

To: Pension Fund Committee

Meeting date: 19 December 2024

Report by: Head of Pensions

Subject: Employer Admissions and Cessations Report

Purpose of the report:

1. To report the admission of two employers to the Cambridgeshire Pension Fund including one admission body and one resolution body.
2. To notify the Committee of the cessation of four admission agreements.
3. To update on previously reported cessations.

Recommendations: That the Pension Fund Committee:

- a) notes the admission of the following transferee admission body to the Cambridgeshire Pension Fund and approves the sealing of the admission agreement:
 - Stir Food Limited
- b) notes the entry of the following resolution body to the Cambridgeshire Pension Fund:
 - Wilburton Parish Council
- c) notes the cessation of admission agreements in relation to the following employers:
 - Aspens-Services Limited
 - Mountain Healthcare Limited
 - Rapid Commercial Cleaning Services Limited
 - Wisbech and Fenland Museum
- d) notes the update on the previously reported cessation of Clarion Housing Group and Wimblington Parish Council.

Enquiries to: Cory Blöse
Employer Services Manager
Cory.Blöse@westnorthants.gov.uk

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 one transferee admission body and to approve the sealing of the admission agreement.
- 2.2 This admission is a “pass-through” admission, 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 this employer as they have agreed to follow the Regulations of the LGPS by signing the admission agreement and therefore the regulations require the administering authority to admit them to the Fund.
- 2.4 One employer has entered the Fund as a resolution body. Entry to the Fund for resolution bodies is automatically permitted by the regulations, if a resolution is passed designating a member or groups of members as being eligible, and the Fund has no ability to deny participation.
 - 2.4.1 Full details of the admissions are included in Appendix A.
- 2.5 The Committee is also asked to note the cessation of four admission agreements. Two of the admissions ended due to the contract ending, one was due to the last active member leaving and one was due to alternative pension provisions being offered to staff, following a consultation.
- 2.6 Three of the ceasing admission agreements were pass-through agreements, so no funding assessment is needed.
 - 2.6.1 Full details of the cessations are included in Appendix B.
- 2.7 A funding surplus has been identified in relation to one 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 employer.
- 2.8 The Committee is also asked to note the update on two cessation cases previously reported where the funding assessment identified a surplus resulting in the need for an exit credit determination.
 - 2.8.1 Full details of exit credit determination outcomes are included in Appendix C.

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. The Pension Committee is asked to note the admission of one employer and to approve the sealing of the admission agreement.

3.1.3 The Pension Committee is asked to note the admission of one admission body and to approve the sealing of the admission agreement.

3.2 **New Resolution Body**

3.2.1 The Regulations allow that a body listed in Schedule 2 can designate an employee, or a class of employees as being eligible to be members of the Local Government Pension Scheme by passing a resolution.

3.2.2 If such a body passes a resolution to designate employees as eligible for membership of the Local Government Pension Scheme, the Pensions Committee cannot refuse their participation in the Fund.

3.2.3 Paragraph 2(a) of Part 2 of Schedule 2 of the Regulations provides for a precepting authority to be a resolution body.

3.2.4 The Committee is asked to note that the following employer has joined as a resolution body by means of being a precepting authority within the meaning of paragraph 2(a) of Part 2 of Schedule 2 to the Regulations and passing a resolution.

- Wilburton Parish Council

3.3 **Cessations**

3.3.1 Admission agreements in relation to the following employers have ended:

- Aspens Serviced Limited
- Mountain Healthcare Limited
- Rapid Commercial Cleaning Services Limited
- Wisbech and Fenland Museum

3.3.2 Full details of the cessations are included in Appendix B.

3.4 **Update on previously reported cessations**

3.4.1 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.

3.4.2 The Pension Fund Committee is asked to note the update on the following previously reported cessations.

- Clarion Housing Group
- Wimblington Parish Council

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.

5.1.4 Following an exit credit determination, there may be an amount due to the exiting employer. As a result of two recently completed exit credit determinations, the total value paid out is £1,017,700. The detail can be found in Appendix C.

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
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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 A – New admissions

7.2 Appendix B - New cessations

7.3 Appendix C - Update on previously reported cessations

Appendix A - New admissions

- **Stir Food Limited (Great and Little Shelford CofE Primary School)**

Stir Food Limited entered a contract with Great and Little Shelford CofE Primary Schools (both Cambridgeshire County Council LEA Schools) to provide catering services at Great and Little Shelford CofE Primary Schools. As a result, two employees transferred to the admission body and a backdated, pass-through admission agreement has been put in place effective 20 August 2024. The assets and liabilities have been retained by Cambridgeshire County Council.

- **Wilburton Parish Council**

On 1 August 2023, Wilburton Parish Council passed a resolution, designating their clerk as eligible for the LGPS going forwards.

Appendix B - New cessations

- **Aspens Services Limited (Astrea Academy Trust)**

Aspens Services Limited were admitted to the Fund under a pass-through agreement on 1 August 2018 after entering a contract to provide catering services to Cottenham Village College Academy.

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 Astrea Academy Trust.

- **Mountain Healthcare Limited (Cambridgeshire Chief Constable)**

Mountain Healthcare Limited were admitted to the Fund under a pass-through agreement on 1 April 2018 after entering a contract to provide healthcare services to Cambridgeshire Chief Constable.

On 31 July 2024, the admission agreement ceased when the last active member left employment. Mountain Healthcare 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 Cambridgeshire Chief Constable.

- **Rapid Commercial Cleaning Services Limited (Granta School)**

Rapid Commercial Cleaning Services Limited were admitted to the Fund under a pass-through agreement on 1 September 2022 after entering a contract to provide cleaning services to Granta School (a Cambridgeshire Local Education Authority School).

On 31 August 2024, the admission agreement ceased when the contract ended. Rapid Commercial Cleaning 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 Cambridgeshire County Council.

- **Wisbech and Fenland Museum**

Wisbech and Fenland Museum became an employer in the Cambridgeshire Pension Fund as a community admission body following local government reorganisation in 1974 having previously participated in the Cambridgeshire and Isle of Ely Superannuation Fund.

On 31 July 2024, Wisbech and Fenland Museum closed the scheme to new accrual following a consultation with staff. The cessation assessment identified a funding surplus of £34,000. 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

- **Clarion Housing Group**

The cessation of Clarion Housing Group Services Limited was originally reported at the June 2024 meeting of the Pension Fund Committee.

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 Clarion Housing Group is £1,012,000. The exiting employer has been informed of the decision and its right to appeal the decision. Payment was made on 20 September 2024.

- **Wimblington Parish Council**

The cessation of Wimblington Parish Council was originally reported at the June 2024 meeting of the Pension Fund Committee.

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 Wimblington Parish Council is £5,700. The exiting employer has been informed of the decision and its right to appeal the decision. Payment was made on 20 September 2024.