

From: Chairman – Kent Pension Board
Interim Corporate Director of Finance

To: Kent Pension Board – 13 September 2022

Subject: Fund Employer and Governance Matters

Classification: Unrestricted

Summary:

This report provides an update on Fund employers, Kent Institute of Art and Design, Sevenoaks Leisure Ltd and information on employers with five or less active LGPS members. It also provides an update on the government's academy guarantee and admission matters.

Recommendation:

The Board is recommended to note the report.

FOR INFORMATION

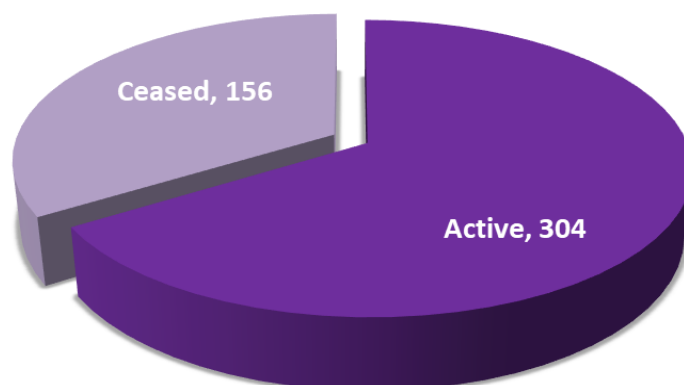
1. Introduction

- 1.1. This report provides information on Fund employers for the year ending 31 March 2022 and for the first 3 months of the current financial year (the quarter ending 30 June 2022).
- 1.2. It also provides information on Kent Institute of Art and Design, Sevenoaks Leisure Ltd and information on employers with five or less active LGPS members as well as an update on the government's academy guarantee and admission matters.

2. Employer update for the 12 months to 31 March 2022

- 2.1. The following employer information was considered by the Committee at their meeting on 22 June 2022.
- 2.2. At 31 March 2022 there were 460 employers in the Kent Pension Fund, an increase of 6 from 31 March 2021. We have previously separately reported KCC schools where they have individually contracted with payroll providers. The numbers now being reported for KCC align with those included in the Fund's annual report and reflect their status as part of KCC. The ceased employers include both those that have ceased to have active members but for whom the termination process is incomplete, and those that no longer have active contributing members in the LGPS and for whom the Fund has an existing or future liability to pay any pensions.

Split of Employers between Active and Ceased



2.3. The following table lists employers who joined the Fund as well as those who ceased to have active members in the Fund during the 12 months to 31 March 2022.

New Employers	Effective date
Admission Bodies	
Churchill Contract Services Ltd (re Thinking Schools Academy Trust)	1 September 2019 (backdated admission)
Cleantec Services Ltd (re Dartford Grammar School for Girls Academy)	1 October 2019 (backdated admission)
Scheduled Bodies	
Canterbury Environment Company Ltd	1 February 2021 (backdated)
Kite College	1 May 2021 (backdated)
Academy Trusts	
Inspire Trust	1 April 2021

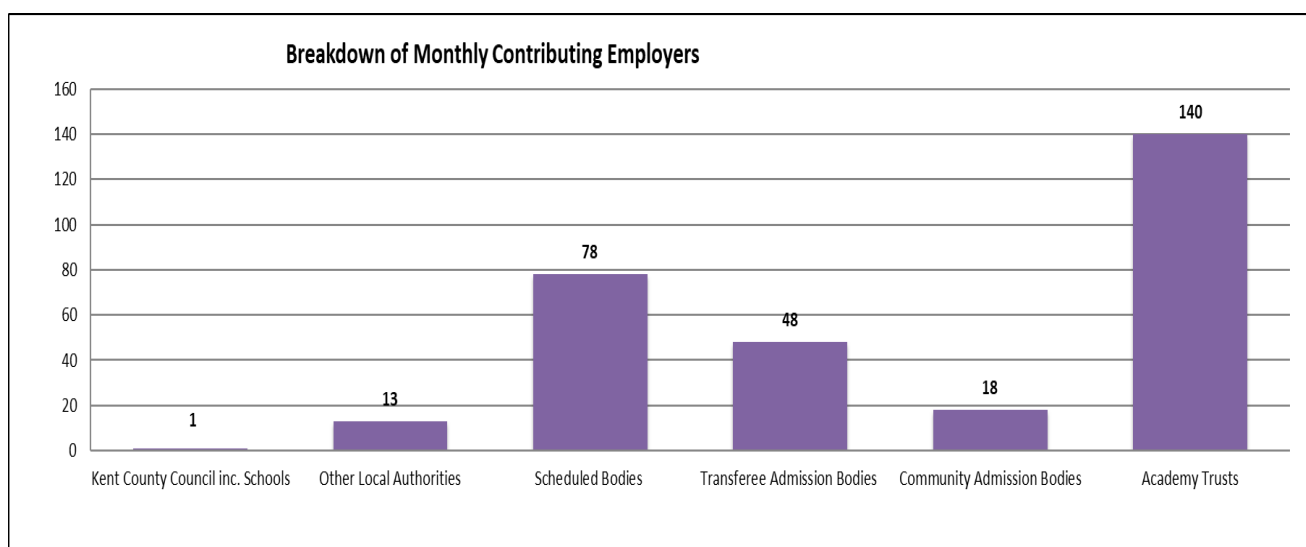
Ceased / Merged to Trust Employers	Effective Date
<i>Admission Bodies</i>	
Kent College Canterbury	31 January 2021 (late notification of last active member leaving)
Rochester Care Homes Ltd	31 March 2021
Deep Beat Entertainment Ltd (Medway Park)	18 May 2021
Deep Beat Entertainment Ltd (Strood)	18 May 2021
Busy Bee Cleaning Services Ltd	31 July 2021
Tascor Services Ltd	28 January 2022
<i>Academy Trusts</i>	
Village Academy Trust	31 May 2021
Brook Learning Trust	31 August 2021
Castle Academy Trust	31 December 2021
Cliffe Woods Primary School Trust	31 December 2021
<i>Scheduled Bodies</i>	
Kent Magistrates Courts Committee	31 March 2021
Farningham Parish Council	30 November 2020 (late reporting to Committee)

2.4. In the 12 months to March 2022 the Fund received £271.8m from employers in respect of their monthly contributions (employer and employee) as follows:

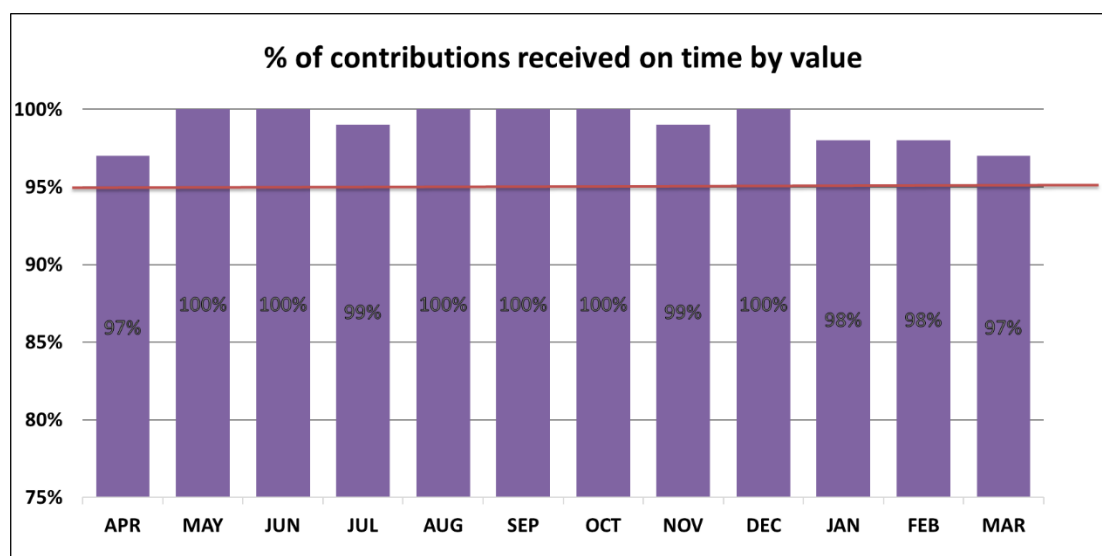
	Received Early	Cash on 19th	Received Late	Total
	£	£	£	£
April	12,837,382	8,765,672	588,584	22,191,638
May	12,281,627	9,762,070	60,340	22,104,037
June	12,722,129	9,642,137	76,147	22,440,413
July	13,285,609	8,791,062	224,541	22,301,212
August	12,747,650	9,592,330	38,343	22,378,323
September	13,048,730	9,111,031	27,175	22,186,936
October	13,845,594	8,590,553	21,743	22,457,890
November	13,195,251	9,662,220	119,552	22,977,023
December	13,861,455	9,767,618	56,483	23,685,556

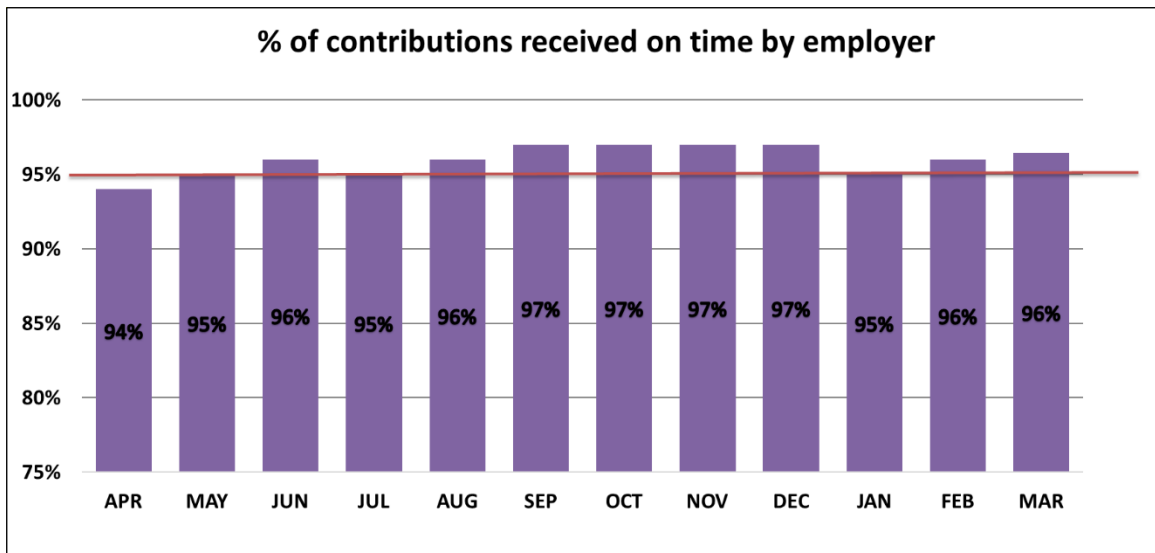
January	12,126,632	10,116,735	480,348	22,723,715
February	12,573,925	9,830,030	511,856	22,915,811
March	13,171,337	9,501,051	748,856	23,421,244
Total	155,697,321	113,132,509	2,953,968	271,783,798

2.5. The following table shows 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.



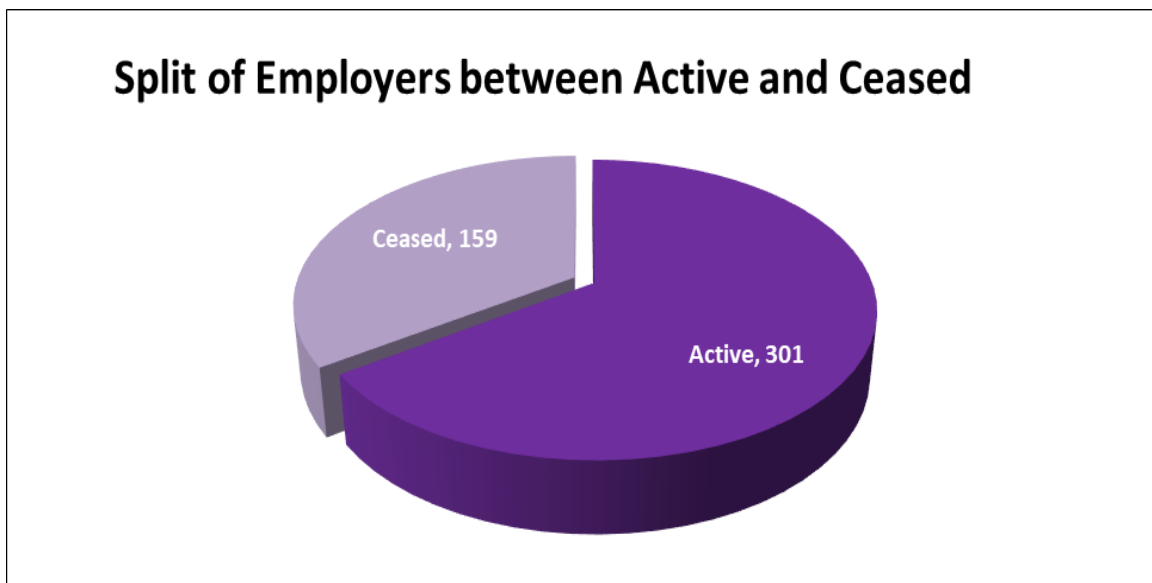
2.6. Officers continue to monitor the receipt of these contributions and the following two charts show the % of employer contributions received on time by two different measures; by value and by number of employers. The Key Performance Indicator (KPI) of 95% for % of contributions received on time by employer was not achieved in April 2021, due to backdated admissions and some parish councils having issues with their banking arrangements.





3. Employer update for the 3 months to 30 June 2022

3.1. There were 460 employers in the Kent Pension Fund on 30 June 2022, the same number as at 31 March however during the 3 months the number of active employers fell by 3 while ceased employers increased by 3.



3.2. The following table lists employers who joined the Fund as well as those who ceased to have active members in the Fund during the 3 months to 30 June 2022.

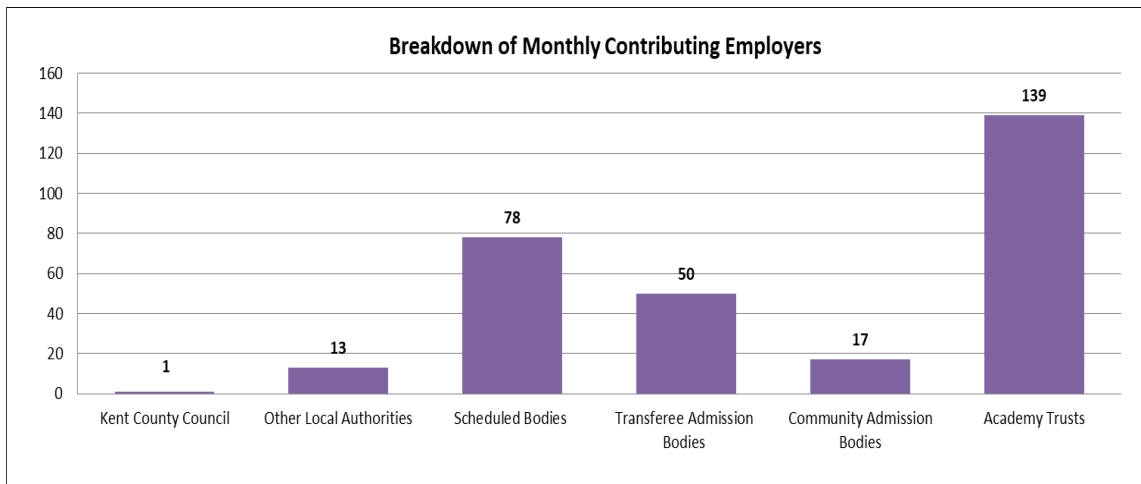
New Employers	Effective date
Admission Bodies	
Olive Dining	1 May 2019 (backdated admission)
Independent Catering Management Ltd (re Robert Napier Fort Pitt Thomas Aveling Academies)	1 August 2020 (backdated admission)
Seeclear Facilities UK Ltd	1 September 2020 (backdated admission)
Town and County Cleaners Ltd (re The Stour Academy Trust)	1 August 2021 (backdated admission)
Scheduled Bodies	
Leybourne Parish Council	1 September 2021 (backdated resolution)

Ceased Employers	Effective Date
Admission Bodies	
Olive Dining	31 October 2020 (backdated admission)
Capita Managed IT Solutions (St Georges School)	31 March 2022
Orbit Housing Association Limited	30 June 2022
Scheduled Bodies	
Higham Parish Council	5 October 2021

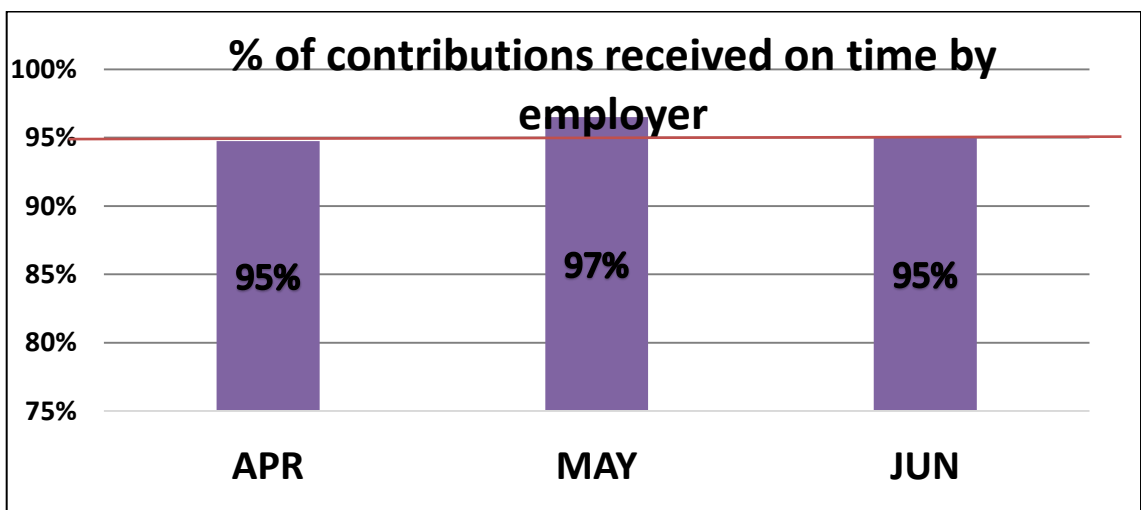
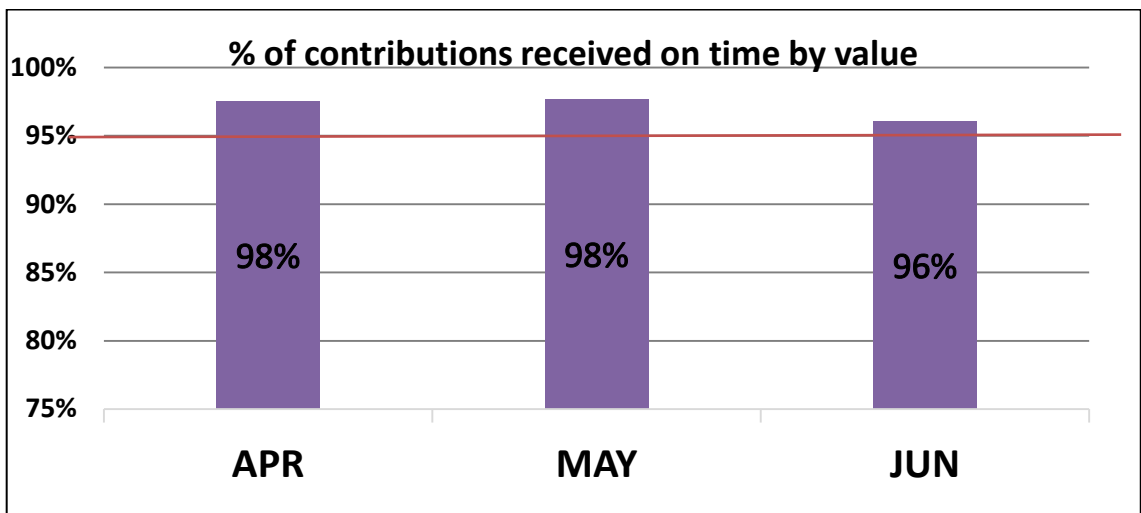
3.3. In the 3 months to 30 June 2022 the Fund received £72.2m from employers in respect of their monthly contributions (employer and employee) as follows:

	Received Early	Cash on 19th	Received Late	Total
	£	£	£	£
April	14,007,833	9,506,817	597,200	24,111,850
May	14,067,165	9,189,650	552,985	23,809,800
June	14,205,514	9,108,519	960,945	24,274,978
Total	42,280,512	27,804,986	2,111,130	72,196,628

3.4. The following table shows employers from whom the Fund receives monthly contributions by Employer Group.



3.5. The Key Performance Indicator (KPI) of 95% for % of contributions and employers was met every month April to June 2022.



4. Kent Institute of Art and Design (KIAD)

- 4.1. KIAD, a scheduled employer in the Kent Fund, amalgamated with Surrey Institute of Art and Design (SIAD) following the KIAD Higher Education Corporation (Dissolution) Order 2005. Some 216 active members transferred on 1 April 2006.
- 4.2. In 2007 the Committee agreed that all KIAD's active members in the Kent Fund should be transferred to the Surrey Pension Fund and that all pensioners including survivor pensioners, and deferred members should remain in the Kent Fund.
- 4.3. The conclusion of this matter was significantly delayed due to a number of factors including the agreement of member data, problems with the dialogue between the Surrey and Kent actuaries and historical administrative backlogs in the Kent Fund.
- 4.4. The terms of the bulk transfer for the active members were finally agreed between the Kent Fund's actuary Barnett Waddingham and Hymans Robertson, the actuary for the Surrey Fund, in March 2022 and the Fund made a payment of £11.3m to the Surrey Fund on 15 March 2022.
- 4.5. Whilst there was a change of administering authority for the active members, there is no financial impact on them or the deferred, pensioner and survivor pensioner members as their benefits are set out in the LGPS regulations.

5. Sevenoaks Leisure Ltd (SLL)

- 5.1. At their meeting on 1 December 2021 the Committee agreed to the Fund entering into a 6-year monthly instalment plan for the payment of outstanding contributions amounting to some £350,000 relating to 2020 – 2022. The agreement was legally completed on 25 April 2022.
- 5.2. SLL, a community admission body which joined the Kent Fund on 1 February 2004 had seen their business seriously impacted by the effects of COVID-19 and as a result had not paid employer and employee contributions to the Fund since April 2020. This matter was reported to the Pensions Regulator in July 2020.
- 5.3. SLL has subsequently paid all employee contributions outstanding from 2020 – 2022 and monthly amounts in line with the agreed instalment plan. SLL has also paid monthly employee and employer contributions to the Fund on time.
- 5.4. There is no impact on the company's active, deferred, pensioner and survivor pensioner members whose benefits are set out in the LGPS regulations.
- 5.5. Officers continue to monitor payments by SLL and will provide an update at future meetings of the Committee and the Pension Board as necessary.

6. Employers with 5 or less active LGPS members

- 6.1. At their meeting on 22 June 2022 the Committee received an update on the small employers in the Fund following on from concerns raised at their meeting in March 2022.
- 6.2. Officers reported that there are approximately 65 employers in the Fund with less than 5 active LGPS members, including some parish and town councils and admission bodies.
- 6.3. Members were advised that since the 2016 triennial valuation report the actuary has provided them with indicative cessation figures (i.e. likely exit surpluses/deficits) with the valuation results to employers with 5 or less active LGPS members. The purpose of this information has been to highlight potential issues to employers and demonstrate that assumptions used by the actuary to calculate cessation figures differ from the ongoing assumptions used to set employer contribution rates. Employers are also expected to take their own advice.
- 6.4. Officers confirmed that cessation figures will again be provided to the small employers with their March 2022 valuation results and that they will liaise with the actuary and follow up with employers to identify any issues to mitigate any potential impact when they leave the fund.
- 6.5. It is intended that a further update will be provided to the Committee and Board as part of the 31 March 2022 triennial valuation results.

7. Academy guarantee

- 7.1. In 2013, the Department for Education (DfE) introduced the academy guarantee. The guarantee provides that, in the event of an academy closing, any outstanding liabilities will not revert to the LGPS fund.
- 7.2. After a reassessment, The Secretary of State for Education confirmed on 21 July 2022 in a [written ministerial statement](#) that it will continue to provide the academy guarantee. The annual estimated ceiling limit will also increase from its current level of £14 million to £20 million. This represents the amount that the DfE can approve without further recourse to HM Treasury rather than a hard limit. There were 139 active academy trusts in the Kent Pension Fund at the end of June 2022.
- 7.3. Although there is no end date to the guarantee, the Government is committed to regularly reassessing it to determine whether it remains affordable and is fully recognised by administering authorities.
- 7.4. LGPC bulletin 227 at: <https://www.lgpsregs.org/bulletinsetc/bulletins.php> and previously circulated to members, includes information on the guarantee as well as updates on other LGPS matters.

8. Employer admission matters

8.1. At their meetings on 1 December 2021, 30 March 2022 and 22 June 2022 the Committee agreed to:

- a) the admission to the Kent County Council Pension Fund of Birkin Cleaning Services Ltd (re Maritime Academy);
- b) the admission to the Kent County Council Pension Fund of Dolce Ltd (re The Academy of Woodlands);
- c) the admission to the Kent County Council Pension Fund of Town & Country Cleaners Ltd (re Maritime Academy);
- d) the admission to the Kent County Council Pension Fund of Purgo Supply Services Ltd (re Leigh Academy Trust);
- e) the admission to the Kent County Council Pension Fund of Seeclear Facilities UK Ltd (re Future Schools Trust);
- f) the admission to the Kent County Council Pension Fund of Sports and Leisure Management Ltd (re Sevenoaks Leisure Ltd);
- g) the admission to the Kent County Council Pension Fund of Town and Country Cleaners Ltd (re Stour Academy Trust);
- h) to the admission to the Kent County Council Pension Fund of The PCS Group Ltd (re Primary First Trust).

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September 2022
