

**CAMBRIDGESHIRE  
PENSION FUND**



**Pension Committee**

**Date:** 29 June 2017

**Report by:** Head of Pensions

<b>Subject:</b>	<b>Employer Admissions and Cessations Report</b>
<b>Purpose of the Report</b>	<ol style="list-style-type: none"><li>1. To report the admission of three admission bodies to the Cambridgeshire Pension Fund.</li><li>2. To report the cessation of four employers from the fund</li></ol>
<b>Recommendations</b>	<p>That the Pension Committee</p> <ol style="list-style-type: none"><li>1. Notes the admission of the following admission bodies to the Cambridgeshire Pension Fund:<ul style="list-style-type: none"><li>• Elior UK Ltd</li><li>• Lunchtime UK Ltd (Grove Primary School)</li><li>• The Adolescent and Children's Trust</li></ul></li><li>2. Notes the withdrawal from the Cambridgeshire Pension Fund of the following bodies:<ul style="list-style-type: none"><li>• South Staffordshire and Shropshire Healthcare NHS Foundation Trust</li><li>• Aspens Services Ltd (Huntingdon Primary)</li><li>• Aspens Services Ltd (Mayfield Primary)</li><li>• Avocet Cleaning Services Limited</li></ul></li></ol>
<b>Enquiries to:</b>	<p>Name – Mark Whitby, Head of LGSS Pensions Tel – 01604 368502 E-mail – <a href="mailto:mwhitby@northamptonshire.gov.uk">mwhitby@northamptonshire.gov.uk</a></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 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(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.”*
- 2.3 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)

<b>Date</b>	<b>New Admission Body</b>	<b>Background information</b>
03/01/2017	Elior UK Ltd	Peterborough City Council has outsourced the facilities management for LEA schools to Bouygues Energies and Services, whom were granted admitted body status. Bouygues have subsequently sub-contracted these services to Elior UK Ltd. As a result, 4 members of the LGPS have been transferred from Bouygues Energies and Services to Elior UK Ltd.

01/04/2017	Lunchtime UK Ltd (Grove Primary School)	Cambridgeshire County Council has outsourced its catering services for Grove Primary School to Lunchtime UK Ltd and have transferred their catering staff to Lunchtime UK under TUPE regulations. This will be a pass through admission, meaning Cambridgeshire County Council remains responsible for the pension liabilities in the long term.
01/04/2017	The Adolescent and Children's Trust	Peterborough City Council outsourced the management of their fostering and adoption services to The Adolescent and Children's Trust (TACT). As a result, 29 members of the LGPS have been transferred from Peterborough City Council to TACT. Peterborough City Council will provide a guarantee to the Fund for any funding shortfall at the point of cessation. TACT have also procured a bond to protect Peterborough City Council against premature cessation. The admission therefore satisfies the requirements of the Fund's Admissions policy.

### 3. Cessations

#### 3.1 **South Staffordshire and Shropshire Healthcare NHS Foundation Trust**

South Staffordshire and Shropshire Healthcare NHS Foundation Trust were admitted to the fund under a pass through admission agreement on 2 May 2013, after entering into a contract to provide Drug and Alcohol services, known as Inclusion – Cambridgeshire.

- 3.1.2 The admission agreement has now ceased following the last active member leaving employment. All employee and employer pension contributions owing to the Fund have been paid and as a pass through admission, all liabilities have passed back to Cambridgeshire County Council as the ceding employer therefore no cessation payment is required.

#### 3.2 **Aspens Services Ltd (Huntingdon Primary School)**

Aspens Services were admitted to the Fund under a pass through admission agreement on 1 September 2015, after entering a contract to provide catering services to Huntingdon Primary School which resulted in a transfer of staff from Cambridgeshire County Council to Aspens Service Ltd, under TUPE regulations.

3.2.1 The admission agreement has now ceased following the last active member leaving employment. All employee and employer pension contributions owing to the Fund have been paid and as a pass through admission, all liabilities have passed back to Cambridgeshire County Council as the ceding employer therefore no cessation payment is required.

3.3 **Aspens Services Ltd (Mayfield Primary School)**

Aspens were admitted to the Fund under a pass through admission agreement on 1 April 2016, after entering a contract to provide catering services to Mayfield Primary School which resulted in a transfer of staff from Cambridgeshire County Council to Aspen Services Ltd, under TUPE regulations.

3.3.1 The admission agreement has now ceased due to the last active member, leaving employment. 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.

3.4 **Avocet Cleaning Services**

Avocet Cleaning Services were admitted to the fund under a pass through admission agreement on 19 April 2010 after entering into a contract to provide cleaning services at The Castle School, which resulted in a transfer of staff from Cambridgeshire County Council to Avocet Cleaning Services under TUPE regulations.

3.4.1 The admission agreement has now ceased due to the last active member leaving employment. 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.

## 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>
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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>
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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>
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Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate. <i>Objective 5</i>
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## 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, and the employer is charged a fee to recover the Funds administrative costs of on boarding new employers and terminating ceased employers. This means that admissions and cessations 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

<b>Risk</b>	<b>Mitigation</b>	<b>Residual Risk</b>
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

### b) Risk(s) associated with not undertaking the proposal

<b>Risk</b>	<b>Risk Rating</b>
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

## 7. Communication Implications

<b>Direct Communications</b>	Direct communications will be required to facilitate employer start up in the LGPS.
<b>Newsletter</b>	Regular pension bulletins are issued to the scheme employers on topical matters.
<b>Induction</b>	New employers require an introduction to their employer responsibilities under the LGPS.
<b>Seminar</b>	Employers will be entitled to attend an annual Employer Forum.
<b>Training</b>	Generic and bespoke training courses will be made available.
<b>Website</b>	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.

<b>Checklist of Key Approvals</b>	
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 Section 151 Officer?	Sarah Heywood –15 June 2017
Has this report been cleared by Head of Pensions?	Mark Whitby –2 June 2017
Has the Chairman of the Pension Fund Committee been consulted?	Councillor Hickford –15 June 2017
Has this report been cleared by Legal	Sent to Quentin Baker – 9 June 2017

Services?	
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