

To: Kent Pension Fund Committee – 26 September 2023

From: Chairman Pension Fund Committee  
Corporate Director of Finance

Subject: Employer Governance

Classification: Unrestricted

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**Summary:**

This report provides information on Fund employers and admission matters. It also provides an update on actuarial procurement.

**Recommendations:**

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

- a) to the admission to the Kent Pension Fund of Compass Contract Services UK Ltd (re Crest Infants and Nursery School);
- b) to the admission to the Kent Pension Fund of Churchill Contract Services Ltd (re KCC 2022);
- c) to the admission to the Kent Pension Fund of Purgo Supply Services Ltd (re Leigh Academies Trust)
- d) the exit surplus in respect of Tascor Services Ltd is allocated to the Police and Crime Commissioner's notional share of the Fund;
- e) the decision for awarding the actuarial contract be delegated to the Corporate Director of Finance, in consultation with the Chairman; and
- f) that once legal agreements have been prepared for matters a) to c) the Kent County Council seal be affixed to the legal documents.

**FOR DECISION**

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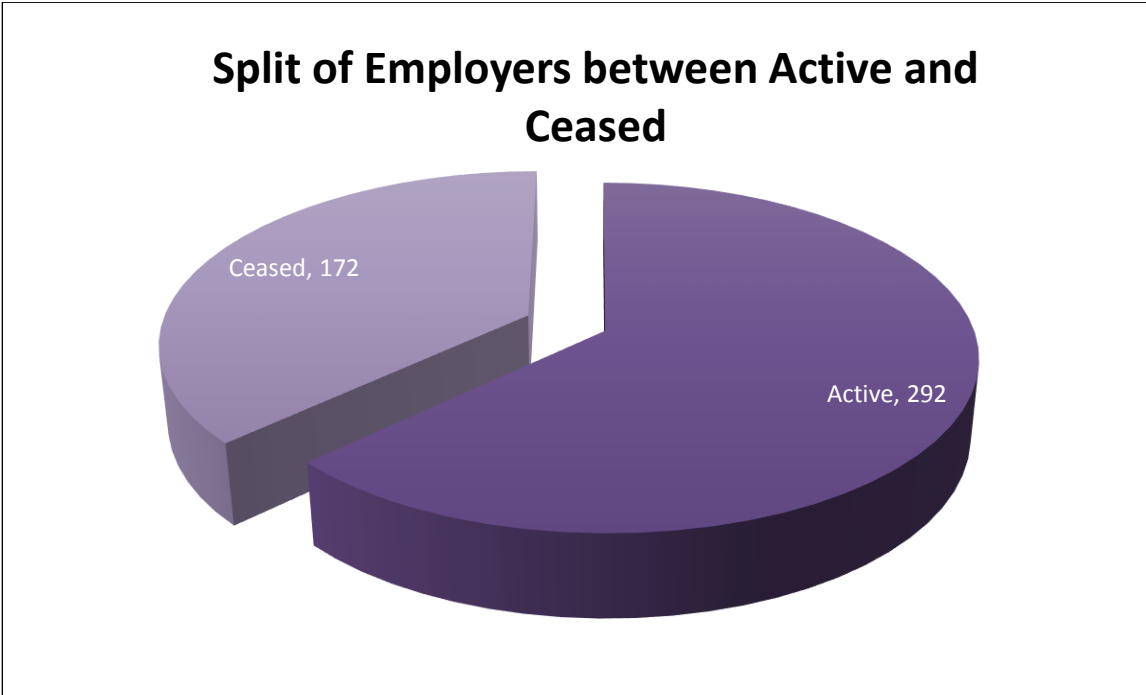
**Summary:**

**1. Introduction**

This report provides information on Fund employers for the 3 months ending 30 June 2023. The report also proposes three employer admissions, an allocation of an exit surplus and provides an update on the actuarial procurement project with a delegation proposed to the Corporate Director of Finance in conjunction with the Committee Chair and Vice Chair.

**2. Employer Update for the 3 months to 30 June 2023**

- 2.1 At its last meeting the Committee received an update on employer numbers as at 31 March 2023, when there were 466 employers in the Fund. This number decreased by 2 over the second quarter of 2023, as 3 academy trusts merged with existing multi-academy trusts and one new employer joined the Fund. Therefore, there were 464 employers in the Fund on 30 June 2023.
- 2.2 During the 3-month period one new employer joined the Fund as a backdated admission and then became a ceased employer. In addition, 4 employers changed from being active to ceased. There were also 2 employers previously categorised as active, non-contributing who are now ceased. These employers do not affect the overall total number of 464.



2.2 The following table lists employers who left the Fund as well as those who ceased to have active members in the Fund during the 3 months to 30 June 2023.

New Employers	Effective Date
<b>Admission Bodies</b>	
Dolce Ltd	6 September 2021 (backdated admission)

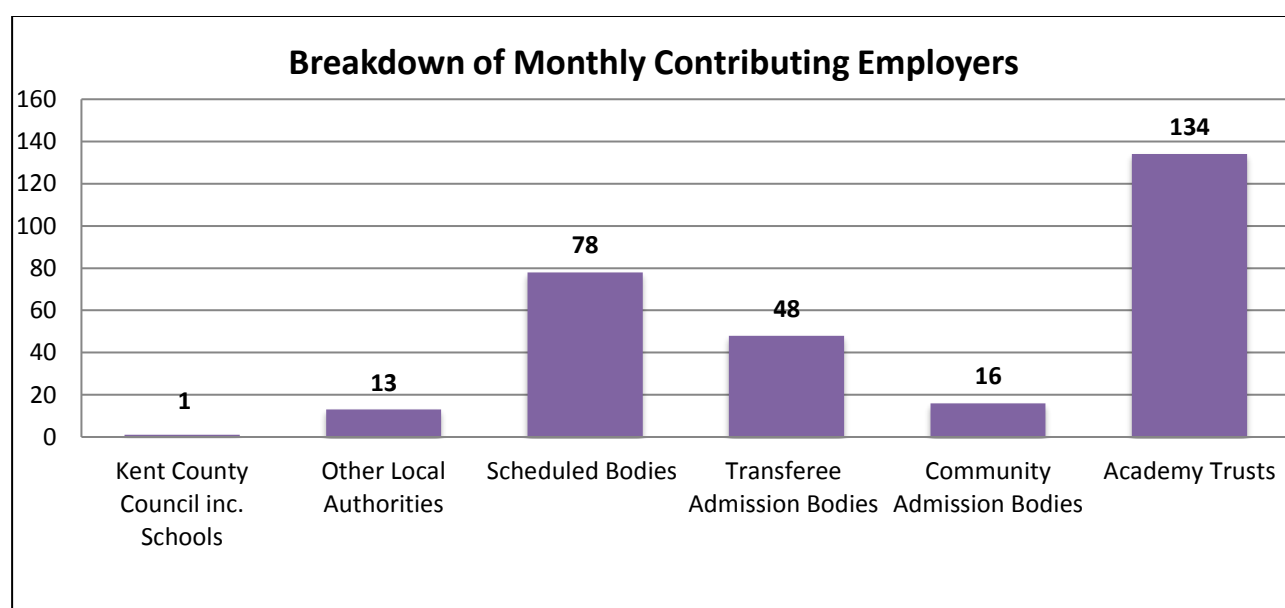
Ceased Employers	Effective Date
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<b>Admission Bodies</b>	
Sevenoaks Leisure Ltd	20 March 2023
Nourish Contract Catering Ltd (re Swale Academies Trust)	31 March 2023
Cater Link (re Sir Roger Manwood School)	31 March 2023
Solo Services Ltd	31 March 2023
Dolce Ltd	1 June 2023

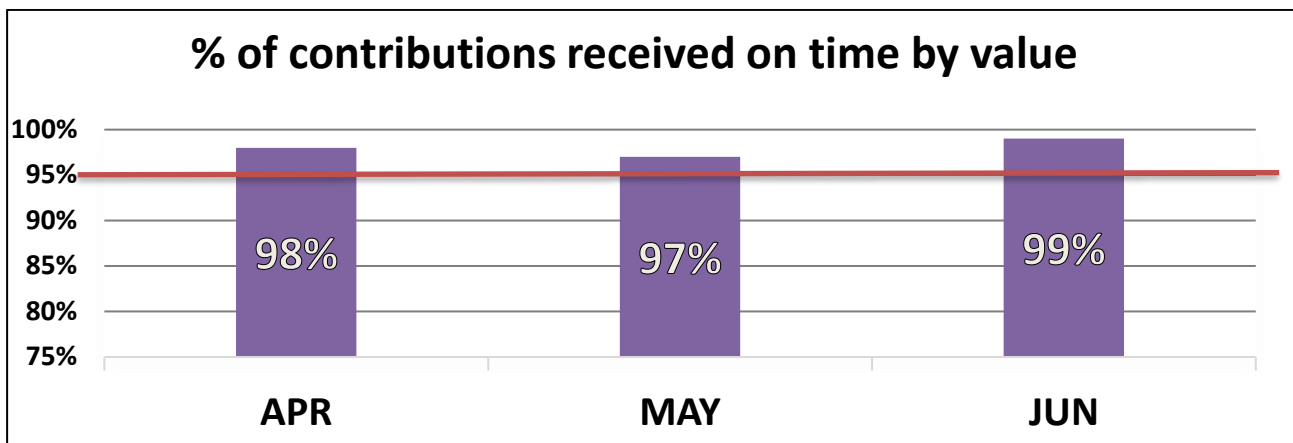
2.2 In the 3 months to 30 June 2023 the Fund received £76.21m from employers in respect of their monthly contributions (employer and employee) as follows:

	<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	15,142,991	9,535,893	539,725	25,218,609
May	14,966,215	9,581,544	772,969	25,320,728
June	15,444,021	10,037,167	187,304	25,668,492
<b>Total</b>	<b>45,553,227</b>	<b>29,154,604</b>	<b>1,499,998</b>	<b>76,207,829</b>

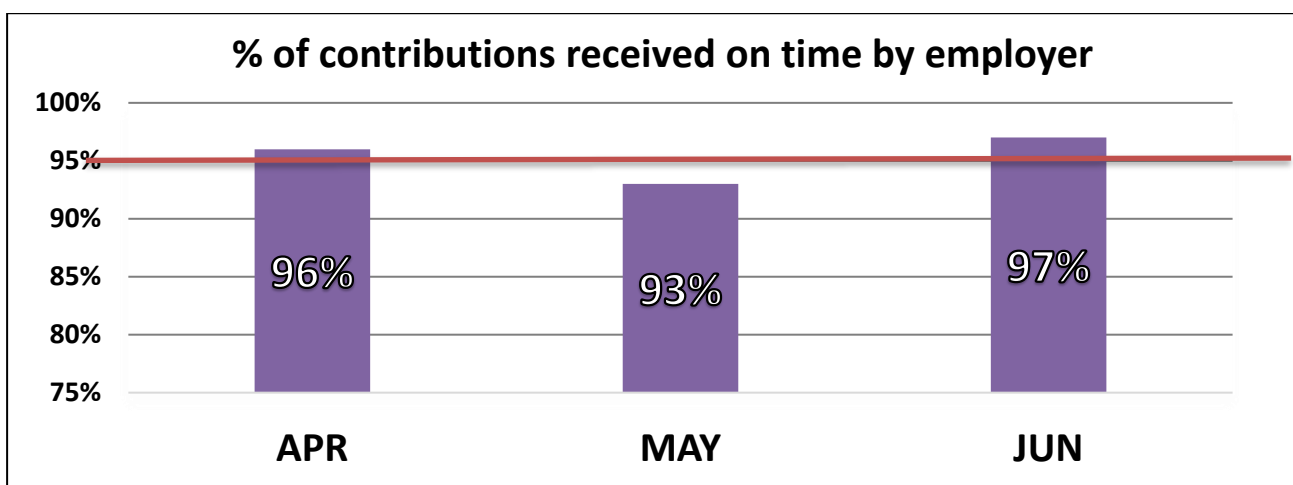
2.3 The following table shows employers from whom the Fund receives monthly contributions by Employer Group.



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



2.5 The Key Performance Indicator (KPI) of 95% for % of employers was met every month April to June 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. The other outstanding payments have now been received excepting one which relates to a backdated admission which is being followed up by officers.



### 3. Compass Contract Services UK Ltd (re Crest Infants and Nursery School)

3.1 Pursuant to a framework agreement issued by Medway Council, Crest Infants and Nursery School has awarded a contract for catering services from 1 August 2021 which ended on 14 April 2023. This involves the transfer of 4 employees to Compass Contract Services UK Ltd.

- 3.2 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.
- 3.3 The Fund Actuary has assessed the employer contribution rate as 20% for a closed agreement and the bond for the first year as £7,000.
- 3.4 The completed questionnaires and supporting documents provided by Compass Contract Services UK Ltd have been examined by officers to ensure compliance with the LGPS regulations, and Invicta Law has given a favourable opinion.
- 3.5 The Committee is asked to agree that Compass Contract Services UK Ltd (re Crest Infants and Nursery School) be admitted to the Fund.

#### **4. Churchill Contract Services Ltd (re KCC 2022)**

- 4.1 Kent County Council has awarded a contract for cleaning services from 1 November 2022. This involved the transfer of 11 LGPS eligible employees to Churchill Contract Services 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 24.8% for a closed agreement and the bond for the first year as £64,000.
- 4.4 The completed questionnaires and supporting documents provided by Churchill Contract Services 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 Churchill Contract Services Ltd (re KCC 2022) be admitted to the Fund.

#### **5. Purgo Supply Services Ltd (re Leigh Academies Trust)**

- 5.1 Leigh Academies Trust has awarded a contract for cleaning services from 1 August 2023. This involved the transfer of 20 LGPS eligible employees to Purgo Supply Services 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 24.2% for an open agreement and the bond for the first year as £141,000.

- 5.4 The completed questionnaires and supporting documents provided by Purgo Supply Services 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 Purgo Supply Services Ltd (re Leigh Academies Trust) be admitted to the Fund.

## **6. Tascor Services Ltd**

- 6.1 Tascor Services Ltd joined the Fund as Reliance Secure Task Management Ltd on 15 July 2008 as an admission body and exited on 28 January 2022. The company changed its name to Tascor Services Ltd (Tascor) in 2016. The Kent Police and Crime Commissioner (Kent Police) is the scheme employer.
- 6.2 The admission agreement makes Tascor responsible for any deficit although is silent on the treatment of any surplus.
- 6.3 Tascor's cessation report shows a surplus of £186k.
- 6.4 As per the LGPS regulations, any surplus paid is capped at the total employer contributions received which does not apply in this case.
- 6.5 Officers have established with Tascor that under their commercial contract it is Kent Police who were exposed to any underfunding risk on the cessation of their agreement which was confirmed by legal representation from Kent Police.
- 6.6 The Committee is asked to agree the surplus is allocated to Kent Police's notional Share of the Fund, (being £186k) less £2.2k of outstanding actuary fees payable by Tascor as advised by Barnett Waddingham.

## **7. Actuary procurement project**

- 7.1 At their meeting on 26 June 2023 the Committee was advised it is proposed to re-tender for actuarial services with a likely start date in 2024/2025 and that a detailed update will be provided to Committee at their next meeting.
- 7.2 The Fund actuary is a key advisor to the Fund, providing daily advice on employer related matters, the triennial valuation (which certifies employer contribution rates), employer accounting reports and matters of Fund policy such as the Funding Strategy Statement. Given the critical importance of these activities in pursuit of the Fund's objectives, securing access to actuarial services is a regulatory requirement under the LGPS Regulations 2013.
- 7.4 The current Pension Fund actuary is Barnett Waddingham who were appointed on 1 November 2009.
- 7.5 The Fund is using a relevant framework from the Norfolk County Council-run National LGPS Frameworks platform for this tender which has 4 providers for actuarial services. The procedure will involve a further (mini) competition

amongst the 4 pre-selected suppliers who, between them, comprise the market for actuarial advice within the scheme.

- 7.6 The contract duration is 6 years with an optional 3-year extension. The contract length and extension period have been set so as not to coincide with critical points in the triennial valuation cycle, which would entail significant disruption. An estimated £3m is expected to be spent on this contract over 9 years (if the proposed extension option is exercised after the initial 6-year contract term) of which approximately 80% is recovered from Fund employers.
- 7.7 Fund officers have been working with KCC procurement colleagues and the Fund went to the market in September 2023 with bidders required to submit their responses in October 2023 leading to interviews and a presentation to the Committee Chair, Vice Chair and key officers on 3 November 2023.
- 7.8 An Intention to Award letter is to be issued on 14 November 2023, followed by a Standstill Period with the new contract for actuarial services starting on 1 February 2024.
- 7.9 It is proposed 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.

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**26 September 2023**

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