

Cambridgeshire
Pension Fund

Pension Fund Committee

6 June 2024

Report by: Head of Pensions

- Subject: Employer Admissions and Cessations Report
- Purpose of the Report:
1. To report the admission of three admitted bodies to the Cambridgeshire Pension Fund.
 2. To notify the Committee of ten bodies ceasing participation in the Cambridgeshire Pension Fund.
 3. To update on previously reported cessations
- Recommendations:
- That the Pension Fund Committee
1. Notes the admission of the following transferee admission bodies to the Cambridgeshire Pension Fund and approves the sealing of the admission agreements:
 - Aspens Services Limited (Queen Emma Primary School & Queen Edith Primary School)
 - Taylor Shaw Limited (Ernulf Academy)
 - Kids R Us Out of School Club Limited (Meridian Trust)
 2. Notes the cessation of the following bodies from the Cambridgeshire Pension Fund:
 - Wimblington Parish Council
 - Clarion Housing Association Limited
 - GPC Skills Limited
 - VHS Cleaning Services Ltd x 4
 - OCS Food Co Limited (Ditchburn Place)
 - Avocet Cleaning Services (St Bede's Inter-Church School)
 - Taylor Shaw Limited (Ernulf Academy)
 3. Notes the update on previously reported cessations relating to:
 - Sanctuary Housing Group
 - Kimbolton School
 - Cross Keys Homes
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1. Executive Summary

- 1.1 The Pension Fund Committee is asked to note the entry, to the Fund, of three transferee admission bodies and to approve the sealing of the admission agreements.
- 1.2 All three admissions are “pass-through” admissions, meaning the assets and liabilities are retained by the awarding authority, so there is no additional risk to the Fund from the admission.
- 1.3 The Committee has no discretion over the admission of these bodies as they have agreed to follow the Regulations of the LGPS by signing the admission agreements and therefore the regulations require the administering authority to admit them to the Fund.
- 1.4 The Committee is also asked to note the exit of ten employers from the Fund. Seven of the exiting employers left due to their contract ending, one due to their last active member leaving and two choose to exit the scheme and close the scheme to future accrual.
- 1.5 Eight of the exiting employers were admitted under a pass-through agreement, so no funding assessment is needed.
- 1.6 A funding surplus has been identified for two of the employers and a determination will need to be made over the value of the exit credit (which may be nil) payable to the exiting employer.
- 1.7 The Committee is also asked to note the update on three cessation cases previously reported where the funding assessment identified a surplus resulting in an exit credit determination.

2. Background

- 2.1 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.
- 2.2 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.
- 2.3 This report provides an update on admissions to and cessations from the Cambridgeshire Pension Fund since the last meeting of the Pension Fund Committee.

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 (known as transferee admission bodies) 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.

3.3 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:

- Aspens Services Limited (Queen Emma Primary School & Queen Edith Primary School)
- Taylor Shaw Limited (Ernulf Academy)
- Kids R Us Out of School Club Limited (Meridian Trust)

3.4 Full details of the admissions are included in Appendix A.

4 Cessations

4.1 The following admitted bodies have exited the Fund:

- Wimblington Parish Council
- Clarion Housing Association Limited
- GPC Skills Limited
- VHS Cleaning Services Ltd x 4
- OCS Food Co Limited (Ditchburn Place)
- Avocet Cleaning Services (St Bede's Inter-Church School)
- Taylor Shaw Limited (Ernulf Academy)

4.2 Full details about this cessation are included in Appendix B.

5 Update on previously reported cessations

5.1 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.

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

- Sanctuary Housing Group
- Kimbolton School
- Cross Keys Homes

5.3 Full details of each update are included in Appendix C.

6 Relevant Pension Fund Objectives

- 6.1 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*
- 6.2 Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. *Objective 5*
- 6.3 Ensure appropriate exit strategies are put in place in both the lead up to and termination of a scheme employer. *Objective 7*

7 Risk Management

- 7.1 The Pension Fund Committee are responsible for approving some admission bodies into the Fund as well as monitoring all admissions and cessations.
- 7.2 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
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.	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

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

[Pension Fund Risk Register](#)

8. Finance & Resources Implications

- 8.1 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.
- 8.2 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.
- 8.3 Employers who are unable to pay monies due during active membership may result in unpaid liabilities being borne by other employers in the Fund.

9. Communication Implications

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

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.

10. Legal Implications

10.1 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.

10.2 Exit credit determinations can be appealed by the exiting employer under the Fund’s internal dispute resolution procedure and ultimately the Pensions Ombudsman.

10.3 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective.

11. Consultation with Key Advisers

11.1 Contribution rate and bond assessments are undertaken by Hymans Robertson, the Fund Actuary.

11.2 A precedent admission agreement has been drafted by Squire Patton Boggs, specialist pension legal advisers.

11.3 Advice was received from the Fund’s legal advisers, Squire Patton Boggs, on individual admission and cessation cases, where required.

11.4 Squire Patton Boggs conducted a review of the paper for legal implications.

12. Alternative Options Considered

12.1 None available.

13. Appendices

13.1 Appendix A: New admissions

13.2 Appendix B: New cessations

13.3 Appendix C: Update on previously reported cessations

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? 23/05/2024

Has this report been cleared by Head of Pensions? 30/04/2024

Has this report been cleared by Monitoring Officer? 21/05/2024

Appendix A: New employers

To be noted:

- **Aspens Services Limited (Queen Emma Primary School & Queen Edith Primary School)**

Aspens Services Limited have entered a contract with The Queens Federation to provide catering services at Queen Emma Primary School & Queen Edith Primary School (Cambridgeshire Local Education Authority Schools). As a result, eight employees transferred to the admission body and a backdated pass-through admission agreement has been put in place effective 30 October 2023. The assets and liabilities have been retained by Cambridgeshire County Council.

- **Taylor Shaw Limited (Ernulf Academy)**

Taylor Shaw Limited have entered a contract with Astrea Academy Trust to provide catering services at Ernulf Academy. As a result, two employees transferred to the admission body and a backdated pass-through admission agreement has been put in place effective 1 June 2020. The assets and liabilities have been retained by Astrea Academy Trust.

- **Kids R Us Out of School Club Limited (Trumpington Park Primary School)**

Kids R Us Out of School Club Limited have entered a contract with the Meridian Trust to provide catering services at Trumpington Park Primary School. As a result, seven employees transferred to the admission body and a backdated pass-through admission agreement has been put in place effective 1 January 2024. The assets and liabilities have been retained by the Meridian Trust.

Appendix B: New cessations

- **Wimblington Parish Council**

Wimblington Parish Council were admitted to the Fund as a designating body on 1 April 1995 when they passed a resolution designating their Clerk as eligible for membership of the LGPS.

On 31 January 2024 the council chose to exit the pension scheme and close the scheme to new accrual. A funding surplus of £5,700.00 has been identified. 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.

- **Clarion Housing Association Limited**

Roddons Housing Association Limited were admitted to the Fund as a Community Admission Body on 5 November 2007, following a transfer of staff from Fenland Council. Following a restructure of the parent company and associated housing associations its engagements transferred to Clarion Housing Association Limited on 26 January 2018.

On 30 November 2023, Clarion Housing Group closed the scheme to new accrual following a consultation with staff. The cessation assessment identified a funding surplus of £2,339,000. 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 and at the time of drafting were waiting for representations from the employer.

- **GPC Skills Limited**

GPC Skills Limited were admitted to the Fund under a pass-through agreement on 1 September 2021 after entering a contract to provide the provision of growth services in Greater Peterborough, Greater Cambridge and the Fens with a view to stimulating jobs and economic growth.

On 31 December 2023, the contract ended. No exit payment or credit is required as the pension liabilities were retained by Cambridgeshire and Peterborough Combined Authority.

- **VHS Cleaning Services Limited (Stapleford Community Primary School)**

VHS Cleaning Services Limited were admitted to the Fund under a pass-through agreement on 27 October 2018 after entering a contract to provide catering services to Stapleford Community Primary School.

On 31 December 2023, the contract ended. No exit payment or credit is required as the pension liabilities were retained by Anglian Learning Trust.

- **VHS Cleaning Services Limited (Bassingbourn Village College and Sawston Village College)**

VHS Cleaning Services Limited were admitted to the Fund under a pass-through agreement on 1 January 2019 after entering a contract to provide catering services to Bassingbourn Village College and Sawston Village College.

On 31 December 2023, the contract ended. No exit payment or credit is required as the pension liabilities were retained by Anglian Learning Trust.

- **VHS Cleaning Services Limited (The Netherhall School)**

VHS Cleaning Services Limited were admitted to the Fund under a pass-through agreement on 1 January 2012 after entering a contract to provide catering services to The Netherhall School.

On 31 December 2023, the contract ended. No exit payment or credit is required as the pension liabilities were retained by Anglian Learning Trust.

- **VHS Cleaning Services Limited (Linton Village College)**

VHS Cleaning Services Limited were admitted to the Fund under a pass-through agreement on 24 October 2020 after entering a contract to provide catering services to Linton Village College.

On 31 December 2023, the contract ended. No exit payment or credit is required as the pension liabilities were retained by Anglian Learning Trust.

- **OCS Food Co Limited (Ditchburn Place)**

OCS Food Co Limited were admitted to the Fund under a pass-through agreement on 1 February 2022 after entering a contract to provide catering services at Ditchburn Place.

On 31 March 2024, the contract ended. No exit payment or credit is required as the pension liabilities were retained by Cambridgeshire County Council.

- **Avocet Cleaning Services Limited (St Bede's Inter-Church School)**

Avocet Cleaning Services Limited were admitted to the Fund under a pass-through agreement on 1 September 2022 after entering a contract to provide catering services to St Bede's Inter-Church School.

On 31 March 2024, the contract ended. No exit payment or credit is required as the pension liabilities were retained by St Bede's Inter-Church School (single academy trust).

- **Taylor Shaw Limited (Ernulf Academy)**

Taylor Shaw Limited were admitted to the Fund under a pass-through agreement on 1 June 2020 after entering a contract to provide catering services to Ernulf Academy.

On 31 March 2024, the contract ended. No exit payment or credit is required as the pension liabilities were retained by Astrea Academy Trust.

Appendix C: Update on previously reported cessations

- **Sanctuary Housing Group**

The cessation of Sanctuary Housing Group was originally reported at the October 2023 meeting of the Pension Fund Committee. The actuarial assessment as at the exit date identified a funding surplus of £2,337,000.

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 Sanctuary Housing Group is £1,837,000. At the time of writing this report, officers are arranging payment to the employer.

- **Kimbolton School**

The cessation of Kimbolton School was originally reported at the December 2023 meeting of the Pension Fund Committee. The actuarial assessment as at the exit date identified a funding surplus of £407,000.

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 Kimbolton School is £407,000. Payment was made to the employer on 23 January 2024.

- **Cross Keys Homes**

The cessation of Cross Keys Homes was originally reported at the December 2023 meeting of the Pension Fund Committee. The actuarial assessment as at the exit date identified a funding surplus of £1,655,000.

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 Cross Keys Homes is £1,665,000. Payment was made to the employer on 26 April 2024.