

From:	Chairman Superannuation Fund Committee Corporate Director of Finance
To:	Superannuation Fund Committee – 13 November 2020
Subject:	Fund Employer and Governance Matters
Classification:	Unrestricted

Summary:

This report provides information on Fund employers, legislation changes in particular the implementation of a £95,000 cap on exit payments and advises the Committee of 3 admission matters for decision.

Recommendations:

The Committee is recommended to note the report and to resolve to agree:

- a) to the admission to the Kent County Council Superannuation Fund of PT Commercial t/a Ecoclean Ltd re Coppice Primary Partnership Trust;
- b) to the admission to the Kent County Council Superannuation Fund of Cleantec Services Ltd re Dartford Grammar School for Girls Academy;
- c) that officers may return a surplus, if any, having regard to any relevant considerations and the LGPS (Amendment) Regulations 2020 to Invicta Telecare Ltd.
- d) that the Chairman may sign the minutes relating to recommendations a) to c) at the end of today's meeting; and
- e) that once legal agreements have been prepared for these matters the Kent County Council seal can be affixed to the legal documents.

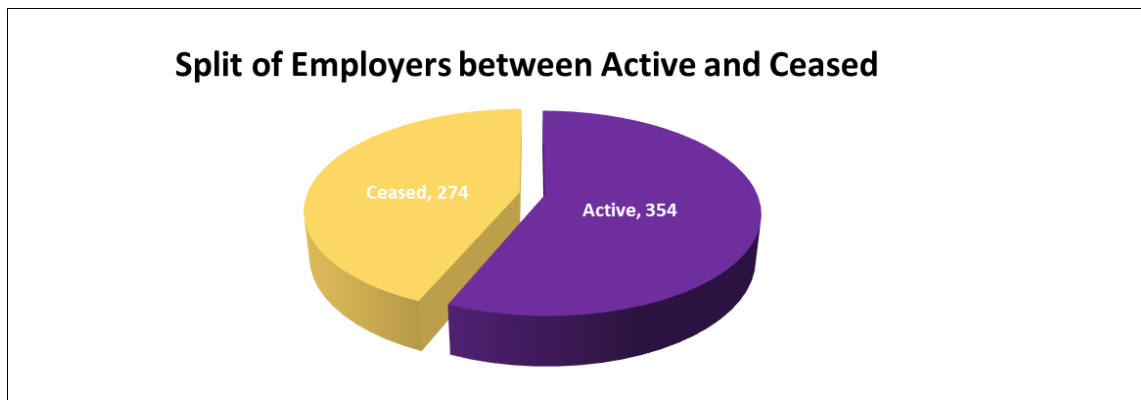
FOR DECISION

1 Introduction

- 1.1 This report sets out information on employer related matters, applications from organisations to become admitted bodies within the Superannuation Fund and an exiting employer. The Committee's approval is sought to enter into these agreements.
- 1.2 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.

2 Employer update

2.1 There was a total of 628 employers in the Kent Pension Fund on 30 September 2020, an increase of 5 from 30 June 2020.



2.2 The number of active employers regularly paying contributions increased by 3 in the 3 months from the end of June, 3 employers ceased to have active members in the Local Government Pension Scheme (LGPS) and 6 employers joined the LGPS. 1 academy trust merged with another active academy trust. The ceased employers no longer have active contributing members in the LGPS and the Fund has an existing or future liability to pay any pensions.

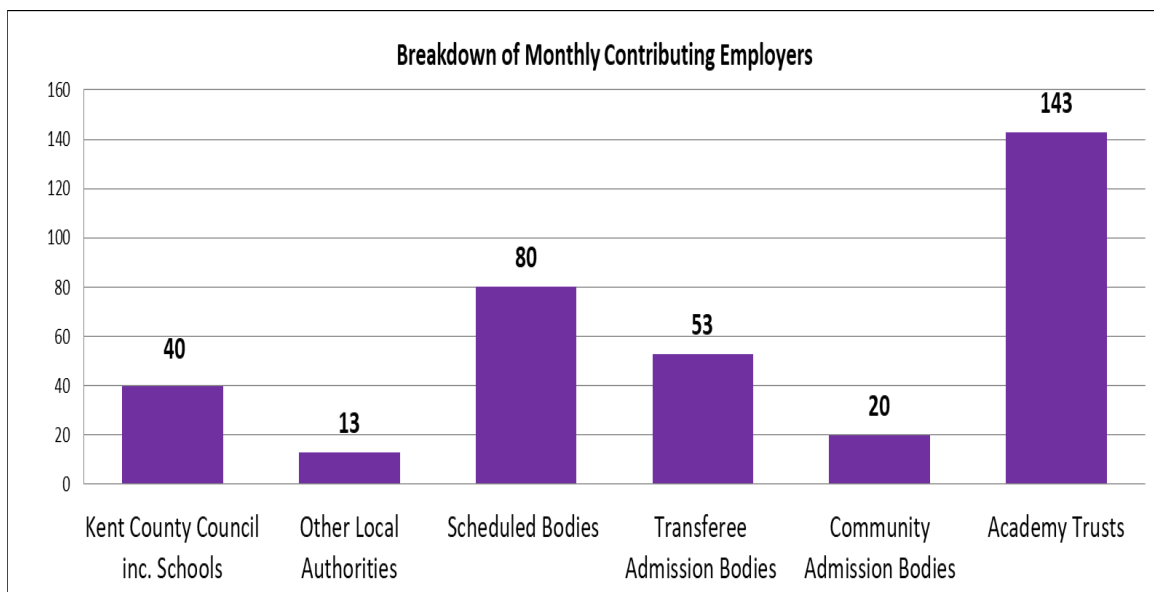
2.3 The following table lists employers who either joined or ceased to have active members in the Fund during the first 6 months of 2020-21.

New Employers	Effective date
<i>Admission Bodies</i>	
Exclusive Contract Services Limited	1 April 2019 (backdated admission)
Busy Bee Cleaning Services Limited	1 April 2020 (backdated admission)
Wealden Leisure Limited T/A Freedom Leisure Limited	1 September 2020
<i>Scheduled Bodies</i>	
Capel Manor College	1 January 2020 (Backdated Order)
Eythorne Parish Council	1 September 2020
<i>Academy Trusts</i>	
Alternative Learning Trust	1 September 2020

Ceased / Merged to Trust Employers	Effective date
<i>Admission Bodies</i>	
Sopra Steria Limited	31 March 2020
Ashford Leisure Trust	31 August 2020
<i>Scheduled Bodies</i>	
Gen2 Property Limited	02 April 2020
Eythorne Parish Council	20 April 2020
West Kent & Ashford College	31 August 2020
<i>Academy Change of Trust</i>	
Barnsole Primary Trust	31 August 2020

3. Contributions from employers

3.1 The following chart shows the Employers from whom the Fund receives monthly contributions by Employer Group. Note the KCC figures reflect the council's and schools' relationships with several payroll providers.

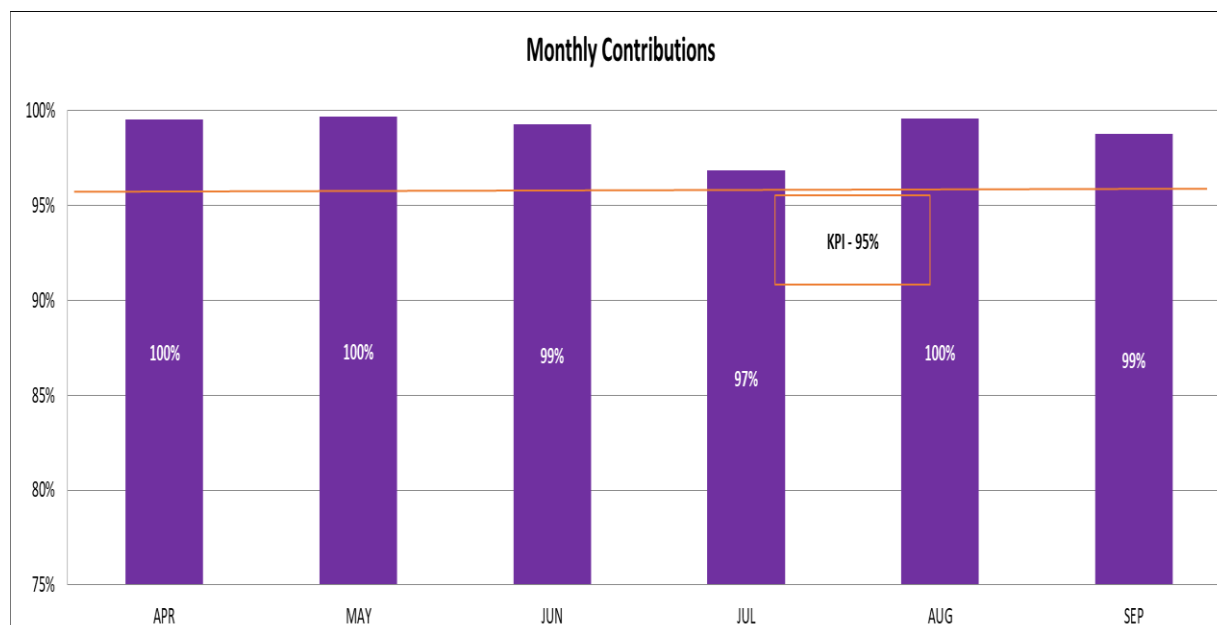


3.2 In the first 6 months of 2020-21 the Fund received £125.3m from employers in respect of their monthly contributions (employer and employee) as follows:

	Received Early	Cash on 19th	Received Late	Total
	£	£	£	£
April	14,992,211	6,003,509	94,242	21,089,962
May	12,090,475	8,523,449	65,637	20,679,561
June	10,734,308	10,084,330	154,205	20,972,843

July	11,841,344	8,317,987	658,617	20,817,948
August	11,264,687	9,227,397	81,480	20,573,564
September	12,335,935	8,529,640	254,687	21,120,262
Total	73,258,960	50,686,312	1,308,868	125,254,140

3.3 KCC monitors the timing of receipt of these contributions compared to a KPI of 95%. The following chart shows that the KPI was exceeded in all 6 months.



4. McCloud judgement and proposed remedy update

- 4.1 The committee received a report at its meeting on 4 September advising that the deadline for responses to the consultation was 8 October 2020.
- 4.2 We have responded to the consultation, which involved answering 29 questions, taking account of the Barnett Waddingham response. A copy of the consultation and our response are attached at appendices 1 and 2.
- 4.3 As members will recall this issue was added to the Pension Fund Risk Register given the potential impact on the administration.
- 4.4 Assuming the resultant legislation is in line with the proposals in the consultation, initial indications show that 15,820 current members of the Kent Fund will be in scope of the remedy with almost 40,000 previous members also impacted.
- 4.5 Discussions are being undertaken with our pensions administration software provider to provide templates in order that missing data can be collected from employers and uploaded directly onto our database. This would be the first stage of the exercise with the remedy calculations following.

5. £95,000 cap on exit payments in the public sector including early retirement payments

- 5.1 Members were advised at their September meeting of the likely impact on the Pensions Administration team of this change. It was anticipated that it would require more administrative resource and give employers new challenges as they seek to manage their workforce, particularly as the effective date became clear.
- 5.2 This issue was added to the Pension Fund Risk Register given the potential impact on the administration.
- 5.3 On 7 September 2020 MHCLG issued a consultation which seeks views on proposed changes to the LGPS and compensation regulations in England and Wales to introduce the exit payment cap and further reform of exit payments. This consultation closed on 9 November 2020.
- 5.4 The consultation on the changes to the Scheme regulations has however now been extended to 18 December 2020 which means the Local Government Pension Scheme Regulations will not be amended until the new year.
- 5.5 This delay therefore leaves the LGPS in the position of having pension scheme rules that appear at odds with the Exit Cap Regulations as the Restriction of Public Sector Exit Payments Regulations 2020 became law on 4 November 2020.
- 5.6 The Scheme Advisory Board (SAB) has taken legal advice on the positions of both LGPS administering authorities and employers after 4 November and issued a commentary on this advice on 30 October. This can be accessed via <https://www.lgpsboard.org/index.php/structure-reform/public-sector-exit-payments>
- 5.7 SAB have also advised administering authorities to seek urgent legal advice relating to their specific circumstances regarding any exits occurring on or after 4 November that exceed the cap. We are therefore liaising with our legal advisors to obtain advice for the Fund and KCC.

6. Deferred employers

- 6.1 The Local Government Pension Scheme Regulations 2013 have been amended from 23 September 2020 to include reference to deferred employers.
- 6.2 Regulation 64 has been amended to enable an administering authority and a Scheme employer to agree to defer exit payments in return for an ongoing commitment to meet their existing liabilities in a deferred debt agreement.
- 6.3 A new regulation 64A has been added to enable an administering authority to obtain a revised rates and adjustments certificate to show changes to Scheme employer contributions.

6.4 Regulation 64B has been inserted to enable administering authorities to offer employers exiting the LGPS the option of spreading exit payments over an agreed period. Authorities may now obtain a revised rates and adjustments certificate setting out the proportion of the exit payment payable in each year after exit. The period for payment is to be determined by the administering authority with agreement from Barnett Waddingham.

6.5 Such an employer will be known as a deferred employer.

7. New admission bodies

7.1 The following organisations have applied for admission to the Superannuation Fund to ensure the continuity of pension arrangements for staff.

7.2 The admission applications have 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.

7.3 The completed questionnaires and supporting documents provided by the applicants have been examined by Officers to ensure compliance with the LGPS Regulations, and Invicta Law have given favourable opinions.

8. PT Commercial Ltd t/a Ecoclean Ltd re Coppice Primary Partnership Trust

8.1 Coppice Primary Partnership Trust has awarded a 3 year contract with a possible 2 year extension for cleaning services from 1 August 2020. This involved the transfer of some 5 employees to PT Commercial Ltd t/a Ecoclean Ltd and a retrospective agreement will be put in place.

8.2 The Fund Actuary has assessed the employer contribution rate as 22.6% for a closed agreement and the bond for the first year as £20,000.

9. Cleantec Services Ltd

9.1 Dartford Grammar School for Girls Academy has awarded a 3 year contract with a possible 2 year extension for cleaning services from 1 October 2019. This involved the transfer of some 3 employees to Cleantec Services and a retrospective agreement will be put in place.

9.2 The Fund Actuary has assessed the employer contribution rate as 23.9% for a closed agreement and the bond for the first year as £9,000.

10. Invicta Telecare Ltd

10.1 Invicta Telecare is a community admission body which joined the Kent Pension Fund on 30 March 2001 following a transfer of staff from Tonbridge and Malling Housing Association. The staff were originally employed by Tonbridge and Malling Borough Council.

10.2 On 14 September 2020 Invicta Telecare gave three months written notice to terminate their admission agreement from 31 December 2020, on the basis that they ceased to be a body with whom an administering authority may make an admission agreement as defined in paragraph 1(a) of Part 3 to Schedule 2 of the Local Government Pension Scheme Regulations 2013.

Alison Mings, Acting Business Partner – Kent Pension Fund

T: 03000 416488

E: Alison.mings@kent.gov.uk

November 2020
