



West Northamptonshire Council

Pension Committee

5/12/2023

Mark Whitby – Head of Pensions

Report Title	Employer Admissions and Cessations Report
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Contributors/Checkers/Approvers

MO	Sarah Hall on behalf of Catherine Whitehead	22/11/2023
S151	James Smith on behalf of Martin Henry	16/11/2023
Head of Pensions	Mark Whitby	8/11/2023

List of Appendices

None

1. Purpose of Report

- 1.1 To report the admission of one admitted body to the Northamptonshire Pension Fund.
- 1.2 To report the entry of one designating body to the Northamptonshire Pension Fund.
- 1.3 To notify the Committee of one employer ceasing participation in the Northamptonshire Pension Fund.
- 1.4 To update on previously reported cessations.

2. Executive Summary

- 2.1 The Committee is asked to note the admission of one transferee admission body, Innovate Services, and to approve the sealing of the admission agreement.
- 2.2 Kingsthorpe Parish Council passed a resolution designating their deputy clerks as eligible for the LGPS, backdated to the start of their employment.

- 2.3 The Committee is also asked to note the exit of one employer from the Fund, Pathfinder Legal Services.
- 2.4 The Committee is also asked to note an update on two previously reported cessation cases where the funding assessment identified a surplus resulting in an exit credit determination.

3. Recommendations

3.1 The Pension Committee is asked to:

3.1.1 Note the admission of the following admitted body to the Northamptonshire Pension Fund and approve the sealing of the admission agreement;

- Innovate Services

3.1.2 Note the entry of the following resolution body to the Northamptonshire Pension Fund;

- Kingsthorpe Parish Council

3.1.3 Note the exit of the following bodies from the Northamptonshire Pension Fund:

- Pathfinder Legal Services

3.1.4 Note the update on previously reported cessations relating to:

- Voice for Victims
- Wellingborough Norse

3.2 Reason for Recommendations

3.2.1 The admission for Innovate Services falls under paragraph 1(d)(i) of Part 3 of Schedule 2 to the Local Government Pension Scheme Regulations 2013 (the Regulations) and all parties have signed admission agreements where they agree to meet the requirements of the Regulations. The Pension Fund Committee therefore must admit these bodies to the Fund, as required by Part 3, 13 of the Regulations.

3.2.2 The minutes confirming The Committee's approval are required as evidence alongside any agreements before sealing can be arranged by the Fund's legal support.

3.2.4 It is good practice to ensure that The Pension Fund Committee are aware of any employer movements within the scheme, to ensure any financial implications (7.1), risk implications (7.8) and decisions in relation to Relevant Pension Fund Objectives (7.11) are appropriately managed.

4 Report Background

- 4.1 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.
- 4.2 The Regulations also require that, following the exit of an employer from the Fund, the administering authority carry out an assessment of its funding position on the date of exit.
- 4.3 The Fund's cessations policy sets out how the Fund will assess the funding position of an exiting employer and the Fund's policies on the collection of exit debits and determination of the value of any exit credit payable to the exiting employer.
- 4.4 This report provides an update on admissions to and cessations from the Northamptonshire Pension Fund since the last meeting of the Pension Committee, including the collection and payment of any exit debits or credits.

5 Issues and Choices

5.1 New Admission Bodies

- 5.1.1 Paragraph 1 of Part 3 of Schedule 2 to the Regulations provides for an Administering Authority to make an admission agreement with an admission body, enabling employees of the admission body to be active members of the Local Government Pension Scheme.
- 5.1.2 A body which falls under paragraph 1(d)(i) of Part 3 of Schedule 2 is an admission body that is providing a service, 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.
- 5.1.3 Where an admission body of the description in paragraph 1(d)(i) undertakes to meet the requirements of these Regulations, the appropriate administering authority must admit to the Scheme the eligible employees of that body.
- 5.1.4 The Pension Committee is asked to note the admission of the following bodies into the Northamptonshire Pension Fund and to approve the sealing of the admission agreements.

Date of admission	New Admission Body	Background Information
1 April 2023	Innovate Services Limited	Innovate Services Limited entered into a contract with Magdalen College School Brackley Academy Trust to provide catering services. As a result, a group of employees were transferred to the admission body and a pass through admission agreement has been put in place. This agreement has been backdated to 1 April 2023 and backdated contributions have been collected. The assets and liabilities have been retained by Magdalen College School Brackley Academy Trust.

5.2 New Designating Bodies

- 5.2.1 Regulation 3 (1) of the Regulations provides for a person employed by a body listed in Schedule 2 and is designated, or belongs to a class of employees designated, by the body, to be an active

member of the Local Government Pension Scheme.

- 5.2.2 The designating body has to pass a resolution to designate employees as eligible for membership of the Local Government Pension Scheme.
- 5.2.3 Paragraph 2(a) of Part 2 of Schedule 2 provides for a precepting authority within the meaning of section 69 of the Local Government Finance Act 1992 (interpretation) to be a designating body.
- 5.2.4 The Committee is asked to note that the following employer is a designating body by means of being a precepting authority within the meaning of paragraph 2(a) of Part 2 of Schedule 2 to the Regulations and that they have passed a resolution.

Date of admission	New Admission Body	Background Information
1 April 2022	Kingsthorpe Parish Council	Kingsthorpe Parish Council passed a resolution designating their two deputy clerks as eligible for the LGPS from the start of their employment. The membership for the staff was backdated to 1 April 2022 which was the starting date of their employment.

5.3 New Cessations

5.3.1 Pathfinder Legal Services (WNC)

- 5.3.2 Pathfinder Legal Services(PLS) were a designating body in the Fund by virtue of being a body connected to Northamptonshire County Council and later its successor bodies West Northamptonshire and North Northamptonshire Councils (WNC/NNC) as PLS was partly owned by both Councils. PLS became an employer in the Fund after passing a resolution to designate eligible staff as being eligible for membership of the LGPS from 1 April 2015.
- 5.4.3 WNC and NNC relinquished their ownership shares with effect from 30 June 2023 meaning PLS is no longer “connected with” either body, as defined by the regulations and is therefore no longer a designating body. A small group of PLS employees will continue providing services to the Northamptonshire Children’s Trust and an admission agreement will be put in place shortly to facilitate their ongoing membership of the Northamptonshire Fund. The remaining staff will no longer be eligible for membership of the Northamptonshire Fund and will become deferred members. Arrangements are being made for them to continue membership in a different Fund. No exit debit or credit will be required as the pension liabilities were retained by WNC and NNC.

6 Previously Reported Cessations

- 6.1 The cessation of Voice for Victims was originally reported at the June 2023 meeting of the Pension Fund Committee.
- 6.1.1 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 Voice for Victims was nil.

- 6.2 The cessation of Wellingborough Norse was originally reported at the June 2023 meeting of the Pension Fund Committee.
- 6.2.1 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 Wellingborough Norse was nil.

7 Implications (including financial implications)

7.1. Resources and Financial

- 7.1.1 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.
- 7.1.2 The employer contribution rate contains an allowance for administration charges, and the employer is charged a fee to recover the Funds administration costs of on boarding new employers and terminating ceased employers. This means that admissions and cessations should be cost neutral.
- 7.1.3 Where an exit credit is determined to be greater than nil, a payment will need to be made to the exiting employer. This payment may be all or part of the overall surplus of assets so the liabilities will continue to be at least full funded at the date of cessation.

7.2. Legal

- 7.2.1 Admitted bodies enter into an admission agreement with the administering authority in order to become an employer within the Northamptonshire Pension Fund. This agreement sets out the statutory responsibilities of an employer, as provided for under the Regulations governing the LGPS.
- 7.2.2 Exit credit determinations can be appealed by the exiting employer under the Fund’s internal dispute resolution procedure and ultimately the Pensions Ombudsman.

7.3 Risk

- 7.3.1 The mitigated risks associated with this report has been captured in the Fund’s risk register as detailed below -

Risk	Residual risk rating
Failure to administer the scheme in line with regulations and guidance	Green
Failure to provide relevant information to the pension Committee/Pension Board to enable informed decision making	Green
Fund assets are not sufficient to meet obligations and liabilities.	Amber

- 7.3.2 Please see the [Northamptonshire Pension Fund Risk Register](#) for full details

7.4 Relevant Pension Fund Objectives

7.4.1 The following objectives have been considered in this report -

- To 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.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- To ensure appropriate exit strategies are put in place both in the lead up to and on termination of a scheme employer.

7.5 Consultation

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

7.5.2 The Fund Actuary is consulted with upon the exit of any employer from the Fund.

7.5.3 Advice was received from the Fund's Actuary on individual admission and cessation cases, where required.

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

8 Background Papers

None