

Pension Committee

Date: 20 October 2016

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 one academy to the Cambridgeshire Pension Fund. 2) To report the admission of six admission bodies to the Cambridgeshire Pension Fund. 3) To further report on the cessations of two employers from the fund.
Recommendations	<p>That the Pension Committee</p> <ol style="list-style-type: none"> 1) notes the admission of the following academies to the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> • University of Cambridge Primary School 2) notes the admission of the following admission bodies to the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> • Accent Catering Limited (Fulbridge Academy) • Action for Children (London Road Contract) • NPS Property Consultants • Mountain Healthcare • Kealey HR Ltd 3) Notes the cessation of the following bodies from the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> • Indigo Spa Management • Easy Clean Contractors – St Peters School
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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 Scheduled Bodies

- 2.1 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.
- 2.2 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	New Academy/Trust
01/09/2015	University of Cambridge Primary School

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

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 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.*”

3.3 A body which falls under paragraph 1(a) of Part 3 of Schedule 2 is an admission body that is a body which provides a public service in the United Kingdom which operates otherwise than for the purpose 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. The committee has discretion over allowing entry to a body that falls under this paragraph.

3.4 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
01/09/2015	Accent Catering Limited (Fulbridge Academy)	Fulbridge Academy has outsourced its catering services to Accent Catering Limited and has transferred its catering staff as part of this arrangement.
01/10/2015	Action for Children (London Road Contract)	Action for Children have been awarded the contract to provide respite care services for children and young people at Haviland Way and Woodford Lodge. Cambridgeshire County Council staff have been transferred to Action for children as part of the arrangement.
01/06/2016	Easy Clean (Godmanchester Primary School)	Godmanchester Primary School has outsourced its cleaning services to Easy Clean Contractors Ltd and has transferred some Cambridgeshire County Council cleaning staff, to Easy Clean Contractors Ltd, as part of this arrangement. This body is admitted under a Pass Through agreement meaning Godmanchester Primary School remains responsible for the pension liabilities.
01/06/2016	NPS Property Consultants	Peterborough City Council and NPS Property Consultants entered into a joint venture initiative to provide property related services to Peterborough City Council. As a result of this arrangement a number of staff transferred from Peterborough City Council to NPS Property Consultants.
01/04/2016	Mountain Healthcare	Cambridgeshire Constabulary have outsourced their Sexual Assault referral services and Custodial Healthcare service. As a result a number of Cambridge Constabulary staff have been transferred under TUPE arrangements to Mountain Healthcare. This body is admitted under a Pass Through agreement meaning Cambridgeshire Constabulary remains responsible for the pension liabilities.

Date	New Admission Body	Background information
01/04/2016	Kealey HR Ltd	Peterborough City College have outsourced their HR services. As a result Peterborough City Council agreed a closed Pass Through admission of Kealey HR Ltd from Peterborough City Council. The body is admitted under meaning Peterborough City Council remains responsible for the pension liabilities. The staff transferred under TUPE arrangements to Kealey HR Ltd.

4. Cessations

- 4.1.1 We have previously reported the cessation of Indigo Spa Management which ceased as an employer in the Fund following the termination of its arrangement with Huntingdon District Council, due to Indigo Spa becoming financially insolvent. Pension contributions were outstanding at the point of cessation and all attempts to contact Indigo Spa Management had been unsuccessful.
- 4.1.2 Following further attempts to contact Indigo Spa Management, the outstanding pension contributions were paid in full by Huntingdonshire District Council on 23 August 2016.
- 4.1.3 As previously reported, the pension liabilities transferred back to Huntingdonshire District Council at cessation therefore the cessation of Indigo Spa Management has now been completed.
- 4.2 Easy Clean were admitted to the Fund under a pass through admission agreement on 1 August 2013, as a result of a contract to provide cleaning services at St Peters School. This resulted in the transfer of Cambridgeshire County Council employees, to Easy Clean under TUPE regulations.
 - 4.2.1 The admission agreement has now ceased due to the last active LGPS member, under this contract, ceasing employment on the 20 April 2016. All employee and employer pension contributions owing to the Fund have been paid. As a pass through admission, all liabilities will pass back to Cambridgeshire County Council, as the ceding employer. As a result there is no cessation payment to be made.

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>
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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 8 below.

6. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
An admitted body 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.	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.	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
Future pension liabilities that cannot be supported by the Academy.	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

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 LGPS Regulations are met.	Red
Non-compliance with the mandatory requirement to allow academies admission to the Pension Fund.	Red

7. 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 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.

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 Chief Finance Officer/Section 151 Officer?	Sarah Heywood – 22/9/2016
Has this report been cleared by Head of Pensions?	Mark Whitby – 12/9/2016
Has the Chairman of the Pension Fund Committee been consulted?	Sent to Councillor Hickford – 21/9/2016
Has this report been cleared by Legal Services?	Quentin Baker – 26/9/2016