

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

To: Superannuation Fund Committee – 6 November 2015

Subject: **FUND EMPLOYER MATTERS**

Classification: Unrestricted

Summary: To report on Fund employers, applications to join the Superannuation Fund and a number of admission matters.

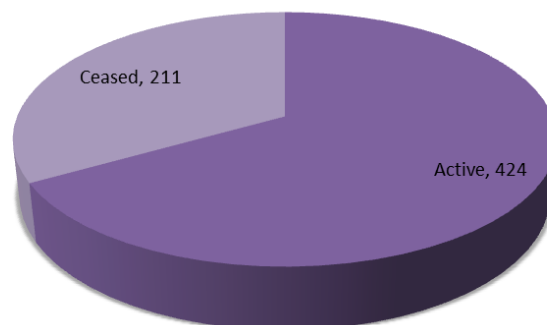
FOR DECISION

INTRODUCTION

1. This report sets out information on Fund employers including an update on academy trusts as employers in the Fund, applications from organisations to become admitted bodies within the Fund and information on a number of admission matters. The Committee's approval is sought to enter into these agreements. The report also advises Committee of a new resolution entity joining the Superannuation Fund.
2. The Committee are advised that the admission minutes relating to the new admission matters and the termination of Rochester Care Home Limited are to be signed at the end of today's meeting to facilitate completion on the desired dates.

EMPLOYERS IN THE FUND AS AT 30 SEPTEMBER 2015

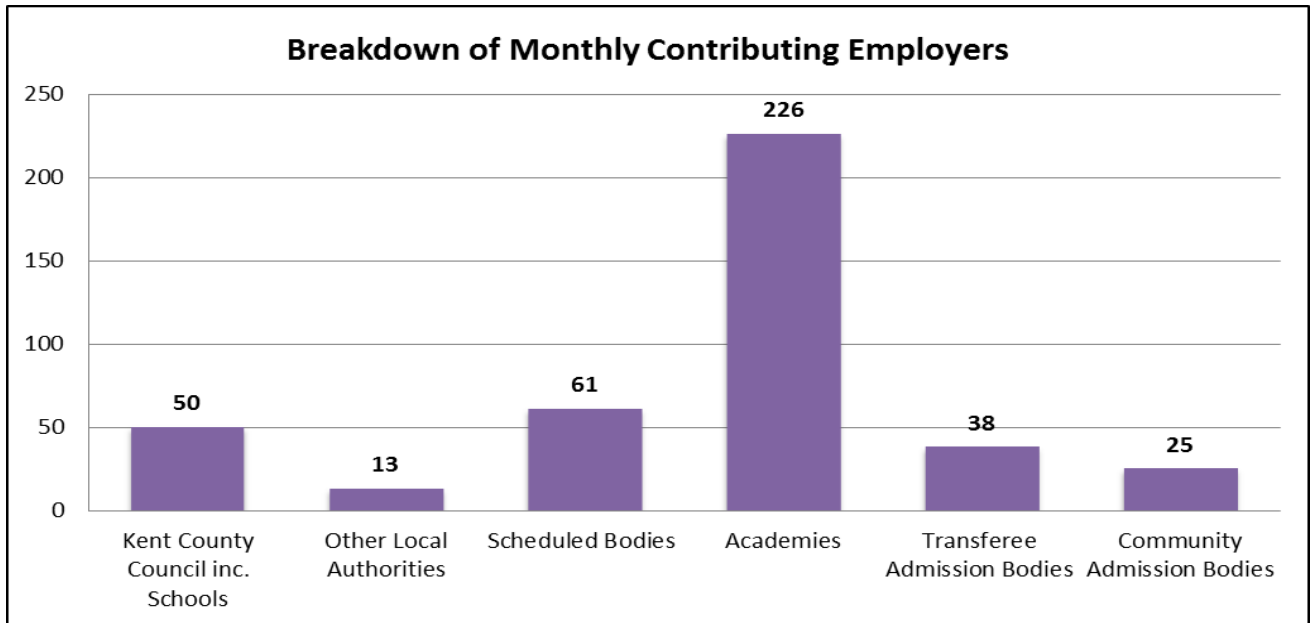
Split of Employers between Active and Ceased



3. There are currently a total of 635 employers in the Kent Pension Fund. During the 3 months to the end of September the number of Active employers who are regularly paying contributions to the fund increased by 9 to 424 as 10 new employers joined the Fund and 1 Active employer became a Ceased employer.

Of the Active employers 413 pay monthly and 11 pay annual contributions. The 211 Ceased employers no longer have active contributing members in the LGPS but the Fund has an existing or future liability to pay pensions.

4. The following chart shows the Employers from whom the Fund receives monthly contributions, by Employer Group.



5. The following is a list of new employers in the Kent Fund.

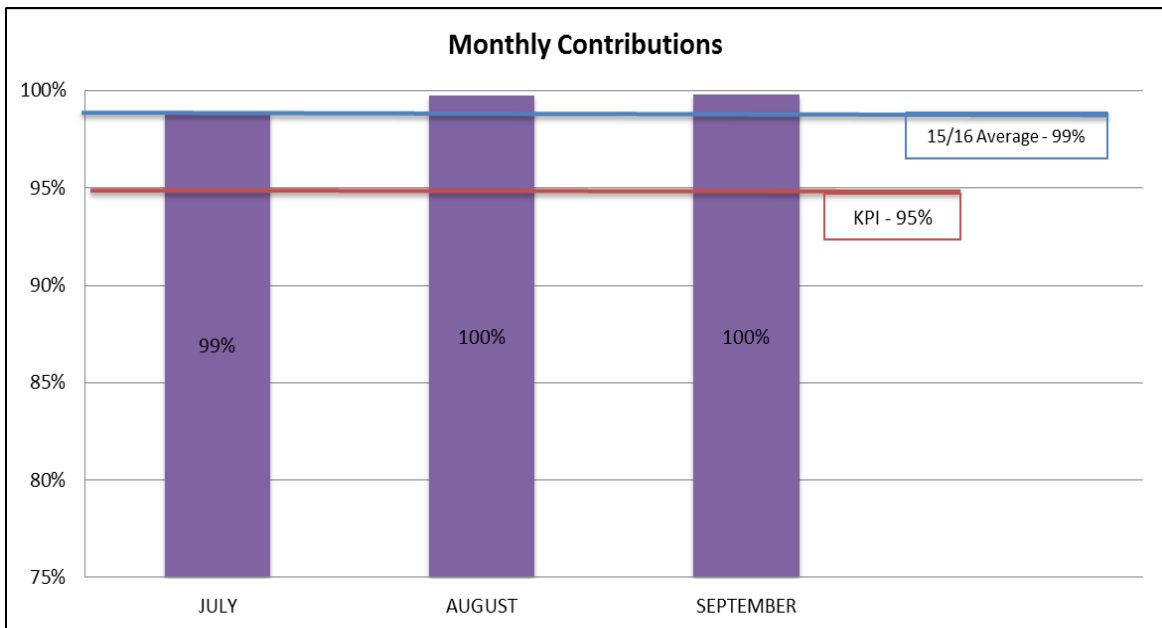
Active employer	Effective date
Reculver CEP School Academy	1 July
St John's Catholic Primary School Academy (Gravesend)	1 July
St Mary of Charity CE VA Primary School Academy	1 July
St Mary's Catholic Primary School Academy (Whitstable)	1 July
Stocks Green Primary School (left KCC payroll)	1 August
Chilton Academy Trust	1 September
Istead Rise Primary Academy	1 September
Pathway Academy Trust	1 September
Medway Anglican Schools Trust	1 September
Danecourt School Academy	1 September
Ceased employer	Effective date
Caterlink Limited (re Upton Junior School)	28 August

CONTRIBUTIONS FROM EMPLOYERS QUARTER 2 2015/16

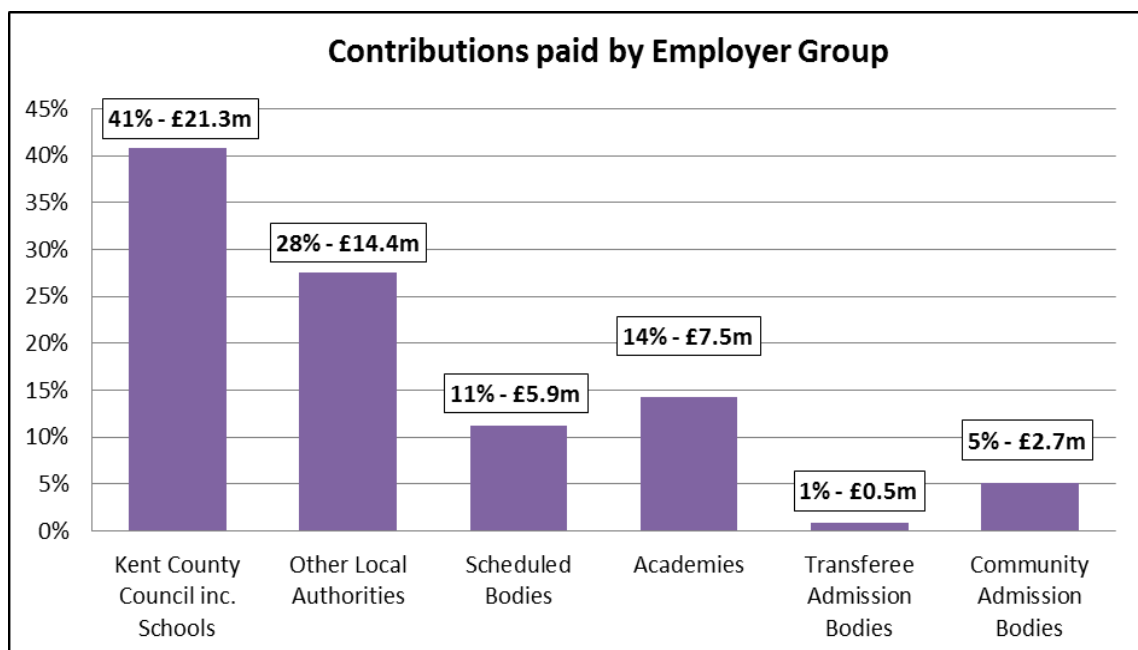
6. In quarter 2 2015/16 the Fund received £52m from Employers in respect their monthly contributions (employer and employee) as follows:

	JULY	AUGUST	SEPTEMBER
	£	£	£
Received Early	10,326,069	8,346,891	9,102,809
Cash on 19th	6,910,900	8,954,609	8,175,940
Received Late	198,222	44,353	36,920
Total	17,435,191	17,345,853	17,315,669

7. KCC monitors the timing of receipt of these contributions compared to a KPI of 95%. To date the KPI has been exceeded each month with an average 99% of all contributions being received on or before the due date.



8. The following table shows that KCC and other local authorities have paid nearly £36m, 69% of all contributions received from employers.



ACADEMY TRUSTS

9. The number of academies set up as employers in the Kent Pension Fund has increased significantly since they were first established back in 2010. There are now 226 academies in the Fund and this number is likely to increase considerably as schools convert and free schools are opened in Kent. The Kent Catholic Schools Partnership is the largest trust in the Kent Fund with 29 academies in their trust.
10. KCC is now making arrangements to recognise the academy trust as the employer in the Fund in order to effectively manage future workloads and costs while reducing Fund risks. This change also recognises the Government's guarantee to LGPS Administering Authorities regarding outstanding LGPS liabilities in the event of the closure of an Academy Trust.
11. The new approach replaces that currently in place whereby the Fund recognises each academy as an employer irrespective of whether it is a single academy trust (SAT) or part of a multi academy trust (MAT). The number of MAT's is increasing as the result of the following:
 - 1) when schools convert or free schools open they are encouraged to join existing MAT's or set up new MAT's;
 - 2) existing SAT's are closing with the academies joining MAT's.

In addition academies are moving between MAT's.
12. When an academy moves from one trust to another KCC agrees with the receiving trust that they are taking over all pension liabilities of the academy together with their Fund assets.
13. We have also agreed with Barnett Waddingham arrangements for employer contribution rates as follows:
 - 1) Where the MAT includes academies that are currently in both the Kent and Medway academy pools the trust will pay the Kent pool rate as a temporary arrangement until the 2016 valuation is completed. Currently this approach only applies to 3 MAT's;
 - 2) Where an academy joins a trust it will pay the existing contribution rate of that trust.
14. There is quite a significant amount of work involved for both the Treasury and Investments team and the Pensions Admin staff to change Fund records for existing academies and given available resources it is anticipated that these changes will be complete by 31 March 2016.

AGILISYS LTD

15. KCC is awarding a 6 year contract with a possible 4 year extension for Contact Centre and Digital Services effective from 9th December 2015 and this involves the transfer of approximately 148 employees from KCC to Agilisys Ltd.
16. To ensure the continuity of pension arrangements for these employees, Agilisys has made an application to join the Superannuation Fund as an Admitted Body. The admission application has been made under Schedule 2 Part 3 1 (d) (i) of the 2013 LGPS Regulations, as amended, and under this regulation the admitted body is required to provide a form of bond or indemnity.
17. The Fund Actuary has assessed the level of the bond at £339,000 for the first year however KCC has agreed to be responsible for any underfunding risk at the end of the contract and this reduces the value of the bond required for the first year to £241,000. The employer's contribution rate has been set at 12.4% for a closed agreement.
18. The completed questionnaire and supporting documents provided by Agilisys have been examined by Officers to ensure compliance with the LGPS Regulations, and Legal Services have given a favourable opinion on the application.

INVICTA TELECARE TRADING AS CENTRA PULSE

19. KCC is awarding a 5 year contract for Digital Care and Assistive Technology (including Telecare) Services from 30th November 2015 and this involves the transfer of 6 employees from KCC to Centra Pulse.
20. To ensure the continuity of pension arrangements for these employees, Centra Pulse has made an application to join the Superannuation Fund as an Admitted Body. The admission application has been made under Schedule 2 Part 3 1 (d) (i) of the 2013 LGPS regulations, 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 £33,000 for the first year and set an employer's contribution rate of 16.3% for a closed agreement.
21. The completed questionnaire and supporting documents provided by Centra Pulse have been examined by Officers to ensure compliance with the LGPS Regulations, and Legal Services have given a favourable opinion on the application.

CATER LINK LIMITED (re Dover Grammar School for Boys)

22. Dover Grammar School for Boys is awarding a 5 year contract for Catering Services although the effective date is not yet known. This involves the transfer of 5 employees from Dover Grammar School for Boys to Cater Link Limited.

23. To ensure the continuity of pension arrangements for these employees, Cater Link has made an application to join the Superannuation Fund as an Admitted Body. The admission application has been made under Schedule 2 Part 3 1 (d) (i) of the 2013 LGPS Regulations, 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 £21,000 for the first year and set an employer's contribution rate of 16.5% if open or 17.3% for a closed agreement.
24. The completed questionnaire and supporting documents provided by Cater Link Limited have been examined by Officers to ensure compliance with the LGPS Regulations, and Legal Services have given a favourable opinion on the application.

EBBSFLEET DEVELOPMENT CORPORATION (EDC)

25. Ebbsfleet Development Corporation is a Non Departmental Public Body (NDPB) accountable to the Department for Communities and Local Government (DCLG). The EDC was legally established through Statutory Instrument 2015 No 747 laid in Parliament under the Local Government, Planning and Land Act 1980.
26. The EDC started life on 20 April 2015. Permanent staff are being from June 2015 onwards and the maximum headcount will be 32 FTE.
27. A framework document agreed by DCLG and HMT governs the financial and management processes of the EDC.
28. EDC has made a resolution to join the Superannuation Fund from 20 June 2015. The resolution is made under Schedule 2 PART 2 13 of the LGPS 2013 Regulations and entitles all their current and future staff to be eligible for membership of the LGPS. An admission agreement and bond is not required. Barnett Waddingham has been asked to produce a report to certify the employer contribution payable.

PROJECT SALUS (re Youth Service)

29. Project Salus is a transferee admission body in the Kent Superannuation Fund following the transfer of staff from KCC on 1 August 2014.
30. As this contract has been extended by 3 months to March 2016, it is now necessary to extend the original admission agreement by way of an updated admission agreement.

PROJECT SALUS (re Kent Safe Schools)

31. At their meetings on 16 November 2012 and 21 March 2014 the Committee agreed to extend the admission agreement by Deeds of Modification on the basis that the original commercial contract had been extended. Since these

meetings took place, it has transpired that the original commercial contract was not extended but Project Salus has continued to provide the services. The Fund has received specialist legal advice on such circumstances which confirms we may rely upon a de-facto contract being in place.

32. It is proposed we enter into an updated agreement with Project Salus re Kent Safe Schools.

MYTIME ACTIVE

33. At their meetings on 7 February 2014 and 20 March 2015 Committee agreed to extend the admission agreement by Deeds of Modification on the basis that the original commercial contract had been extended.
34. Since these meetings took place, it has transpired that the original commercial contract was not extended but MyTime Active has continued to provide the services. The Fund has received specialist legal advice on such circumstances which confirms we may rely upon a de-facto contract being in place.
35. It is proposed we enter into an updated agreement with MyTime Active.

FUSION LIFESTYLE LIMITED

36. Fusion Lifestyle Limited is a transferee admission body in the Kent Superannuation Fund following the transfer of staff from Tunbridge Wells Borough Council on 29 September 2006.
37. As this contract has now been extended by 5 years from October 2016, it is necessary to extend the original admission agreement by way of an updated admission agreement.

ROCHESTER CARE HOME LIMITED (re Robert Bean Lodge)

38. Rochester Care Home Limited (re Robert Bean Lodge) are a transferee admission body which joined the Kent Superannuation Fund on 1 September 2013 following a transfer of staff from Medway Council. The last active LGPS member left on 30 June 2015 so they are an exiting employer.
39. We will now obtain an actuarial valuation which will show what, if anything, is payable to the Superannuation Fund and it is proposed that we enter into a termination agreement with Rochester Care Home Limited (re Robert Bean Lodge).

APCOA PARKING UK LIMITED

40. At their meeting on 10 February 2012 the Committee resolved to note the withdrawal of APCOA Parking UK Ltd as a participating employer in the Pension Fund. APCOA has paid the exit liability as required by the Fund.

41. For the avoidance of doubt, Committee are now asked to confirm that they agree to the withdrawal of APCOA Parking UK Ltd as a participating employer in the Kent Pension Fund.

CATERLINK LIMITED (re Upton Junior School)

42. Caterlink Limited is a transferee admission body in the Kent Superannuation Fund following the transfer of staff from Kent County Council on 28 March 2013. The last active LGPS member left on 28 August 2015 resulting in them becoming an exiting employer. We will now obtain an actuarial valuation which will show what, if anything, is payable to the Superannuation Fund.
43. It is proposed that we enter into a termination agreement with Caterlink Limited.

RECOMMENDATION

44. Members are asked to note the information on Fund employers and the update on Academy Trusts.
45. Members are also asked to note that Ebbsfleet Development Corporation is joining the Fund as a Resolution Body.
46. In addition Members are asked to agree;
- 1) to the admission to the Kent County Council Superannuation Fund of Agilisys Limited; and
 - 2) to the admission to the Kent County Council Superannuation Fund of Invicta Telecare trading as Centra Pulse; and
 - 3) to the admission to the Kent County Council Superannuation Fund of Cater Link Limited (re Dover Grammar School for Boys); and
 - 4) that an amended agreement can be entered into with Project Salus re Youth Services; and
 - 5) that an amended agreement can be entered into with Project Salus re Kent Safe Schools; and
 - 6) that an amended agreement can be entered into with MyTime Active; and
 - 7) that an amended agreement can be entered into with Fusion Lifestyle Limited; and
 - 8) that a termination agreement may be entered into with Rochester Care Home Limited (re Robert Bean Lodge); and

- 9) that a termination agreement can be entered into with APCOA Parking UK Ltd;
- 10) that a termination agreement may be entered into with Caterlink Limited (re Upton Junior School); and
- 11) that the Chairman may sign the minute of today's meeting relating to recommendation (1) to (3) and (8) above at the end of today's meeting; and
- 12) that once legal agreements have been prepared for (1) to (10) above, the Kent County Council seal can be affixed to the legal documents.

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