using CPI as the revaluation factor (the current scheme is a final salary scheme).
2	The accrual rate would be 1/49th (the current scheme is 1/60 th).
3	There would be no normal scheme pension age, instead each member's Normal Pension Age (NPA) would be their State Pension Age (the current scheme has an NPA of 65).
4	Average member contributions to the scheme would be 6.5% (same as the current scheme) with the rate determined on actual pay (the current scheme determines part-time contribution rates on full time equivalent pay).
	While there would be no change to average member contributions, the lowest paid would pay the same or less and the highest paid would pay higher contributions on a more progressive scale after tax relief (see table below).
5	Members who have already or are considering opting out of the scheme could instead elect to pay half contributions for half the pension, while still retaining the full value of other benefits. This is known as the 50/50 option (the current scheme has no such flexible option).
6	For current scheme members, benefits for service prior to 1st April are protected , including remaining 'Rule of 85' protection. Protected past service continues to be based on final salary and current NPA.

Where scheme members are outsourced they will be able to **stay in the scheme** on first and subsequent transfers (currently this is a choice for the new employer).

All other terms remain as in the current scheme.

Full details of the above proposals will soon be published on the LGPS website (www.lgps.org.uk) and arrangements are being made for hard copies to be available. The LGA and unions will publish details of their own consultation arrangements.

Future scheme costs will be monitored and controlled to ensure stability and affordability of the LGPS. Further details on cost management and scheme governance will be released once the ongoing discussions in the next part of the LGPS 2014 project are complete.

Quotes

Sir Merrick Cockell – LGA Chairman said.....

“The LGA’s objective in this process has been to ensure that the LGPS continues to be sustainable into the future by developing a set of proposals that are affordable for employers and council taxpayers while being fair to members.

Our aim in reaching agreement on these proposals was to give employers the future cost stability they need. In my view employers can be confident that these proposals coupled with forthcoming cost control mechanisms meet that aim.

Along with the LGPS unions we shared the goal of encouraging existing members to stay within the scheme and new employees to join, these proposals are an example of us working together to achieve such shared goals.”

Heather Wakefield – UNISON National Secretary Local Government, Police and Justice Section said....

“The negotiations over LGPS 2014 have been long and tough and have taken place in a demanding political and economic climate. The process has shown that UNISON, the LGA and the other local government unions can work productively together in the best interests of LGPS members and potential members.

LGPS 2014 is a sustainable, defined benefit scheme, which is designed to protect existing members and be affordable for the low paid and part-time workers who are its majority. Under exacting circumstances, we have achieved the best possible outcome”

Brian Strutton – GMB National Secretary for Public Services said....



“GMB members in the local government pension scheme will be relieved that at long last the uncertainty is over and they are able to see the future proposals for their pension scheme. Jointly negotiated by employers and unions and ratified by government, I believe the proposals strike a fair balance between all the conflicting interests we have had to take into account.

Most importantly I believe the proposals lay the foundation for continued sustainability of the LGPS, which government’s original proposals would not have done. In reaching this deal there have had to be compromises that will affect individuals differently, that’s why, after a period of briefing and consultation, GMB will formally ballot members on this joint offer so that they can decide whether or not it is acceptable”.

Peter Allenson – Unite National Officer for Local Government said....

“Unite re-entered negotiations to ensure that we achieve the best outcome for LGPS members current and future within the terms of reference of the discussions This has been a real negotiation between the Trade Unions and employers and it is right that our members should now vote on whether to accept or reject the proposals”

Notes to editors

1. The background to the LGPS 2014 project “(which applies to the LGPS in England and Wales, but not Scotland or Northern Ireland) can be found on the LGPS website at <http://www.lgps.org.uk/lge/core/page.do?pageId=15431012>.
2. Proposed LGPS 2014 Contribution table.

Actual Pensionable Pay	Gross Contribution	Contribution After Tax Relief
Up to £13,500	5.5%	4.40%
£13,501 – £21,000	5.8%	4.64%
£21,001 - £34,000	6.5%	5.20%
£34,001 – £43,000	6.8%	5.44%
£43,001 - £60,000	8.5%	5.10%
£60,001 - £85,000	9.9%	5.94%
£85,001 - £100,000	10.5%	6.30%
£100,001 - £150,000	11.4%	6.84%
More than £150,000	12.5%	6.88%



3. LGPS key facts

- The LGPS is a funded scheme like private service defined benefit schemes and unlike the other public sector pension schemes.
- The LGPS is collectively the biggest pension fund in the UK and fourth largest in the world making it a major shareholder in business and the UK economy. Together the 89 LGPS funds in England and Wales hold some £145 billion in investments and assets, enough to pay benefits for over 20 years. More than four million people are members of the LGPS in England and Wales with some 1.6 million contributing members being affected by these changes
- The LGPS has a positive cash flow, with income from investments and contributions exceeding expenditure on benefits by almost £4 billion in 2010-11
- Members contribute an average of 6.5% of pay to the scheme with higher earners paying proportionately more currently up to 7.5%.
- The average employer contribution rate for current service is 13.9%. In the private sector the comparable employer contribution average is 17%.
- More than 5,000 employers participate in the LGPS, many of which are private sector companies and charities providing local public services. One in four members of the LGPS is employed outside of the public sector.
- 75% of local government employees participate in the LGPS, significantly higher than the average 34% participation rate in private sector schemes but well below the public sector average of 85%. In some local authorities half of the workforce already opts out of the LGPS.
- The average pension in payment from the LGPS is around £4,200 a year, for women the average is £2,800. The average UK occupational pension in payment is £8,740 a year.

31st March 2012
v 1.1



LGPS 2014 - 'AT A GLANCE'

CHANGES APPLY FROM APRIL 2014

All pensions in payment or built up before April 2014 will be protected. If you are currently in receipt of a pension or have left with a deferred pension these changes do not affect you. If you are currently a contributing scheme member your pre April 2014 pension will still be based on final salary at retirement and the current Normal Pension Age.

MAIN PROVISIONS OF LGPS 2014

The table below shows the main provisions of the proposed new Local Government Pension Scheme (LGPS 2014) for membership from 1st April 2014 compared with those of the current scheme (LGPS 2008). These changes apply only in England and Wales (not Scotland or Northern Ireland). See the glossary for definition of terms in the table below.

	LGPS 2014			LGPS 2008		
Basis of Pension	Career Average Revalued Earnings (CARE)			Final Salary (FS)		
Accrual Rate	1/49 th			1/60 th		
Revaluation Rate	Consumer Price Index (CPI)			Based on final salary		
Pensionable Pay	Pay including non-contractual overtime and additional hours for part time staff			Pay excluding non-contractual overtime and non-pensionable additional hours		
Employee Contribution Rate – Average 6.5% in both LGPS 2008 and LGPS 2014	From	To	Gross Rate	From	To	Gross Rate
	Up to £13,500		5.5%	Up to £13,500		5.5%
	£13,501	£21,000	5.8%	£13,501	£15,800	5.8%
	£21,001	£34,000	6.5%	£15,801	£20,400	5.9%
	£34,001	£43,000	6.8%	£20,401	£34,000	6.5%
	£43,001	£60,000	8.5%	£34,001	£45,500	6.8%
	£60,001	£85,000	9.9%	£45,501	£85,300	7.2%
	£85,001	£100,000	10.5%	More than £85,300		7.5%
	£100,001	£150,000	11.4%			
	More than £150,000		12.5%			

	LGPS 2014	LGPS 2008
Contribution Flexibility	Yes, members can pay 50% contributions for 50% of the pension benefit	No
Normal Pension Age	Equal to the individual member's State Pension Age (minimum 65)	65
Lump Sum Trade Off	Trade £1 of pension for £12 lump sum	Trade £1 of pension for £12 lump sum
Death in Service Lump Sum	3 x pensionable pay	3 x pensionable pay
Death in Service Survivor Benefits	1/160 th accrual based on Tier 1 ill health pension enhancement	1/160 th accrual based on Tier 1 ill health pension enhancement
Ill Health Provision	Tier 1 - immediate payment with service enhanced to Normal Pension Age Tier 2 - immediate payment of pension with 25% service enhancement to Normal Pension Age Tier 3 - temporary payment of pension for up to 3 years	Tier 1 - immediate payment with service enhanced to Normal Pension Age (65) Tier 2 - immediate payment of pension with 25% service enhancement to Normal Pension Age (65) Tier 3 - temporary payment of pension for up to 3 years
Indexation of Pension in Payment	CPI	CPI (RPI for pre 2011 increases)
Vesting Period	2 years	3 months

FUTURE SCHEME COST MANAGEMENT

If the costs of the LGPS change beyond certain limits still to be agreed, there will be negotiations between unions, employers and government about how to meet those cost changes.

PENSION PROTECTION ON TRANSFER

LGPS members who are compulsorily transferred will be able to retain membership of the scheme.

LGPS 2014 – at a glance v 5.0 – 31st May 2012 © The LGPS 2014 Project



For an explanation of the terms underlined see the LGPS 2014- Glossary

These documents describe proposals and do not override any existing legislation. Any examples given are for illustration only, not as an estimate of the benefits you may receive.

LGPS 2014 - OVERVIEW

This overview sets out the main features of the proposed LGPS 2014 starting from 1st April 2014. This new scheme has resulted from the first phase (Workstream 1) of the LGPS 2014 project - a process of negotiation between the Local Government Association (LGA) and the local government unions in consultation with government.

The process is set out in the Project Initiation Document which can be found on the LGPS website (www.lgps.org.uk).

Underlined terms used throughout this and other LGPS 2014 documents are explained in the LGPS 2014 – Glossary.

THE PROPOSED CHANGES APPLY FROM APRIL 2014

All pensions in payment or built up before April 2014 will be fully protected. If you are currently in receipt of a pension or have left with a deferred pension these changes do not affect you. If you are currently a contributing scheme member your pre April 2014 pension will still be based on final salary at retirement, and current Normal Pension Age.

NEW SCHEME DESIGN PRINCIPLES

In December 2011 the following principles were agreed by employers, unions and government. They have guided the development of the proposed LGPS 2014 during Workstream 1 of the project: The full principles document can be found on the LGPS website at www.lgps.org.uk/lge/aio/15431141

PRINCIPLE 1

A single solution to both short and long term issues by the early introduction of the new scheme (regulations by April 2013 and implementation from April 2014) negating the need for scheme changes prior to April 2014.

PRINCIPLE 2

That the single solution be designed around options that will be worked on the basis of career average and can include zero increases in employee contributions for all or the vast majority of members provided overall financial constraints are met (recognising that such constraints may change subject to further negotiations with Treasury on meeting the costs of protections – Principle 7 - and that there will be no triple counting of recycled savings).

PRINCIPLE 3

That the new scheme incorporates some elements of choice designed to encourage both retention of existing membership and encourage new membership.

PRINCIPLE 4

That scheme costs are based on actual experience and the base numbers are provided by Government Actuary's Department (GAD) from the model fund data, can be independently verified and are supported by the Association of Consulting Actuaries (ACA).

PRINCIPLE 5

In order to encourage flexible retirement, the age at which benefits may be taken (the pension age) is to be any time between 55 and 75. Benefits are to be adjusted up or down relative to the proximity of the pension age to the Normal Pension Age (NPA) which is to be linked to State Pension Age (SPA) or age 65 whichever is later.

PRINCIPLE 6

That access to the scheme be provided for a broad range of employees who deliver public services through the continuation of current Admitted Body Status (ABS) arrangements.

PRINCIPLE 7

That the method of meeting the cost of protections (final salary and retirement age in the old scheme and the 10 year protection of pension and age into the new scheme), their value relative to other public sector schemes and their scope for recycling need to be confirmed by Treasury.

PRINCIPLE 8

That scheme cost efficiencies be realised through more effective procurement and provision of both administration and investment services.

PRINCIPLE 9

That the LGPS maintain its relative value in terms of benefits in relation to other public sector schemes.

PRINCIPLE 10

That the scheme design be subject to robust and independent equality impact assessment to ensure it meets all legislative equality requirements in both effect and intent.

FUTURE SCHEME MANAGEMENT PRINCIPLES

In the next phase of the project (Workstream 2) future cost management and scheme governance is being discussed based on Principles 11 to 17 as set out in the December 2011 document. This includes agreeing a method for managing the future costs of the LGPS within certain limits. There will also be discussions between unions, employers and government about how further improvements to scheme governance, including wider representation, can be achieved. Further information on this subject will be covered in future communications on Workstream 2 of the LGPS 2014 project.

NEW SCHEME BENEFITS

The table below shows the main provisions of the proposed new Local Government Pension Scheme (LGPS 2014) for membership from 1st April 2014. Terms used in the table below are explained in the glossary where appropriate.

	LGPS 2014
Basis of Pension	Career Average Revalued Earnings (CARE)
Accrual Rate	1/49th
Revaluation Rate	Consumer Price Index (CPI)
Normal Pension Age	Equal to the individual member's State Pension Age (minimum 65)
Contribution Flexibility	Members can opt to pay 50% contributions for 50% of the pension benefit
Death in Service Lump Sum	3 x pensionable pay
Definition of Pensionable Pay	Actual pensionable pay - to include non contractual overtime and additional hours for part time staff
Vesting Period	2 years

LGPS 2014 – Overview v 5.0 – 31st May 2012 © The LGPS 2014 Project



LGPS 2014 contains some new features. All other benefits remain the same as in the current scheme - LGPS 2008.

Some of the new features - CARE and the link to State Pension Age - were set down by the government in November 2011 and are features of all 'new' public sector pension schemes. The government also replaced the Retail Price Index (RPI) with Consumer Price Index (CPI) indexation before negotiations began.

LGPS 2014 IS STILL A DEFINED BENEFIT SCHEME

LGPS 2014 is a CARE scheme (Career Average Revalued Earnings). Like the final salary LGPS 2008 it is a defined benefit scheme.

THE 50/50 OPTION

In line with Principle 3 above, LGPS 2014 contains an *option* for members to pay 50% of the contributions for a 50% pension whilst retaining the full value of other benefits of the scheme such as an ill health pension, 'death in service' and redundancy. This is intended to attract non-members on low pay to the scheme and retain members who suffer periods of financial difficulty.

CONTRIBUTIONS BASED ON ACTUAL PAY FOR PART-TIME STAFF

In LGPS 2014, all members will have contribution rates based on *actual* - not full time equivalent - pay which is not the case in the current scheme. This will mean that some part-time workers will pay lower contributions than in LGPS 2008.

NEW SCHEME CONTRIBUTIONS

The average member contribution to LGPS 2014 will remain at 6.5% as now. *In line with Principle 2, most members will pay the same or lower contributions than at present.*

The contribution bandings have been changed from the current ones in LGPS 2008. The new structure has been designed to take tax relief into account and to be more progressive. That means that most contribution bandings *after tax relief* increase with earnings - from 4.4% for those earning less than £13,500 to 6.88% for those earning over £150,000.

PROPOSED CONTRIBUTION BANDS AND RATES FOR APRIL 2014

Pensionable Pay	Headline/Gross Contribution	Contribution After Tax Relief*
Up to £13,500	5.5%	4.40%
£13,501 - £21,000	5.8%	4.64%
£21,001 - £34,000	6.5%	5.20%
£34,001 - £43,000	6.8%	5.44%
£43,001 - £60,000	8.5%	5.10%
£60,001 - £85,000	9.9%	5.94%
£85,001 - £100,000	10.5%	6.30%
£100,001 - £150,000	11.4%	6.84%
More than £150,000	12.5%	6.88%

*Please note that the net contribution rates stated are approximate and will depend on individual members' circumstances.

PROTECTION OF CURRENT BENEFITS

The new LGPS will start on 1st April 2014. Only pensionable service after that point will be in the new scheme, under the new LGPS 2014 rules.

Pensioner and deferred members will not see any change to their benefits. Members with service in the current final salary scheme will retain the link to final salary for all service before 1st April 2014 and the Normal Pension Age as under the current rules. Your final salary pension from the LGPS 1997 and LGPS 2008 will be calculated separately when you retire and be added to your pension from the LGPS 2014.

LGPS 2014 – Overview v 5.0 – 31st May 2012 © The LGPS 2014 Project



In addition, to ensure that no member within 10 years of age 65 as at 1st April 2012 is worse off, there will be an 'underpin'. This means that those members who would see a change in their pension age in that period will get a pension at least equal to that which they would have received in the current scheme.

Previously agreed protection will continue. This includes the retirement age provisions for remaining members with Rule of 85 benefits.

PENSION PROTECTION ON TRANSFER

It is proposed that the provisions of the current scheme are extended to ensure that all staff whose employment is compulsorily transferred will still be able to retain membership of the LGPS when transferred.

By: Chairman Superannuation Fund Committee
Corporate Director of Finance and Procurement

To: Superannuation Fund Committee – 29 June 2012

Subject: **PENSION ADMINISTRATION**

Classification: Unrestricted

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

- Workload position
- Achievements against Key Performance Indicators (KPIs)
- Automatic Enrolment
- Possible fraudulent overpayment cases
- Framework Tender – Administration software
- IDRPs – New Appointed Person

FOR INFORMATION

INTRODUCTION

1. This report brings members fully up to date with a range of issues concerning the administration of the Kent Pension Scheme.

WORKLOAD POSITION

2. Members have been advised of increasing workloads for the section in successive reports. The continuation of this trend is confirmed in Appendix 1.
3. Total tasks completed in the year ending 31 March 2012 at 12266 is an increase of 1774 on the previous year.
4. Significant increases are shown in the number of benefits processed, the number of estimates calculated and the number of deferred benefits completed.
5. Deferred benefits increased from 3732 to 5185.
6. These increases are largely due to the extent of downsizing being undertaken by many of our 320 employers, seeking to reduce head count to meet reduced budgets/funding.
7. The LGPS presently has a 'vesting' period' of 3 months, outside which, a refund of contributions cannot be provided should a person leave or opt out of the scheme. This has clearly added to the high volume of low value deferred

benefits now retained by the scheme, which hitherto, would most likely have been dealt with as a refund of contributions to the scheme member.

8. Members were advised of my concern that large numbers of young/low paid staff were opting out, possibly for financial reasons. We have now commenced our recording of opt outs and I will advise members of the results at the next six monthly report.

KEY PERFORMANCE INDICATORS (KPIs)

9. The results of our achievements against KPIs is shown at Appendix II.
10. I am pleased to confirm that our target of 95% within the target period has been achieved in each of the four categories.
11. The section has achieved these results in a period during which it has operated with 7 FTE vacancies.
12. We are presently recruiting 2 Pension Support Assistants and have taken up the opportunity to re-employ an experienced Pensions Administrator, who had been with us for 3 years, prior to moving to another part of KCC. She asked if she could be flexibly redeployed to us and we readily agreed.
13. Given the increases in workload and levels of staffing within the section I am very pleased to report these results to committee. Members should be aware that it is becoming increasingly difficult to maintain these results in an environment of increasing workloads and constant change

AUTOMATIC ENROLMENT (AE)

14. Members were advised of the forthcoming initiative known as Automatic Enrolment and the difficulties this may cause for the Pension Section.
15. Since the last report the 'staging date' for Kent County Council (KCC) is confirmed as 1 March 2013. At this point KCC has to enrol all eligible employees, not already members of the LGPS, into our pension scheme. Each employee has 1 month to 'opt out' if this is their wish.
16. Each employer in the Kent Pension Scheme will be required to comply with the AE legislation. Employers have individual 'staging dates' according to the size of their payroll. Our next two largest employers are Medway Council and Kent Police. All employers will need to complete the process by April 2016.
17. All employers have been invited to a training days, 2 being hosted at Ashford and 1 at Gravesham, at which LGA trainers, are providing specific training on employer responsibilities and the necessary action each employer should take.

18. We are asking each employer to advise us of the numbers of staff who are presently not in the LGPS. This should give us an idea of the likely numbers of staff to be enrolled under this initiative and the potential level of opt outs we will experience.
19. It is anticipated that a large number may opt out. All opt outs must be re-enrolled after a 3 year gap. Staff who do not qualify for AE at the staging date, because they do not meet the age/salary criteria at this time, must be auto enrolled at the earliest point they subsequently qualify. This may be mid term between the 3 year enrolment exercises .All in all this is a further significant level of work for both employers and administrators

FRAUDULENT OVERPAYMENT CASES

20. I am disappointed to advise members, that we may well have identified a number of overpayments of pensions, due to fraudulent activity by relatives / executors, following the death of our pensioner.
21. When a pensioner dies, it is the responsibility of the relatives or those acting for the deceased, to advise all interested parties of the death of the pensioner. If there is no surviving spouse or dependent children, the pension is stopped and should not continue to be paid.
22. Members are aware that over the years it has been necessary to write off cases where no advice of death was received and the pension was overpaid. These cases occurred despite efforts by the section to obtain repayment from the estate without success.
23. In the advent of the National Fraud Initiative, it was hoped that occurrence would be less frequent. The NFI, undertaken annually had little impact and often, a full years pension was paid before the NFI identified the pensioner was deceased. The NFI process is now undertaken biannually.
24. We therefore contracted with ATMOS in April 2011, which is a mortality screening company who undertake a monthly match of our database with the registrars departments around the UK, to identify such cases as soon after the death as possible.
25. Pensions should therefore only be overpaid, in cases where we are not advised, for a maximum period of 5 weeks.
26. ATMOS completed a full scan of our database back to September 2010. We have identified a small number of cases , which occurred prior to the Atmos search, but, which were not picked up by the NFI process
27. I am satisfied that fraudulent activity has occurred. These have been reported to Paul Rock, Fraud Investigator for KCC. He is liaising with Kent Police to try to seek action against those responsible. The cases and amounts involved are as follows:-

Mr R	£22,060.69	Funds withdrawn from Bank after death in January 2009.
Mr E B	£10,630.71	Informant on death certificate not responding to letters.
Mr B	£3,399.01	Funds withdrawn by machine after date of death.
Mr D	£3,359.56	Money shared amongst family and no funds available.
Total	£39,449.97	

28. Kent Police have shown some reluctance to pursue individual cases, as the Fraud Squad, only look at offences over £100,000
29. We are hopeful that they may pursue the matter given the combined value of all cases. The key is to have Kent Police provide the local banks with an order to release information about the accounts of deceased pensioners. Without such an order the banks do not co-operate.
30. Members will be kept up to date with progress.

FRAMEWORK TENDER – ADMINISTRATION SYSTEM

31. Members were advised at the last report that I had confirmed the involvement of Kent County Council in the proposed collaborative framework tender for the procurement of pension administration software.
32. The framework is to be undertaken by the following administering authorities on a collaborative basis:
 - Kent County Council
 - Essex County Council
 - Hampshire County Council
 - Greater Manchester Pension Fund
 - North Yorkshire Pension Fund
 - South Yorkshire Pension Fund
 - Bedfordshire Pension Fund
 - Norfolk Pension Fund
 - Lambeth Pension Fund
33. The founder authorities include no less than 5 administering authorities either larger or of an equivalent size to Kent. Greater Manchester is the largest of the UK LGPS schemes.

34. The first meeting of the group was held in London on 12 June 2012. I agreed to seek member endorsement for Kent County Council to be the 'lead' authority for this project. Being lead Authority carries no liability for Kent
35. Agreement was reached to seek a multi provider framework from which any UK Authority can call off future contracts. Members can be assured that this is a strong group, who will share the costs of the tender process equally.
36. Eversheds, the prominent UK pension lawyers, are contracted to provide procurement and legal advice.
37. Mercers are likely to be contracted to provide market intelligence, project managements and contractual input.
38. Technical and specification of system needs will be provided by member schemes.
39. Committee members are given my absolute assurance that the project leaders are aware of the potential risks posed by this initiative. However, the Founder members are also very clear that the current monopoly environment, enjoyed by Heywood, is not welcomed in the future
40. Members of the project board are confident that the framework will provide all LGPS administering authorities with the comfort of a reliable, secure and cost effective choice of system providers, for the first time in the future
41. Presently, the current contract of Kent County Council, with Heywood, is renewed annually without EU procurement/tender being undertaken.
42. In recent months both West Yorkshire, East Riding Pension Schemes, have moved away from Heywood and chosen the Comino/Civica offering. It is now considered necessary for Kent to be a part of this collaborative tender process in order to avoid any risk of challenge in the future.
43. It has been necessary for me to step down, from my role as Chairman of the National Management Team of CLASS, in order lead this initiative.

INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP)

44. The scheme regulations require that each employer and the administering body appoint an independent referee to consider appeals made by scheme members or scheme employers.
45. The Kent Scheme originally appointed John Briscoe, former Pensions Manager of Norfolk County Council, who commenced a pensions consultancy for the purpose, upon his retirement from the council.
46. Mr Briscoe is now retiring completely and will no longer be able to act in this capacity with effect from 30 June 2012.

47. We are able to appoint a colleague of West Yorkshire to act in this capacity in the future who will be fully versed in respect of the Regulations of the LGPS.
48. I am satisfied that this will provide us with an impartial and informed appointed person to replace Mr Briscoe.
49. Mr Briscoe charged £200 per case . This was the original fee dating back to 1998. West Yorkshire propose to charge £250 per case going forward. We see around 12 cases per annum.
50. It is proposed that where a decision of the employer, is the subject of an appeal, the employer be responsible for the cost of the appeal. The Pension Fund will only be responsible, where the subject matter of the appeal, relates to the Pension Section or the scheme regulations, about which the employer has no influence.

RECOMMENDATION

51. Members are asked to note
 - (1) The content of this report.
 - (2) Members are asked to confirm their agreement that Kent be the lead authority to the pension scheme administration software framework agreement, in the outline terms confirmed in this report and share with the other 'founder' members, the cost of the project.
 - (3) Members are asked to agree the appointment of West Yorkshire Pension Fund to act as the appointed person in the resolution of disputes with the Kent Pension Fund.

Patrick Luscombe
Pension Manager
Extension 4714

Appendix I
Tasks created in key administration areas
Workload Summary

Case Type	2009/10	2010/11	2011/12
Benefit calculation	1797	2076	2434
Divorce cases	490	544	449
Estimate calculation	2348	2871	3133
Preserved Benefit	3913	3732	5185
Transfers In	664	547	283
Transfers Out	555	407	418
Widows Benefit	311	315	364
TOTAL	10078	10492	12266

Annual figures to 31 March each year.

Appendix II

Achievements against Key Performance Indicators

Case Type	Target	2009/10		2010/11		2011/12	
		No	% in target	No	% in target	No	% in target
Calculation and payment of retirement award	20 days	1797	98%	2076	99%	2434	99%
Calculation and payment of dependant benefits	15 days	311	98%	315	99%	364	98%
Calculation and provision of benefit estimate	20 days	2348	98%	2871	98%	3133	99%
Reply to correspondence	10 days	1722	99%	1705	99%	1473	98%

NB. All targets run from the day the section has full/correct documentation.

By: Chairman Superannuation Fund Committee
Corporate Director Finance and Procurement

To: Superannuation Fund Committee – 29 June 2012

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

Classification: Unrestricted

Summary: To report on applications to join the Pension Fund and the termination of an admission agreement.

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. It also advises of the need to terminate an existing admission agreement. Committee approval is sought to enter into these agreements.

ROFFA LIMITED

2. Medway Council is awarding a contract for running the Sterling Sports Centre to Roffa Limited, who are based at a private school, Kings School Rochester.
3. This involves the transfer of 6 employees from Medway Council to Roffa Limited on 1 October 2012. To ensure the continuity of pension arrangements for these employees, Roffa Limited have made an application for admission to join the Pension Fund.
4. The application has been made under Regulation 6 (2) (a) (i) of the Local Government Pension Scheme (Administration) Regulations 2008, as amended, and under this regulation the admitted body is required to provide a form of bond or indemnity. The Fund Actuary has assessed the level of bond at £41,000 for the first year and set an employer's contribution rate of 18.5%.
5. The completed questionnaire and Memorandum and Articles of Association provided by Roffa Limited have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

INNOVATE SERVICES LIMITED

6. KCC is awarding a contract to Innovate Services Limited for catering services at Harvey Grammar School in Folkestone, although the effective date is currently unclear.
7. This involves the transfer of 5 employees from KCC to Innovate Services Limited. To ensure the continuity of pension arrangements for these employees, Innovate Services Limited have made an application for admission to join the Pension Fund.
8. The application has been made under Regulation 6 (2) (a) (i) of the Local Government Pension Scheme (Administration) Regulations 2008, as amended, and under this regulation the admitted body is required to provide a form of bond or indemnity. The Fund Actuary has assessed the level of bond at £42,000 for the first year and set an employer's contribution rate of 19.5%.
9. The completed questionnaire and Memorandum and Articles of Association provided by Innovate Services Limited have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

OAKWOOD HOUSE

10. At the previous committee meeting it was explained that two bidders for the Oakwood House contract had made an application for admission to the Pension Fund and that there was a third bidder who, if successful, would provide a comparable pension scheme of their own.
11. The third bidder has now made an application for admission to join the Pension Fund, rather than providing a comparable alternative.
12. The admission application has been made under Regulation 6 (2) (a) (i) of the Local Government Pension Scheme (Administration) Regulations 2008, as amended, and under this regulation the admitted body is required to provide a form of bond or indemnity. The Fund Actuary has assessed the level of bond at £55,000 for the first year and set an employer's contribution rate of 20%.
13. The completed questionnaire and Memorandum and Articles of Association provided by the third bidder have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

PRINCIPAL CATERING CONSULTANTS LIMITED (re Upton Junior School)

- 14 Principal Catering Consultants is a transferee admission body who joined the pension fund on the 3 October 2011 following the award of a catering contract by Upton Junior School, who are a KCC School.
- 15 As this contract is not being extended after 31 July 2012 a cessation report has been requested from the actuary. This will show if anything is due from Principal Catering Consultants to the Pension Fund. If any payment is required, it will be made before the termination is completed.

RECOMMENDATION

16. Members are asked to:
 - (1) Agree to the admission to the Kent County Council Pension Fund of Roffa Limited, and
 - (2) Agree to the admission to the Kent County Council Pension Fund of Innovate Services Limited, and
 - (3) Agree to the admission to the Kent County Council Pension Fund of the third bidder for the Oakwood House contract, and
 - (4) Note the withdrawal of Principal Catering Consultants Limited (re Upton Junior School) as a participating employer in the Pension Fund, and
 - (5) Agree that once legal agreements have been prepared for the above matters, the Kent County Council seal can be affixed to the legal documents.

Steven Tagg
Treasury and Investments
Ext. 4625

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