

**CAMBRIDGESHIRE
PENSION FUND**



Pension Committee

Date: 24 May 2018

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 one admission body to the Cambridgeshire Pension fund.2. To report the admission of one academy trust to the Cambridgeshire Pension fund.
Recommendations	<p>That the Pension Committee</p> <ol style="list-style-type: none">1. Approves the admission of the following admission body to the Cambridgeshire Pension Fund:<ul style="list-style-type: none">• Family Psychology Mutual2. Notes the admission of the following Multi Academy Trust to the Cambridgeshire Pension Fund:<ul style="list-style-type: none">• Peterborough Keys Academies Trust
Enquiries to:	Name – Mark Whitby, Head of LGSS Pensions E-mail – mwhitby@northamptonshire.gov.uk

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 Admission Bodies

- 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.
- 2.2 A body which falls under paragraph 1(a) of Part 3 of Schedule 2 is an admission body which provides a public service in the United Kingdom which operates otherwise than for the purposes 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 (whether because the operations of the body are dependent on the operations of the Scheme employer or otherwise).
- 2.3 The Pension Committee is asked to approve the admission of the following body into the Cambridgeshire Pension Fund under paragraph 1(a)

Date	New Admission Body	Background information
01/02/2018	Family Psychology Mutual	Cambridgeshire County Council has set up its Mutual Systemic Therapy service as a stand-alone company known as Family Psychology Mutual. As a result, the group of staff working within the service were transferred to the Company, under TUPE regulations. Cambridgeshire County Council has agreed to act as guarantor of last resort, for this employer.

3. New Scheduled Bodies

- 3.1 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.
- 3.2 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 of admission	Academy Trust	Name of Academies transferring
01/04/2018	Peterborough Keys Academies Trust	Ravensthorpe Primary Thorpe Primary Jack Hunt Primary Longthorpe Primary Middleton Primary

- 3.3 Actuarial advice has been sought on appropriate employer contribution rates from the fund actuary and these will be advised to the new Academy proprietors.

4. 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. *Objective 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*

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. *Objective 3*

Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. *Objective 5*

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 6 below.

6. Risk Implications

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
A new employer 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.	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
An 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

Future pension liabilities cannot be supported by an Academy Trust	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
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b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
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 – 9 May 2018
Has this report been cleared by Head of Pensions?	Mark Whitby –27 April 2018
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Rogers –9 May 2018
Has this report been cleared by Legal Services?	Sent to Quentin Baker/Fiona McMillan– 1 May 2018