

**CAMBRIDGESHIRE
PENSION FUND**



Pension Committee

Date: 17 December 2015

Report by: Head of Pensions

Subject:	Employer Admissions and Cessations Report
Purpose of the Report	To report on the admission of one admission body and report two cessations from the Fund.
Recommendations	That the Pension Committee <ol style="list-style-type: none"> 1) notes the admission of the following admission body to the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> • Action for Children (London Road) 2) notes the cessation of the following bodies: <ul style="list-style-type: none"> • ABM Catering (Jeavons Wood) • Cheveley Parish Council
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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.
- 1.1.2 This report provides an update on admissions to the Cambridgeshire Pension Fund since the last meeting of the Pension Committee.

1.2 New Admission Body

- 1.2.1 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.

- 1.2.2 A body which falls under paragraph 1(d)(i) of Part 3 of Schedule 2 is an admission body that is providing a service 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.*”
- 1.2.3 The Pension Committee is asked to note that the following become a new admission body in the Cambridgeshire Pension Fund.

Date	New Admission Body	Background information
01/09/2015	Action for Children (London Road)	Cambridgeshire County Council has chosen to outsource the provision of one of its Children’s Homes and as a result 13 members of the LGPS have transferred from Cambridgeshire County Council to Action for Children.

1.3 Cessations

- 1.3.1 Cheveley Parish Council’s last active member ceased on the 30 April 2015. The member moved to a new employer in the Fund and has chosen to transfer their pension benefits to the new employer. As a result, Cheveley Parish Council has no active, deferred or pensioner members. All contribution payments are correct and up to date. As there are no active members left in the scheme and the last active member transferred under TUPE arrangements to another employer, all liabilities have now left the Fund.
- 1.3.2 ABM Catering’s (Jeavons Wood contract) last active member ceased on the 29 May 2015. The member has resigned from the position of Catering Manager and therefore has become a deferred member. All contribution payments have been paid and are up to date. As a pass through admission all liabilities will pass back to the ceding employer, Cambridgeshire County Council, therefore, there is no cessation payment to be made.

2. Relevant Pension Fund Objectives

Perspective	Outcome
Funding and Investment	<ul style="list-style-type: none"> To ensure that the Fund is able to meet its liabilities for pensions and other benefits with the minimum, stable level of employer contributions. To ensure that sufficient resources are available to meet all liabilities as they fall due. Ensure the Funds and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Funds. Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount.
Administration	<ul style="list-style-type: none"> Ensure the Funds and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Funds. Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary. Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount. Understand the issues affecting scheme employers and the LGPS in the local and national context and adapt strategy and practice in response to this.

3. Finance & Resources Implications

- 3.1 Actuarial costs in obtaining employer contribution rates, bond levels and funding position at commencement are recharged directly to the relevant employer.
- 3.2 The employer contribution rates contain an allowance for administration charges, meaning the new admissions should be cost neutral.
- 3.3 Employers who are unable to pay monies due during the course of active membership or at exit may result in unpaid liabilities being borne by the whole Fund or by a specific scheme employer. Measures to mitigate such an eventuality are readily available for admission bodies and set out in section 4 below. An employer risk register was also prepared as part of the triennial valuation process.

4. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
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	Green

	of this risk is reviewed regularly to ensure it provides adequate cover for the financial risks involved.	
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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

5. 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.

6. Legal Implications

- 6.1 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.

7. Consultation with Key Advisers

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

8. Alternative Options Considered

- 8.1 None available.

9. Background Papers

- 9.1 N/A

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?	Chris Malyon – 30/11/2015
Has this report been cleared by Head of Pensions?	Mark Whitby – 12/11/2015
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 30/11/2015
Has this report been cleared by Legal Services?	Copy of report sent to Quentin Baker – 30/11/2015