

# CAMBRIDGESHIRE PENSION FUND



## Pension Fund Committee

**Date:** 29 March 2018

**Report by:** Head of Pensions

|                              |   |
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| <b>Subject:</b>              | <b>Employer Admissions and Cessations Report</b>  |
| <b>Purpose of the Report</b> | <ol style="list-style-type: none"> <li>1. To report the admission of three admission bodies to the Cambridgeshire Pension fund.</li> <li>2. To report the admission of two academy trusts to the Cambridgeshire Pension fund.</li> </ol>  |
| <b>Recommendations</b>       | <p><b>That the Pension Committee</b></p> <ol style="list-style-type: none"> <li>1. Notes the admission of the following admission bodies to the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> <li>• VHS Cleaning Services Ltd</li> <li>• Easy Clean Contractors Ltd (Hemingford Grey)</li> <li>• ABM Catering Ltd (Abbots Rippon Primary School)</li> </ul> </li> <li>2. Notes the admission of the following Multi Academy Trusts to the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> <li>• Soke Education Trust</li> <li>• Aces Multi Academy Trust</li> </ul> </li> </ol> |
| <b>Enquiries to:</b>         | <p>Name – Mark Whitby, Head of LGSS Pensions</p> <p>E-mail – <a href="mailto:mwhitby@northamptonshire.gov.uk">mwhitby@northamptonshire.gov.uk</a></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 Admission Bodies

- 2.1 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.
- 2.2 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."*
- 2.3 The Pension Committee is asked to note that the following have become new admission bodies in the Cambridgeshire Pension Fund under paragraph 1(d)(i)

| Date       | New Admission Body         | Background information   |
|------------|----------------------------|--|
| 01/09/2016 | VHS Cleaning Services      | Netherhall School outsourced their cleaning service and transferred their cleaning staff to VHS Cleaning Services, under TUPE regulations. Netherhall School, a scheme employer in their own right, agreed to a Pass Through admission and will retain responsibility for the pension liabilities.                                 |
| 01/07/2017 | Easy Clean Contractors Ltd | Hemmingford Grey Primary School outsourced their cleaning service and transferred their cleaning staff to Easy Clean Contractors Ltd, under TUPE regulations. As the recognised scheme employer, Cambridgeshire County Council agreed to a Pass Through admission and will retain responsibility for the pension liabilities.      |
| 01/01/2018 | ABM Catering               | Abbots Ripton Church of England Primary School outsourced their catering service and transferred their catering staff to ABM Catering Ltd, under TUPE regulations. As the recognised scheme employer, Cambridgeshire County Council agreed to a Pass Through admission and will retain responsibility for the pension liabilities. |

### 3. New Scheduled Bodies

- 3.1 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.
- 3.2 The LGPS Regulations recognise the proprietor of the Academy as the scheme employer. Where Academies are part of a Multi Academy Trust (MAT), the 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 of admission | Academy Trust            | Name of Academies transferring   |
|-------------------|--------------------------|--|
| 01/01/2018        | Soke Education Trust     | John Clare Primary<br>Gunthorpe Primary<br>Werrington Primary<br>Wittering Primary |
| 01/01/2018        | Aces Multi Academy Trust | Hinchingbrooke School<br>Cromwell Academy  |

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

### 4. Relevant Pension Fund Objectives

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| 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> |

### 5. Finance & Resources Implications

- 5.1 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.
- 5.2 The employer contribution rates contain an allowance for administration charges, meaning the new admissions should be cost neutral.

- 5.3 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 6 below.

## 6. Risk Implications

### a) Risk(s) associated with the proposal

| <b>Risk</b>  | <b>Mitigation</b>  | <b>Residual Risk</b> |
|--|--|----------------------|
| A new employer 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. | A late payments policy is in place which sets clear policies on how we deal with late or non-payment of contributions.   | 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                |
| An 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                |
| Future pension liabilities that cannot be supported by an Academy Trust  | 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                |

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

| <b>Risk</b>  | <b>Risk Rating</b> |
|--|--------------------|
| 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                |

## 7. Communication Implications

|                              |   |
|------------------------------|---|
| <b>Direct Communications</b> | Direct communications will be required to facilitate employer start up in the LGPS.           |
| <b>Newsletter</b>            | Regular pension bulletins are issued to the scheme employers on topical matters.              |
| <b>Induction</b>             | New employers require an introduction to their employer responsibilities under the LGPS.      |
| <b>Seminar</b>               | Employers will be entitled to attend an annual Employer Forum.                                |
| <b>Training</b>              | Generic and bespoke training courses will be made available.                                  |
| <b>Website</b>               | New employers are given access to the employer's guidance available on the pension's website. |

## 8. Legal Implications

- 8.1 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.

## 9. Consultation with Key Advisers

- 9.1 Contribution rate and bond assessments are undertaken by Hymans Robertson, the Fund Actuary.
- 9.2 A precedent admission agreement has been drafted by Eversheds, specialist pension legal advisers in consultation with LGSS Law.

## 10. Alternative Options Considered

- 10.1 None available.

| <b>Checklist of Key Approvals</b>  |   |
|--|---|
| 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 Section 151 Officer?                         | Sarah Heywood – 8 March 2018            |
| Has this report been cleared by Head of Pensions?                            | Mark Whitby – 21 February 2018          |
| Has the Chairman of the Pension Fund Committee been consulted?               | Councillor Terry Rogers – 14 March 2018 |
| Has this report been cleared by Legal Services?                              | Quentin Baker – 14 March 2018           |