

By: Chairman Superannuation Fund Committee  
Corporate Director of Finance

To: Superannuation Fund Committee – 6 September 2019

Subject: **Fund Employer Matters**

Classification: Unrestricted

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Summary: To report on employer related matters.

**FOR DECISION**

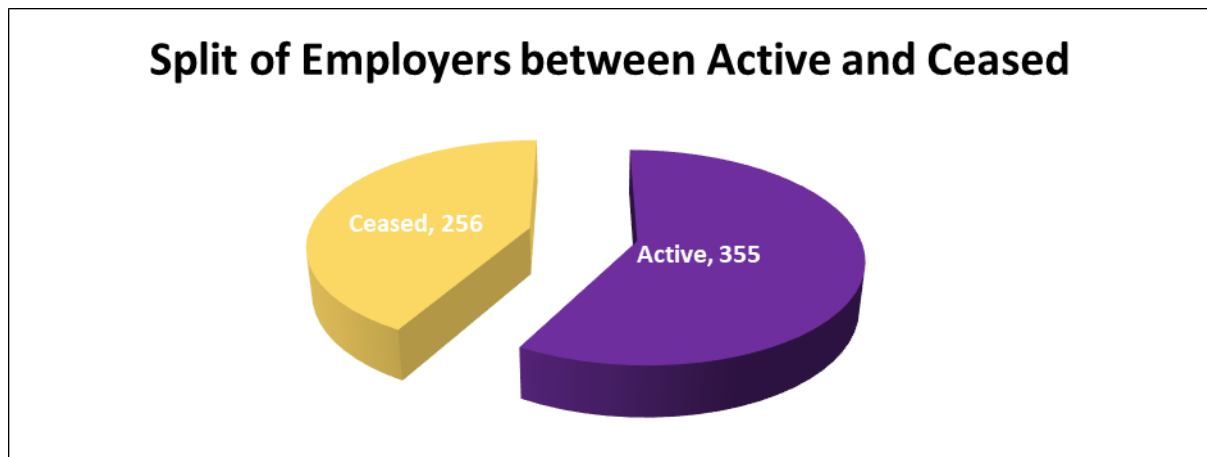
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**INTRODUCTION.**

1. This report sets out information on employer related matters, an update on Colleges and the McCloud case.

**EMPLOYERS IN THE FUND AT 30 JUNE 2019**

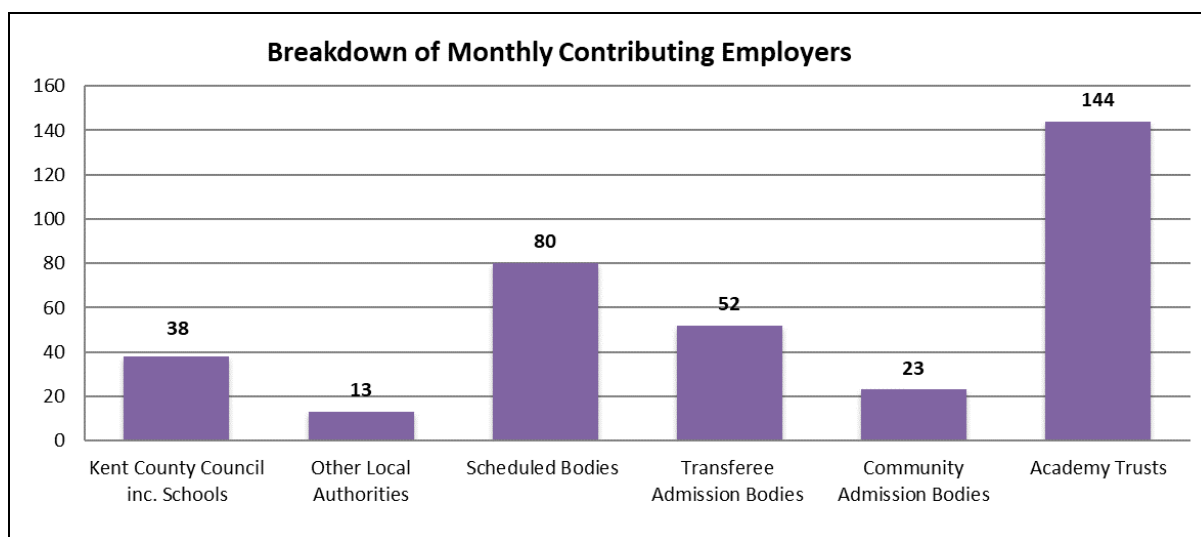
2. There were a total of 611 employers in the Kent Pension Fund.



3. The number of active employers regularly paying contributions increased in the 3 months April to June 2019 to 355 as a result of 8 employers joining the Fund while 1 ceased to have active members in the LGPS. 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.
4. The following table lists employers who either joined or ceased to have active members in the Fund during the first 3 months of 2019-20. This includes backdated admission agreements.

| New Employers   | Effective date  |
|---|-----------------|
| <b>Academy Trusts</b>   |                 |
| Deal Education Alliance for Learning Trust (DEALT)                            | 1 April 2019    |
| <b>Admitted Bodies</b>  |                 |
| Compass Contract Services (UK) Ltd T/A Chartwells (re KCSP Primary Schools)   | 1 January 2019  |
| Compass Contract Services (UK) Ltd T/A Chartwells (re KCSP Secondary Schools) | 1 January 2019  |
| Deep Beat Entertainment (re Strood Sports Centre)                             | 1 February 2019 |
| PT Commercial Ltd T/A Ecocleen  | 1 April 2019    |
| <b>Ceased/Merged to Trust Employers</b>                                       |                 |
| <b>Effective date</b>   |                 |
| <b>Admitted Bodies</b>  |                 |
| Invicta Telecare T/A Centra Pulse   | 31 May 2019     |

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

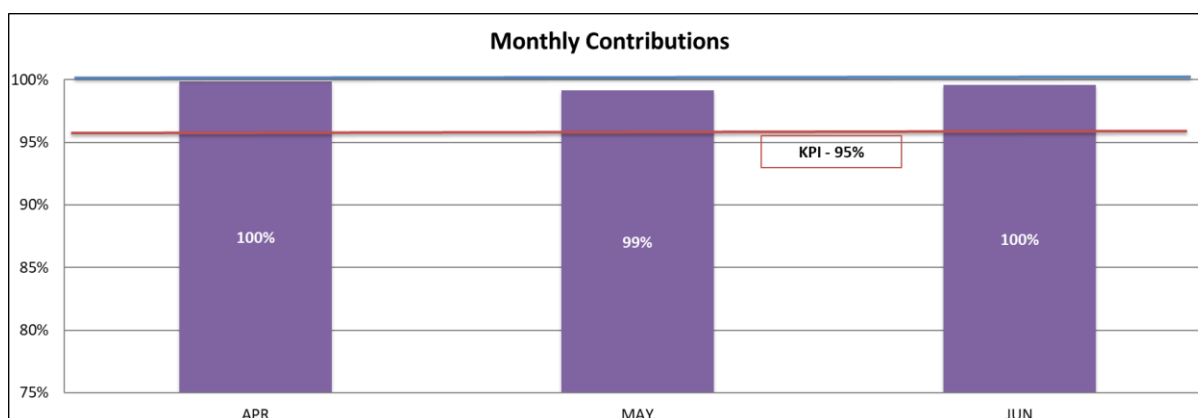


## **CONTRIBUTIONS FROM EMPLOYERS**

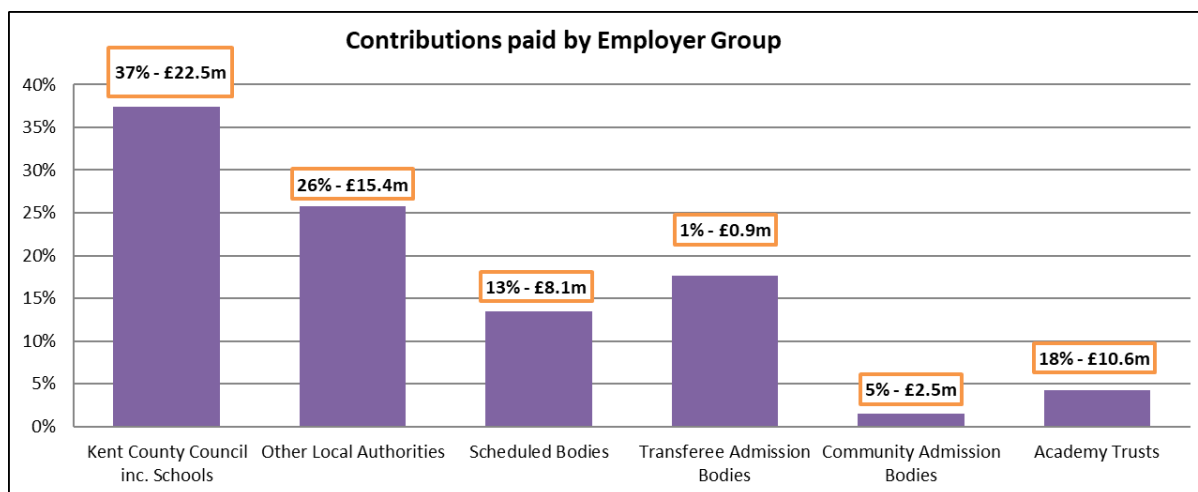
6. In the period April to June 2019-20 the Fund received £60m from employers in respect of their monthly contributions (employer and employee) as follows:

|              | Received Early    | Cash on 19th      | Received Late  | Total             |
|--------------|-------------------|-------------------|----------------|-------------------|
|              | £                 | £                 | £              | £                 |
| April        | 10,401,124        | 9,584,819         | 34,810         | 20,020,753        |
| May          | 11,943,102        | 7,676,488         | 171,801        | 19,791,390        |
| June         | 12,709,535        | 7,419,715         | 86,889         | 20,216,139        |
| <b>Total</b> | <b>35,053,761</b> | <b>24,681,022</b> | <b>293,499</b> | <b>60,028,282</b> |

7. KCC monitors the timing of receipt of these contributions compared to a KPI of 95%. The KPI was exceeded in all 3 months and the average for this quarter for contributions received was 99%.



8. The following chart shows the proportion paid by KCC and other employers of contributions received.



## **HADLOW COLLEGE**

9. At their meeting on 21 June 2019 the Committee was advised that Hadlow College had gone into educational administration.

10. An indicative cessation report as of 30 June 2019 has been received from the Fund's actuary, Barnett Waddingham, and this sets out a number of different scenarios depending on the result of the administration. The administrators BDO who are considering alternative outcomes for the future of the college and its staff are discussing these scenarios with the actuary. The Committee will be updated further when the final position is known.

### **WEST KENT AND ASHFORD COLLEGE**

11. The West Kent and Ashford College is a scheduled body in the Kent Pension Fund and its staff both past and present are members of the LGPS.
12. On 6 August 2019 the Secretary of State for Education made an application at the High Court of Justice for an Education Administration Order pursuant to the Technical and Further Education Act 2017 in respect of the Corporation of West Kent and Ashford College Brook Street Tonbridge TN9 2PW. This is a formal insolvency process. Partners at BDO LLP have been appointed as education administrators of the College with effect from 16 August 2019.
13. BDO LLP have written to the Kent Pension Fund, as they are required to inform all creditors of the College, that the Education Administration Order has been made.
14. BDO have also confirmed that the purpose of the Education Administration Order is to protect education provision for learners as the College is facing financial difficulties. They plan to implement a solution to ensure a sustainable future for the College and its learners and this aligns with the law governing the Education Administration Order process.
15. In order to safeguard the Kent Pension Fund's interests officers will work closely with BDO to resolve the financial position of the West Kent and Ashford College LGPS fund and it is proposed that authority for making any decisions on this matter is delegated to the Corporate Director of Finance.
16. An indicative cessation report as of 30 June 2019 has been received from the Fund's actuary, Barnett Waddingham, and this sets out a number of different scenarios depending on the result of the administration. BDO are considering alternative outcomes for the future of the college and its staff and are discussing these scenarios with the actuary. The Committee will be updated further when the final position is known.

### **THE McCLOUD JUDGEMENT**

17. At their meeting on 21 June 2019 the Committee was advised of the McCloud judgement and the subsequent pause in the Scheme Advisory Board and HM Treasury cost control mechanisms.
18. Whilst we await the remedy of the McCloud judgement the actuary has advised that employers are likely to be impacted by changes in relation to a final salary

underpin which was applied to active members who were aged 55 or above (within 10 years of retirement) at 31 March 2012.

19. The actuary is including an allowance for McCloud in the employers' IAS19/FRS102 reports based on analysis undertaken by the Government's Actuary department and the individual assumptions and membership profile of the employer.
20. Employers are being charged extra for their reports as a result of the additional work being undertaken by the actuary.

### **RECOMMENDATION**

21. Members are asked to resolve to agree:
  - a) The proposed officer delegation.
22. Members are asked to note:
  - a) The employer update;
  - b) The update on Hadlow College;
  - c) The position of West Kent and Ashford College; and
  - d) The update on McCloud.

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