

From: Chairman Pension Fund Committee
Corporate Director of Finance

To: Kent Pension Fund Committee – 12 December 2023

Subject: Funding and Employer Governance

Classification: Unrestricted

Summary:

This report provides information on Fund employers and admission matters. It also provides updates on the matters of 'deemed employer status' and the actuary procurement project.

Recommendations:

The Committee is asked to note the report and agree:

- a) to the admission to the Kent Pension Fund of Suez Recycling and Recovery UK Ltd;
- b) to the admission to the Kent Pension Fund of Caterlink Ltd (re Briary School/EKC Schools Trust);
- c) to the admission to the Kent Pension Fund of Independent Catering Management Ltd (re Gravesend Grammar School/Decus Trust);
- d) the Compass Contract Services UK Ltd net cessation surplus is allocated to Kent Catholic Schools Partnership share of the Kent Pension Fund being the funding pool for Kent and Medway academies;
- e) that once legal agreements have been prepared for matter a) to c) the Kent County Council seal can be affixed to the legal documents.

FOR DECISION

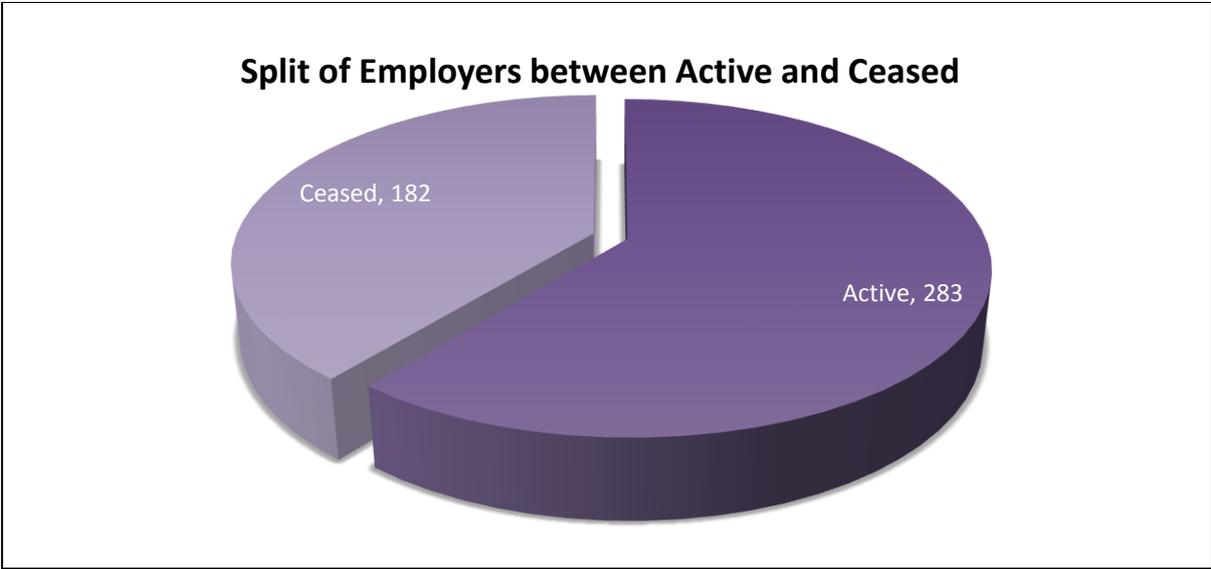
Summary:

1. Introduction

This report provides information on Fund employers for the 3 months ending 30 September 2023, proposes three employer admissions and the allocation of a net cessation surplus. It also provides updates on 'deemed employer status' and the actuarial procurement project.

2. Employer Update for the 3 months to 30 September 2023

- 2.1 At its last meeting the Committee received an update on employer numbers as at 30 June 2023, when there were 464 employers in the Fund. This number increased by 1 overall in the 2nd quarter of 2023/24 to 465 employers in the Fund on 30 September 2023.
- 2.2 During this quarter, 1 new free school and 1 new academy trust joined the Fund. In addition, 2 new admitted body employers and 1 new parish council also joined the Fund. In addition, 4 academies joined existing multi-academy trusts.
- 2.3 Also, during this quarter, 9 admitted bodies and 1 parish council became ceased employers who still have liabilities in the Fund although this does not affect the overall number of employers in the Fund.



2.4 The following tables list employers who joined the Fund as well as those who left the Fund or ceased to have active members in the Fund during the 3 months to 30 September 2023.

Type	New Employers	Effective Date
Admission Body	Seeclear Facilities (UK) Ltd	01 April 2020 (backdated admission)
Admission Body	Skanska Construction UK Ltd	01 November 2022 (backdated admission)
Scheduled Body	Rusthall Parish Council	10 July 2023
Academy Trust	United Learning Trust (Chilmington School)	01 September 2023

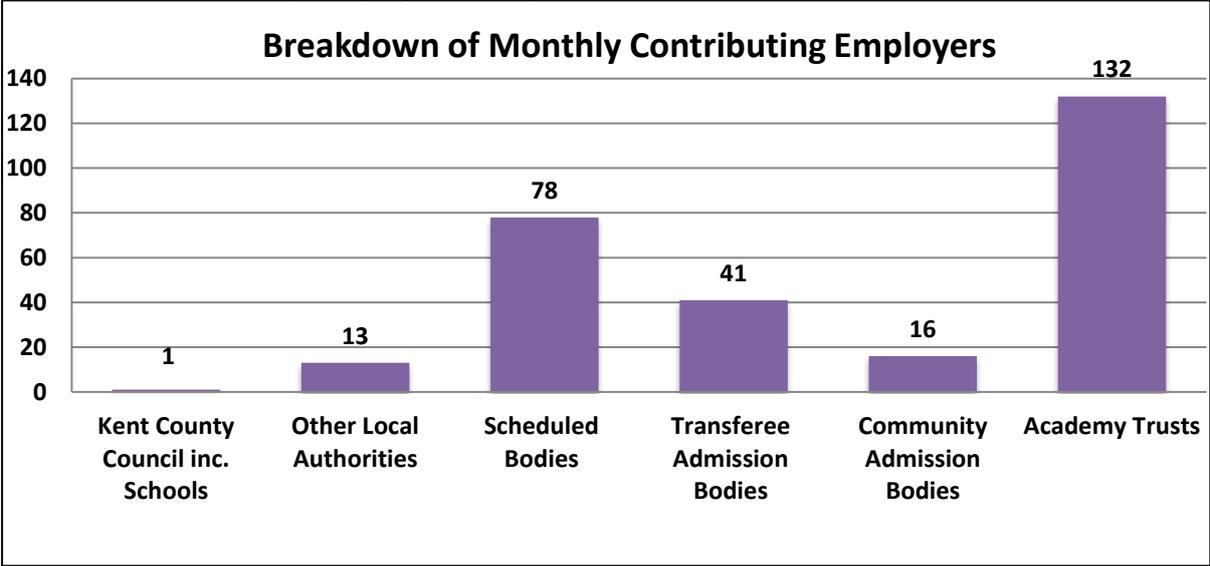
Academy Trust	Inspire Academy Movement	01 September 2023
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Type	Ceased Employers	Effective Date
Admission Body	Enterprise AOL Ltd	31 August 2023
Admission Body	Pabulum re Swale Academies Trust	31 July 2023
Admission Body	Churchill Contract Services (Re: Thinking School Academy Trust)	31 August 2023
Admission Body	Cleantec Services Ltd (Leigh Academies Trust)	31 July 2023
Admission Body	Cleantec Services Ltd (Dartford Grammar School for Girls)	31 August 2023
Admission Body	Purgo Supply Services Ltd	31 July 2023
Admission Body	Birkin Cleaning Services Ltd (Re: Maritime Academy Trust)	08 August 2023
Admission Body	Compass Contract Services UK Ltd (Kent Catholic Schools Trust -Secondary Schools)	03 January 2023
Admission Body	Sodexo (Oasis Community Learning Trust)	31 August 2023
Schedule Body	Westgate on Sea Parish Council	01 August 2023

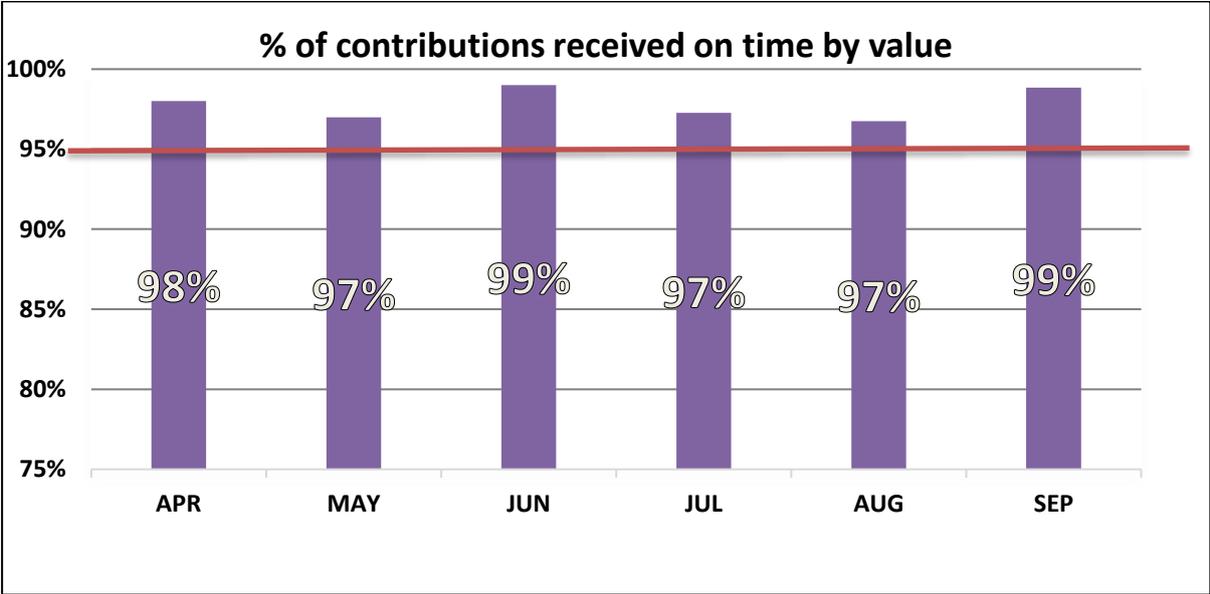
2.5 In the 6 months to 30 September 2023 the Fund received £152m from employers in respect of their monthly contributions (employer and employee) as follows:

	Received Early	Cash on 19th	Received Late	TOTAL
	£	£	£	£
April	15,142,991.08	9,535,893.13	539,725.23	25,218,609.44
May	14,966,215.01	9,581,543.72	772,968.68	25,320,727.41
June	15,444,021.25	10,037,167.15	187,303.66	25,668,492.06
July	13,951,651.32	10,874,794.53	697,085.24	25,523,531.09
August	15,663,617.93	8,906,384.41	827,294.35	25,397,296.69
September	15,556,908.04	9,574,294.26	295,556.59	25,426,758.89

2.6 The following table shows employers from whom the Fund receives monthly contributions by Employer Group:



2.7 The Key Performance Indicator (KPI) of 95% for % of contributions was met every month April to September 2023.



2.8 The Key Performance Indicator (KPI) of 95% for % of employers was met every month April to September 2023 bar May 2023. 22 employers paid late or didn't pay and 11 of these related to a single payroll provider (Cintra) who did not make the May payment in time. Although these outstanding payments have now been resolved, the payroll provider in question subsequently notified the Fund on that they were withdrawing from the local government market with

effect from 1 September 2023. Officers are liaising with affected employers to ensure contributions and associated payroll information continue to be received on a timely basis and have now delivered employer specific training.

3. Suez Recycling and Recovery UK Ltd

- 3.1 Ashford, Maidstone and Swale Borough Councils have awarded an 8-year contract for waste collection and street cleansing to Suez Recycling and Recovery UK Ltd which commences on 24 March 2024. This involves the transfer of 4 employees from the current contractor Biffa Municipal Ltd.
- 3.2 Ashford Borough Council and Maidstone Borough Council will be joint scheme employer and will also act as Guarantor for this admission.
- 3.3 An admission application has 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.
- 3.4 The Fund Actuary has assessed the employer contribution rate as 28.2% for a closed agreement and the guarantee for the first year as £383k.
- 3.5 The completed questionnaires and supporting documents provided by Suez Recycling and Recovery Ltd have been examined by officers to ensure compliance with the LGPS regulations, and Invicta Law has given a favourable opinion.
- 3.6 The Committee is asked to agree that Suez Recycling and Recovery UK Ltd is admitted to the Fund.

4. Caterlink Ltd (re Briary School)

- 4.1 Briary School which is part of the EKC Schools Trust has awarded a 3-year catering contract to Caterlink Ltd from 1 June 2023. This involved the transfer of 1 eligible LGPS member to Caterlink Ltd.
- 4.2 A retrospective admission application has 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.
- 4.3 The Fund Actuary has assessed the employer contribution rate as 25.6% for a closed agreement and the bond for the first year as £16,000.
- 4.4 The completed questionnaires and supporting documents provided by Caterlink Ltd have been examined by officers to ensure compliance with the LGPS regulations, and Invicta Law has given a favourable opinion.
- 4.5 The Committee is asked to agree that Caterlink Ltd be admitted to the Fund.

5. Independent Catering Management Ltd (re Decus Trust)

- 5.1 Gravesend Grammar School which is part of the Decus Trust has awarded a 3-year catering contract to Independent Catering Management Ltd from 1 February 2023. This involved the transfer of 7 eligible LGPS member to Independent Catering Management Ltd.
- 5.2 A retrospective admission application has 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.
- 5.3 The Fund Actuary has assessed the employer contribution rate as 26.6% for a closed agreement and the bond for the first year as £75,000.
- 5.4 The completed questionnaires and supporting documents provided by Independent Catering Management Ltd have been examined by officers to ensure compliance with the LGPS regulations, and Invicta Law has given a favourable opinion.
- 5.5 The Committee is asked to agree that Independent Catering Management Ltd be admitted to the Fund.

6. Compass Contract Services UK Ltd (re Kent Catholic Schools Partnership)

- 6.1 Compass Contract Services UK Ltd (Compass) joined the Fund on 1 January 2019 in respect of two separate commercial contracts with Kent Catholic Schools Partnership (KCSP) one being for the KCSP primary schools and one for the KCSP secondary schools.
- 6.2 Compass has two distinct admission agreements for these two matters in accordance with the LGPS regulations.
- 6.3 KCSP participates in the Funds academy pool for funding purposes along with all the other Kent and Medway academies.
- 6.4 Compass re KCSP primary schools left the Fund on 16 November 2022 when their last LGPS active scheme member left. The actuary calculated a cessation deficit owing to the Fund of £20,000.
- 6.5 Compass re KCSP secondary schools left the Fund on 3 January 2023 when their contract ended. The actuary calculated a cessation surplus of £23,000.
- 6.6 Whilst any deficit due upon cessation is payable by Compass in accordance with both their admission agreements, KCSP have indemnified Compass against any LGPS deficit and both parties have agreed the Fund sets the deficit position against the surplus position.
- 6.7 At their meeting on 21 June 2019 the Committee delegated approval for decisions regarding exit surplus amounts to be given to officers up to £20,000.

6.8 As the secondary school's surplus is £23,000, agreement is sought that the primary school's deficit of £20,000 can be set against it, therefore leaving a net surplus of £3,000 which officers propose is notionally allocate to the academy funding pool.

7. 2019 Government Consultation - deemed employer route

7.1 At their meeting on 29 March 2023 Committee agreed that the Chairman writes to the Department of Levelling Up, Housing and Communities (DLUHC) asking for an update on the matter of deemed employer status.

7.2 At their meeting on 22 June 2023 Committee were advised officers had considered the matter further; the Charman had written to Cllr Roger Phillips (Scheme Advisory Board Chairman); and that a further update would be provided at future meetings of the Committee and Board.

7.3 On 16 October 2023 Cllr Roger Phillips wrote to the DLUHC and a copy of this letter is attached at Appendix One.

7.4 A further update will be provided at future meetings of the Committee and Board.

8. Actuary Procurement

8.1 As reported to the Committee at its meeting on 26 September, the Fund is currently carrying out a routine re-procurement exercise for the ongoing provision of actuarial advice, using a competitive process under the Actuarial, Benefits and Governance Consultancy Services Framework established by the National LGPS Frameworks. Committee agreed that the decision for awarding the actuarial contract is delegated to the Corporate Director of Finance in conjunction with the Committee Chair and Vice Chair and that a further update will be provided at the next meetings of the Committee and Board.

8.2 The procurement process has broadly proceeded as planned but the final stage of the evaluation process – in-person interviews – was subject to a minor delay owing to adverse weather conditions impacting arrangements in November. The interviews have now taken place and, as at the time of writing, final evaluation processes are being carried out with a view the awarding the contract to the successful tenderer in December. Officers expect to be able to give a verbal update on the outcome of the procurement at today's meeting.

Appendices

Appendix 1 – Scheme Advisory Board Letter to the Department for Levelling Up, Housing and Communities of 16 October 2023

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