

CAMBRIDGESHIRE PENSION FUND



Pension Fund Committee

Date: 28 March 2019

Report by: Head of Pensions

Subject:	EMPLOYER ADMISSIONS AND CESSATIONS REPORT
Purpose of the Report	<ol style="list-style-type: none"> 1. To report the admission of five admitted bodies to the Cambridgeshire Pension Fund. 2. To report the admission of one scheduled body to the Cambridgeshire Pension Fund. 3. To notify the Committee of four bodies ceasing in the Cambridgeshire Pension Fund.
Recommendations	<p>That the Pension Fund Committee:</p> <ol style="list-style-type: none"> 1. Notes the admission of the following admitted bodies to the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> • Advanced Cleaning Services (Kettlefields Primary School) • Aspens Services Limited (The Harbour School) and (Brampton Village Primary School) • Caterlink Limited (Witchford Village College) • Edwards and Blake Limited (Coates Primary School) • Romsey Mill Trust 2. Notes the admission of the following scheduled body to the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> • Cambridgeshire and Peterborough Combined Authority 3. Notes the exit of the following bodies from the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> • Whittlesey Internal Drainage Board • Lunchtime Company Ltd (Abbey Meadows Primary School) • NECS (UK) (Caldecote Primary School)
Enquiries to:	<p>Name – Cory Blose, Employer Services and Systems Manager Tel – 07990560829 E-mail – cblose@northamptonshire.gov.uk</p>

1. Background

- 1.1 The Local Government Pension Scheme Regulations 2013 (as amended) 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 Fund 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) of Part 3 of Schedule 2 is an admission body which provides a public service in the United Kingdom which operates otherwise than for the purposes 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 (whether because the operations of the body are dependent on the operations of the Scheme employer or otherwise).
- 2.3 The Pension Fund Committee is asked to approve the admission of the following bodies into the Cambridgeshire Pension Fund under paragraph 1(d). (see table overleaf)

Date	New Admission Body	Background information
01/10/2018	Advanced Cleaning Services Limited	Kettlefields Primary School, a Cambridgeshire Local Education Authority (LEA) school, has entered into a contract with Advanced Cleaning Services Limited. As a result, a group of staff were transferred to the new admission body. Cambridgeshire County Council has agreed to retain the pension risk under a Pass Through agreement.
27/10/2018	Aspens Services Limited	The Harbour School, a Cambridgeshire LEA school, has entered into a contract with Aspens Services Limited to provide its catering services. As a result, a group of staff were transferred to the new admission body. Cambridgeshire County Council has agreed to retain the pension risk under a Pass Through agreement.
01/09/2018	Aspens Services Limited	Brampton Village Primary School, a Cambridgeshire LEA school, has entered into a contract with Aspens Services Limited to provide its catering services. As a result, a group of staff were transferred to the new admission body. Cambridgeshire County Council has agreed to retain the pension risk under a Pass Through agreement.
Date	New Admission Body	Background information
01/06/2018	Caterlink Limited	The Morris Education Trust, has entered into a contract with Caterlink Limited to provide catering services for Witchford Village College. As a result of the contract, a group of staff were transferred to the new admission body. The Morris Education Trust has agreed to retain the pension risk under a Pass Through agreement.
03/12/2018	Romsey Mill Trust	Cambridge City Council, has entered into a contract with the Romsey Mill Trust to manage the Ross Street Community Centre. As a result of the contract, one member of staff was transferred to the new admission body. Cambridge City Council has agreed to retain the pension risk under a Pass Through agreement.

04/09/2018	Edwards & Blake Limited	Coates Primary School, a Peterborough LEA school, has entered into a contract with Edwards & Blake Limited to provide its catering services. As a result, a group of staff were transferred to the new admission body. Peterborough City Council has agreed to retain the pension risk under a Pass Through agreement.
------------	-------------------------	--

3. New Scheduled Body

- 3.1 Regulation 1 (24) 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 combined authority established by an order under section 103(1) of the Local Democracy, Economic Development and Construction Act 2009".
- 3.2 On 3 March 2017 a motion was passed for the creation of a combined authority, Cambridgeshire and Peterborough Combined Authority. Staff were originally seconded to the Combined Authority, and in turn employed from mid-2018.
- 3.3 Actuarial advice has been sought on appropriate employer contribution rates from the fund actuary and these will be advised to the Combined Authority.

4. Cessations

4.1 Whittlesey Internal Drainage Board

- 4.1.1 Whittlesey Internal Drainage Board is a Designating body which passed a resolution to join the Cambridgeshire Pension Fund on 25 June 1998. The last active member left the scheme on 29 December 2017 triggering a cessation event.
- 4.1.2 Under regulation 64(2A) of the LGPS Regulations the Fund can choose to suspend the cessation of an employer, if it is of the reasonable opinion that there will be new active members within a period of up to 3 years:
- (2A) An administering authority may by written notice ("a suspension notice") to an exiting employer suspend that employer's liability to pay an exit payment for a period of up to 3 years starting from the date when that employer would otherwise become an exiting employer, if the condition in paragraph (2B) is met.*
- (2B) The condition mentioned in paragraph (2A) is that in the reasonable opinion of the administering authority the employer is likely to have one or more active members contributing to the fund within the period specified in the suspension notice.*

4.1.3 As the cessation was the result of the last active member leaving their employment the cessation was suspended to allow them the opportunity to recruit a new employee and enrol them into the LGPS.

4.1.4 Following the end of the review period, the employer indicated that alternative arrangements were being put in place and recruitment of a new employee was not expected imminently. The suspension was therefore lifted and the cessation backdated to the members date of leaving employment. The Fund Actuary has been engaged to calculate the final funding position.

4.2 Lunchtime Company Limited

4.2.1 Lunchtime Company Limited were admitted to the Fund under a pass through agreement on 9 January 2016, after entering a contract to provide catering services to Abbey Meadows Primary school.

4.2.2 On 31 August 2018 their last active member left the organisation. No exit payment or credit will be required as the pension liabilities were retained within the Cambridgeshire County Council pool.

4.3 NECS (UK)

4.3.1 NECS (UK) were admitted to the Fund under a pass through agreement on 7 January 2018, after entering a contract to provide cleaning services to Caldecott Primary school.

4.3.2 On 7 July 2018 their last active member left the organisation. No exit payment or credit will be required as the pension liabilities were retained within Cambridgeshire County Council pool.

5. 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>

Ensure regular monitoring of employer covenants, putting in place mitigations of adequate strength to protect the Fund. <i>Objective 6</i>
--

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

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 register	Risk mitigated	Residual risk
Administration and Communication (risk 38)	An employer who ceases to exist with insufficient funding, and no bond or guarantee requiring the funding shortfall to be spread across all other employers in the Fund.	Green
Administration and Communication (risk 39)	Lack of understanding of employer responsibilities, which could result in a statutory deadline being missed.	Green
Administration and Communication (risk 40)	Failure to apply and demonstrate fairness in the treatment of different Fund employers by reference to their own circumstances and covenant.	Green
Administration and Communication (risk 41)	Failure to manage the resources associated with increasing volumes of employing bodies entering the Fund, leading to unachievable targets.	Amber

7.3 The Fund's full risk register can be found on the Fund's website at the following link:<http://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

8. 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 LGSS Pensions website.

9. Legal Implications

- 9.1 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.

10. Consultation with Key Advisers

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

11. Alternative Options Considered

- 11.1 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 Section 151 Officer?	Sarah Heywood – 15 March 2019
Has this report been cleared by Head of Pensions?	Mark Whitby – 27 February 2019
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 13 March 2019
Has this report been cleared by Legal Services?	Fiona McMillan – 12 March 2019