

To: Pension Fund Committee
Meeting date: 02 October 2024
Report by: Head of Pensions
Subject: Employer Admissions and Cessations Report

Purpose of the report:

1. To report the admission of eight employers to the Cambridgeshire Pension Fund across nine admission agreements.
2. To notify the Committee of the cessation of nine admission agreements in relation to eight employers.
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 agreements:
 - Nexgen Group Limited
 - Knightsbridge Commercial Cleaning Services Limited
 - Lunchtime Company Limited
 - Total Clean Services Limited
 - Aspens Services Limited x 2
 - ABM Catering Limited
 - VHS Cleaning Limited
 - GSO t/a Reef Cleaning Solutions Limited
2. Notes the cessation of admission agreements in relation to the following employers:
 - Collections Trust
 - Pabulum Limited
 - Goshen Multi-Services Limited
 - Nexgen Services Limited
 - Taylor Shaw Limited
 - Lunchtime Company Limited
 - Aspens-Services Limited x 2
 - Serco Limited

- Notes the update on the previously reported cessation of an admission agreement in relation to Churchill Contract Services.

Enquiries to:

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1. Background

- 1.1 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.
- 1.2 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.
- 1.3 This report provides an update on admissions to and cessations from the Cambridgeshire Pension Fund since the last meeting of the Pension Fund Committee.

2. Executive summary

- 2.1 The Pension Fund Committee is asked to note the entry, to the Fund, of eight transferee admission bodies across nine admission agreements and to approve the sealing of the admission agreements.
- 2.2 All nine 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 the admission.
- 2.3 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 and therefore the regulations require the administering authority to admit them to the Fund.
- 2.4 The Committee is also asked to note the cessation of nine admission agreements in respect of eight employers. Seven of the admissions ended due to the contract ending and two due to the last active member leaving.
- 2.5 Five of the ceasing admission agreements were pass-through agreements, so no funding assessment is needed.
- 2.6 A funding surplus has been identified in relation to three of the ceasing admission agreements and a determination will need to be made over the value of the exit credit (which may be nil) payable to the exiting employers.
- 2.7 The final funding assessment for one of the exiting employers identified neither a deficit or a surplus and the employer has been discharged of their obligations without the need for either an exit payment or exit credit.
- 2.8 The Committee is also asked to note the update on one cessation case previously reported where the funding assessment identified a surplus resulting in the need for an exit credit determination.

3. Issues and choices

3.1 New admissions

- 3.1.1 Paragraph 1 of Part 3 of Schedule 2 to the Regulations provides for an Administering Authority to make an admission agreement with an admission body, enabling employees of the admission body to be active members of the Local Government Pension Scheme.

- 3.1.2 A body which falls under paragraph 1(d)(i) of Part 3 of Schedule 2 is an admission body that is providing a service, 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.
- 3.1.3 Where an admission body of the description in paragraph 1(d)(i) undertakes to meet the requirements of these Regulations, the appropriate administering authority must admit to the Scheme the eligible employees of that body.
- 3.1.4 The Pension Committee is asked to note the admission of eight employers across nine admission agreements and to approve the sealing of the admission agreements.
- 3.1.5 Full details of the admissions are included in Appendix A.
- 3.2 Cessations
- 3.2.1 Admission agreements in relation to the following employers have ended:
- Collections Trust
 - Pabulum Limited
 - Goshen Multi-Services Limited
 - Nexgen Services Limited
 - Taylor Shaw Limited
 - Lunchtime Company Limited
 - Aspens-Services Limited x 2
 - Serco Limited
- 3.2.2 Full details of the cessations are included in Appendix B.
- 3.3 Update on previously reported cessations
- 3.3.1 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.
- 3.3.2 The Pension Fund Committee is asked to note the update on the following previously reported cessation.
- Churchill Contract Services (Cambs City Council)
- 3.3.3 Full details are included in Appendix C.
4. Relevant Pension Fund objectives
- 4.1 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
- 4.2 Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. Objective 5
- 4.3 Ensure appropriate exit strategies are put in place in both the lead up to and termination of a scheme employer. Objective 7

5. Implications (including financial implications)

5.1 Resources and financial

- 5.1.1 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.
- 5.1.2 The employer contribution rate contains an allowance for administration charges, and the employer is charged a fee to recover the Funds administration costs of onboarding new employers and terminating ceased employers. This means that admissions and cessations should be cost neutral.
- 5.1.3 Employers who are unable to pay monies due during active membership may result in unpaid liabilities being borne by other employers in the Fund.

5.2 Legal

- 5.2.1 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.
- 5.2.2 Exit credit determinations can be appealed by the exiting employer under the Fund's internal dispute resolution procedure and ultimately the Pensions Ombudsman.

5.3 Risk management

- 5.3.1 The Pension Fund Committee are responsible for approving some admission bodies into the Fund as well as monitoring all admissions and cessations.
- 5.3.2 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 and guidance.	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

- 5.3.3 The executive summary of the Cambridgeshire Pension Fund risk register can be found [here](#).

5.4 Consultation

- 5.4.1 Contribution rate and bond assessments are undertaken by Hymans Robertson, the Fund Actuary.
- 5.4.2 A precedent admission agreement has been drafted by Squire Patton Boggs, specialist

pension legal advisers.

5.4.3 Advice was received from the Fund's legal advisers, Squire Patton Boggs, on individual admission and cessation cases, where required.

6. Background papers

6.1 None.

7. Appendices

7.1 Appendix 1 – New admissions

7.2 Appendix 2 - New cessations

7.3 Appendix 3 - Update on previously reported cessations

Appendix 1 - New admissions

To be noted:

- **Nexgen Group Limited (Meadowgate Academy)**

Nexgen Services Limited entered a contract with Affinity Multi Academy Trust to provide catering services at Meadowgate Academy. Initially, the parties couldn't agree on the cost sharing for an admission to be put in place and alternative pension options were explored. After the alternative options were exhausted, the Fund was contacted again to arrange a backdated agreement. As a result, three employees transferred to the admission body and a backdated, pass-through admission agreement has been put in place effective 1 August 2021. The assets and liabilities have been retained by Affinity Multi Academy Trust.

- **Knightsbridge Commercial Cleaning Services Limited (Orchards Church of England Academy)**

Knightsbridge Commercial Cleaning Services Limited have entered a contract with the Diocese of Ely Multi Academy Trust to provide cleaning services at Orchards Church of England Academy. As a result, five employees transferred to the admission body and a backdated, pass-through admission agreement has been put in place effective 1 December 2023. The assets and liabilities have been retained by the Diocese of Ely Multi Academy Trust.

- **Lunchtime Company Limited (Huntingdon Primary School)**

Lunchtime Company Limited have entered a contract with Huntingdon Primary School (a Cambridgeshire Local Education Authority School) to provide catering services. As a result, three employees transferred to the admission body and a backdated, pass-through admission agreement has been put in place effective 26 February 2024. The assets and liabilities have been retained by Cambridgeshire County Council.

- **Total Clean Services Limited (Cambridge City Council)**

Total Clean Service Limited have entered a contract with Cambridge City Council to provide cleaning services. As a result, one employee transferred to the admission body and a backdated, pass-through admission agreement has been put in place effective 1 April 2024. The assets and liabilities have been retained by Cambridge City Council.

- **Aspens-Services Limited (Morley Memorial School)**

Aspens-Services Limited have entered a contract with Cambridge City Council to provide catering services at Ditchburn Place. As a result, one employee transferred to the admission body and a backdated, pass-through admission agreement has been put in place effective A April 2024. The assets and liabilities have been retained by Cambridge City Council.

- **ABM Catering Limited (Ditchburn Place)**

ABM Catering Limited have entered a contract with Cambridge City Council to provide catering services at Ditchburn Place, a sheltered housing scheme. As a result, one employee transferred to the admission body and a backdated, pass-through admission agreement has been put in place effective 27 March 2024. The assets and liabilities have been retained by Cambridge City Council.

- **Aspens-Services Limited (Ernulf Academy)**

Aspens-Services Limited have entered a contract with Astrea Multi Academy Trust to provide catering services at Ernulf Academy. As a result, one employee transferred to the admission body and a backdated, pass-through admission agreement has been put in place effective 1 August 2023. The assets and liabilities have been retained by Astrea Multi Academy Trust.

- **VHS Cleaning Services Limited (Anglian Learning)**

VHS Cleaning Services Limited have entered a contract with Anglian Learning Multi Academy Trust to provide cleaning services. As a result, seven employees transferred to the admission body and a backdated, pass-through admission agreement has been put in place effective 1 January 2024. The assets and liabilities have been retained by Anglian Learning Multi Academy Trust.

- **GSO t/a Reef Cleaning Solutions Limited (Cambourne Village College)**

GSO t/a Reef Cleaning Solutions Limited have entered a contract with the CAM Academy Trust to provide cleaning services at Cambourne Village College. As a result, six employees transferred to the admission body and a backdated, pass-through admission agreement has been put in place effective 1 April 2024. The assets and liabilities have been retained by the CAM Academy Trust.

Appendix 2 - New cessations

- **Collections Trust**

Collections Trust were admitted to the Fund as a community admission body on 10 May 1999, to provide museum documentation services.

On the 31 May 2024, the admission agreement ceased when the last active member left their employment. Collections Trust are no longer an admission body in respect to this agreement and their participation in the Fund has ended, as they have no ongoing admission agreements.

The actuarial assessment at the date of exit noted Collections Trust assets were within the lower and upper bounds of the funding corridor, therefore no exit payment or exit credit is required. Collections Trust have been discharged of all obligations to the Fund.

- **Pabulum Limited (Morley Memorial School)**

Pabulum Limited were admitted to the Fund under a pass-through agreement on 6 April 2019 after entering a contract to provide catering services to Morley Memorial School (a Cambridgeshire Local Education Authority School).

On 31 March 2024, the admission agreement ceased when the contract ended. Pabulum Limited are no longer an admission body in respect to this agreement, however, they continue to participate as an admission body through other ongoing admissions in the Fund.

No exit payment or credit is required as the pension liabilities were retained by Cambridgeshire County Council.

- **Goshen Multi-Services Limited (Lot 2 - Cambridge City Council)**

Goshen Multi-Services Limited were admitted to the Fund under a standard admission agreement on 1 April 2021, to provide cleaning services to Cambridge City Council.

On 31 March 2024, the admission agreement ceased when their contract ended. Goshen Multi-Services Limited are no longer an admission body in respect to this agreement, however, they continue to participate as an admission body through another ongoing admission in the Fund.

The cessation assessment identified a funding surplus of £236,000. 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 and at the time of drafting were waiting for representations from the employer.

- **Nexgen Services Limited (Meadowgate Academy)**

Nexgen Services Limited were admitted to the Fund under a pass-through agreement on 1 August 2021 after entering a contract to provide catering services to Meadowgate Academy.

On 31 July 2024, the admission agreement ceased when the contract ended. Nexgen Services Limited are no longer an admission body in respect to this agreement and their participation in the Fund has ended as they have no ongoing admission agreements.

No exit payment or credit is required as the pension liabilities were retained by Affinity Multi Academy Trust.

- **Taylor Shaw Limited (Abbey College Academy)**

Taylor Shaw Limited were admitted to the Fund under a pass-through agreement on 1 September 2019 after entering a contract to provide catering services to Abbey College Academy.

On 31 July 2024, the admission agreement ceased when the contract ended. Taylor Shaw Limited are no longer an admission body in respect to this agreement, however, they continue to participate as an admission body through other ongoing admissions in the Fund.

No exit payment or credit is required as the pension liabilities were retained by Abbey College Academy (single academy trust).

- **Lunchtime Company Limited (Cambridge Primary Education Trust)**

Lunchtime Company Limited were admitted to the Fund under a pass-through agreement on 1 August 2019 after entering a contract to provide catering services to Cambridge Primary Education Trust.

On 31 July 2024, the admission agreement ceased when the contract ended. Lunchtime Company Limited are no longer an admission body in respect to this agreement, however, they continue to participate as an admission body through other ongoing admissions in the Fund.

No exit payment or credit is required as the pension liabilities were retained by Cambridge Primary Education Trust.

- **Aspens-Services Limited (The Harbour School)**

Aspens-Services Limited were admitted to the Fund under a pass-through agreement on 27 October 2018 after entering a contract to provide catering services to the Meridian Trust.

On 31 July 2024, the admission agreement ceased when the contract ended. Aspens-Services Limited are no longer an admission body in respect to this agreement, however, they continue to participate as an admission body through other ongoing admissions in the Fund.

No exit payment or credit is required as the pension liabilities were retained by Meridian Trust.

- **Aspens-Services Limited (Sacred Heart Catholic Primary School)**

Aspens-Services Limited were admitted to the Fund under a standard admission agreement on 1 January 2022, to provide cleaning services to St John the Baptist Catholic Multi Academy Trust.

On 25 February 2024, the admission agreement ceased when the last active member left. Aspens-Services Limited are no longer an admission body in respect to this agreement, however, they continue to participate as an admission body through other ongoing admissions in the Fund.

The cessation assessment identified a funding surplus of £4,500. 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 and at the time of drafting were waiting for representations from the employer.

- **Serco Limited (PCC)**

Serco Limited were admitted to the Fund under a standard admission agreement on 28 November 2011, to provide HR and payroll services to Peterborough City Council.

On 1 April 2024, the admission agreement ceased when the contract ended and the staff transferred back to Peterborough City Council. Serco Limited are no longer an admission body in respect to this agreement and their participation in the Fund has ended, as they have no ongoing admission agreements.

The cessation assessment identified a funding surplus of £25,347,000. 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 and at the time of drafting were waiting for representations from the employer.

Appendix 3 - Update on previously reported cessations

- **Churchill Contract Services (Cambridge City Council)**

The cessation of Compass Contract Services Limited 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 £732,000.

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 Churchill Contract Services is nil. The exiting employer has been informed of the decision and its right to appeal the decision.