

ITEM No ...10.....

REPORT TO: PENSION SUB-COMMITTEE OF THE POLICY & RESOURCES COMMITTEE & PENSION BOARD – 5 JUNE 2017

REPORT ON: REPATRIATION OF TRANSPORT FUND

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 200-2017

1 PURPOSE OF REPORT

This report sets out the course of action currently underway in the repatriation of the assets and liabilities of the single employer, Tayside Transport Fund back to the main fund for exercise completion on 30th June 2017.

2 RECOMMENDATION

The Sub-Committee are asked to note the contents of the report.

3 FINANCIAL IMPLICATIONS

The previously approved fixed employer contribution rate of 40% for active membership.

Transition costs associated with the repatriation are to be met by the savings in administration and operational expenses.

4 BACKGROUND

Following approval of the Repatriation of Tayside Transport Fund Report (article VI of the minutes of the meeting of the Pension Sub-Committee and Board on 5th December 2016, report 402-2016 refers), authority was given to officers to proceed, subject to final agreement of employer contribution and guarantee being in place.

5 REPATRIATION ACTIONS

The following actions have been undertaken:

Legal

Pinsent Mason have been engaged by the fund to act on their behalf. The key terms of agreement drafted are as follows:

- XPlöre will maintain a 40% employer contribution of active membership payroll until the last active member progresses to retirement.
- Should Xplöre be unable to maintain the above contributions, National Express (as the parent company) will guarantee to continue to honour on their behalf.
- All members terms and conditions will remain as long as they retain membership of the pension fund.

*Please note that unless the terms above are agreed to as instructed by Sub-Committee, the repatriation will not proceed.

Actuary

Barnett Waddingham will undertake a full employers valuation as at 31st March, however this will be incorporated into the main fund valuation.

Investment & Custody

All investment managers have been briefed and have confirmed no change in beneficial ownership of assets. All associated documentation to be completed following legal sign off. The funds custodian is also timetabled for transition as at 30th June, and is awaiting legal sign off before issuing relevant documentation.

Accounting and Regulatory

The regulator and HMRC will be informed accordingly, and a full final set of accounts will be prepared for the Transport Fund following the transition being concluded.

6 POLICY IMPLICATIONS

This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are none.

7 CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report.

8 BACKGROUND PAPERS

None

MARJORY M STEWART
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

23 MAY 2017