

**CAMBRIDGESHIRE
PENSION FUND**



Pension Committee

Date: 7 December 2017

Report by: Head of Pensions

Subject:	Employer Admissions and Cessations Report
Purpose of the Report	To report the admission of two admission bodies to the Cambridgeshire Pension fund
Recommendations	<p>That the Pension Committee</p> <p>Notes the admission of the following admission bodies to the Cambridgeshire Pension Fund:</p> <ul style="list-style-type: none">• Pabulum Catering (City of Ely College)• Pabulum Catering (Sawtry College)
Enquiries to:	Mark Whitby, Head of LGSS Pensions mwhitby@northamptonshire.gov.uk

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 Body

- 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	Pabulum Catering (City of Ely College)	Cambridgeshire Meridian Academy Trust outsourced their catering service for the City of Ely College and transferred 8 members of catering staff to Pabulum Catering, under TUPE regulations on 1 September 2016. City of Ely College will act as guarantor for this full closed admission following an actuarial assessment.
01/06/2017	Pabulum Catering (Sawtry College)	Cambridgeshire Meridian Academy Trust outsourced the catering services for Sawtry College to Pabulum Catering and transferred 7 members of catering staff to Pabulum Catering, under TUPE regulations. This body has been admitted under a pass through agreement with Cambridgeshire Meridian Academy Trust remaining responsible for the pension liabilities.

3. 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>

4. Finance & Resources Implications

- 4.1 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.
- 4.2 The employer contribution rates contain an allowance for administration charges, meaning the new admissions should be cost neutral.
- 4.3 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 7 below.

5. Risk Implications

a) Risk(s) associated with 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	Red

LGPS Regulations are met.	
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Risk	Mitigation	Residual Risk
A new employer does not pay the pension contributions due in full or on time.	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. 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

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

Direct Communications	Direct communications will be required to facilitate employer start up in the LGPS.
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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.

6. 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.

7. Consultation with Key Advisers

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

8. Alternative Options Considered

- 8.1 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
Has this report been cleared by Section 151 Officer?	Sarah Heywood – 22 November 2017
Has this report been cleared by Head of Pensions?	Mark Whitby – 14 November 2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers – 22 November 2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 27 November 2017