

From: Chairman Pension Fund Committee
Interim Corporate Director of Finance

To: Kent Pension Fund Committee – 28 September 2022

Subject: Fund Employer and Governance Matters

Classification: Unrestricted

Summary:

This report provides information on Fund employers, two admission applications and an update on the government's academy guarantee.

Recommendations:

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

- a) to the admission to the Kent County Council Pension Fund of Apleona UK Ltd (re Education for the 21st Century Academy Trust);
- b) to the admission to the Kent County Council Pension Fund of Cater Link Ltd (Sir Roger Manwood's School);
- c) that the Chairman may sign the minutes relating to recommendations a) and b) at the end of today's meeting; and
- d) that once legal agreements have been prepared for matters a) and b) the Kent County Council seal can be affixed to the legal documents.

FOR DECISION

1. Introduction

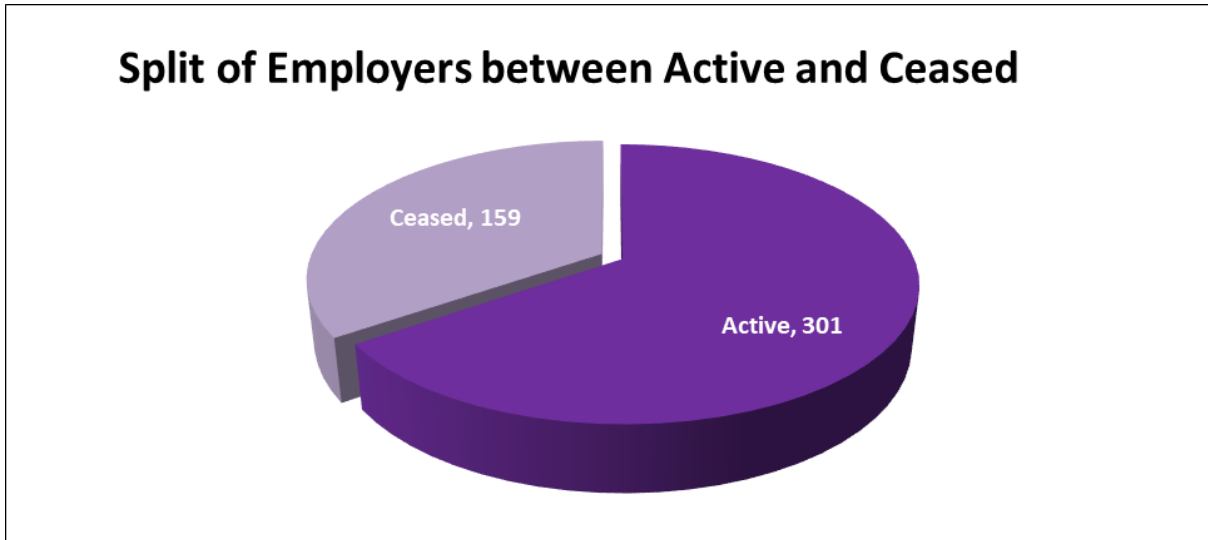
- 1.1. This report provides information on Fund employers for the 3 months ending June 2022 and two admission applications.
- 1.2. It also provides an update on the government's academy guarantee.

2. Employers update

- 2.1. There was a total of 460 employers in the Kent Pension Fund on 30 June 2022 which is a significant change from the 31 March 2022 position reported to Committee at their 22 June 2022 meeting. 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.

- 2.2. The ceased employers include both those employers 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.



- 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 3 months from 1 April to 30 June 2022.

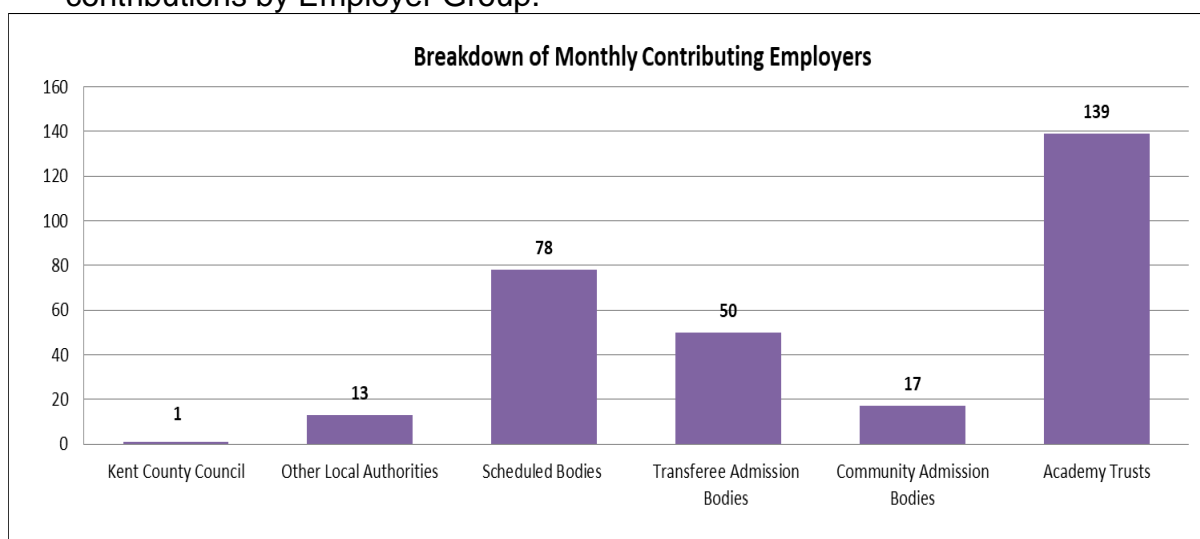
New Employers	Effective date	New Notification
<i>Admission Bodies</i>		
Olive Dining Ltd	1 May 2019 (backdated admission)	X
Independent Catering Management Ltd (re Robert Napier Fort Pitt Thomas Aveling Academies)	1 August 2020 (backdated admission)	X
Secclear Facilities UK Ltd	1 September 2020 (backdated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

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

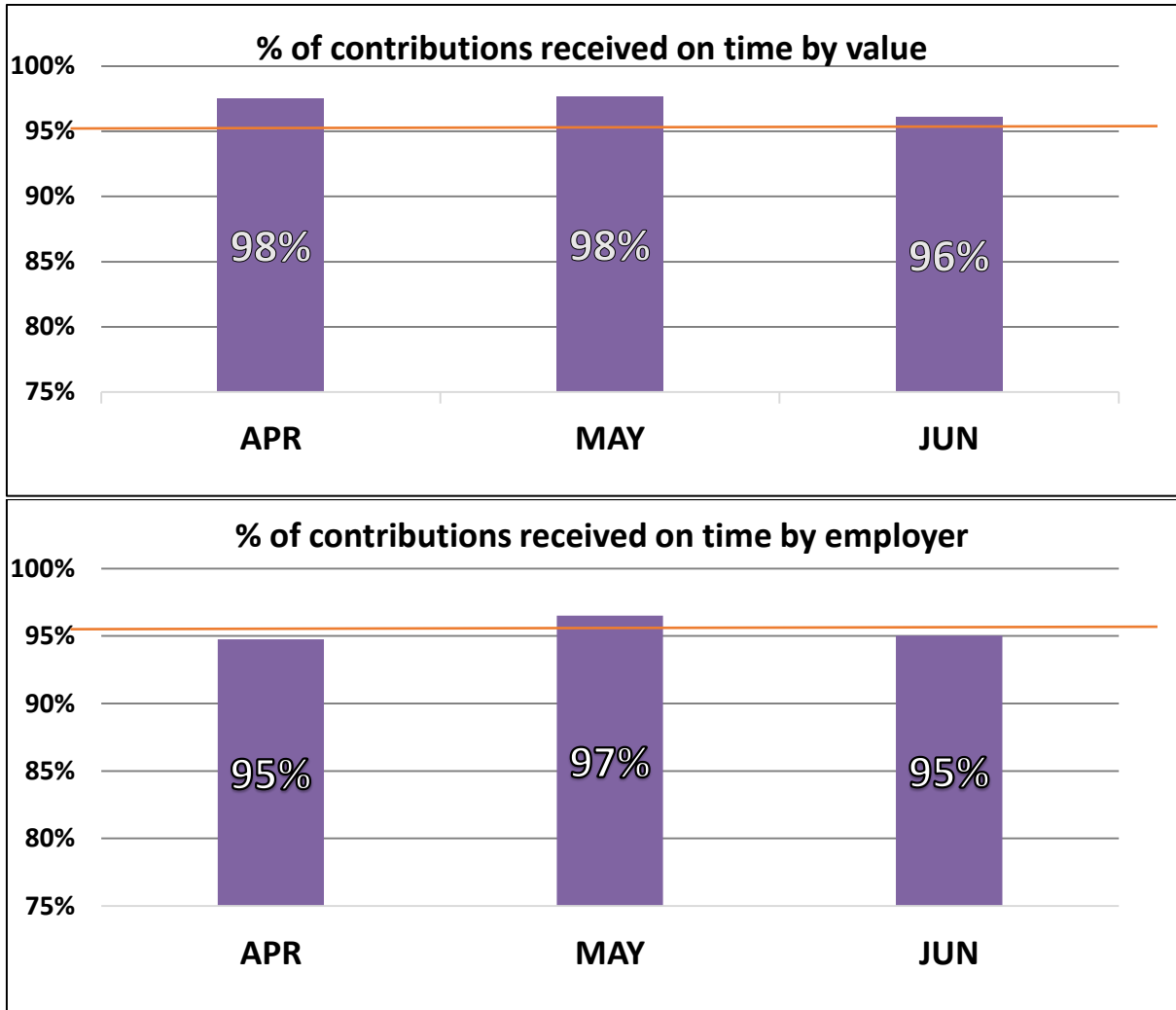
2.4. In the 3 months 1 April to 30 June 2022 the Fund received £72.2m from employers in respect of their monthly contributions (employer and employee) as follows:

	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

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



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 and employers was met every month April to June 2022.



3. Admission matters

- 3.1. The following organisations (discussed at paragraphs 4 and 5) have applied retrospectively for admission to the Pension Fund to ensure the continuity of pension arrangements for staff.
- 3.2. 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 some form of security.
- 3.3. 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 has given favourable opinions.

4. Apleona UK Ltd (re Education for the 21st Century Academy Trust)

- 4.1. Education for the 21st Century Academy Trust has awarded a 3-year contract for cleaning services from 21 February 2022 and this involved the transfer of 7 employees to Apleona UK Ltd.
- 4.2. The Fund actuary has assessed the employer contribution rate as 26.1% for a closed agreement and the bond for the first year as £8,000.
- 4.3. As an alternative to a Bond, if Education for the 21st Century Academy Trust agreed to provide a guarantee the terms of the guarantee will be captured in the admission agreement.

5. Cater Link Ltd (Sir Roger Manwood's School)

- 5.1. Sir Roger Manwood's School has awarded a 3-year contract for catering services from 1 April 2022 and this involved the transfer of 8 employees to Cater Link Ltd.
- 5.2. The Fund actuary has assessed the employer contribution rate as 27.8% for a closed agreement and the guarantee for the first year as £24,000.
- 5.3. Sir Roger Manwood's School as the scheme employer party to the admission agreement has agreed to provide a guarantee and the terms of the guarantee will be captured in the admission agreement.

6. Academy guarantee

- 6.1. 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.
- 6.2. 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.
- 6.3. 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.
- 6.4. 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.

T: 03000 416290

E: James.graham@kent.gov.uk

September 2022
