

**CAMBRIDGESHIRE  
PENSION FUND**



**Pension Committee**

**Date:** 8 December 2016

**Report by:** Head of Pensions

<b>Subject:</b>	<b>Employer Admissions and Cessations Report</b>
<b>Purpose of the Report</b>	<ol style="list-style-type: none"><li>1) To report the admission of five admission bodies to the Cambridgeshire Pension Fund.</li><li>2) To further report on the admission of one designating body to the Cambridgeshire Pension Fund</li></ol>
<b>Recommendations</b>	<p><b>That the Pension Committee</b></p> <ol style="list-style-type: none"><li>1) notes the admission of the following admission bodies to the Cambridgeshire Pension Fund:<ul style="list-style-type: none"><li>• Easy Clean (Eastfield Infants LEA)</li><li>• Lunchtime (Gorefield)</li><li>• Lunchtime (Over)</li><li>• Lunchtime (St Matthews)</li><li>• Lunchtime (Swaffham Prior)</li></ul></li><li>2) notes the admission of the following designating bodies to the Northamptonshire Pension Fund:<ul style="list-style-type: none"><li>• Melbourn Parish Council</li></ul></li></ol>
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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.

## 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
10/10/2016	Easy Clean Contractors Ltd (Eastfield Infants)	Eastfield Infants, an LEA 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 Cambridgeshire County Council remains responsible for the pension liabilities.
01/01/2015	Lunchtime Company (Gorefield Primary School)	Gorefield Primary School, an LEA school, has outsourced its catering services to Lunchtime Company and has transferred some

		Cambridgeshire County Council cleaning staff to Lunchtime Company, as part of this arrangement. This body is admitted under a Pass Through agreement meaning Cambridgeshire County Council remains responsible for the pension liabilities.
20/04/2016	Lunchtime Company (Over Primary School)	Over Primary School, an LEA school, has outsourced its catering services to Lunchtime Company and has transferred some Cambridgeshire County Council cleaning staff, Lunchtime Company, as part of this arrangement. This body is admitted under a Pass Through agreement meaning Cambridgeshire County Council remains responsible for the pension liabilities.
01/09/2014	Lunchtime Company (St Matthew's Church of England Primary School)	St Matthew's Church of England Primary School, an LEA school, has outsourced its catering services to Lunchtime Company and has transferred some Cambridgeshire County Council cleaning staff to Lunchtime Company, as part of this arrangement. This body is admitted under a Pass Through agreement meaning Cambridgeshire County Council remains responsible for the pension liabilities.
27/05/2015	Lunchtime Company (Swaffham Prior Church of England Primary School)	Swaffham Prior Church of England Primary School has outsourced its catering services to Lunchtime Company and has transferred some Cambridgeshire County Council cleaning staff, Lunchtime Company, as part of this arrangement. This body is admitted under a Pass Through agreement meaning Cambridgeshire County Council remains responsible for the pension liabilities.

#### 4. New Designating Body

- 4.1 Regulation 3 (1) of the Regulations provides for a person, who is employed by a body listed in Part 2 of Schedule 2 and is designated, or belongs to a class of employees that is designated, by the body, to be an active member of the Local Government Pension Scheme.
- 4.2 The designating body has to pass a resolution to designate employees as being eligible for membership of the Local Government Pension Scheme.
- 4.3 The Pension Committee is asked to note that the following employer is a designating body by means of being a precepting authority within the meaning of section 69 of the Local Government Finance Act 1992 and has passed a resolution to allow employees of the Council to join the LGPS.

Date	New designating body
01/01/2017	Melbourn Parish Council

#### 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>

#### 6. Finance & Resources Implications

- 6.1 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.
- 6.2 The employer contribution rates contain an allowance for administration charges, meaning the new admissions 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. Measures to mitigate such an eventuality are readily available for admission bodies and set out in section 8 below.

## 7. Risk Implications

### a) Risk(s) associated with the proposal

<b>Risk</b>	<b>Mitigation</b>	<b>Residual Risk</b>
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
A Parish Council or Admission Body joining the Fund may cease as an employer in the Fund if they have no more active members	We maintain regular two way communication regarding the current funding position of the employer, reductions in membership numbers and any other activity that may affect the continuation as an employer in the Fund.	Amber

### b) Risk(s) associated with not undertaking the proposal

<b>Risk</b>	<b>Risk Rating</b>
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 designating bodies and scheduled bodies admission to the Pension Fund.	Red

## 8. Communication Implications

<b>Direct Communications</b>	Direct communications will be required to facilitate employer start up in the LGPS.
<b>Newsletter</b>	Regular pension bulletins are issued to the scheme employers on topical matters.
<b>Induction</b>	New employers require an introduction to their employer responsibilities under the LGPS.
<b>Seminar</b>	Employers will be entitled to attend an annual Employer Forum.
<b>Training</b>	Generic and bespoke training courses will be made available.
<b>Website</b>	New employers are given access to the employer's guidance available on the pension's website.

## 9. Legal Implications

- 9.1 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.

## 10. Consultation with Key Advisers

- 10.1 Contribution rate and bond assessments are undertaken by Hymans Robertson, the Fund Actuary.
- 10.2 A precedent admission agreement has been drafted by Eversheds, specialist pension legal advisers in consultation with LGSS Law.

## 11. Alternative Options Considered

- 11.1 None available.

<b>Checklist of Key Approvals</b>	
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 – 22/11/2016
Has this report been cleared by Head of Pensions?	Mark Whitby – 9/11/2016
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 22/11/2016
Has this report been cleared by Legal Services?	Laurie Gould – 28/11/2016