

**CAMBRIDGESHIRE
PENSION FUND**



Pension Committee

Date: 24 March 2016

Report by: Head of Pensions

Subject:	Employer Admissions and Cessations Report
Purpose of the Report	<p>To report the admission of one scheduled body, one designating body and four admission bodies to the Cambridgeshire Pension Fund.</p> <p>To seek approval for the admission of one admission body to the Cambridgeshire Pension Fund.</p> <p>To further report on the cessation of one employer from the Fund.</p>
Recommendations	<p>That the Pension Fund Committee</p> <ol style="list-style-type: none"> 1) notes the admission of the following scheduled body to the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> • Spring Common School 2) notes the admission of the following designating body to the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> • Bar Hill Parish Council 3) approves the admission of the following admission body to the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> • VISIT Cambridge and Beyond 4) notes the admission of the following admission bodies to the Cambridgeshire Pension Fund: <ul style="list-style-type: none"> • Easy Clean Contractors Ltd (Fordham Primary School) • Aspens Services Ltd (Huntingdon Primary School) • Aspens Services Ltd (Hemingford Grey School) 5) notes the cessation of the following body: <ul style="list-style-type: none"> • Easy Clean Contractors Ltd (Fenstanton School)
Enquiries to:	<p>Mark Whitby, Head of LGSS Pensions Service Tel – 01604 368502 E-mail – mwhitby@northamptonshire.gov.uk</p>

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 Body

- 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 Pensions Committee is asked to note that Spring Common School became a new scheme employer, in the Cambridgeshire Pension Fund, as a result of conversion to Academy status on 1st January 2016.

3. New Designating Body

- 3.1 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.
- 3.2 The designating body has to pass a resolution to designate employees as being eligible for membership of the Local Government Pension Scheme.
- 3.3 The Pension Committee is asked to note that the following employers are designating bodies by means of being a precepting authority within the meaning of section 69 of the Local Government Finance Act 1992 and have passed a resolution to allow employees of the Council to join the LGPS.

Date	New Designating Body
01/12/2015	Bar Hill Parish Council

4. New Admission Bodies

- 4.1 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.

- 4.2 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.*”
- 4.3 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.
- 4.4 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
01/09/2015	Aspens Services (Hemingford Grey)	Cambridgeshire County Council has outsourced its cleaning services in respect of services provided at Hemingford Grey School to Aspens Services and has transferred its cleaning staff as part of this arrangement.
01/09/2015	Aspens Services (Huntingdon Primary)	Cambridgeshire County Council has outsourced its cleaning services in respect of services provided at Huntingdon Primary School to Aspens Services and has transferred its cleaning staff as part of this arrangement.
01/09/2015	Easy Clean (Fordham Primary)	Cambridgeshire County Council has outsourced its cleaning services, in respect of services provided at Fordham Primary School to Easy Clean Contractors Ltd and has transferred its cleaning staff as part of this arrangement.

- 4.5 The Pension Committee is further asked to approve the following to become an admission body in the Cambridgeshire Pension Fund under paragraph 1(a).

Date	New Admission Body	Background information
01/02/2016	VISIT Cambridge and Beyond	Visit Cambridge and Beyond has become a new employer formed out of the tourism department previously held with Cambridge City Council. As a result 16 members of the LGPS have been transferred from Cambridge City Council to Visit Cambridge and Beyond. Cambridge City Council has provided a guarantee in respect of this admission which satisfies the requirements of the Fund's Admissions policy. In these circumstances it is usual for the committee to accept such an admission.

5. Cessations

- 5.1 Easy Clean were admitted to the Fund under a pass through admission agreement on 1 August 2013 as a result of a contract to provide cleaning services at Fenstanton School which resulted in the transfer of Cambridgeshire County Council employees, to Easy Clean under TUPE arrangements. The admission agreement has now ceased due to the last active LGPS member under this contract ceasing employment on the 3 July 2015. All employee and employer pension contributions owing to the Fund have been paid. As a pass through admission all liabilities will pass back to the ceding employer, Cambridgeshire County Council and so there is no cessation payment to be made.

6. 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 benefits are paid to, and income collected from, the right people at the right time in the right amount.
Governance	<ul style="list-style-type: none">• To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies.

7. Finance and Resources Implications

- 7.1 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.
- 7.2 The employer contribution rates contain an allowance for administration charges, meaning the new admissions should be cost neutral.

8. 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 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	There is a Secretary of State guarantee if an academy fails.	Green

by an academy.		
----------------	--	--

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
Non compliance with the mandatory requirement to allow designating bodies and scheduled bodies admission to the Pension Fund.	Red

9. 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.

10. Legal Implications

- 10.1 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.

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 Eversheds, specialist pension legal advisers in consultation with LGSS Law.

12. Alternative Options Considered

- 12.1 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 – 2/3/2016
Has this report been cleared by Deputy Head of Pensions?	Mark Whitby – 12/2/2016
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford – 2/3/2016
Has this report been cleared by Legal Services?	Sent to Quentin Baker – 7/3/2016