

From: Chairman Pension Fund Committee  
Corporate Director of Finance

To: Kent Pension Fund Committee – 22 June 2022

Subject: Fund Employer and Governance Matters

Classification: Unrestricted

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### **Summary:**

This report provides information on Fund employers and an admission application. It also provides updates on information previously shared with the Committee at their March 2022 meeting.

### **Recommendations:**

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

- a) to the admission to the Kent Pension Fund of The PCS Group Ltd (re Primary First Trust);
- b) that the Chairman may sign the minute relating to recommendation a) at the end of today's meeting; and
- c) that once legal agreements have been prepared for the above matter the Kent County Council seal can be affixed to the legal documents.

### **FOR DECISION**

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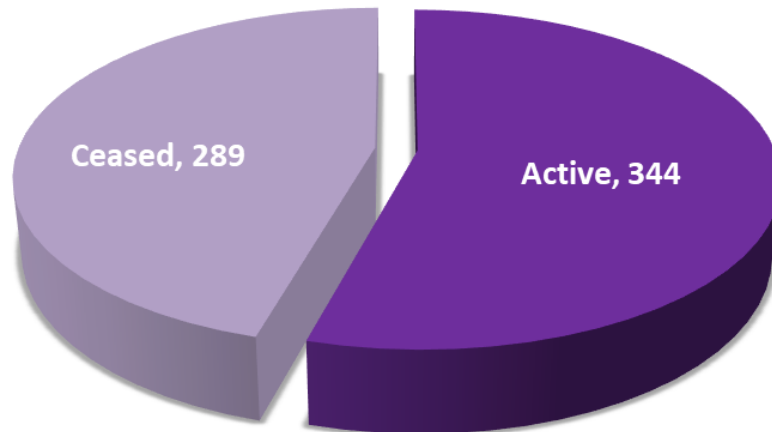
#### **1 Introduction**

- 1.1 This report sets out information on employer related matters for the 12 months ending 31 March 2022.
- 1.2 It also provides details of an admission application, further information on the GAD S13 report, an update on the payment plan agreed with Sevenoaks Leisure Ltd and information on employers with five or less active LGPS members.

#### **2 Employers update**

- 2.1 There was a total of 633 employers in the Kent Pension Fund on 31 March 2022, reduced by 1 since December 2021.

## Split of Employers between Active and Ceased



2.2 The number of active employers regularly paying contributions reduced by 2, one employer merged into an existing Trust and 1 employer 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 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 12 months to 31 March 2022.

New Employers	Effective date	New Notification
<b><i>Admission Bodies</i></b>		
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)	
<b><i>Scheduled Bodies</i></b>		
Canterbury Environment Company Ltd	1 February 2021 (backdated)	
Kite College	1 May 2021 (backdated)	
<b><i>Academy Trusts</i></b>		
Inspire Trust	1 April 2021	

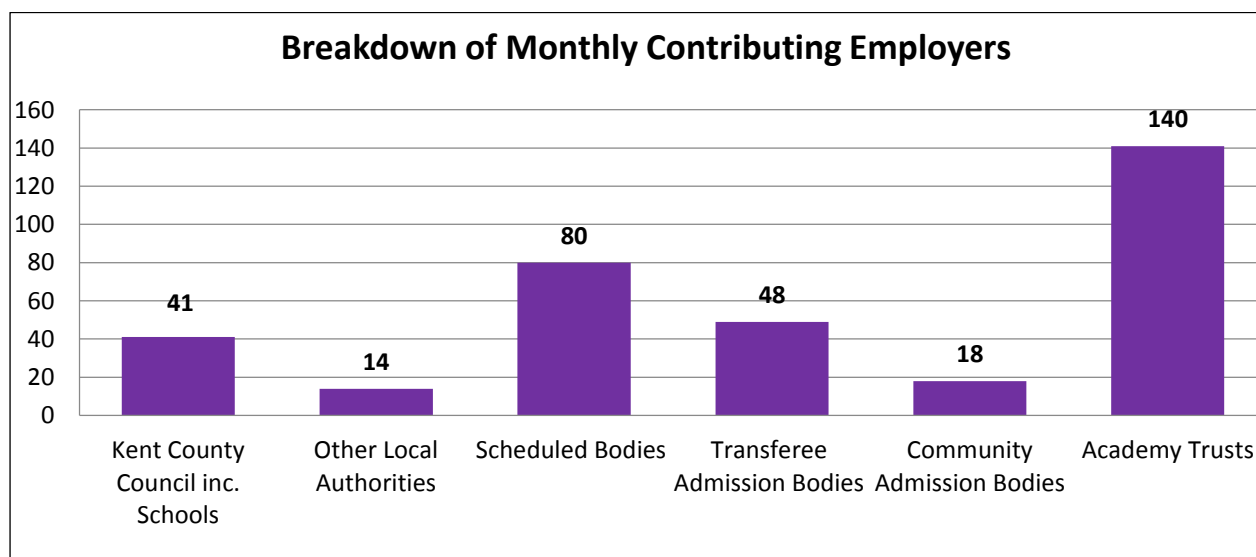
<b>Ceased / Merged to Trust Employers</b>	<b>Effective Date</b>	<b>New Notification</b>
<b>Admission Bodies</b>		
Kent College Canterbury	31 January 2021 (late notification of last active member leaving)	
Rochester Care Homes Ltd	31 March 2021	
Deep Beat Entertainment Ltd (Medway Park)	18 May 2021	
Deep Beat Entertainment Ltd (Strood)	18 May 2021	
Busy Bee Cleaning Services Ltd	31 July 2021	
Tascor Services Ltd	28 January 2022	x
<b>Academy Trusts</b>		
Village Academy Trust	31 May 2021	
Brook Learning Trust	31 August 2021	
Castle Academy Trust	31 December 2021	
Cliffe Woods Primary School Trust	31 December 2021	x
<b>Scheduled Bodies</b>		
Kent Magistrates Courts Committee	31 March 2021	
Farningham Parish Council	30 November 2020 (late reporting to Committee)	

2.4 In the 12 months to March 2022 the Fund received £271.8m from employers in respect of their monthly contributions (employer and employee) as follows:

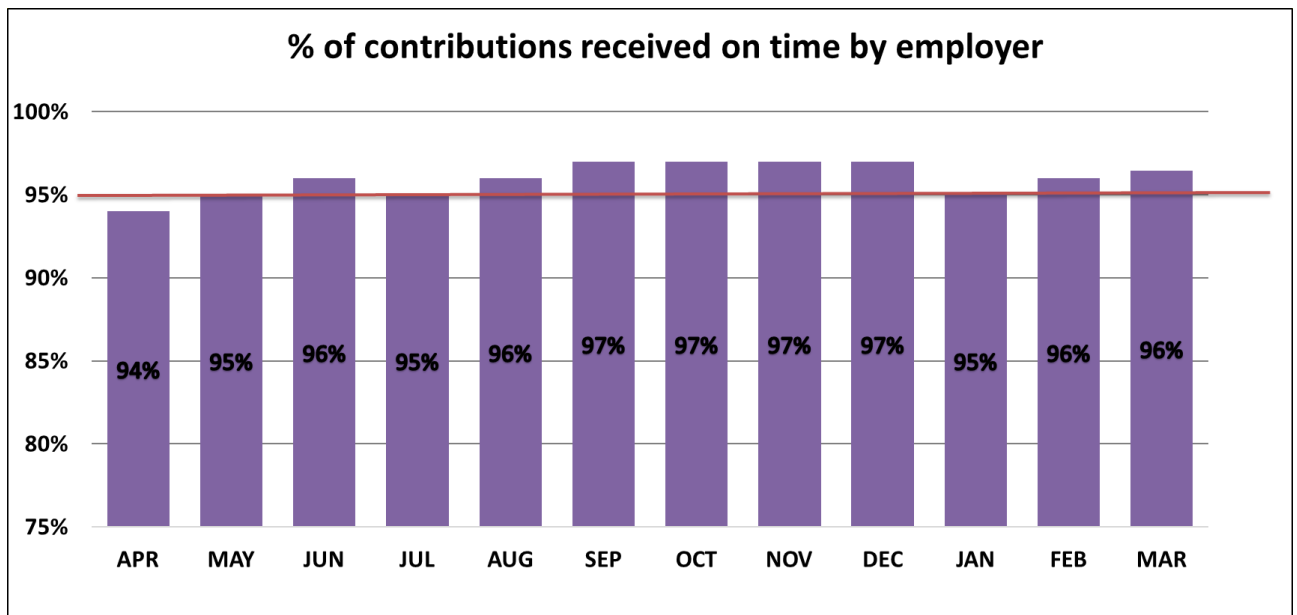
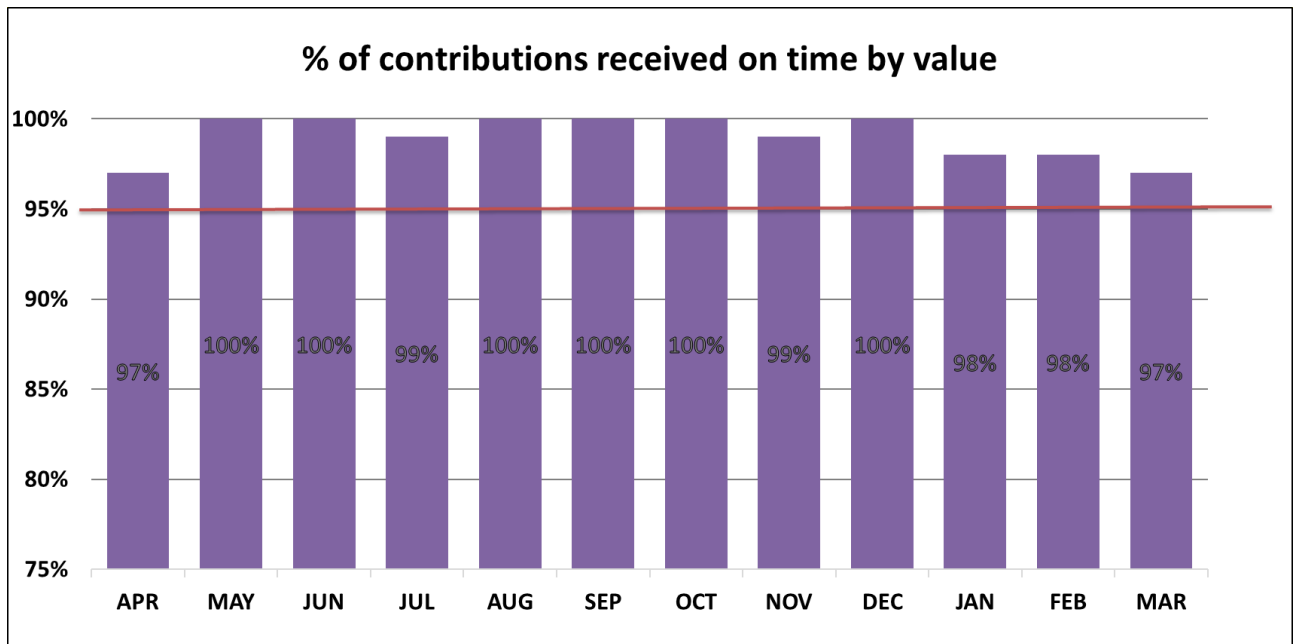
	<b>Received Early</b>	<b>Cash on 19th</b>	<b>Received Late</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
April	12,837,382	8,765,672	588,584	22,191,638
May	12,281,627	9,762,070	60,340	22,104,037
June	12,722,129	9,642,137	76,147	22,440,413
July	13,285,609	8,791,062	224,541	22,301,212
August	12,747,650	9,592,330	38,343	22,378,323
September	13,048,730	9,111,031	27,175	22,186,936

October	13,845,594	8,590,553	21,743	22,457,890
November	13,195,251	9,662,220	119,552	22,977,023
December	13,861,455	9,767,618	56,483	23,685,556
January	12,126,632	10,116,735	480,348	22,723,715
February	12,573,925	9,830,030	511,856	22,915,811
March	13,171,337	9,501,051	748,856	23,421,244
<b>Total</b>	<b>155,697,321</b>	<b>113,132,509</b>	<b>2,953,968</b>	<b>271,783,798</b>

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 2021, due to backdated admissions and some parish councils having issues with their banking arrangements.



### **3 The PCS Group Ltd (re The Primary First Trust)**

- 3.1 The Primary First Trust awarded a 3-year + 2-month contract for cleaning services from 1 June 2021 and this involved the transfer of 8 employees to The PCS Group Ltd.
- 3.2 The PCS Group Ltd has applied retrospectively for admission to the Pension Fund to ensure the continuity of pension arrangements for staff.
- 3.3 The 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 completed questionnaire and supporting documents provided by the PCS Group Ltd has been examined by officers to ensure compliance with the LGPS Regulations, and Invicta Law has given a favourable opinion.
- 3.5 The Fund actuary has assessed the employer contribution rate as 28.8% for a closed agreement.
- 3.6 The Primary First Trust as the scheme employer party to the admission agreement has agreed to provide a guarantee. A satisfactory assessment of the financial strength of the academy trust has been undertaken and the terms of the guarantee will be captured in the admission agreement.

#### **4 Sevenoaks Leisure Ltd (SLL)**

- 4.1 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.
- 4.2 At the Committee meeting on 30 March 2022 it was agreed officers would monitor payments from SLL and provide an update at future meetings of the Committee and Board.
- 4.3 Officers can now advise that SLL has paid all their employee and employer contributions on time since November 2021 including the instalments agreed for the arrears of employer contributions.
- 4.4 The instalment plan was legally completed on 25 April 2022 for the agreed period of six years.
- 4.5 Officers will continue to monitor payments by SLL and provide further updates including an update on SLL's published accounts.

#### **5 Employers with 5 or less active LGPS members**

- 5.1 At their meeting on 30 March 2022 the Committee discussed the issue of employers with a small number of active LGPS members and what could be done to proactively manage their potential exit from the Fund.
- 5.2 Since the 2016 triennial valuation report the actuary has reported indicative cessation figures (i.e. likely exit surpluses/deficits) with the valuation results to employers with 5 or less active LGPS members.
- 5.3 The purpose of this information has been to highlight potential issues to employers and demonstrate that assumptions used by the actuary to calculate cessation figures differ from the ongoing assumptions used to set employer contribution rates. Employers are also expected to take their own advice.
- 5.4 There are approximately 65 employers in the Fund with less than 5 active LGPS members, including some parish and town councils and admission bodies. Cessation figures will again be provided to the small employers with

their March 2022 valuation results and officers will liaise with the actuary and follow up with employers to identify any issues to mitigate any potential impact when they leave the fund.

- 5.4 A further update will be provided to the Committee as part of the 31 March 2022 triennial valuation results.

## **6 GAD Section 13 Report on the LGPS 2019 valuations**

- 6.1 At their meeting in March the committee asked for more information on the Kent Fund's funding level and contribution rates compared with other LGPS funds. The chart at appendix 1 shows the position of the Kent Fund relative to others together with details of the actuaries involved as follows:

Aon
Barnett Waddingham
Hymans Robertson
Mercer

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**June 2022**

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