

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 18 December 2014

Report by: Deputy Head of Pensions

Subject:	Employer Admissions and Cessations Report
Purpose of the Report	To report on the prospective admission of one designating body and gain approval for three admission bodies to join the Cambridgeshire Pension Fund.
Recommendations	<p>That the Pension Fund Board</p> <p>1) notes the admission of the following prospective Designating Body to the Cambridgeshire Pension Fund:</p> <ul style="list-style-type: none"> • LGSS Law Ltd <p>2) approves the admission of the following bodies to the Cambridgeshire Pension Fund:</p> <ul style="list-style-type: none"> • ABM Catering Ltd • TSG Building Services Plc • Indigo Spa Management Ltd
Enquiries to:	<p>Mark Whitby, Deputy Head of Pensions</p> <p>Tel – 01604 368502</p> <p>E-mail – MWhitby@northamptonshire.gov.uk</p>

1. Background

1.1 Introduction

1.1.1 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.

1.1.2 This report provides an update on admissions to the Cambridgeshire Pension Fund since the last Pension Fund Board.

1.2 New prospective designating body admission

1.2.1 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.

1.2.2 The following designating body has to pass a resolution to designate employees as being eligible for membership of the Local Government Pension Scheme.

1.2.3 The following employer is a designating body by means of being “connected with” a local authority in the Cambridgeshire Fund.

Date	New prospective designating body
01/01/2015	LGSS Law Ltd

1.2.4 Actuarial advice will be sought on appropriate employer contribution rates from the Fund actuary and these will be advised to the new designating body.

1.3 New admission bodies

1.3.1 Paragraph 1(d)(i) 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.

1.3.2 Paragraph 1(d)(i) admission body is a 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. 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.*”

1.3.3 The Pension Fund Board is asked to approve that the following become new admission bodies in the Cambridgeshire Pension Fund.

Date	New Admission Body	Background information
01/04/2014	ABM Catering Ltd	Transfer of services from Cambridgeshire County Council for the catering at Morley Memorial school. Pass through agreement.
10/11/2014	TSG Building Services Plc	Transfer of services from Cambridge City Council’s Building Maintenance team.
22/10/2014	Indigo Spa Management Ltd	Transfer of services from Huntingdonshire District Council. Pass through agreement.

2.0 Relevant Pension Fund Objectives

Perspective	Outcome
Funding and Investment	<ul style="list-style-type: none"> To ensure that the Fund is able to meet its liabilities for pensions and other benefits with the minimum, stable level of employer contributions. To ensure that sufficient resources are available to meet all liabilities as they fall due.
Administration	<ul style="list-style-type: none"> Ensure the Funds and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Funds. Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary. Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount. Understand the issues affecting scheme employers and the LGPS in the local and national context and adapt strategy and practice in response to this.

3.0 Finance & Resources Implications

- 3.1 Actuarial costs in obtaining employer contribution rates, bond levels and funding position at commencement are recharged directly to the relevant employer.
- 3.2 The employer contribution rates contain an allowance for administration charges, meaning the new admissions should be cost neutral.

4.0 Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
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
A company admitted to the Fund as a pass through admission body may become financially unviable	The Fund is protected through the ceding scheme employer being responsible for any pension liabilities the admission body is unable to pay. The risk to the ceding scheme employer is minimal due to the pass through approach only applying to small, short term contracts.	Green

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

Risk	Risk Rating
Non compliance with CLG guidance that an admission body application cannot be declined where the requirements of the LGPS Regulations are met.	Red
Non compliance with the mandatory requirement to allow designating bodies admission to the Pension Fund.	Red

5.0 Communication Implications

Direct Communications	Direct communications will be required to facilitate employer start up in the LGPS
Website	New employers are given access to the employers guidance available on the pensions website
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

6.0 Legal Implications

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. LGSS Law is involved in ensuring the admission agreement is sealed and as and when required when finalising the terms of the agreement. The Fund's template admission agreement was updated by specialist pension legal advisors at Eversheds in order to be compliant with the Regulations.

7.0 Consultation with Key Advisors

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

8.0 Alternative Options Considered

None available.

9.0 Background Papers

N/A

10.0 Appendices

N/A

Checklist of Key Approvals	
Is this decision included in the Business Plan?	N/A
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 The Director of Finance/Section 151 Officer	Yes – Chris Malyon – 28/11/2014
Has this report been cleared by The Head of Pensions?	Yes – Mark Whitby – 13/11/2014
Has the Chairman of the Pension Fund Board been consulted?	Yes – Councillor Hickford – 26/11/2014
Has this report been cleared by Legal Services?	Yes – Laurie Gould – 28/11/2014