

Cambridgeshire
Pension Fund

Pension Fund Committee

30 March 2023

Report by: Head of Pensions

Subject: Employer Admissions and Cessations Report

Purpose of the Report: 1. To report the admission of six admitted bodies to the Cambridgeshire Pension Fund.

2. To notify the Committee of nine bodies ceasing participation in the Cambridgeshire Pension Fund.

Recommendations: That the Pension Fund Committee

1. Approves the admission of the following Community Admission Body and to approve the sealing of the admission agreement.

- Cambridge BID

2. Notes the admission of the following transferee admission bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreement:

- Aspens Services Limited x 4
- Hertfordshire Catering Limited

3. Notes the cessation of the following bodies from the Cambridgeshire Pension Fund:

- ABM Catering Limited
- Aspens Services Limited x 2
- Busy Bee Cleaning Services
- Compass Services Limited
- Conservators of the River Cam
- Elinor UK Limited
- Lunchtime Company Limited
- The Edmund Trust

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1. Executive Summary

- 1.1 The Pension Fund Committee is asked to approve the entry, to the Fund, of one Community Admission Body and note the entry, to the Fund, of two transferee admitted bodies across five admission agreements and to approve the sealing of the admission agreements.
- 1.2 One admission requires approval from the Pension Fund Committee. The Fund's policy is to grant admission, to the Fund, for a Community Admission Body where a guarantee is provided by another scheme employer or a parent company. Cambridge City Council has agreed to act as the guarantor.
- 1.3 Three of the admissions are "passthrough" admissions, meaning the assets and liabilities are retained by the awarding authority, so there is no additional risk to the Fund by admitting this employer.
- 1.4 The Committee is also asked to note the exit of eight employers from the Fund.
- 1.5 The Committee is also asked to note the update on the collection of exit payments and assessment of exit credits for previously reported cessations.

2. Background

- 1.1 The Local Government Pension Scheme Regulations 2013 (as amended) (the Regulations) provide for the participation of a number of different types of body in the Local Government Pension Scheme; scheduled bodies, designating bodies, and admission bodies.
- 1.2 When an employer ceases participation in the Fund, the administering authority is required, under regulation 64 of the Local Government Pension Scheme Regulations 2013 (the Regulations), to obtain an actuarial valuation, as at the exit date, of the liabilities and to obtain a revised rates and adjustments certificate showing the exit payment due from the exiting employer or the excess of assets in the Fund relating to that employer.
- 1.3 This report provides an update on admissions to and cessations from the Cambridgeshire Pension Fund since the last meeting of the Pension Fund Committee and also provides an update on the collection of exit payments and determination of exit credits for previously reported cessations.

3. New Admission Bodies

- 3.1 Paragraph 1 of Part 3 of Schedule 2 to the Regulations provides for an administering authority making an admission agreement with an admission body, enabling employees of the admission body to be active members of the Local Government Pension Scheme.
- 3.2 A body which falls under paragraph 1(a) of Part 3 of Schedule 2 (known as a community admission body) is an admission body that provides a public service in the United Kingdom which operates otherwise than for the purpose of gain and has sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest. The Committee has discretion over allowing entry to a body that falls under this paragraph.
- 3.3 Bodies admitted under Paragraphs 1(a) of Part 3 of Schedule 2 to The Regulations must provide a guarantor considered by the Administering Authority to be reliable and financially durable (generally only a local authority, central government department or parent company with sufficient strength of covenant) or a bond/indemnity the Administering Authority considers to have equivalent strength and coverage.
- 3.4 A body which falls under paragraph 1(d)(i) of Part 3 of Schedule 2 (known as transferee admission bodies) is an admission body that is providing a service, in connection with the function of a scheme employer, as the result of a transfer of service or assets by means of a contract or other arrangement.
- 3.5 The Pension Fund Committee is asked to approve the admission of the following body into the Cambridgeshire Pension Fund under paragraph 1(a) and to approve the sealing of the admission agreement:
- Cambridge BID
- 3.5 The Pension Fund Committee is asked to note the admission of the following bodies into the Cambridgeshire Pension Fund under paragraph 1(d)(i) and to approve the sealing of the admission agreements:
- Aspens Services Limited x 4 admission agreements
 - Hertfordshire Catering Limited (Ashbeach Primary School)

3.8 Full details of each admission is included in Appendix A.

4 Cessations

- 4.1 The following admitted bodies have exited the Fund:
- ABM Catering Limited (Great Paxton, Newton Community, Offord and Samuel Pepys Primary Schools)
 - Aspens Services Limited (Brampton Village Primary School)
 - Aspens Services Limited (Hemingford Grey Primary School)
 - Busy Bees Cleaning Services Limited (St Bede's Inter-Church School)
 - Conservators of the River Cam

- Compass Contract Services Limited (Anglian Learning Trust)
- Elior UK (Cambridge City Council)
- Lunchtime Company (Teversham Church of England Voluntary Aided School)
- The Edmund Trust

4.2 Full details of each cessation is included in Appendix B.

5 Update on previously reported cessations

4.4 When an employer ceases to participate in the Fund, the Regulations require the administering authority to obtain a valuation of the assets and liabilities attributed to that employer to determine if there is a funding surplus or deficit. If a deficit exists the employer must pay an exit payment to the Fund equal to the value of the deficit. If a surplus exists, the administering authority must make a determination of the amount of exit credit (which could be zero) should be paid to the exiting employer.

5.1 The Pension Fund Committee is asked to note the update on the following previously reported cessations.

- Action for Children
- Action for Children (London Road)
- Cambridge Community Service NHS Trust
- Churchill Contract Services (Campion School Single Academy Trust)
- Improve IT Limited (Eastern Learning Alliance)
- Pabulum Catering (Meridian Trust)
- Spurgeons (Peterborough City Council)

5.2 Full details of each update is included in Appendix C.

6. Relevant Pension Fund Objectives

Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.

Objective 2

Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. *Objective 5*

Ensure appropriate exit strategies are put in place in both the lead up to and termination of a scheme employer. *Objective 7*

7. Risk Management

7.1 The Pension Fund Committee are responsible for approving some admission bodies into the Fund as well as monitoring all admissions and cessations.

7.2 The risks associated with failing to monitor admissions and cessations have been captured in the Fund's risk register as detailed below.

Risk	Residual risk rating
Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	Green
Failure to administer the scheme in line with the regulations.	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making.	Green
Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met.	Green

7.3 The Fund's full risk register can be found on the Fund's website:

[Pension Fund Risk Register hyperlink](#)

8. Finance & Resources Implications

- 8.1 Actuarial costs incurred by obtaining a calculation of the employer's contribution rate and opening funding position at commencement are recharged directly to the employer.
- 8.2 The employer contribution rate contains an allowance for administration charges, and the employer is charged a fee to recover the Funds administration costs of on boarding new employers and terminating ceased employers. This means that admissions and cessations should be cost neutral.
- 8.3 Employers who are unable to pay monies due during active membership may result in unpaid liabilities being borne by other employers in the Fund.

9. Communication Implications

Direct Communications – Direct communications will be required to facilitate employer start up in the LGPS.

Training – Training will need to be provided to new employers on a number of LGPS issues.

Website – New employers are given access to the employer's guidance available on the pension's website.

10. Legal Implications

- 10.1 Admitted bodies enter into an admission agreement with the administering authority in order to become an employer within the Cambridgeshire Pension Fund. This agreement sets out the statutory responsibilities of an employer, as provided for under the Regulations governing the LGPS.

11. Consultation with Key Advisers

- 11.1 Contribution rate and bond assessments are undertaken by Hymans Robertson, the Fund Actuary.

- 11.2 A precedent admission agreement has been drafted by Squire Patton Boggs, specialist pension legal advisers.
- 11.3 Advice was received from the Fund's legal advisers, Squire Patton Boggs, on individual admission and cessation cases, where required.

12. Alternative Options Considered

- 12.1 None available.

13. Appendices

- 13.1 Appendix A: New admissions
- 13.2 Appendix B: New cessations
- 13.3 Appendix C: Update on previously reported cessations

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? 8/3/2023

Has this report been cleared by Head of Pensions? 23/2/2023

Has the Chair of the Pension Fund Committee been consulted? 15/3/2023

Has this report been cleared by Legal Services? 9/3/2023

Appendix A: Admitted Bodies

To be approved:

- Cambridge BID (Cambridge City Council)

Cambridge BID is a business improvement district operating in Cambridge City Centre as a non-profit organisation representing local businesses and working with the City Council to help improve and promote Cambridge City Centre. An employee previously seconded to Cambridge BID from Cambridge City Council had their employment permanently transferred to Cambridge BID on 1 March 2023. To provide continuity of LGPS membership, Cambridge City Council and Cambridge BID have requested that an admission agreement be put in place effective from 1 March 2023. It has been established that there is a community of interest between the admission body and the Scheme employer, as required under paragraph 1(A) of Part 3 of Schedule 2 of the Regulations. Cambridge City Council have signed a guarantor agreement indemnifying the admission body against all funding and contribution risks. As a result, the admission body has been pooled with the City Council.

To be noted:

- Aspens Services Limited (Bourn Church of England Primary Academy)

Aspens Services Limited have entered into a contract with the Bourn Church Of England Primary Academy (single academy trust) to provide catering services. As a result, a group of employees were transferred to the admission body and a backdated pass through admission agreement has been put in place effective 22 November 2021. The assets and liabilities have been retained by the Trust. It has been agreed that backdated contributions will be paid by the 19 March 2023.

- Aspens Services Limited (Little Paxton Primary School)

Aspens Services Limited have entered into a contract with Little Paxton Primary School to provide catering services. As a result, a group of employees were transferred to the admission body and a backdated pass through admission agreement has been put in place effective 3 November 2020. The assets and liabilities have been retained by Cambridgeshire County Council.

- Aspens Services Limited (Diocese of Ely Multi Academy Trust)

Aspens Services Limited have entered into a contract with The Diocese of Ely Multi Academy Trust to provide catering services across a number of academies within the Trust. As a result, a group of employees were transferred to the admission body and a full admission agreement has been put in place effective 1 January 2022. A bond requirement has been waived by the Trust.

- Aspens Services Limited (Sacred Heart Catholic Primary School)

Aspens Services Limited have entered into a contract with St John The Baptist Catholic Multi Academy Trust to provide catering services at Sacred Heart Catholic Primary School. As a result, a group of employees were transferred to the admission body and a full admission agreement has been put in place effective 1 Jan 2022. A bond requirement has been waived by the Trust.

- Hertfordshire Catering Limited (Ashbeach Primary School)

Hertfordshire Catering Limited have entered into a contract with Ashbeach Primary School to provide catering services. As a result, a group of employees were transferred to the admission body and a backdated pass through admission agreement has been put in place effective 23 July 2022. The assets and liabilities have been retained by Cambridgeshire County Council. All contributions have been collected.

Appendix B: Exiting Scheme Employers

- **ABM Catering Limited (Great Paxton, Newton Community, Offord and Samuel Pepys Primary Schools)**

ABM Catering Limited were admitted to the Fund under a pass through agreement on 1 September 2018 after entering a contract to provide catering services across a number of Cambridgeshire County Council primary schools.

On 6 January 2023, the last active member left the scheme. No exit payment or credit is required as the pension liabilities were retained by Cambridgeshire County Council.

- **Aspens Services Limited (Brampton Village Primary School)**

Aspens Services Limited were admitted to the Fund under a pass through agreement on 1 September 2018 after entering a contract to provide catering services at Brampton Village Primary School.

On 9 September 2022, the last active member left the scheme. No exit payment or credit is required as the pension liabilities were retained by Cambridgeshire County Council.

- **Aspens Services Limited (Hemingford Grey Primary School)**

Aspens Services Limited were admitted to the Fund under a pass through agreement on 1 September 2015 after entering a contract to provide catering services at Hemingford Grey Primary School.

On 13 December 2022, the last active member left the scheme. No exit payment or credit is required as the pension liabilities were retained by Cambridgeshire County Council.

- **Busy Bee Cleaning Services Limited (Saint Bede's Inter-church Academy)**

Busy Bee Cleaning Services Limited were admitted to the Fund under a pass through agreement on 28 May 2019 after entering a contract to provide cleaning services to The Netherhall School.

On 27 January 2023, the contract ended. No exit payment or credit is required as the pension liabilities were retained by Saint Bede's Inter-church Academy Trust.

- **Compass Chartwells Limited (Anglian Learning Trust)**

Compass Chartwells Limited were admitted to the Fund under a pass through agreement on 1 July 2017, after entering a contract to provide catering services to the Anglian Learning Trust.

On 31 August 2022, the contract ended. No exit payment or credit is required as the pension liabilities were retained by the Anglian Learning Trust.

- **Conservators of the River Cam**

Conservators of the River Cam were admitted to the Fund on 1 April 1992, as a body providing river maintenance and conservation in Cambridge.

On 9 October 2021, the last active member left the scheme. The cessation assessment identified a funding deficit of £535,000. Officers have been in discussed with the Conservators regarding a proposed debt spreading arrangement, details of which are included for approval in a separate report.

- Elinor UK Limited (Cambridge City Council)

Elinor UK Limited were admitted to the Fund under a standard admission agreement on 10 September 2012, after entering a contract to provide catering services to Cambridge City Council.

On 31 January 2022, the last active member left employment. The cessation assessment identified a funding surplus of £57,000.00. The Fund has started the process to determine the value of the exit credit (which may be nil) that should be paid to the exiting employer.

- Lunchtime Services Limited (Teversham Church of England VA School)

Lunchtime Services Limited were admitted to the Fund under a pass-through agreement on 1 April 2021, after entering a contract to provide catering services to Teversham Church of England Voluntary Aided School.

On 3 October 2022, the last active member left the scheme. No exit payment or credit is required as the pension liabilities were retained by Cambridgeshire County Council.

- The Edmund Trust

The Edmund Trust were admitted to the Fund as a community admitted body, under paragraph 1(a), of part 3 to schedule 2 of the Regulations, on 1 April 1970.

On 31 January 2023, the last active member left the scheme. The actuary has been sent final membership data in order to proceed with an exit assessment and the outcome will be reported at the following Committee meeting.

Appendix C: Update on previously reported cessations

- **Action for Children**

The cessation of Action for Children was originally reported at the January 2020 meeting of the Pension Fund Committee. The funding assessment at the date of exit identified a funding surplus of £391,000.

Following an exit credit determination, as required by and taking into account the factors listed under section 64 (2ZC) of the Regulations, the Administering Authority has determined that the amount of exit credit payable to Action for Children is nil.

- **Action for Children (London Road)**

The cessation of Action for Children (London Road) was originally reported at the January 2021 meeting of the Pension Fund Committee. The funding assessment at the date of exit identified a funding surplus of £223,000.

Following an exit credit determination, as required by and taking into account the factors listed under section 64 (2ZC) of the Regulations, the Administering Authority has determined that the amount of exit credit payable to Action for Children is nil.

- **Enterprise Managed Services**

The cessation of Enterprise Managed Services was originally reported at the December 2018 meeting of the Pension Fund Committee. The funding assessment at the date of exit identified a funding surplus of £6,059,000.

Following an exit credit determination process, taking into account the factors listed under the Regulations, section 64 (2ZC), the Administering Authority has determined that the amount of exit credit payable to Enterprise Managed Services and/or Peterborough City Council was nil.

- **Improve IT Limited (Eastern Learning Alliance)**

The cessation of Improve IT Limited was originally reported at the October 2019 meeting of the Pension Fund Committee. The funding assessment at the date of exit identified a funding surplus of £90,000.

Following an exit credit determination, as required by and taking into account the factors listed under section 64 (2ZC) of the Regulations, the Administering Authority has determined that the amount of exit credit payable to Improve IT Limited was nil.

- **Pabulum Catering (Meridian Trust)**

The cessation of Pabulum Catering (Meridian Trust) was originally reported at the October 2020 meeting of the Pension Fund Committee. The funding assessment at the date of exit identified a funding surplus of £156,000.

Following an exit credit determination, as required by and taking into account the factors listed under section 64 (2ZC) of the Regulations, the Administering Authority has determined that the amount of exit credit payable to Pabulum Catering was £14,000.

- Spurgeons (Peterborough City Council)

The cessation of Spurgeons (Peterborough City Council) was originally reported at the June 2021 meeting of the Pension Fund Committee. The funding assessment at the date of exit identified a funding surplus of £385,000.

Following an exit credit determination, as required by and taking into account the factors listed under section 64 (2ZC) of the Regulations, , the Administering Authority has determined that the amount of exit credit payable to Spurgeons was £109,000. The payment was made on 28 February 2023.