

GENERAL PURPOSES COMMITTEE

Minutes of the meeting held on 17 January 2018 at 1.00 pm in Council Chamber - Council Offices.

Present: Councillor Wells (Chairman); Councillors Bambridge, Campbell, Crow-Brown, Dellar, L Fairbrass, I Gregory, L Piper and Taylor-Smith

98. APOLOGIES FOR ABSENCE

Apologies were received from the following Members:

Councillor Bayford;
Councillor Johnston, substituted by Councillor Campbell;
Councillor Jeremy Fairbrass, substituted by Councillor Crow-Brown.

99. DECLARATIONS OF INTEREST

There were no declarations of interest.

100. MINUTES OF PREVIOUS MEETING

Councillor Lin Fairbrass proposed, Councillor Dellar seconded and Members agreed the minutes as a correct record of the meeting that was held on 24 November 2017.

101. EXCLUSION OF PUBLIC AND PRESS

Councillor Taylor-Smith proposed, Councillor Crow-Brown seconded and Members agreed that the public and press be excluded from the meeting for agenda item 5 as it contains exempt information as defined in Paragraph 5 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

102. PENSION ADMISSION AND GUARANTEE

Dominic Whelan, Director of EK Services introduced the report and made the following points:

- KCC Superannuation Committee met in November 2017 and agreed that they would allow CIVICA UK Ltd to enter into the local pension scheme to allow staff with the current pension scheme to be transferred to CIVICA and be able to continue with the pension scheme arrangement if the contracting out decision is agreed by the EKSC;
- The parties to the agreement are KCC, TDC (as the Scheme Employer) and CIVICA UK Ltd;
- Guarantee or the Bond – Mr Whelan explained that an Actuarial report was commissioned that detailed the costs and liabilities pertaining to the group of staff potentially transferring from TDC to Civica. The actuarial report indicated that CIVICA would need to make a certain level of employers contribution to the scheme and it also outlined an amount of potential liability that KCC requires to be guaranteed.
- This liability was either to be mitigated through a provision of an insurance bond or the provision of a guarantee in the form of an Indemnity from the Scheme Employer. Civica was willing to provide an Insurance Bond but the costs would be factored into the contract;

- Mr Whelan explained that the three Council Finance Directors had reviewed this situation and it was recommended that the best way to maintain best value was for Thanet District Council to provide the guarantee to KCC;
- The risk was limited as any liabilities would be shared between CCC, DDC and TDC and in reality any situation that may arise giving rise to the creation of a liability (such as Civica nonpayment of contributions or Civica going in administration or filing for bankruptcy) would be known about quickly and would result in a contract termination and the staff would reverse TUPE back to councils with the pension liabilities.
- External legal advice had been sought in arriving at that position and this was summarised within the report.
- Mr Whelan also stated that, following a restructure within EKS, a new position of Head of Shared Services / Client had been created (nil cost as this was a move following deletion of an equivalently funded post). This role would become a Deputy Chief Officer position, who would become the main client officer to manage to contract under consideration. The Committee was asked to approve this role being created as a Deputy Chief Officer, in order for the Head of Paid Service to enact any requirements necessary to formalise this position.

Tim Willis, Director of Corporate Resources confirmed that Thanet District Council was no more exposed with regards to this guarantee than any of the other participating councils. The risk is shared equally amongst the councils in question.

In response to the presentation, Members raised the following questions:

- Will the new arrangement mean that all of CIVICA staff or just the ones being transferred over from local government be part of the pension scheme arrangement?
- Is there no contradiction in the report where it is reported that the contract will avoid £1,2 million redundancy costs and the generation of a large number of jobs?
- Why was there a proposal to create a new senior manager post and who was paying for it. Was this post not contributing to the growth of the budget costs?
- What did 'hold harmless' mean in relation to the contract?

In response Mr Whelan said the following:

- Only local government employees who are currently on the local pension scheme will have the right to continue with the scheme after being transferred to CIVICA; the Scheme would be a 'closed scheme' and therefore over time the amount of people within the scheme would reduce.
- This 'natural wastage' will reduce the liability over time as individuals leave employment on retirement or move off to other employment;
- Mr Whelan reminded Members of the original Business Case for undertaking this potential contracting out which included:
 - o The CIVICA contract will avoid potential redundancies and therefore protect services
 - o If the new contract was not entered into, there would be a need for EK Services to look for a new £2 million investment to remain viable;
 - o The establishment of a south east trading hub based in the current locations, Thanet Canterbury and Dover;
 - o The hub will bring in job creation and there will be a 50-50 profit share;
- The new senior management post is not growth. An old post was deleted through a restructure and replaced with this proposed post; The post holder will oversee the management of the CIVICA contract as a client officer;

- 'Hold harmless' indemnifies both parties against risk for areas where there is a significant cost which has to be priced into a contract. This will increase significantly the price of the contract. By adhering to the principle of 'hold harmless' the risk will not be factored into the contract;
- Officer can pick this up as an action point and will make arrangements to invite a lawyer to formally give legal advice formally at a committee meeting to clarify the issue of 'hold harmless.'

Councillor Campbell proposed, Councillor Lin Fairbrass seconded and Members agreed the following:

1. Note that Kent County Council Superannuation Committee has given approval for Civica UK Ltd to enter into the Kent Local Government Pension Scheme (LGPS) subject to the three East Kent Councils that govern EK Services (TDC, CCC and DDC) contracting out certain EK Services responsibilities to Civica UK Ltd;
2. Note that this will provide for any transferring EK Services staff (who are employees of TDC) to maintain their rights to be in the LGPS for the duration that such a contract is in force and to further note that such agreement will result in an Admission Agreement document being entered into by three parties: Kent County Council, Civica UK Ltd and Thanet District Council (as the Scheme Employer);
3. Authorise Thanet District Council (as the Scheme Employer) to enter into the Admission Agreement between Kent County Council for the purposes of allowing Civica UK Ltd to join the Kent LGPS and thus allow the transferring staff to maintain access to the scheme for the duration of the contract; and authorise the Director of Corporate Governance to undertake such actions as may be necessary to give effect to this approval;
4. Further note that the Kent County Council Superannuation Committee has agreed that such an Admission into the scheme (of Civica UK Ltd) can be subject to the provision of a Scheme Employer Guarantee rather than the provision of a Bond. This is the favourable option as it provides best financial value;
5. Agree the provision of a guarantee to the Kent Superannuation Fund in the form suggested and authorise the Director of Corporate Governance to undertake such actions as may be necessary to effect this;
6. Note the changes to the EK Services management structure that have been made in the interests of efficiency and to agree the designation of the post of Head of Shared Services as a Deputy Chief Officer from a future date to be determined by the Director of Corporate Resources.

Meeting concluded: 1.25 pm