

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE LGPS PENSION GUARANTEE FOR WASTE CONTRACT

Decision Made: 15 November 2023

LGPS Pension Guarantee for Waste Contract

Issue for Decision

To seek approval to provide a guarantee to protect the pension fund from any shortfall or additional costs associated with underfunding or unpaid contributions, following the Council's award of the Mid Kent Waste Contract to SUZE Recycling and Recovery UK. That body is now required to gain Admission Body Status to enable four long-serving employees to remain within the Local Government Pension Scheme (LGPS).

Decision Made

That the provision of a guarantee to the total value of £383k to the Kent Pension Fund in partnership with Ashford Borough Council, be approved.

Reasons for Decision

In December 2022, the Communities, Housing and Environment Policy Advisor Committee recommended to Cabinet that the Mid Kent Waste Contract be awarded to Suez Recycling and Recovery UK.

Since then, work has progressed on the mobilisation of the Contract which is due to commence on 24 March 2024. This has included plans for the service, communications, staff and vehicles.

As part of the mobilisation, staff currently employed by Biffa Municipal Ltd on the current Mid Kent Waste Contract will transfer to SUEZ Recycling and Recovery UK.

There are currently four employees on this contract that were originally Council employees and as such are members of the Local Government Pension Fund, administered by Kent County Council. To enable these employees to continue these rights, SUEZ Recycling and Recovery UK are required to become an Admission Body for the scheme. Maidstone and Ashford Borough Councils, as the Scheme Employer, are required to provide a guarantee to the Pension Fund to ensure that should any shortfall occur, this would be recovered. The level of guarantee for this is £383k, which is split across Maidstone and Ashford Borough Councils, as both have transferring employees in the LGPS.

The value of the Guarantee has been calculated at £383k, shared between Maidstone and Ashford Borough Councils. This value is based on a risk assessment of the fund and considers costs that could arise from underfunding, strain (such as redundancy costs) or unpaid contributions over the 8 year contract period. The risk of these coming to fruition have

been assessed and are considered low, with additional protections to the Council included in the main agreement of the Mid Kent Waste Contract.

The Housing, Health and Environment Policy Advisory Committee considered the matter on 14 November 2023 and recommended that the recommendation be approved.

Alternatives considered and why rejected

The Council could decide it is not willing to offer a Guarantee for the Pension which would prevent the SUEZ Recycling and Recovery UK from gaining Admission Body status and prevent the four affected employees from remaining within the LGPS.

This option was rejected, as the option agreed would retain the four employees on the Local Government Pension Scheme.

Background Papers

None.

I have read and approved the above decision for the reasons (including possible alternative options rejected) as set out above.

Signed: _____

Councillor Patrik Garten, Cabinet Member for Environmental Services

Full details of both the report for the decision taken above and any consideration by the relevant Policy Advisory Committee can be found at the following area of the [website](#)

Call-In: Should you be concerned about this decision and wish to call it in, please submit a call-in form signed by any three Members to the Proper Officer by: **5pm Wednesday 22 November 2023**