

By: Chairman Superannuation Fund Committee
Corporate Director of Finance

To: Superannuation Fund Committee – 17 November 2017

Subject: **Fund Employer Matters**

Classification: Unrestricted

Summary: To report on employer related matters, a new scheduled body, applications to join the Superannuation Fund and a deed of modification.

FOR DECISION

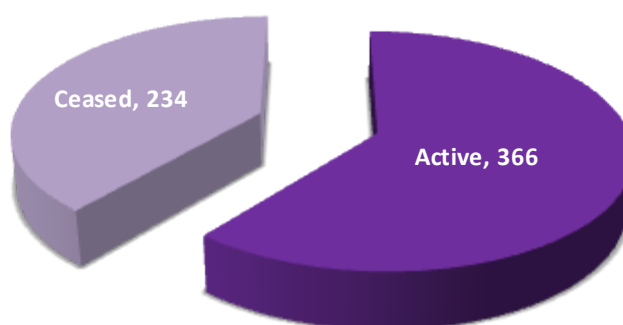
INTRODUCTION.

1. This report sets out information on employer related matters, to advise of a new scheduled body, applications from organisations to become admitted bodies within the Superannuation Fund and a deed of modification. The Committee's approval is sought to enter into these agreements.
2. The Committee is advised that the admission minutes are to be signed at the end of today's meeting to facilitate completion on the desired dates.

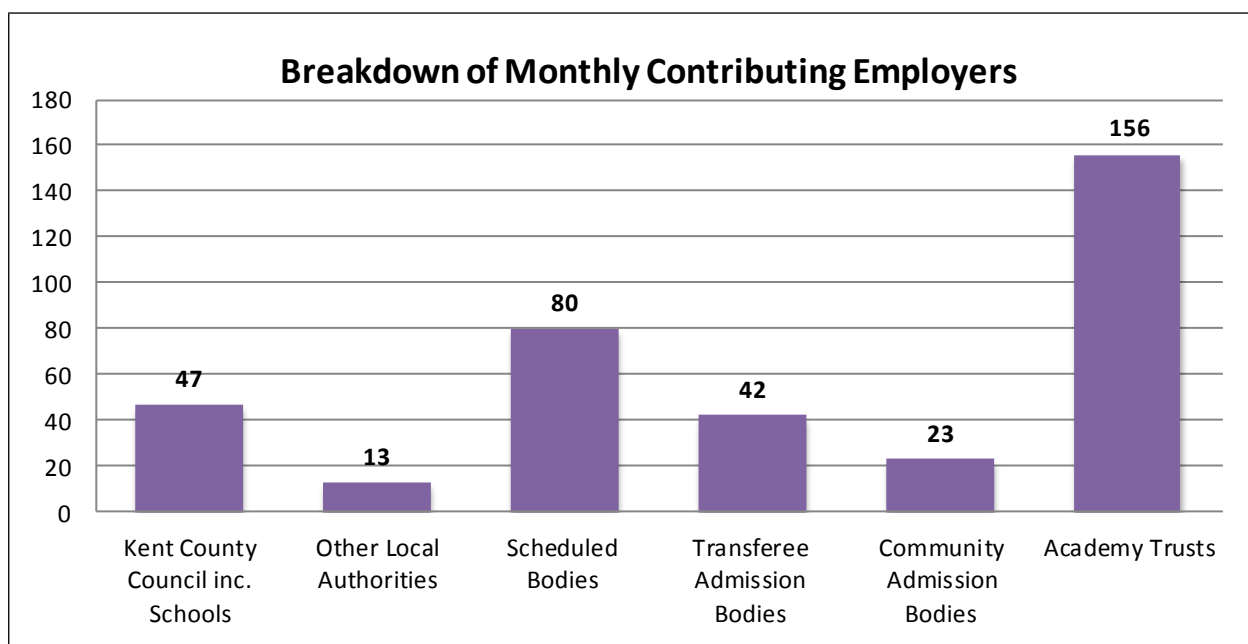
EMPLOYER UPDATE AT 30 SEPTEMBER 2017.

3. There are currently a total of 600 employers in the Kent Pension Fund.

Split of Employers between Active and Ceased



4. During the 3 months to the end of September 2017, the number of Active employers who are regularly paying contributions has fallen from 367 to 366 as a result of 1 Kent school changing their payroll provider. The number of Ceased employers has increased from 233 to 234. These no longer have active contributing members in the LGPS and the Fund has an existing or future liability to pay pensions.
5. The following chart shows the Employers from whom the Fund receives monthly contributions, by Employer Group.



6. The following is a list of new Active / Ceased employers in the Kent Pension Fund

Active Employers	Effective date
Academy Trusts	
Potential in Everyone Academy Trust	1 August
Maritime Academy Trust	1 September
University of Kent Academies Trust	1 September

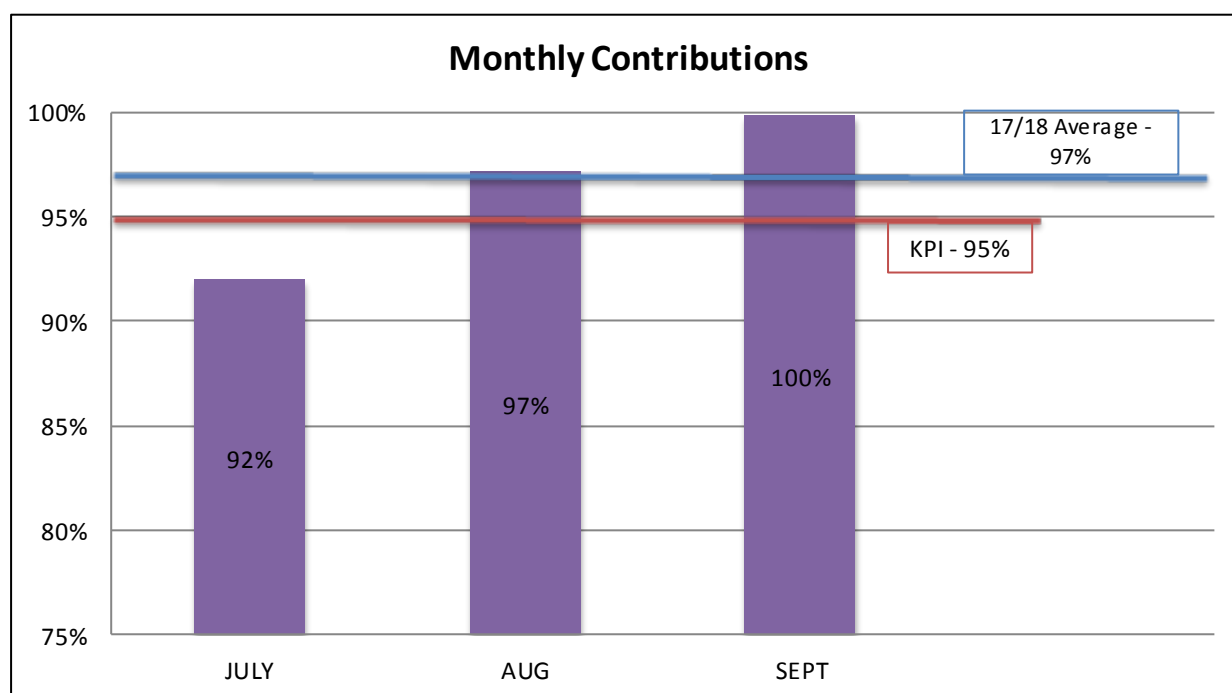
Ceased Employers	Effective date
Academy joined a Multi-Academy Trust	
Brompton Academy	1 September
Chatham Grammar School for Girls (Academy)	1 September
West Malling CEP School (Academy)	1 September
Kent County Council Incl Schools (Change of Payroll Provider)	
Downsview Infant School	1 July

CONTRIBUTIONS FROM EMPLOYERS QUARTER 2 2017-18

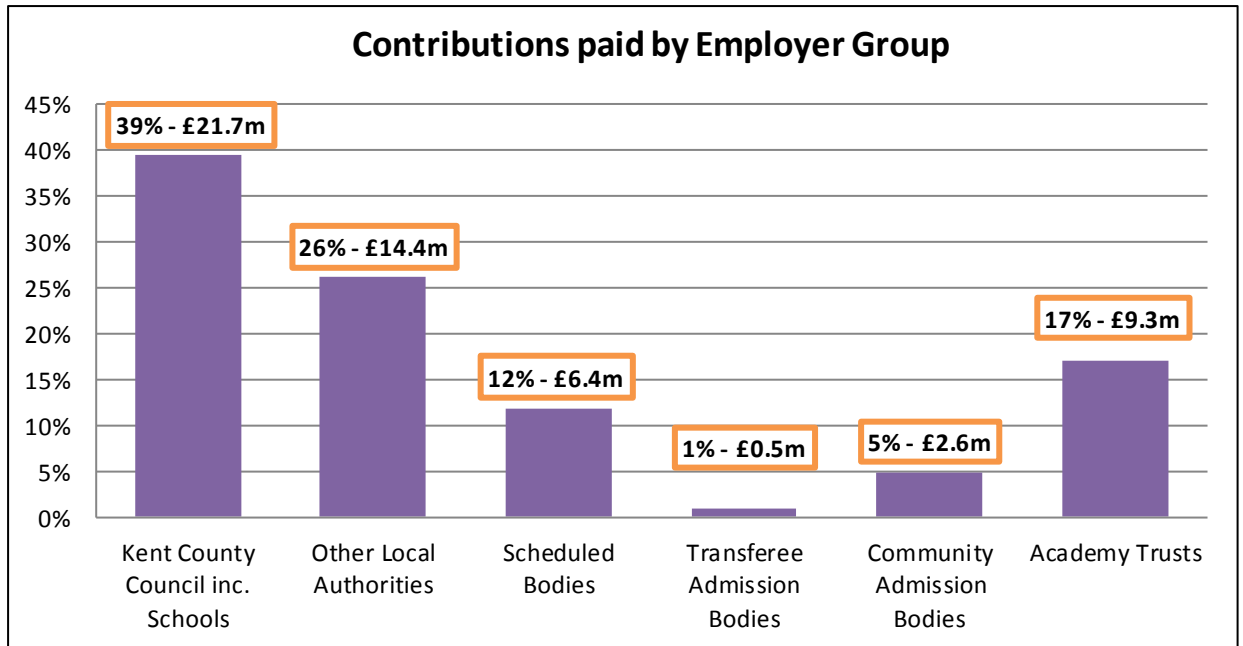
7. In quarter 2 2017-18 the Fund received £54.9m from Employers in respect of their monthly contributions (employer and employee) as follows:

	JULY	AUGUST	SEPTEMBER
	£	£	£
Received Early	9,763,338	9,624,425	9,720,014
Cash on 19th	7,131,768	8,197,452	8,451,367
Received Late	1,461,061	524,565	31,184
Total	18,356,167	18,346,441	18,202,565

8. KCC monitors the timing of receipt of these contributions compared to a KPI of 95%. During quarter 2 2017-18 the KPI has been exceeded in August and September. However in July this dropped to 92% due to one local authority paying a day late as the 19th fell on the weekend. As a consequence the overall average of all contributions being received on or before the due date fell from 98% in quarter 1 to to 96.3% for this quarter.



9. The following table shows that KCC and other local authorities have paid £36.1m, 65% of all contributions received from employers.



EDSECo Ltd (which will trade as The Education People)

10. EDSECo Ltd, which will trade as The Education People, is a local authority trading company 100% owned by Kent County Council (KCC). It was incorporated on 19 September 2017 and will provide services for a minimum period of 10 years.
11. The total number of people expected to transfer from KCC to EDSECo is approximately 369 FTEs and the transfer date is expected to be on or shortly after 1 April 2018.
12. EDSECo has made a resolution to join the Superannuation Fund from 1 April 2018. The resolution is made under Schedule 2 Part 2 (5) of the LGPS 2013 Regulations, as amended, and entitles all of their current KCC staff to be eligible for membership of the LGPS.
13. The Local Government Pension Scheme (LGPS) will be a closed scheme for all employees transferring to EDSECo under the TUPE regulations (except those who are aged 75 or older).
14. Barnett Waddingham has calculated the minimum employer contribution rate to be 21% however KCC and EDSECo have agreed that EDSECo will pay 22% as part of their commercial agreement as the LGPS risk remains with KCC.

NOURISH CONTRACT CATERING LTD

15. Swale Academies Trust is awarding a 3 year contract, with a possible 2 year extension, to Nourish Contract Catering Ltd for catering services at

its secondary schools although the effective date is yet to be confirmed. This involves the transfer of approximately 11 employees from the Trust

16. To ensure the continuity of pension arrangements for these employees Nourish Contract Catering Ltd has made an application for admission to the Superannuation Fund.
17. The admission application has been made under Schedule 2 Part 3 1(d) (i) of the LGPS Regulations 2013, as amended, and under this regulation the admitted body is required to provide a form of bond or indemnity.
18. The Fund Actuary has assessed the level of bond at £84,000 for the first year, £92,000 for the second year and £104,000 for the third year and the employer's contribution rate has been set at 27.2% for a closed agreement.
19. The completed questionnaire and supporting documents provided by Nourish Contract Catering Ltd have been examined by Officers to ensure compliance with the LGPS Regulations, and Invicta Law have given a favourable opinion.

COMPASS CARE HOMES WAYFARERS LTD

20. KCC is selling the freehold of Wayfarers Care Home in Sandwich to Compass Care Homes Wayfarers Ltd although the effective date is not yet known . This involves the transfer of approximately 52 employees from KCC to Compass Care Homes Wayfarers Ltd
21. To ensure the continuity of pension arrangements for these employees, Compass Care Homes Wayfarers Ltd has made an application for admission to the Superannuation Fund.
22. The admission application has been made under Schedule 2 Part 3 1(d) (i) of the LGPS Regulations 2013, as amended, and under this regulation the admitted body is required to provide a form of bond or indemnity.
23. The Fund actuary will assess the level of employer contribution rate and Bond.
24. The completed questionnaire and supporting documents provided by Compass Care Homes Wayfarers Ltd have been examined by Officers to ensure compliance with the LGPS Regulations, and Invicta Law have given a favourable opinion.

CIVICA UK LTD

25. Canterbury City Council, Dover District Council and Thanet District Council are intending to award a 7 year contract with a possible extension to a maximum of 10 years, to Civica UK Ltd for Revenue, Benefits and Customer Services.
26. The effective date is not yet known although it is expected to be in the last quarter of this current financial year. This involves the transfer of some 234 employees from Thanet District Council to Civica UK Ltd.
27. To ensure the continuity of pension arrangements for these employees, Civica UK Ltd has made an application for admission to the Superannuation Fund.
28. The admission application has been made under Schedule 2 Part 3 1(d) (i) of the LGPS Regulations 2013, as amended, and under this regulation the admitted body is required to provide a form of bond or indemnity.
29. It is proposed that Thanet District Council as scheme employer party to the admission agreement provides a guarantee. The Committee may wish to note that Thanet District Council will be sharing the liabilities and risks with Canterbury City Council and Dover District Council as all three Councils are party to the contract with Civica UK Ltd.
30. The Fund Actuary has assessed the employer's contribution rate at 16.7% for an open agreement or 19.2% for a closed agreement.
31. The completed questionnaire and supporting documents provided by Civica UK Ltd have been examined by Officers to ensure compliance with the LGPS Regulations, and Invicta Law have given a favourable opinion .

CLARION HOUSING ASSOCIATION

32. At their meeting on 17 March 2017 the Committee agreed to the admission to the Superannuation Fund of Circle 33 who have taken over all the liabilities of Russet Homes Ltd by way of a transfer of engagements.
33. Circle 33 is now intending to amalgamate with Affinity Sutton Homes to form Clarion Housing Association on 1 December 2017.
34. Circle 33 is seeking to enter into a Deed of Modification upon the amalgamation taking place. The Deed of Modification will confirm Clarion Housing Association as the admission body and that it takes on the liabilities and obligations of Circle 33, including the provision of a Bond and Parent Company Guarantee.

35. The Committee is being asked for a decision in principle to enter into the Deed of Modification subject to the receipt of legal advice as to the form of Deed and due diligence checks being completed once Clarion Housing Association has been established.

RECOMMENDATION

36. Members are asked to note that EDSECo Ltd, trading as The Education People has resolved to join the Fund
37. Members are asked to agree:
- a) to the admission to the Kent County Council Superannuation Fund of Nourish Contract Catering Ltd; and
 - b) to the admission to the Kent County Council Superannuation Fund of Compass Care Homes Wayfarers Ltd; and
 - c) to the admission to the Kent County Council Superannuation Fund of Civica UK Ltd; and
 - d) in principle to the request from Circle 33 to enter into a Deed of Modification; and
 - e) that the Chairman may sign the minutes relating to recommendations (a) to (d) at the end of today's meeting; and
 - f) that once legal agreements have been prepared for these matters the Kent County Council seal can be affixed to the legal documents.

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