

Cambridgeshire
Pension Fund

Pension Fund Committee

4 October 2023

Report by: Head of Pensions

Subject: Employer Admissions and Cessations Report

Purpose of the Report:

1. To report the admission of six admitted bodies to the Cambridgeshire Pension Fund.
2. To notify the Committee of six bodies ceasing participation in the Cambridgeshire Pension Fund.
3. To update on previously reported cessations

Recommendations: That the Pension Fund Committee

1. Notes the admission of the following transferee admission bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreement:
 - ABM Catering Limited
 - Avocet Cleaning Services Limited
 - Caterlink UK Limited
 - Easy Clean Contractors Limited
 - Innovate Services Limited
 - Pabulum Catering Limited
2. Notes the cessation of the following bodies from the Cambridgeshire Pension Fund:
 - Aspens Services Limited
 - Excellerate Services UK Ltd
 - Nightingale Cleaning Limited
 - Nourish Catering Limited
 - Pabulum Catering Limited
 - Sanctuary Housing Association
3. Notes the update on previously reported cessations relating to:
 - ABM Catering Limited
 - Chorus Homes Group Limited
 - Friends Therapeutic Community Trust
 - Serco Limited

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1. Executive Summary

- 1.1 The Pension Fund Committee is asked to note the entry, to the Fund, of six transferee admitted bodies and to approve the sealing of the admission agreements.
- 1.2 Four of the admissions are “pass-through” admissions, meaning the assets and liabilities are retained by the awarding authority, so there is no additional risk to the Fund from these admissions. Two are standard admissions with the Scheme employer providing a guarantee to the Fund.
- 1.3 The Committee has no discretion over the admission of these bodies as they have agreed to follow the Regulations of the LGPS by signing the admission agreements.
- 1.4 The Committee is also asked to note the exit of six employers from the Fund. Five of the exiting employers were admitted under pass-through agreements so no funding assessment is needed.
- 1.5 The final funding assessment for one of the exiting employers identified a funding surplus at the exit date. A determination will need to be made over the value of the exit credit (which may be nil) payable to the exiting employer.
- 1.6 The Committee is also asked to note the update on four cessation cases previously reported where the funding assessment was outstanding at the time of reporting.
- 1.7 The final funding assessment for two of the exiting employers identified neither a deficit or a surplus and the employers have been discharged of their obligations without the need for either an exit payment or exit credit.
- 1.8 A funding surplus was identified for two of the exiting employers and an exit credit determination has been made in both cases resulting in an exit credit being paid to one of the exiting employers.

2. Background

- 2.1 The Local Government Pension Scheme Regulations 2013 (as amended) (the Regulations) provide for the participation of a number of different types of body in the Local Government Pension Scheme; scheduled bodies, designating bodies, and admission bodies.
- 2.2 When an employer ceases participation in the Fund, the administering authority is required, under regulation 64 of the Local Government Pension Scheme Regulations 2013 (the Regulations), to obtain an actuarial valuation, as at the exit date, of the liabilities and to obtain a revised rates and adjustments certificate showing the exit payment due from the exiting employer or the excess of assets in the Fund relating to that employer.

- 2.3 This report provides an update on admissions to and cessations from the Cambridgeshire Pension Fund since the last meeting of the Pension Fund Committee and provides an update on the collection of exit payments and determination of exit credits for previously reported cessations.

3. New Admission Bodies

- 3.1 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.
- 3.2 A body which falls under paragraph 1(d)(i) of Part 3 of Schedule 2 (known as transferee admission bodies) is an admission 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.
- 3.3 The Pension Fund Committee is asked to note the admission of the following bodies into the Cambridgeshire Pension Fund under paragraph 1(d)(i) and to approve the sealing of the admission agreements:
- ABM Catering Limited
 - Avocet Cleaning Limited
 - Caterlink UK Limited
 - Easy Clean Contractors Limited
 - Innovate Services Limited
 - Pabulum Catering Limited
- 3.4 Full details of each admission are included in Appendix A.

4. Cessations

- 4.1 The following admitted bodies have exited the Fund:
- Aspens Services Limited
 - Excellerate Services UK Ltd
 - Nightingale Cleaning Limited
 - Nourish Catering Limited
 - Pabulum Catering Limited
 - Sanctuary Housing Association
- 4.2 Full details of each cessation are included in Appendix B.

5 Update on previously reported cessations

- 5.1 When an employer ceases to participate in the Fund, the Regulations require the administering authority to obtain a valuation of the assets and liabilities attributed to that employer to determine if there is a funding surplus or deficit. If a deficit exists, the employer must pay an exit payment to the Fund equal to the value of the deficit. If a surplus exists, the administering authority must make a determination of the amount of exit credit (which could be zero) should be paid to the exiting employer.
- 5.2 The Pension Fund Committee is asked to note the update on the following previously reported cessations.
- ABM Catering Limited (Eynesbury Primary School)
 - Chorus Homes Group Limited
 - Friends Therapeutic Community Trust
 - Serco Limited (PCC IT)
- 5.3 Full details of each update are included in Appendix C.

6. Relevant Pension Fund Objectives

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.

Objective 2

Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. *Objective 5*

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

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	Residual risk rating
Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	Green
Failure to administer the scheme in line with the regulations.	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making.	Green
Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met in conjunction with the Fund Actuary/specialist advisors.	Green

7.3 The Fund's full risk register can be found on the Fund's website:

[Pension Fund Risk Register hyperlink](#)

8. Finance & Resources Implications

- 8.1 Actuarial costs incurred by obtaining a calculation of the employer's contribution rate and opening funding position at commencement are recharged directly to the employer.
- 8.2 The employer contribution rate contains an allowance for administration charges, and the employer is charged a fee to recover the Funds administration costs of on boarding new employers and terminating ceased employers. This means that admissions and cessations should be cost neutral.
- 8.3 Employers who are unable to pay monies due during active membership may result in unpaid liabilities being borne by other employers in the Fund.

9. Communication Implications

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

Training – Training will need to be provided to new employers on a number of LGPS issues.

Website – New employers are given access to the employer's guidance available on the pension's website.

10. Legal Implications

- 10.1 Admitted bodies enter into an admission agreement with the administering authority 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.
- 10.2 Exit credit determinations can be appealed by the exiting employer under the Fund's internal dispute resolution procedure and ultimately the Pensions Ombudsman.

11. Consultation with Key Advisers

- 11.1 Contribution rate and bond assessments are undertaken by Hymans Robertson, the Fund Actuary.
- 11.2 A precedent admission agreement has been drafted by Squire Patton Boggs, specialist pension legal advisers.
- 11.3 Advice was received from the Fund's legal advisers, Squire Patton Boggs, on individual admission and cessation cases, where required.

12. Alternative Options Considered

- 12.1 None available.

13. Appendices

- 13.1 Appendix A: New admissions
- 13.2 Appendix B: New cessations
- 13.3 Appendix C: Update on previously reported cessations

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? 11/9/2023

Has this report been cleared by Head of Pensions? 17/8/2023

Has the Chair of the Pension Fund Committee been consulted? 15/9/2023

Has this report been cleared by Legal Services? 31/8/2023

Appendix A: Admitted Bodies

To be noted:

- **ABM Catering Limited (Vine Inter-Church School)**

ABM Catering Limited have entered a contract with The Vine Inter-Church School (a Cambridgeshire Local Education Authority School) to provide catering services. As a result, a group of employees were transferred to the admission body and a backdated, pass-through admission agreement has been put in place effective 1 January 2023. The assets and liabilities have been retained by Cambridgeshire County Council.

- **Avocet Cleaning Limited (St Bede's Inter-Church School)**

Avocet Cleaning Limited have entered a contract with St Bede's Inter-Church School (single academy trust) to provide cleaning services. As a result, a group of employees were transferred to the admission body and a pass-through admission agreement was put in place effective 1 September 2023. The assets and liabilities have been retained by St Bede's Inter-Church School (single academy trust).

- **Caterlink UK Limited (The Cam Academy Trust)**

Caterlink UK Limited have entered a contract with The Cam Academy Trust to provide catering services. As a result, a group of employees were transferred to the admission body and a backdated, standard admission agreement has been put in place effective 1 September 2022. No bond has been put in place as the Trust has agreed to directly guarantee the pension liabilities.

- **Easy Clean Contractors Limited (Peterborough Keys Academies Trust)**

Easy Clean Contractors Limited have entered a contract with Peterborough Keys Academies Trust to provide catering services at Nova and Thorpe Primary academies. As a result, a group of employees were transferred to the admission body and a backdated, standard admission agreement has been put in place effective 1 April 2022. The Trust will guarantee the pension liabilities.

- **Innovate Services Limited (The Anglian Learning Trust)**

Innovate Services Limited have entered a contract with The Anglian Learning Trust to provide catering services. As a result, a group of employees were transferred to the admission body and a backdated, pass-through admission agreement has been put in place effective 1 August 2022. The assets and liabilities have been retained by The Anglian Learning Trust.

- **Pabulum Catering Limited (The Four Cs MAT)**

Pabulum Catering Limited have entered a contract with The Fours Cs Multi Academy Trust to provide catering services. As a result, a group of employees were transferred to the admission body and a backdated, pass-through admission agreement has been put in place effective 1 September 2022. The assets and liabilities have been retained by The Four Cs MAT.

Appendix B: Exiting Scheme Employers

- **Aspens Services Limited (Little Paxton Primary School)**

Aspens Services Limited were admitted to the Fund under a pass-through agreement on 3 November 2020 after entering a contact to provide catering services to Little Paxton Primary School.

On 30 November 2022, the last active member left. No exit payment or credit is required as the pension liabilities were retained by Cambridgeshire County Council.

- **Excellerate Services UK Limited (Huntingdonshire Youth Centre)**

Excellerate Services UK Limited were admitted to the Fund under a pass-through agreement on 13 September 2021 after entering a contact to provide catering services to Huntingdonshire Youth Centre.

On 31 March 2023, the contract ended. No exit payment or credit is required as the pension liabilities were retained by Cambridgeshire County Council.

- **Nourish Catering Limited (Girton Glebe Primary, Park Street CE Primary, St Luke's CE Primary and St Phillip's CE Primary)**

Nourish Catering Limited were admitted to the Fund under a pass-through agreement on 1 October 2018 after entering a contact to provide catering services to the above Local Education Authority Schools, some of whom have since become academies.

On 31 March 2021, the contract ended. No exit payment or credit is required as the pension liabilities for staff at Park Street CE Primary and St Phillip's CE Primary were retained by Cambridgeshire County Council.

Following academisation, The Eastern Learning Alliance retained pension liabilities for staff at Saint Luke's CE Primary and The Diocese of Ely Multi Academy Trust retained pension liabilities for staff at Girton Glebe Primary School.

- **Nightingale Cleaning Limited (The Meridian Trust)**

Nightingale Cleaning Limited were admitted to the Fund under a pass-through agreement on 12 January 2018 after entering a contact to provide cleaning services to the Meridian Trust.

On 31 July 2023, the contract ended. No exit payment or credit is required as the pension liabilities were retained by The Meridian Trust.

- **Pabulum Catering Limited (Hardwick & Camborne Community Primary School)**

Pabulum Catering Limited were admitted to the Fund under a pass-through agreement on 1 September 2018, after entering a contract to provide catering services to Hardwick and Camborne

On 31 August 2023, the contract ended. No exit payment or credit is required as the pension liabilities were retained by Cambridgeshire County Council.

- Sanctuary Housing Association

Sanctuary Housing Association were admitted to the Fund as a Community Admission Body on 30 May 2008, following a transfer of staff from Hereward Housing Association.

On 31 May 2023, Sanctuary Housing Group closed the scheme to new accrual following a consultation with staff. The cessation assessment identified a funding surplus of £2,337,000. Officers have started the process to determine the value of the exit credit (which may be nil) that should be paid to the exiting employer.

Appendix C: Update on previously reported cessations

- **ABM Catering Limited (Eynesbury Primary School)**

The cessation of ABM Catering Limited (Eynesbury Primary School) was originally reported at the June 2023 meeting of the Pension Fund Committee. The actuarial assessment as at the exit date identified a funding surplus of £15,000.

Following an exit credit determination, as required by, and considering the factors listed under section 64 (2ZC) of the Regulations, the Administering Authority has determined that the amount of exit credit payable to ABM Catering Limited is £6,000. The exiting employer has been informed of the decision.

The Fund is making arrangements for the exit payment to be paid.

- **Chorus Homes Group Limited**

The cessation of Chorus Homes Group Limited was originally reported at the June 2023 meeting of the Pension Fund Committee. The actuarial assessment at the date of exit noted that Chorus Homes' assets were within the lower and upper bounds of the funding corridor so therefore no exit payment or exit credit is required. Chorus Homes have been discharged of all obligations to the Fund.

- **Friends Therapeutic Community Trust**

The cessation of Friends Therapeutic Community Trust was originally reported at the June 2023 meeting of the Pension Fund Committee. The actuarial assessment at the date of exit noted that Friends Therapeutic Community Trust's assets were within the lower and upper bounds of the funding corridor so, therefore no exit payment or exit credit is required. Friends Therapeutic Community Trust have been discharged of all obligations to the Fund.

- **Serco Limited (Peterborough County Council IT)**

The cessation of Serco Limited (PCC) was originally reported at the December 2020 meeting of the Pension Fund Committee. The cessation assessment identified a funding surplus of £1,137,000.

Following an exit credit determination, as required by, and considering the factors listed under section 64 (2ZC) of the Regulations, the Administering Authority has determined that the amount of exit credit payable to Serco is nil. The exiting employer has been informed of the decision and its right to appeal the decision.