

CAMBRIDGESHIRE PENSION FUND



Pension Fund Board

Date: 23 October 2014

Report by: Deputy Head of Pensions

Subject:	Employer Admissions and Cessations Report
Purpose of the Report	<p>To report on the admission of four scheduled bodies and gain approval for one admission body to join the Cambridgeshire Pension Fund.</p> <p>To report on three cessations from the Fund.</p>
Recommendations	<p>1) To note the admission of the following bodies to the Cambridgeshire Pension Fund:</p> <ul style="list-style-type: none"> • Cromwell Park Primary School (Academy) • Hampton Academies Trust • William Law CofE Primary School Academy • North West Cambridge University Technical School <p>2) To approve the admission of the following body to the Cambridgeshire Pension Fund:</p> <ul style="list-style-type: none"> • Coram Cambridgeshire Adoption Limited <p>3) To note the withdrawal from the Cambridgeshire Pension Fund of the following bodies:</p> <ul style="list-style-type: none"> • Peterborough Council for Voluntary Services • Apollo Property Services Group • Metropolitan Housing Trust
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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 scheduled admissions

- 1.2.1** 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 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.
- 1.2.2** The LGPS Regulations recognise the proprietor of the academy as the scheme employer. Where academies are part of a Multi Academy Trust (MAT), the MAT 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.
- 1.2.3** The following became new scheme employers either as a result of conversion to academy status or opening as a brand new educational establishment.

Date	New Academy
1/9/2014	Cromwell Park Primary School (Academy)
1/9/2014	Hampton Academies Trust
1/9/2014	William Law CofE Primary School Academy
1/9/2014	North West Cambridge University Technical School

- 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 academy proprietors.

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** A 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	Background information
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	body	
1/8/2014	Coram Cambridgeshire Adoption Limited	Transfer of services from Cambridgeshire County Council's Children's Services

1.4 Cessations

- 1.4.1** Peterborough Council for Voluntary Services ceased as an admission body following the exit of their last active member on 30 September 2013. A cessation valuation will now be undertaken and the results communicated to the outgoing admission body. Any deficit at cessation will be requested from the outgoing admission body.
- 1.4.2** Metropolitan Housing Trust ceased as an admission body following the exit of their last active member on 11 October 2013. A cessation valuation will now be undertaken and the results communicated to the outgoing admission body. Any deficit at cessation will be requested from the outgoing admission body with any unrecoverable amount falling on Cambridgeshire City Council.
- 1.4.3** Apollo Property Services Group will cease as an admission body following the end of their contract to provide services to Cambridge City Council on 31 October 2014. A cessation valuation will now be undertaken and the results communicated to the outgoing admission body. Any deficit at cessation will be requested from the outgoing admission body with any unrecoverable amount falling on Cambridge City Council.

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.
- 3.3 Employers who are unable to pay monies due during the course of active membership or at exit may result in unpaid liabilities being borne by the whole Fund or by a specific scheme employer. Measures to mitigate such an eventuality are readily available for admission bodies and set out in Section 4 below. An employer risk register was also prepared as part of the triennial valuation process.

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
Future pension liabilities that cannot be supported by an academy.	There is a Secretary of State guarantee if an academy fails.	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 academies 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 employer's 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

- 6.1 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. 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

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

8.0 Alternative Options Considered

- 8.1 None available.

9.0 Background Papers

- 9.1 N/A

Checklist of Key Approvals	
Is this decision included in the Business Plan?	N/A – routine business
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?	
Has this report been cleared by The Head of Pensions?	Approved by Deputy Head of Pensions on behalf of Head of Pensions
Has this report been cleared by the Section 151 Officer?	
Has the Chairman of the Pension Fund Board been consulted?	
Has this report been cleared by Legal Services?	N/A –routine business