

Rosherville Limited Board

Date: 06 November 2023
Subject: Rosherville Pension Scheme

Purpose and summary of report:

To provide the Shareholder with details of the proposed Pension Scheme for Rosherville Repairs & Maintenance Limited, and to seek approval for the principle of a pass-through approach for the scheme to be further investigated.

Recommendations:

The Shareholder is requested to:

1. Agree to the principle of a pass-through approach between the council and Rosherville Repairs & Maintenance Limited.
2. Agree for the Shareholder's Chief Finance Officer (s151 Officer) to work with representatives from Rosherville Repairs & Maintenance Limited to determine the approach to setting contributions under the pass-through arrangement of the report, and for this to be reported back to the Shareholder to enable a final decision to be made.

1. Introduction

- 1.1 Rosherville Repairs & Maintenance Limited was established in April 2022 to provide repairs and maintenance services to the public and other third-party agencies. It was confirmed from the outset that the DSO workforce had no spare capacity and therefore to achieve what had been outlined in the five-year business plan there would be a requirement to recruit directly to the company.
- 1.2 It was agreed that the terms and conditions of the workforce should be comparable and in line with NJC Green Book terms and conditions and therefore it was necessary to apply to Kent County Council for admittance into the Local Government Pension Scheme.

2. Proposed Pension Scheme

- 2.1 The Local Government Pension Scheme (LGPS) is one of the largest occupational public sector pension schemes in the UK with over 6 million members. The LGPS is a Career Average Revalued Earning (CARE) pension scheme. A CARE scheme means that benefits are worked out on someone's pensionable pay each year and added together.

- 2.2 The scheme is administered locally through regional pension funds in England and Wales and Kent Pension Fund is one of those regional pension funds, which is administered by Kent County Council.
- 2.3 The current statutory regulations that the LGPS are bound by are the 2013 regulations. Rosherville Repairs & Maintenance Limited are able to join the LGPS by way of making a resolution under Schedule 2 Part 2 of the regulations:

- “5. An entity connected with a local authority listed in paragraphs 1 to 5 of Part 1 of this Schedule where “connected with” has the same meaning as in section 212(6) of the Local Government and Public Involvement in Health Act 2007(e).

- 2.4 In order to join the scheme, the company must be established in the first instance and then must commission an actuary report by submitting data such as date of birth, sex, NI number of the employees.

3. Pension Pass-through Approach and Impact on the Shareholder

- 3.1 A pension pass-through arrangement in this instance would see Gravesham Borough Council sharing the pension risk of Rosherville Repairs & Maintenance Limited.
- 3.2 Typically in such arrangement, the majority of pension risk will be borne by the council rather than Rosherville Repairs & Maintenance Limited but there are a number of ways in which a pass-through arrangement can be structured. This will require further investigation. For this reason, Rosherville Repairs & Maintenance Limited are requesting at this time for the Shareholder to agree to the principle of a pass-through arrangement.

4. Next steps

- 4.1 Assuming that the Shareholder is agreeable to the principle of a pass-through arrangement, Rosherville Repairs & Maintenance Limited would seek to commission the actuary report and work with the Shareholder’s Chief Finance Officer (s151 Officer) to determine the approach to setting contributions.
- 4.2 At this time, Rosherville Repairs & Maintenance Limited are expecting to pass a written resolution to join the Kent Pension Fund rather than applying to join as an admitted body, which is likely to be a more intensive process.
- 4.3 A report on the proposed approach to pass-through would also need to be presented to the Rosherville Board and to the Shareholder to enable a final decision to be made.
- 4.4 The Kent Pension Fund has provided guidance on the matters to consider when setting up an outsourcing arrangement. This is provided at Appendix One for information and will be used in the consideration of the most appropriate structure for the pass-through arrangement.