

From: Chairman Superannuation Fund Committee
Corporate Director of Finance

To: Superannuation Fund Committee – 30 March 2022

Subject: Fund Employer and Governance Matters

Classification: Unrestricted

Summary:

This report provides an update on Fund employers, and details of the transfer of Kent Institute of Art and Design to the Surrey Pension Fund and of the proposed transfer of Oasis Community Learning Trust and Sodexo Ltd to the LPFA. It also provides an update on the progress being made on the payment plan agreed with Sevenoaks Leisure Ltd and a summary of the GAD Section 13 report on the LGPS 2019 valuations, as well as some admission matters.

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 Seeclear Facilities UK Ltd (re Future Schools Trust).
- b) to the admission to the Kent County Council Pension Fund of Sports and Leisure Management Ltd (re Sevenoaks Leisure Ltd).
- c) to the admission to the Kent County Council Pension Fund of Town and Country Cleaners Ltd (re Stour Academy Trust).
- d) that the Chairman may sign the minutes relating to recommendations a) to c) at the end of today's meeting; and
- e) that once legal agreements have been prepared for matters a) and c) the Kent County Council seal can be affixed to the legal documents.

FOR DECISION

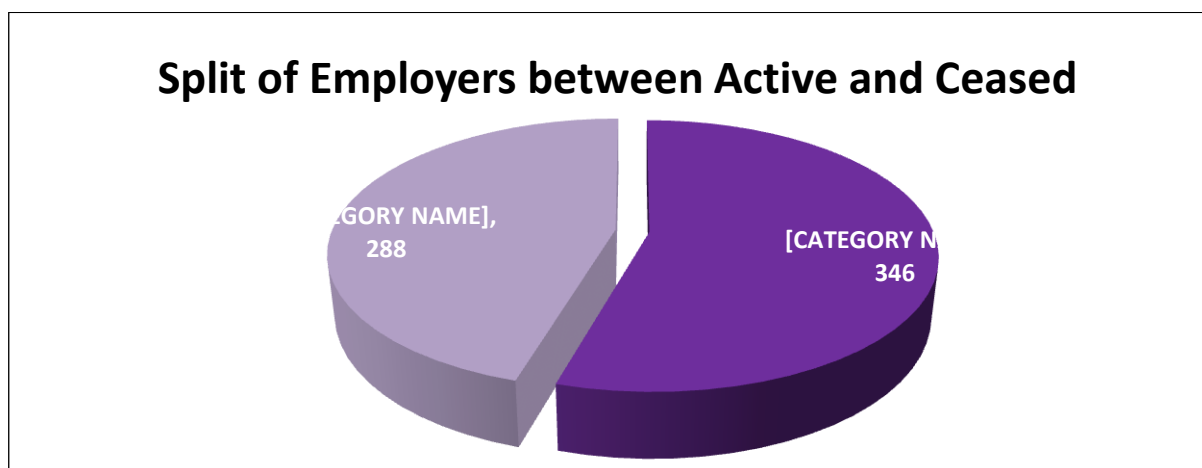
1 Introduction

- 1.1 This report sets out information on employer related matters for the 9 months ending 31 December 2021.
- 1.2 It also provides details of the transfer of Kent Institute of Art and Design to the Surrey Pension Fund and of Oasis Community Learning Trust and Sodexo Ltd

to the LPFA. In addition, it provides an update on the progress being made on the payment plan agreed with Sevenoaks Leisure Ltd and a summary of the GAD Section 13 report as well as some admission matters.

2 Fund Employer update

2.1 There was a total of 634 employers in the Fund on 31 December 2021, an increase of one from 30 September 2021.



2.2 The number of active employers regularly paying contributions increased by one with a new transferee admission body. Two employers ceased to have active members in the Local Government Pension Scheme (LGPS). The ceased employers include both those employers that have ceased to have active members but for whom the legal 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 9 months to 31 December 2021.

New Employers	Effective Date	New Notification
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)	x
Scheduled Bodies		
Canterbury Environment Company Ltd	1 February 2021 (backdated)	
Kite College	1 May 2021 (backdated)	
Academy Trusts		
Inspire Trust	1 April 2021	

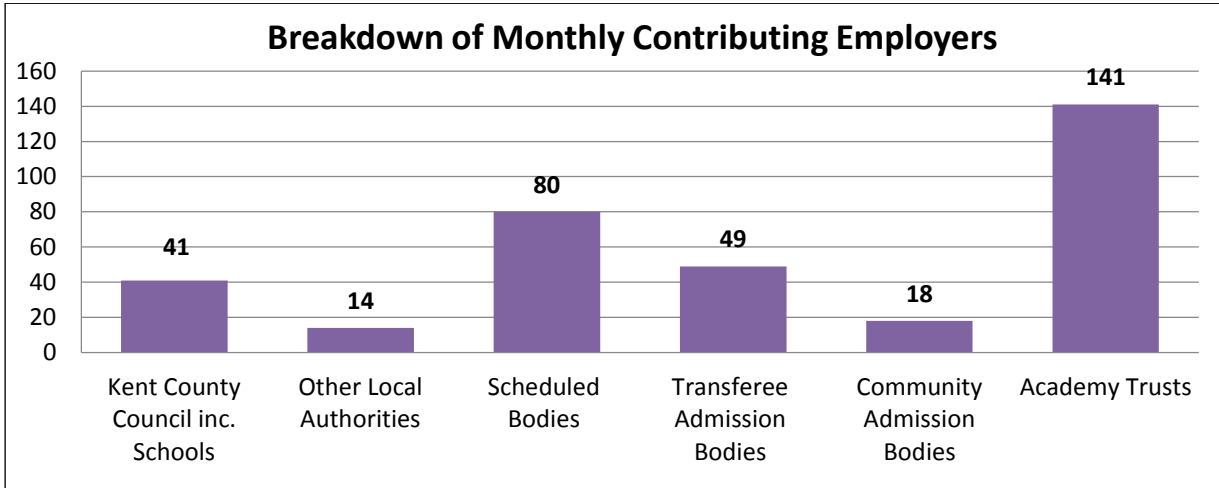
Ceased / Merged to Trust Employers	Effective Date	New Notification
Admission Bodies		
Kent College Canterbury	31 January 2021 (late notification of last active member leaving)	
Rochester Care Homes Ltd	31 March 2021	
Deep Beat Entertainment Ltd (Medway Park)	18 May 2021	
Deep Beat Entertainment Ltd (Strood)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

2.4 In the 9 months to December 2021 the Fund received £202.7m from employers in respect of their monthly contributions (employer and employee) as follows:

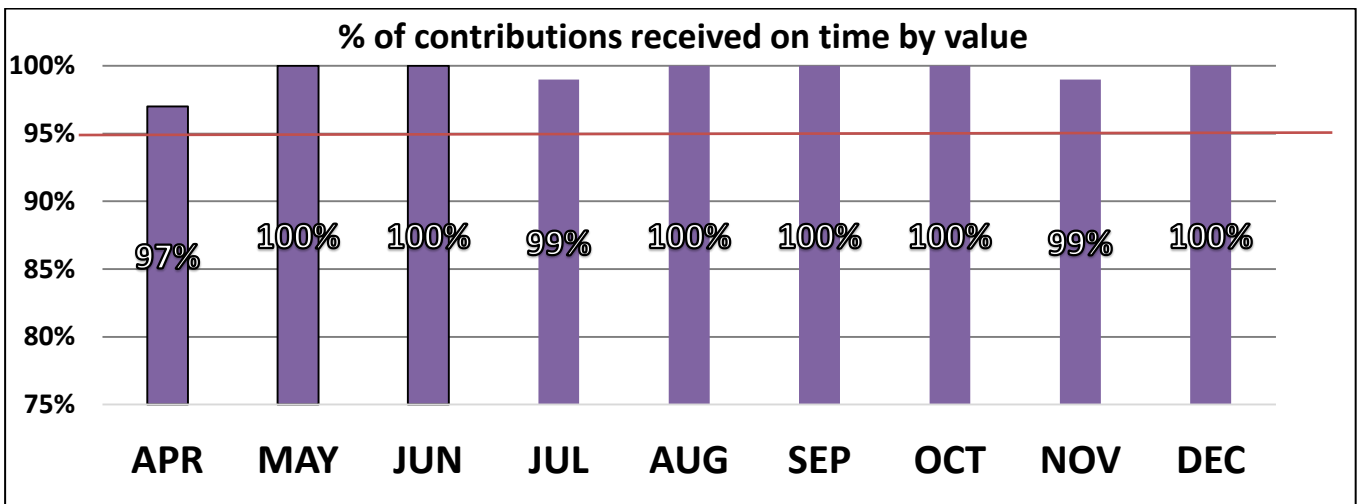
	Received Early	Cash on 19th	Received Late	Total
	£	£	£	£
April	12,840,115	8,765,012	589,197	22,194,324
May	12,276,966	9,762,932	62,210	22,102,108
June	12,718,141	9,642,629	78,924	22,439,694
July	13,285,059	8,791,062	224,727	22,300,848
August	12,744,554	9,598,102	40,569	22,383,226
September	13,131,657	9,111,522	30,236	22,273,415
October	13,848,463	8,591,048	23,538	22,463,048
November	13,228,237	9,662,220	122,099	23,012,556

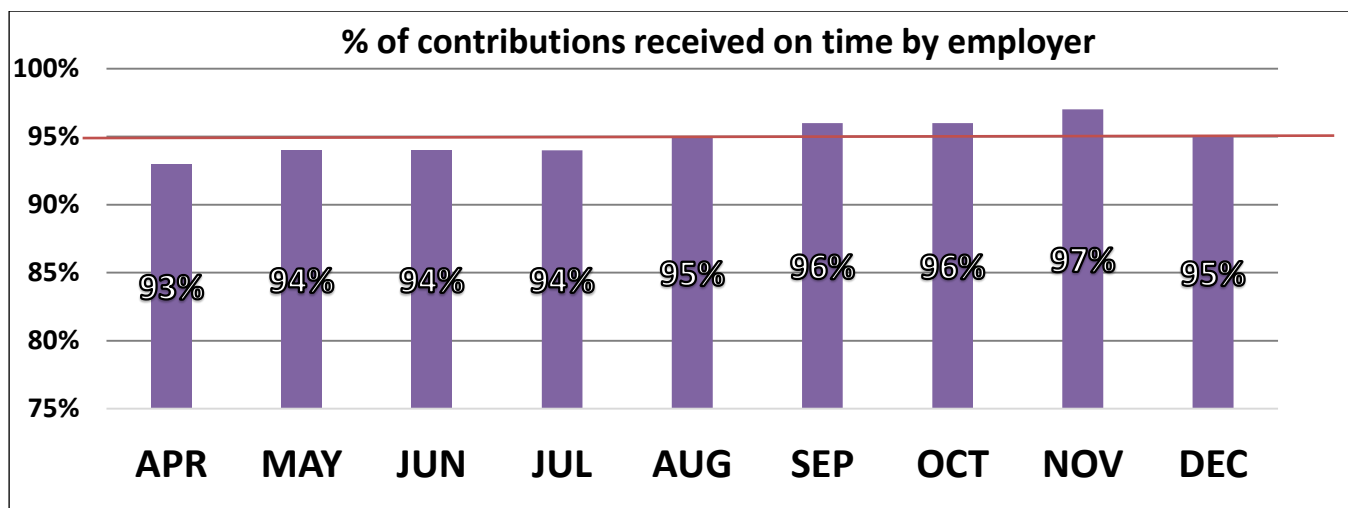
December	13,864,535	9,643,963	69,929	23,578,427
Total	117,937,727	83,568,490	1,241,429	202,747,646

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, May, June or July due to backdated admissions and some Parish Councils having issues with their bank. Since August we have achieved our KPI of 95% each month.





3 Kent Institute of Art and Design (KIAD)

- 3.1 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. Staff transferred on 1 April 2006.
- 3.2 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.
- 3.3 There are 216 active members involved in this matter.
- 3.4 The amalgamation of two colleges who are members of different LGPS funds is unusual and the conclusion of this matter has been delayed, however legal advice received by officers has been to proceed with the bulk transfer as originally agreed, updated to a current value.
- 3.5 It is not unusual for bulk transfers to take some time to complete but this is one of the longer running ones. There have been a number of factors over the years contributing to the passage of time, such as agreement of member data, dialogue with the actuary for Surrey and the Kent actuary, Barnett Waddingham. Also, there are historical administrative backlogs in the Kent Fund which have previously been discussed by Committee, which included the KIAD project.
- 3.6 The terms of the bulk transfer for the active members were agreed between the Kent Fund's actuary Barnett Waddingham and Hymans Robertson, the actuary for the Surrey Fund.
- 3.7 A bulk transfer payment of £11.3m was made from the Kent Fund to the Surrey Fund on 15 March 2022.

3.8 Whilst there has been 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.

4 Proposed transfer of Oasis Community Learning Trust Academy (Oasis) and Sodexo Ltd to the LPFA

4.1 At their meeting on 23 June 2021 the Committee were advised that Oasis, a scheduled employer in the Kent Fund and in some fifteen other LGPS Funds, wished to consolidate these arrangements into the LGPS Fund administered by the London Pension Fund Authority (LPFA).

4.2 In June 2021 the Secretary of State undertook a consultation with interested parties including the Kent Fund on a Direction Order under Schedule 3, Part 2, paragraph 3 of the 2013 LGPS Regulations and having taken advice from Barnett Waddingham, the Kent Fund was able to respond positively. The consultation elicited a range of views from consultees including a request for more time to consider the issues and responses requesting more information.

4.3 The Department for Levelling Up, Housing and Communities (DLUHC) ran a second consultation and on 14 February 2022 the Kent Fund responded positively. The outcome of the consultation has yet to be published so a further update will be provided at future meetings of the Committee and Board.

4.4 The proposal also includes Sodexo Ltd which is an admission body in the Kent Fund following a transfer of staff from Oasis to them on 18 November 2019.

5 Sevenoaks Leisure Ltd (SLL)

5.1 At their meeting on 1 December 2021 the Committee agreed a 6-year instalment plan for the payment of the arrears of employer contributions be entered into with SLL under advice from Barnett Waddingham, on the basis that monthly employer contributions started being paid again from November 2021. Payment was received on 17 December 2021.

5.3 The first payment under the monthly instalment arrangement of £3,943 was received on 18 February 2022 and further payments are due until 31 March 2028.

5.4 SLL paid their January 2022 employee and employer contributions on 18 February 2022, which was the due date given, the 19th was a non-working day.

5.5 Officers will continue to monitor payments by SLL and provide an update at future meetings of the Committee and Board.

6 GAD Section 13 Report on the LGPS 2019 valuations

6.1 On 16 December 2021, the Department for Levelling Up, Housing and Communities (DLUHC) published the GAD (Government Actuary Department)

report on the 2019 fund valuations, as required by Section 13 of the Public Service Pensions Act 2013.

6.2 A copy of the report is at Appendix one.

6.3 Section 13 requires GAD to report on whether the following aims are achieved:

- Compliance
- Consistency
- Solvency
- Long term cost efficiency

6.4 Barnett Waddingham have advised that the four recommendations that GAD make are largely achievable for the imminent 2022 valuations. They are:

- a) The Scheme Advisory Board (SAB) should consider the impact of inconsistency on the funds, participating employers and other stakeholders. It should specifically consider whether a consistent approach needs to be adopted for conversions to academies, and for assessing the impact of emerging issues including McCloud.
- b) The SAB consider how all funds ensure that the deficit recovery plan can be demonstrated to be a continuation of the previous plan, after allowing for actual fund experience.
- c) Fund actuaries provide additional information about total contributions, discount rates and reconciling deficit recovery plans in the dashboard.
- d) The SAB review asset transfer arrangements from local authorities to ensure that appropriate governance is in place around any such transfers to achieve long term cost efficiency.

6.5 The number of flags has reduced, and a "white flag" introduced which is simply an advisory flag to highlight general issues but where no action is needed. There were no red flags (i.e., material issues) and only two amber flags (i.e., potential material issues) which is all positive for the LGPS after a very turbulent period.

6.6 There have been no flags raised in respect of the Kent Fund.

7 Admission matters

7.1 The following organisations have applied retrospectively for admission to the Pension Fund to ensure the continuity of pension arrangements for staff.

7.2 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.

- 7.3 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.

8 Seeclear Facilities UK Ltd (re Future School Trust)

- 8.1 The Future Schools Trust awarded a 4-year contract for cleaning services from 1 September 2020, and this involved the transfer of some twenty-six employees to Seeclear Facilities UK Ltd. A retrospective admission agreement is proposed.
- 8.2 The Fund actuary has assessed the employer contribution rate as 24.3% for a closed agreement and the Bond for the first year as £34,000.
- 8.3 Future Schools Trust has agreed to provide a guarantee as the scheme employer party to the admission agreement. A satisfactory assessment of the financial strength of the Academy has been undertaken and the terms of the guarantee will be captured in the admission agreement.

9 Sports and Leisure Management Ltd (re Sevenoaks Leisure Ltd)

- 9.1 Sevenoaks District Council has awarded a 15-year contract with a possible five year extension for leisure services from 14 January 2022. This involves the transfer of some nineteen employees from Sevenoaks Leisure Ltd to Sports and Leisure Management Ltd and a retrospective agreement will be put in place.
- 9.2 The Fund actuary has assessed the employer contribution rate as 26% for a closed agreement and the Bond for the first year as £88,000.

10 Town and Country Cleaners (re Stour Academy Trust)

- 10.1 The Stour Academy Trust has awarded a 3-year contract for cleaning services from 1 August 2021. This involves the transfer of one employee to Town and Country Cleaners Ltd and a retrospective agreement will be put in place.
- 10.2 The Fund actuary has assessed the employer contribution rate as 31.8% and the Bond for the first year as £19,000.
- 10.3 Stour Academy Trust has agreed to provide a guarantee as scheme employer party to the admission agreement. A satisfactory assessment of the financial strength of the Academy has been undertaken and the terms of the guarantee will be captured in the admission agreement.

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March 2022
