

**CAMBRIDGESHIRE
PENSION FUND**



Pension Committee

Date: 19 October 2017

Report by: Head of Pensions

Subject:	Employer Admissions and Cessations Report
Purpose of the Report	To report the admission of four academy trusts; one admission body and one resolution body to the Cambridgeshire Pension fund and to report the cessation of three employers from the fund.
Recommendations	<p>That the Pension Committee</p> <ol style="list-style-type: none"> Notes the admission of the following Multi Academy Trusts to the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> Astrea Academy Trust The Lime Trust Morris Education Trust Samuel Ward Academy Trust Approves the admission of the following admission body to the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> Solutions for Health Notes the admission of the following resolution body to the Cambridgeshire Pension Fund <ul style="list-style-type: none"> Balsham Parish Council Notes the current withdrawal from the Cambridgeshire Pension Fund of the following bodies: <ul style="list-style-type: none"> Lunchtime UK Ltd (Swaffham Prior) Peterborough Women's Aid Innovate Services Ltd
Enquiries to:	<p>Name – Mark Whitby, Head of LGSS Pensions Tel – 01604 368502 E-mail – mwhitby@northamptonshire.gov.uk</p>

1. Background

- 1.1 The Local Government Pension Scheme Regulations 2013 (as amended) [the Regulations] provide for the admission of a number of different types of body to the Local Government Pension Scheme; scheduled bodies, designating bodies, and admission bodies.
- 1.2 This report provides an update on admissions to the Cambridgeshire Pension Fund since the last meeting of the Pension Committee.

2. New Scheduled Body

- 2.1 Regulation 3 (1) of the Regulations provides for a person employed by a body listed in Schedule 2 to be an active member of the Local Government Pension Scheme. Part 1 of Schedule 2 includes “a proprietor of an Academy” as being a class of Schedule 2 employer and therefore a Scheduled Body. There is no discretion on the administering authority or the employer as to whether or not employers in Schedule 2 are provided with access to the Fund; it is a requirement.
- 2.2 The LGPS Regulations recognise the proprietor of an Academy Trust as a scheme employer. Where academies are part of a Multi Academy Trust (MAT), the Trust is the scheme employer and not each individual Academy. Academies joining an existing MAT are not reported as they are therefore not recognised as new scheme employers.

Date	New Academy/Trust
01/06/2017	Astrea Academy Trust
01/08/2017	The Lime Trust
01/04/2017	Morris Education Trust
01/07/2017	Samuel Ward Academy Trust

- 2.3 Actuarial advice has been sought on appropriate employer contribution rates from the fund actuary and these will be advised to the new Academy proprietors.

3. New Admission Body

- 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(d)(i) of Part 3 of Schedule 2 is an admission body that is providing a service or assets in connection with the exercise of a function of a scheme employer, as a result of a transfer of the service or assets by means of a contract or other arrangement. Though the Regulations effectively provide discretion on the administering authority as to which bodies become paragraph 1(d)(i) admission bodies, guidance by the Department of Communities and Local Government in December 2009 states “*The administering authority cannot decline to admit a contractor if the contractor and the letting authority agree to meet the relevant requirements of the LGPS regulations.*”
- 3.3 The Pension Committee is asked to note that the following has become a new admission body in the Cambridgeshire Pension Fund under paragraph 1(d)(i)

Date	New Admission Body	Background information
01/04/2017	Solutions For Health	Peterborough City Council tendered and outsourced their Integrated Healthy Lifestyle Service. The staff transferred to Solutions For Health under TUPE regulations and have applied for admitted body status. Solutions for Health will provide a bond in respect of insuring against liabilities from this admission which satisfies the requirements of the Fund's Admissions policy.

4. New Designating Body

- 4.1 Regulation 3 (1) of the Regulations provides for a person, who is employed by a body listed in Part 2 of Schedule 2 and is designated, or belongs to a class of employees that is designated, by the body, to be an active member of the Local Government Pension Scheme.
- 4.2 The designating body has to pass a resolution to designate employees as being eligible for membership of the Local Government Pension Scheme.
- 4.3 The Pension Committee is asked to note that the following employer is a designating body by means of being a pre-cepting authority within the meaning of section 69 of the Local Government Finance Act 1992 and has passed a resolution to allow employees of the Council to join the LGPS.

Date	New designating body
19/06/2017	Balsham Parish Council

5. Cessations

5.1 Peterborough Women's Aid

- 5.1.1 Peterborough Women's Aid were admitted to the fund under an transferee admission agreement, dated 1 April 2014, after entering into a contract to provide domestic abuse and sexual violence advocacy services on behalf of Peterborough City Council, which resulted in the transfer of one employee, under TUPE arrangements.

5.1.2 The admission agreement has now ceased following the last active member leaving the Scheme on 31 March 2017. All employee and employer pension contributions owing to the Fund have been paid. A cessation valuation is currently in progress to assess whether an exit payment is required. The liabilities are the responsibility of Peterborough Women's Aid and therefore any cessation payment will be pursued from the admitted body but the liabilities are guaranteed by Peterborough City Council which removes any risk to the Fund.

5.2 Lunchtime UK Ltd

5.2.1 Lunchtime UK Ltd were admitted to the Fund under a pass through admission agreement on 27 May 2015, after entering into a contract to provide catering services to Swaffham Prior Church of England Primary School. The contract resulted in a transfer of staff from the Local Authority maintained school, to Lunchtime UK Ltd, under TUPE arrangements.

5.2.2 The admission agreement has now ceased following the last active member leaving the Scheme on 13 January 2017. All employee and employer pension contributions owing to the Fund have been paid and as a pass through admission, all liabilities have passed back to Cambridgeshire County Council as the ceding employer. Therefore no cessation payment is required.

5.3 Innovate Services Ltd

5.3.1 Innovate Services Ltd were admitted to the Fund under a transferee admission agreement on 1 September 2008, after entering into a contract to provide cleaning services to Cromwell Community College which resulted in a transfer of staff from Cromwell Community College, to Innovate Services Ltd, under TUPE arrangements.

5.3.2 The admission agreement has now ceased due to the last active member, under this contract, ceasing employment on the 3 April 2017. All employee and employer pension contributions owing to the Fund have been paid. A cessation valuation is currently in progress to assess whether an exit payment is required. The liabilities are the responsibility of the admitted body, Innovate Services Ltd and therefore any cessation payment will be pursued from Innovate Services Ltd.

6. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance. <i>Objective 1</i>
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. <i>Objective 2</i>
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment. <i>Objective 3</i>
Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>

7. Finance & Resources Implications

- 7.1 Actuarial costs incurred by obtaining a calculation of employer contribution rates, bond levels and funding positions at commencement are recharged directly to the relevant employer.
- 7.2 The employer contribution rates contain an allowance for administration charges, meaning the new admissions should be cost neutral.
- 7.3 Employers who are unable to pay monies due during the course of active membership may result in unpaid liabilities being borne by other employers in the Fund. Measures to mitigate such an eventuality are readily available for admission bodies and set out in section 8 below.

8. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
An admitted body does not pay the pension contributions due in full or on time.	A late payments policy is in place which sets clear policies on how we deal with late or non-payment of contributions. Further to this, there is the ability, under the terms of the admission agreement, to require the letting authority to set off against any payments due to the Admission Body an amount equal to the sum due and pay the sum to the Fund.	Green
A company admitted to the Fund as an admission body may become financially unviable.	A surety bond or guarantor is required to cover the potential risk of the admitted body becoming insolvent and the monetary value of this risk is reviewed regularly to ensure it provides adequate cover for the financial risks involved.	Green
Future pension liabilities cannot be supported by the Academy.	A parliamentary minute, laid in July 2013, concerning Academies and Local Government Pension Scheme (LGPS) liabilities, provides assurance that the Department for Education will meet any outstanding Local Government Pension Scheme liabilities in the event of an Academy Trust closure.	Green
A Parish Council or Admission Body joining the Fund may cease as an employer in the Fund if they have no more active members	We maintain regular two way communication regarding the current funding position of the employer, reductions in membership numbers and any other activity that may affect the continuation as an employer in the Fund.	Amber

b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
Non-compliance with CLG guidance that, an application by an admission body falling under paragraph 1(d)(i) of Part 3 Schedule 2 of the regulations, cannot be declined where the requirements of the LGPS Regulations are met.	Red
Non-compliance with the mandatory requirement to allow academies admission to the Pension Fund.	Red
Non-compliance with the mandatory requirement to allow designating bodies and scheduled bodies admission to the Pension Fund.	Red

9. Communication Implications

Direct Communications	Direct communications will be required to facilitate employer start up in the LGPS.
Newsletter	Regular pension bulletins are issued to the scheme employers on topical matters.
Induction	New employers require an introduction to their employer responsibilities under the LGPS.
Seminar	Employers will be entitled to attend an annual Employer Forum.
Training	Generic and bespoke training courses will be made available.
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 Eversheds, specialist pension legal advisers in consultation with LGSS Law.

12. Alternative Options Considered

- 12.1 None available.

Checklist of Key Approvals	
Is this decision included in the Business Plan?	No
Will further decisions be required? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	No
Has this report been cleared by Chief Finance Officer/Section 151 Officer?	Sent to Sarah Heywood – 29 September 2017
Has this report been cleared by Head of Pensions?	Mark Whitby – 18 September 2017
Has the Chairman of the Pension Fund Committee been consulted?	Sent to Councillor Hickford – 29 September 2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 29 September 2017