

By: Chairman Pension Board
Corporate Director of Finance

To: Pensions Board – 4 July 2017

Subject: **Fund Employer Matters**

Classification: Unrestricted

Summary: To report on information on employers for the period to 31 March 2017

FOR DECISION

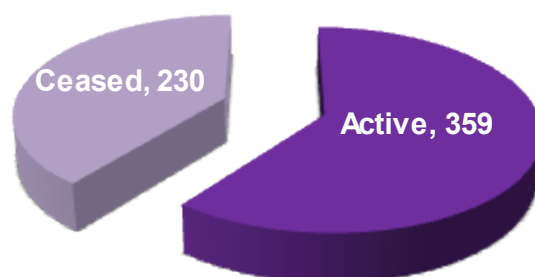
INTRODUCTION

1. This report sets out information on a number of employer related matters including details of the employers as at 31 March 2017, matters relating to admission bodies since the Board last met in October 2016, the results of the 2016 valuation effective from 1 April 2017, an appeal to the Pensions Ombudsman and an update on Academies.

EMPLOYERS IN THE FUND AT 31 MARCH 2017

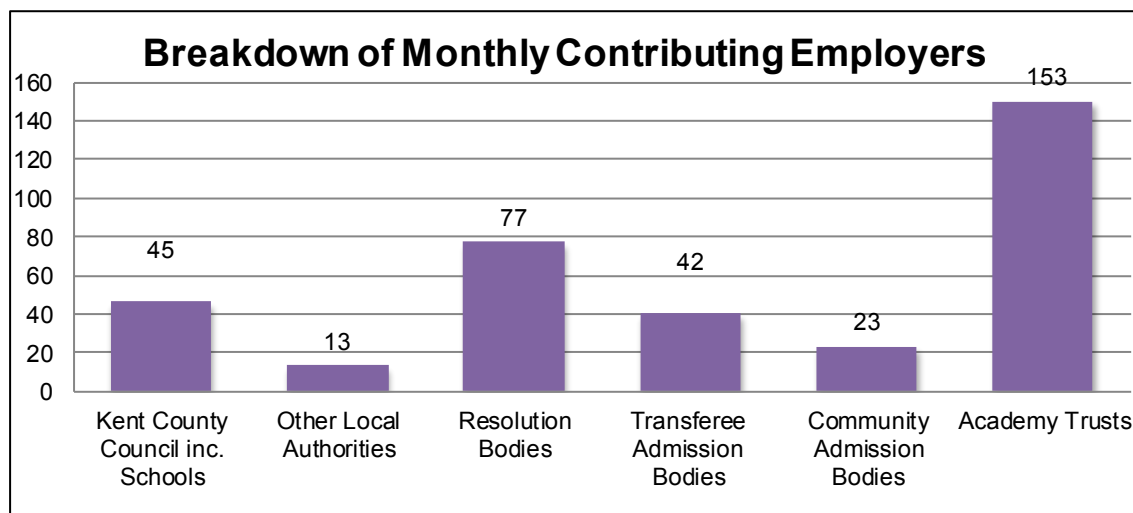
2. There are currently a total of 589 employers in the Kent Pension Fund.

Split of Employers between Active and Ceased



3. During the 3 months to the end of March 2017 the number of Active employers who are regularly paying contributions has increased from 355 to 359 as the result of 8 new employers joining the Fund, being 1 parish council, 2 admitted bodies, 1 Kent school and 4 new academy trusts. The number of Ceased employers has increased from 226 to 230. These no longer have active contributing members in the LGPS and 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 Active / Ceased employers in the Kent Pension Fund in the 3 months ending 31 March 2017.

Active Employers	Effective date
Scheduled Bodies	
Platt Parish Council	1 February
Kent County Council Incl Schools	
The Beacon School, Folkestone	1 February
Admitted Bodies	
Churchill Contract Services Limited (Burnt Oak)	1 February
Kier Limited	1 February
Academy Trusts	
The Turner Schools	1 January
The Woodland Academy Trust	1 January
The Barton Court Academy Trust	1 March
Balfour Junior	1 March

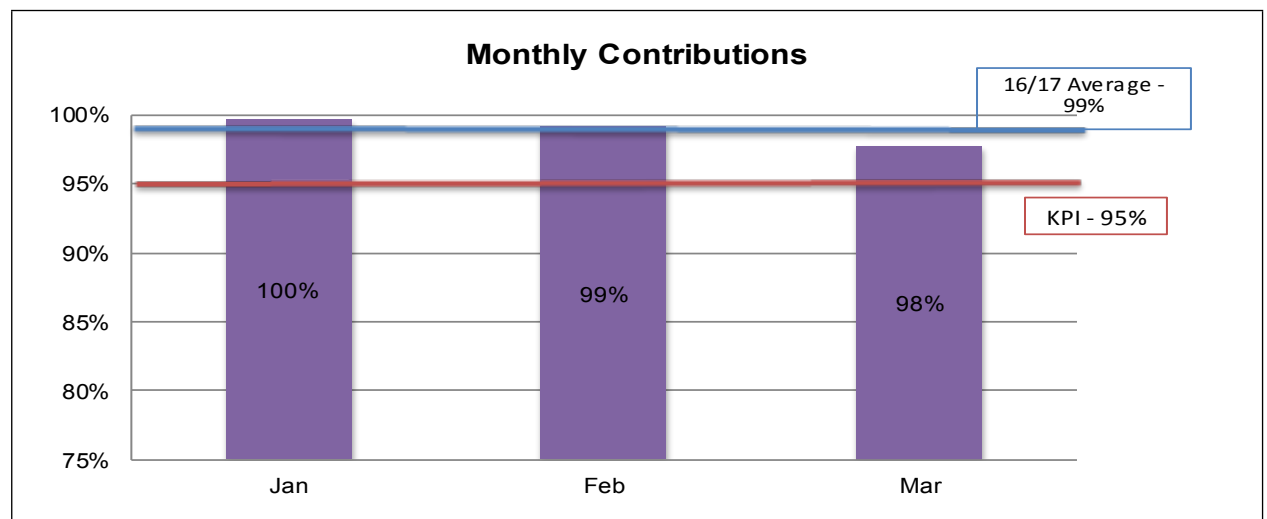
Ceased Employers	Effective date
Kent County Council Incl Schools	
Charles Dickens School	28 February
Westcourt School	31 January
Scheduled Bodies	
Staplehurst Parish Council	28 February
Academy Trusts	
Barton Court School	28 February

CONTRIBUTIONS FROM EMPLOYERS QUARTER 4 2016/17

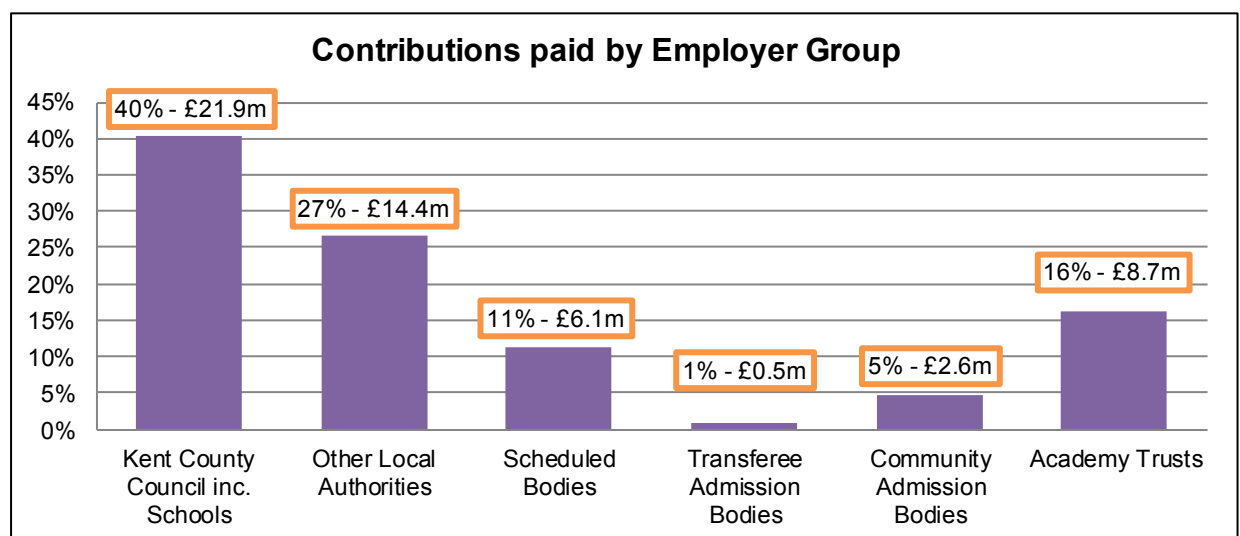
6. In quarter 4 2016-17 the Fund received £54.1m from Employers in respect of their monthly contributions (employer and employee) as follows:

	Jan	Feb	Mar
	£	£	£
Received Early	9,023,079	9,106,104	9,592,713
Cash on 19th	8,921,893	8,739,313	8,046,359
Received Late	63,447	166,562	408,164
Total	18,008,419	18,011,978	18,047,235

7. KCC monitors the timing of receipt of these contributions compared to a KPI of 95%. During quarter 4 2016-17 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 £36.3m, 67% of all contributions received from employers.



EMPLOYER RELATED MATTERS

9. The following matters relating to admission bodies have been agreed by the Superannuation Fund Committee since the Pension Board last met on 14 October 2016.

Date of meeting	Matter agreed
4/11/2016	Admission to the Fund of the successful bidder for the Medway Council Youth Services Contract.
4/11/2016	A Deed of Modification may be entered into with Mytime Active in relation to their contract extension.
10/2/2017	Admission to the Fund of Optivo, by way of Deed of Modification, in place of Amicus Horizon Limited.
10/2/2017	A Deed of Modification may be entered into with NSL Ltd in relation to their contract extension.
17/3/2017	Admission to the Fund of Monitor Cleaning Services Ltd.
17/03/2017	A Deed of Modification is entered into with Mitie Security Ltd in relation to their contract extension.
17/03/2017	A Deed of Modification to be entered into with CAPITA IT Solutions Ltd in relation to their contract extension.
17/03/2017	A further Deed of Modification and Bond to be entered into with Mytime Active Ltd in relation to their contract extension.
17/3/2017	Admission to the Fund of Circle Thirty Three Housing Trust Ltd, and that Circle Thirty Three Housing Trust Ltd and Clarion Housing Group Ltd be required to give an indemnity for the value of the exit payment that would have been due from Russet Homes Ltd, as part of the new admission arrangement
23/6/2017	Admission to the Fund of Principal Catering Consultants Ltd (re the Williamson Trust);
23/6/2017	Admission to the Fund of Superclean Services Worthorpe.
23/6/2017	A Deed of Modification to be entered into with Birkin Cleaning Services Ltd in relation to their contract extension.
23/6/2017	A Deed of Modification to be entered into with Principal Catering Consultants Ltd in relation to their contract extension.
23/6/2017	A termination agreement be entered into with CXK Ltd

31 MARCH 2016 VALUATION

10. The last triennial valuation of the Kent Pension Fund was carried out by Barnett Waddingham, the Fund actuary, as at 31 March 2016 and a copy of their report dated 31 March 2017 is attached at appendix 1. In summary the results for the Fund at 31 March 2016 were as follows:

11. Asset value and funding level

- The smoothed market value of the Fund's assets as at 31 March 2016 for valuation purposes was £4,556m.
- The Fund had a funding level of 89% i.e. the assets were 89% of the value that they would have needed to be to pay for the benefits accrued to that date, based on the assumptions used. This corresponded to a deficit of £547m.

12. Contribution rates

- The employer contributions rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet:
 - The annual accrual of benefits allowing for future revaluation of benefits and increases to pensions in payment when these fall due;
 - plus an amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.
13. The primary rate of contribution at a whole Fund level was 14.9% of payroll p.a. The primary rate as defined by Regulation 62(5) is the employer's share of the cost of benefits accruing in each of the three years beginning 1 April 2017.
14. All employers have been informed of their employer contribution rates and a copy of the valuation results were submitted to DCLG on 3 April 2017.
15. All LGPS valuations including that for the Kent Fund will, for the first time, be reviewed by the Government Actuary Department (GAD) in what is known as a Section 13 review.

PENSION OMBUDSMAN APPEAL

16. An LGPS member submitted a complaint to the Pensions Ombudsman as a result of delays and problems arising from the transfer of the member and her colleagues from Fort Pitt Robert Napier Academy on 22 April 2014 to Compass Contract Services (UK) Limited.
17. The Fund was advised by the Ombudsman of the complaint on 24 February 2017 and responded on 15 March 2017. There have been no further developments. It is proposed that the Pension Board are updated again as the matter progresses.

ACADEMIES

18. The Kent Fund like all other LGPS funds has seen a significant number of academy trusts joining as employers in the Fund following the

conversion of schools and the development of free schools. All non-teaching staff working for academies are entitled to be members of the LGPS. There are now 153 academies in the Kent Fund, some are single academy trusts while others are in multi-academy trusts.

19. The Scheme Advisory Board (SAB) commissioned PwC to undertake a review of LGPS arrangements and they interviewed a number of stakeholders including KCC officers. PwC have recently produced their report "Options for Academies in the LGPS" although it makes no recommendations. The SAB intends in due course to submit a proposal to Ministers for their consideration.

RECOMMENDATION

20. The Board is asked to note this employer report

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