

By: Corporate Director of Finance  
To: Pension Board – 11 November 2019  
Subject: **FUND EMPLOYER MATTERS**  
Classification: Unrestricted

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Summary: To report on employer related matters.

**FOR  
INFORMATION**

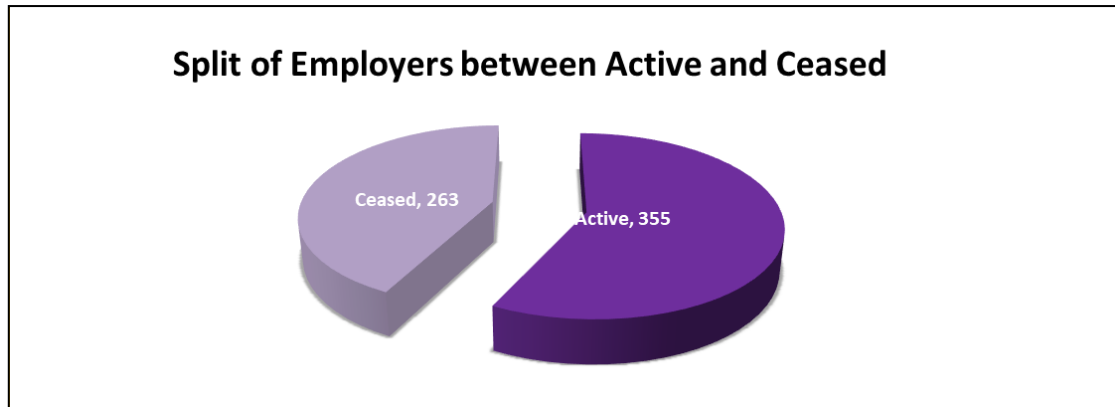
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**INTRODUCTION**

1. This report sets out information on employers, actuarial issues and the McCloud judgement.

**EMPLOYER UPDATE**

2. There was a total of 618 employers in the Kent Pension Fund at 30 September, an increase of 15 from 31 March.

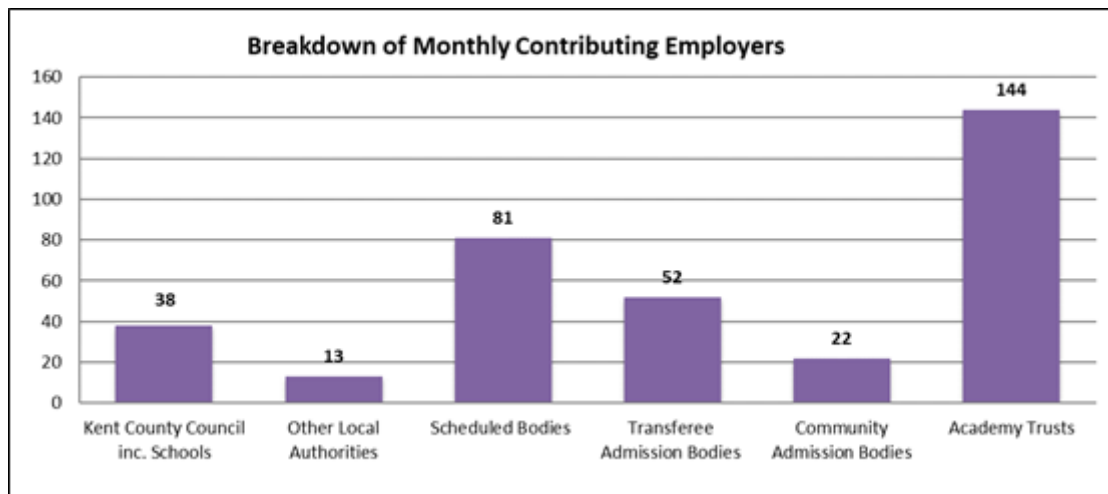


3. The number of active employers regularly paying contributions increased by 7 in the 6 months from end of March and 8 employers ceased to have active members in the LGPS. The ceased employers no longer have active contributing members in the LGPS and the Fund has an existing or future liability to pay any pensions
4. The following table lists employers who either joined or ceased to have active members in the Fund during the first 6 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
Connect Schools Academy Trust	1 July 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
Deep Beat Entertainment (re Medway Park)	1 February 2019
PT Commercial Ltd T/A Ecocleen	1 April 2019
The Contract Dining Company Limited	1 July 2019
Compass Contract Services (UK) Ltd (T/A Chartwells RE Fortis Trust)	1 July 2019
Alliance in Partnership Limited	1 August 2019
<b>Scheduled Bodies</b>	
Swingate School	1 September 2019

Ceased/Merged to Trust Employers	Effective date
<b>Academy Trusts</b>	
Brent Primary School Academy	31 August 2019
<b>Admitted Bodies</b>	
Invicta Telecare T/A Centra Pulse	31 May 2019
Canterbury Archaeological Trust	31 August 2019
Churchill Contract Services (SJWMS)	31 August 2019
Compass Contract Services (UK) Ltd	31 August 2019
YBC Cleaning Services Limited	31 August 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.

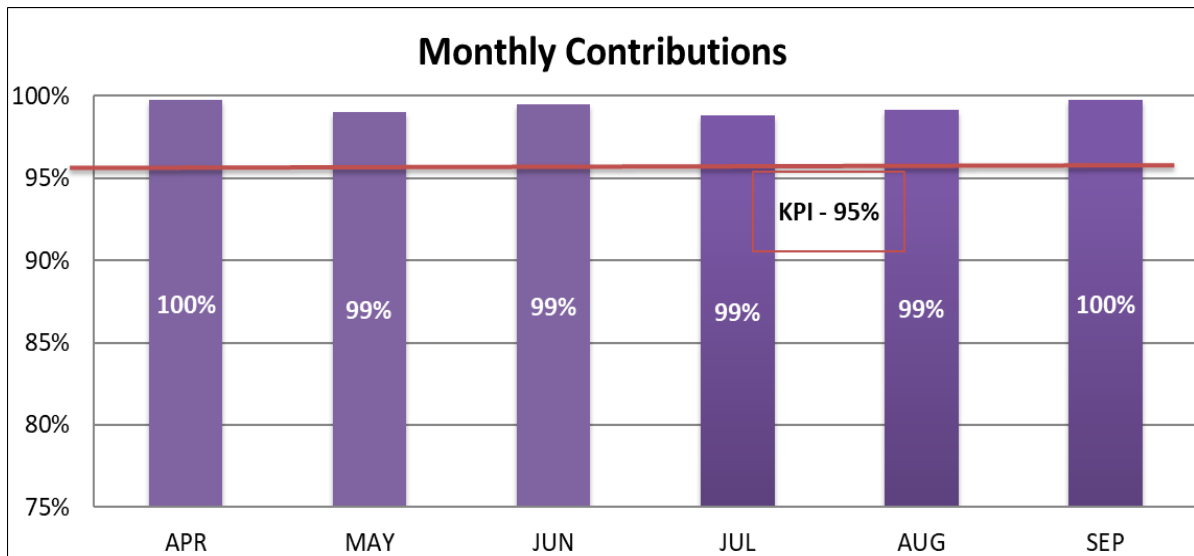


### **CONTRIBUTIONS FROM EMPLOYERS**

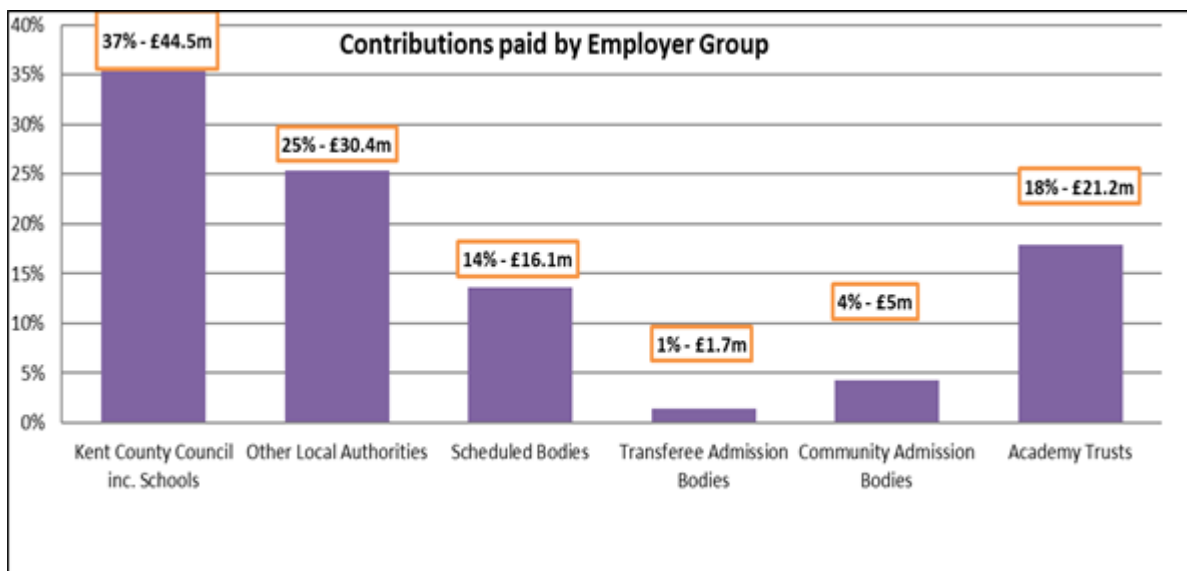
6. In the period April to September 2019-20 the Fund received £119m from employers in respect of their monthly contributions (employer and employee) as follows:

	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
July	11,688,093	7,835,617	230,013	19,753,723
August	13,203,583	6,274,817	160,927	19,639,327
September	11,780,730	7,792,373	36,808	19,606,910
<b>Total</b>	<b>71,726,168</b>	<b>46,583,828</b>	<b>721,247</b>	<b>119,031,243</b>

7. 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 with the average for this quarter for contributions received being 99%.



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



## **EMPLOYER ADMISSION MATTERS**

9. Since we last reported to the Board the Superannuation Fund Committee has agreed the admission of Alliance in Partnership at its meeting on 21 June 2019.

## **HADLOW COLLEGE**

10. At their meeting on 14 June 2019 the Board was advised that Hadlow College had gone into educational administration.

11. 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 Board will be updated further when the final position is known.

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

12. 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.
13. 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.
14. 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.
15. 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.
16. 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.
17. 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 Board will be updated further when the final position is known.

### **31 MARCH TRIENNIAL VALUATION**

18. As previously reported the actuarial valuation of the Fund as at 31 March 2019 is well under way. Fund results and those for the major employers were received at the end of October and have been shared with the Kent Finance Officers at their meeting on 1 November. These will also be reported to the Committee on 15 November and other employer results will be shared at the employers forum in December.

## **THE MCCLOUD JUDGEMENT**

19. At their meeting on 14 June 2019 the Board was advised of the McCloud judgement and the subsequent pause in the Scheme Advisory Board and HM Treasury cost control mechanisms.
20. 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.
21. 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.
22. Employers are being charged extra for their reports as a result of the additional work being undertaken by the actuary.

## **RECOMMENDATION**

23. The Board is asked to note this report.

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