

**CAMBRIDGESHIRE
PENSION FUND**



Pension Committee

Date: 23 March 2017

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 five academy trusts to the Cambridgeshire Pension Fund.2. To report the admission of four admission bodies to the Cambridgeshire Pension Fund.3. To report the cessation of seven employers from the fund
Recommendations:	<p>That the Pension Committee</p> <ol style="list-style-type: none">1. Notes the admission of the following Multi Academy Trusts to the Cambridgeshire Pension Fund:<ul style="list-style-type: none">• Tri-Borough Alternative Provision• Godmanchester Community Education Trust• Staploe Education Trust• Chilford Hundred Education Trust• Cam Academy Trust2. Notes the admission of the following admission bodies to the Cambridgeshire Pension Fund:<ul style="list-style-type: none">• CRCC - Cambridge Rape Crisis Centre• Lunchtime UK Ltd (Fulbourn Primary)• Lunchtime UK Ltd (Abbey Meadows Community Primary School)• Lunchtime UK Ltd (Ditton Lodge Community Primary School)

	<p>3. Notes the current withdrawal from the Cambridgeshire Pension Fund of the following bodies:</p> <ul style="list-style-type: none"> • Taylor Shaw Ltd t/a Waterfall Catering Group • Thorokleen • Lunchtime (Thorndown) • EasyClean (Eastfield Infants School) • Dell Corp (Neale Wade College) • Dell (Cromwell College) • Dell (Sir Harry Smith College)
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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
01/10/2015	Tri-Borough Alternative Provision
01/09/2016	Godmanchester Community Education Trust
01/02/2017	Staploe Education Trust
01/11/2016	Chilford Hundred Education Trust
01/01/2017	Cam Academy Trust

- 2.3 Actuarial advice has been 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 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
01/07/2016	Cambridge Rape Crisis Centre (CRCC)	Cambridgeshire County Council has outsourced its enhanced and preventive domestic abuse services to Cambridge Rape Crisis Centre. This body is admitted as a pass through admission meaning Cambridgeshire County Council remains responsible for the pension liabilities in the long term.
05/01/2017	Lunchtime UK Ltd (Fulbourn Primary School)	Cambridgeshire County Council has outsourced its catering services for Fulbourn Primary School to Lunchtime UK Ltd and has transferred the catering staff to Lunchtime UK under TUPE regulations. This body is admitted as a pass through admission meaning Cambridgeshire County Council remains responsible for the pension liabilities in the long term
01/09/2016	Lunchtime UK Ltd (Abbey Meadows Primary School)	Cambridgeshire County Council has outsourced its catering services for Abbey Meadows Primary School to Lunchtime UK Ltd and have transferred the catering staff to Lunchtime UK under TUPE regulations. This body is admitted as a pass through admission meaning Cambridgeshire County Council remains responsible for the pension liabilities in the long term

22/10/2016	Lunchtime UK Ltd (Ditton Lodge Community Primary School)	Cambridgeshire County Council has outsourced its catering services for Ditton Lodge Community Primary School to Lunchtime UK Ltd and have transferred their catering staff to Lunchtime UK under TUPE regulations. This body is admitted as a pass through admission, meaning Cambridgeshire County Council remains responsible for the pension liabilities in the long term.
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4. Cessations

- 4.1 Taylor Shaw Ltd (Waterfall Catering Group) were admitted to the fund under a full admission agreement on 1 September 2008, after entering into a contract to provide catering services at St Peters School, Cambridge. This resulted in a transfer of staff from Cambridgeshire County Council, to Taylor Shaw Ltd, under TUPE regulations.
- 4.1.2 The admission agreement has now ceased following the natural termination of the contract on 31 December 2015. All employee and employer pension contributions owing to the Fund have been paid and the calculation of any potential deficit owing to the Cambridgeshire Pension Fund is currently being assessed.
- 4.2 Thorokleen were admitted to the Fund under a pass through admission agreement on 1 May 2012, after entering a contract to provide cleaning services of Peterborough Culture and Leisure Trust (Vivacity), which resulted in a transfer of staff from Vivacity to Thorokleen.
- 4.2.1 The admission agreement has now ceased following the natural termination of the contract on the 31 August 2016. All employee and employer pension contributions owing to the Fund have been paid. As a pass through admission, all liabilities have passed back to Peterborough Culture and Leisure Trust, as the ceding employer therefore no cessation payment is required.
- 4.3 Lunchtime UK Ltd (Thorndown) were admitted to the fund under a pass through admission agreement on 1 September 2015, after entering a contract to provide catering services at Thorndown Primary School, which resulted in a transfer of staff from Cambridgeshire County Council to Lunchtime UK Ltd, under TUPE regulations.

- 4.3.1 The admission agreement has now ceased due to the last active member, under this contract, ceasing employment on the 10 June 2016. All employee and employer pension contributions owing to the Fund have been paid. As a pass through admission, all liabilities have passed back to Cambridgeshire County Council as the ceding employer, therefore no cessation payment is required.
- 4.4 EasyClean (Eastfield Infants) were admitted to the fund under a pass through admission agreement on 10 October 2016 after entering into a contract to provide cleaning services at Eastfield Infants school, which resulted in a transfer of staff from Cambridgeshire County Council to EasyClean under TUPE regulations.
 - 4.4.1 The admission agreement has now ceased due to the last active member leaving on 30 November 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 therefore no cessation payment is required.
- 4.5 Dell Corp (Neale Wade and Thomas Clarkson) were admitted to the fund under a full admission agreement on 1 September 2011, after entering into a contract to provide IT services to Neale Wade School and Thomas Clarkson Community College as part of the building schools for the future project.
 - 4.5.1 The admission agreement has now ceased following the natural termination of the contract on 31 August 2016. All employee and employer pension contributions owing to the Fund have been paid. Due to risk sharing arrangements in the admission agreement, all liabilities will pass back to Cambridgeshire County Council as the ceding employer, from the contract, therefore no cessation payment is required.
- 4.6 Dell Corp (Cromwell College) were admitted to the fund under a full admission agreement on 1 September 2012, after entering into a contract to provide IT services to Cromwell Community College as part of the building schools for the future project.
 - 4.6.1 The admission agreement has now ceased due to the contract ending on 31 August 2016. All employee and employer pension contributions owing to the Fund have been paid. Due to risk sharing arrangements in the admission agreement, all liabilities will pass back to Cambridgeshire County Council as the ceding employer from the contract, therefore no cessation payment is required.
- 4.7 Dell Corp (Sir Harry Smith College) were admitted to the fund under a pass through admission agreement on 19 September 2013, after entering into a contract to provide IT services to Cromwell Community College as part of the building schools for the future project

- 4.7.1 The admission agreement has now ceased due to the last active member leaving on 31 August 2016. All employee and employer pension contributions owing to the Fund have been paid. As a pass through agreement, all liabilities will pass back to Cambridgeshire County Council as the ceding employer from the contract, therefore no cessation payment is required.

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>

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 – 6/3/2017
Has this report been cleared by Head of Pensions?	Mark Whitby – 21/2/2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 6/3/2017
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 3/3/2017