

From: Chairman – Kent Pension Board
Corporate Director of Finance

To: Kent Pension Board – 28 November 2023

Subject: Employer Governance Update

Classification: Unrestricted

Summary:

This report provides an update on Fund employers for the 3 months ending 30 September 2023 and confirmation of an employer matter agreed by Committee at their meeting on 26 September 2023. It also provides an update on 'deemed employer' status and the actuary procurement project.

Recommendation:

The Board is asked to note the report.

FOR INFORMATION

1. Introduction

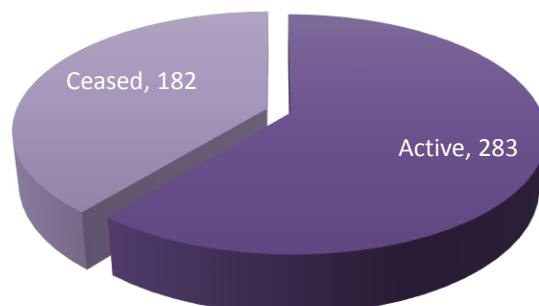
This report provides an update on Fund employers for the 3 months ending 30 September 2023 and confirmation on matters agreed by Committee at their meeting on 26 September 2023. It also provides an update on 'deemed employer' status' and on the actuary procurement project.

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

- 2.1 At its last meeting the Board 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 2023/4 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 schools converted to academy status and joined existing multi-academy trusts.

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.

Split of Employers between Active and Ceased



2.3 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

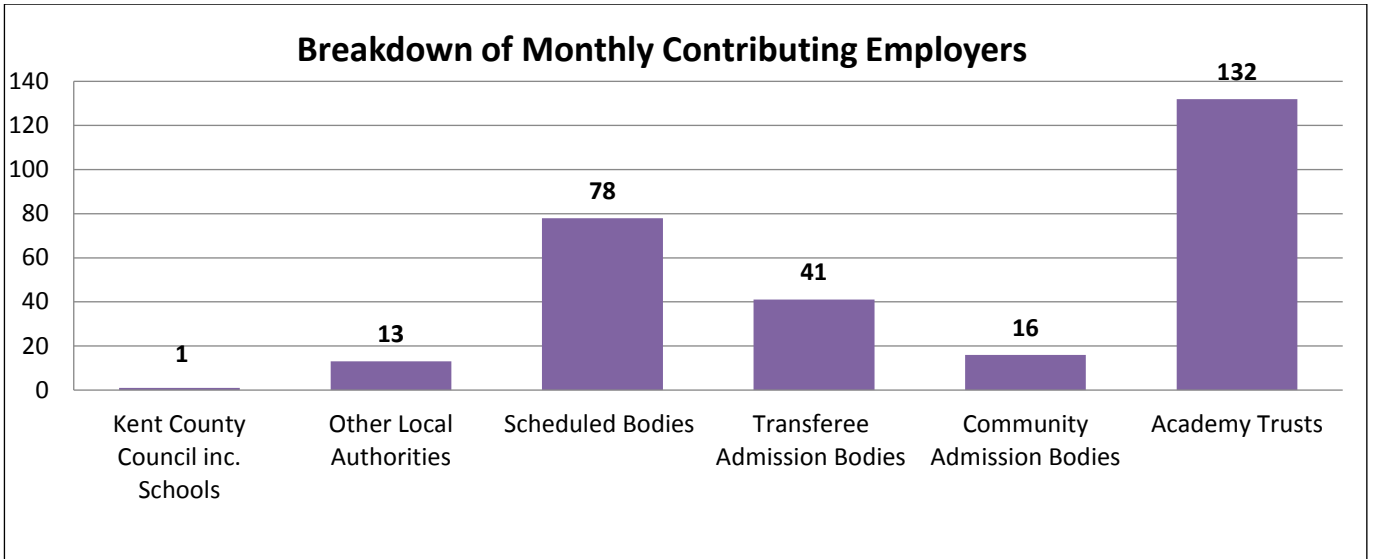
Type	Ceased Employers	Effective Date
Admission Body	Enterprise AOL Ltd	31 August 2023
Admission Body	Pabulum Ltd re Swale Academies Trust	31 July 2023
Admission Body	Churchill Contract Services Ltd (Re: Thinking School Academy Trust)	31 August 2023
Admission Body	Cleantec Services Ltd (Leigh Academies 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

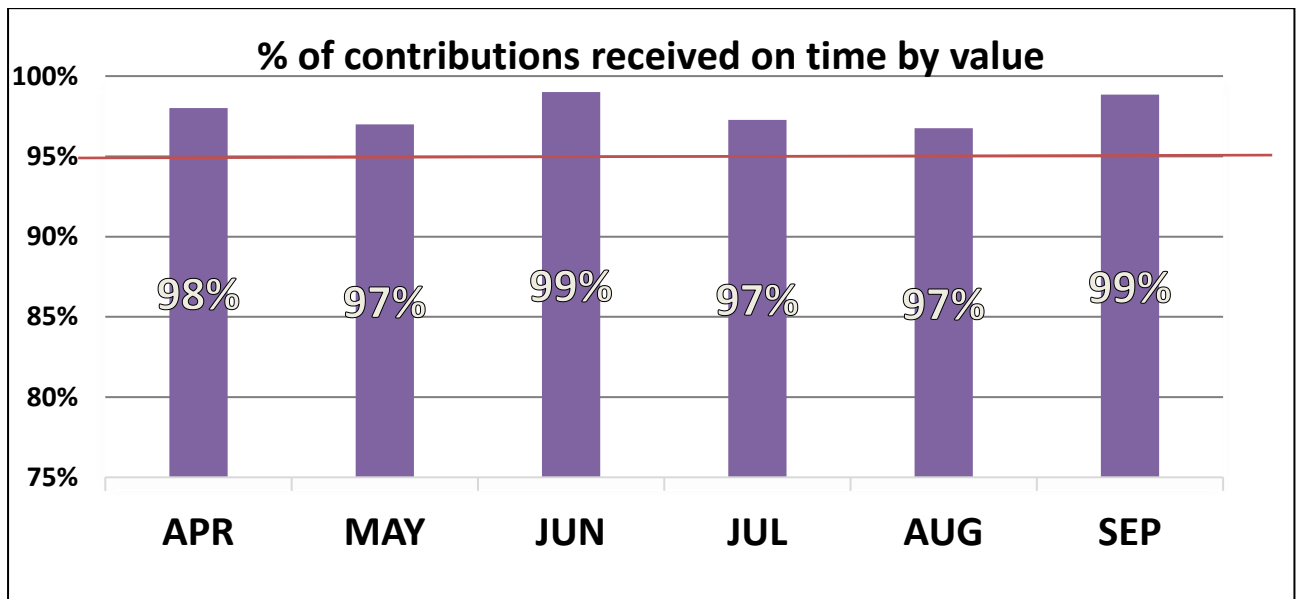
2.4 In the 6 months to 30 September 2023 the Fund received £152m from employers in respect of their monthly contributions (employer and employee) as follows:

	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

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



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



2.7 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 arranged employer specific training.

3. Employer Admission Matters

3.1 At their meeting on 26 September 2023 the Committee agreed:

- 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; and
- e) the decision for awarding the actuarial contract is delegated to the Corporate Director of Finance in conjunction with the Committee Chair and Vice Chair.

4. 2019 Government Consultation - deemed employer route

- 4.1 In May 2018 the LGPS regulations were amended to allow LGPS legal documents to be given retrospective effect back to the staff transfer date. Whilst this has provided welcome flexibility for the Fund, letting authorities and contractors it also causes practical difficulties for the employees involved in a staff transfer who may wish to retire etc before the legal documents are completed, leading to a delay in processing their LGPS benefits.
- 4.2 At their meeting on 21 June 2019 Committee were advised the then Ministry of Housing, Communities & Local Government (MHCLG) ran a consultation from January to April 2019 called *Fair Deal – strengthening pension protection*. Officers did not respond to the consultation on behalf of the Fund although broadly welcomed the proposals. This consultation is available via the following link
https://assets.publishing.service.gov.uk/media/5c360252ed915d7320b52529/Fair_Deal_in_the_LGPS_consultation.pdf^{4.3} The consultation proposed that service providers do not necessarily need to become admission bodies in the LGPS to participate in the scheme. Instead 'deemed employer status' could be used, with LGPS risk retained by the letting authority, whilst the LGPS contributions are paid by the contractor potentially at the same rate as the letting authority.
- 4.4 Officers anticipate the deemed employer route for entry to the Fund would reduce costs and delays by potentially minimising the involvement of the actuary and the need for a legal admission agreement and associated security.
- 4.5 There had been no further update on the deemed employer route following the 2019 consultation and it was recommended the Chair of the Committee write to The Department of Levelling Up, Housing and Communities (DLUHC) to express the Fund's support for it and to ask for amendments to the LGPS regulations to be made as soon as possible.

- 4.6 At their meeting on 29 March 2023 the Committee agreed that the Chairman writes to DLUHC asking for an update on the matter of deemed employer status.
- 4.7 At their meeting on 29 June 2023 the Committee were advised officers have considered the matter further and the Charman wrote to Cllr Roger Phillips Scheme Advisory Board Chairman. A further update will be provided at future meetings of the Committee and Board.
- 4.8 On 16 October 2023 Cllr Roger Phillips wrote to the Department of Levelling Up, Housing and Communities and a copy of this letter is attached at Appendix One.
- 4.9 A further update will be provided at future meetings of the Committee and Board.

5. Actuary Procurement

- 5.1 As reported to the Board at its meeting on 6 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.
- 5.2 The procurement process has broadly proceeded as planned but the final stage of the evaluation process – in-person interviews – has been subject to a minor delay owing to adverse weather conditions impacting arrangements in November. At the time of writing, officers are in the process of rescheduling the postponed interview stage.
- 5.3 In light of this development, officers now expect an appointment to be made in early Q1 2024. However, officers do not expect the minor delay to have any material impact on the oversight or administration of the Fund. A verbal update will be provided at today's meeting as necessary.

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