

CAMBRIDGESHIRE PENSION FUND

PENSION FUND COMMITTEE

8TH DECEMBER 2020

REPORT BY: HEAD OF PENSIONS

Subject: Employer Admissions and Cessations Report

Purpose of the Report: To report five admissions to the Cambridgeshire Pension Fund

To notify the Committee of four bodies ceasing in the Cambridgeshire Pension Fund

To seek approval from the Committee to revise the contribution payments required from Peterborough City Council

Recommendations: That the Pension Fund Committee:

1. Notes the admission of the following admitted bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreements:

- Compass Contract Services
- HCL - Hertfordshire Catering Limited
- Solutions 4 Health Ltd
- Taylor Shaw Limited (x2)

2. Notes the cessation of the following bodies from the Cambridgeshire Pension Fund:

- Orchard Learning Trust
- Serco Limited (PCC ITNET)
- Solutions 4 Health Ltd
- Vivacity Culture and Leisure

3. Approves the revision to the contribution payments required from Peterborough City Council as set out in Paragraph 3.4.5

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1. Background

- 1.1 The Local Government Pension Scheme Regulations 2013 (as amended) 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 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 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)(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.
- 2.3 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.

Date	New Admission Body	Background information
06/04/2019	Compass Contract Services (Staploe Education Trust)	The Staploe Education Trust has entered into a contract with Compass Contract Services to provide catering services across a number of academies within the Trust. The Staploe Education Trust has agreed to retain the pension risk under a pass through agreement.
27/10/2018	HCL - Hertfordshire Catering Limited (Thongsley Fields Primary and Nursery School)	The Cam Academy Trust have entered into a contract with HCL Limited to provide catering services in Thongsley Fields Primary and Nursery School. As a result, a group of employees were transferred to the admission body and a full admission agreement has been put in place. This agreement has been backdated to 27 October 2018 and backdated contributions were due by 19 November 2020.
01/09/2020	Solutions 4 Health	Peterborough City Council entered into a contract with Solutions 4 Health to provide healthcare services from 1 April 2017. As a result, a group of employees were transferred to the admission body. The admission body requested access to the LGPS for eligible employees from 1 September 2020 and a full admission agreement has been put in place.
01/08/2019	Taylor Shaw (Cambridge Meridian Academies Trust)	Cambridge Meridian Academies Trust has entered into a contract with Taylor Shaw Limited to provide catering services across a number of academies within the Trust. As a result, a group of employees were transferred to the admission body and a full admission agreement has been put in place.

Date	New Admission Body	Background information
22/10/2018	Taylor Shaw (The Elliott Foundation Trust)	The Elliott Foundation Trust has entered into a contract with Taylor Shaw Limited to provide catering services across a number of academies within the Trust. As a result, a group of employees were transferred to the admission body and a full admission agreement has been put in place. This agreement has been backdated to 22 October 2018 due to the retrospective admission requested by the admission body. The backdated contributions were received on 19 October 2020.

3. Cessations

3.1 Orchard Learning Trust

3.1.1 The Orchard Learning Trust was admitted to the Fund as a scheduled body on 1 April 2012 following the conversion and merger of Godmanchester Community Primary School and Godmanchester Bridge School.

3.1.2 On 31 August 2020, the Orchard Learning Trust was closed with the academies moving under either Aces Academies Trust or The Diamond Learning Trust. No exit payment or credit will be required as the assets and liabilities in respect of both active and non-active liabilities will transfer to Aces Academies Trust and The Diamond Learning Trust in line with the conditions of the DfE guarantee for academies.

3.2 Serco Ltd (PCC ITNET)

3.2.1 Serco Ltd were admitted to the Fund under a full admission agreement on 30 September 2009 after they were awarded a contract to provide outsourced IT services to Peterborough City Council.

3.2.2 On 30 September 2020, the service contract ceased. The exit payment or credit will be pursued from/credited to Serco Ltd following the actuarial assessment conducted by the scheme actuary at cessation.

3.3 Solutions 4 Health Ltd

3.3.1 Solutions 4 Health Ltd were admitted to the Fund under a retrospective full admission agreement on 1 September 2020 after entering into a contract with Peterborough City Council.

3.3.2 On 30 September 2020, the service contract ceased. Due to the short period of the admission it was agreed that no exit payment or credit will be required as Peterborough City Council will reabsorb the assets and liabilities.

3.4 Vivacity Culture and Leisure

3.4.1 Vivacity Culture and Leisure were admitted to the Fund under a full admission agreement on 26 February 2010 after entering into a contract with Peterborough City Council to manage the City Council's culture and leisure facilities.

3.4.2 On 18 June 2020, as a result of financial pressures caused by operational restrictions during the current pandemic, Vivacity served 90 days notice to Peterborough City Council to terminate their agreement. The City Council has resolved to temporarily deliver the services directly until the uncertainty caused by the pandemic has ended.

3.4.3 A full actuarial calculation has not yet taken place but it is estimated that, if calculated on the prudent cessation basis applicable to Vivacity, an exit payment of approximately £4.1m would be required. Following discussions with Peterborough City Council, the Council has agreed to assume responsibility for funding these liabilities as Vivacity are not able to make any payment towards the deficit and own no assets that could be sold to fund such a payment. If the liabilities are not absorbed by the City Council, the deficit would alternatively have to be shared across all other employers in the Fund.

3.4.4 Using the less prudent "ongoing" methodology that applies to valuing the liabilities of a local authority, there is an estimated funding surplus of approximately £3m. If Peterborough City Council assume the responsibility for the LGPS assets and liabilities of Vivacity, this would result in a material improvement to the funding position of the City Council, reducing its deficit by 25% from circa £12.5m to circa £9.5m. As a result the City Council has requested that the administering authority review contribution payments to reflect this material change and agree an appropriate reduction to their secondary contribution payments which are primarily targeted at reducing the City Council's deficit.

3.4.5 Under regulation 64A (1) (iii) of the LGPS regulations the administering authority has a duty to consider requests from an employer to review their contribution requirements. Officers have discussed the request with the Fund Actuary and, as a result of this professional advice, recommend that the secondary contribution be reduced by a value equal to half the value of the credit they would receive as formally calculated by the Fund's Actuary.

4. 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*

5. Risk Management

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

5.2 The risks associated with failing to monitor admissions and cessations have been captured in the Fund's risk register as detailed below.

Risk No.	Risk	Residual risk rating
11.	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	Green
14.	Failure to administer the scheme in line with the regulations.	Green
17.	Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green
21.	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met.	Green

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

[Risk Register hyperlink](#)

6. Finance & Resources Implications

6.1 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.

6.2 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.

6.3 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.

7. Communication Implications

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

Direct communications will be required with the exiting employers

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.

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.
- 9.3 Advice has been sought from Hymans Robertson in connection with the cessation of Vivacity.

10 Alternative Options Considered

- 10.1 None available.

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? Sarah Heywood – 23rd November 2020

Has this report been cleared by Head of Pensions? Mark Whitby – 11th November 2020

Has the Chairman of the Pension Fund Committee been consulted? Councillor Rogers – 23rd November 2020

Has this report been cleared by Legal Services? Fiona McMillan – 13th November 2020

