



Admitted Body Guidance

**A guide for employers and prospective employers involved
in obtaining admitted body status within the Local
Government Pension Fund**

CONTENTS

INTRODUCTION	3
TYPES OF LGPS EMPLOYERS	4
OVERVIEW OF LGPS EMPLOYERS.....	4
ADMISSION BODIES.....	5
Admission Bodies – following the outsourcing of services or assets	5
Admission Bodies – providing a community of interest.....	5
MATTERS TO BE CONSIDERED	6
Admission agreements under the LGPS	6
Risk Assessments	6
Open or Closed Agreements	6
Indemnity or Bond	7
Commencement of admission agreements	7
ADMISSION BODY CONTRIBUTIONS AND FINANCIAL IMPLICATIONS	8
Employee Contributions	8
Employer Contribution rates	8
Other Pension Costs	9
Fund Valuations	9
Ending of admission agreements	10
FLOW CHART - FOR ASSESSING EMPLOYER STATUS IN THE LGPS	11
BRIEF OUTLINE OF THE PROCESS FOR GAINING ADMISSION BODY STATUS	12
APPENDIX 1 LEGISLATION AND GUIDANCE	13
APPENDIX 2 SCHEDULE 2 PART 1 - (AUTOMATIC SCHEME EMPLOYERS)	15
APPENDIX 3 SCHEDULE 2 PART 2 - (DESIGNATION BODIES)	17
APPENDIX 4 SCHEDULE 2 PART 3 - (ADMISSION BODIES)	18

INTRODUCTION

Although this guide has been prepared to give general information on becoming an employer within Local Government Pension Scheme (LGPS) through admitted body status, references within it are specific to admissions within the Lancashire County Pension Fund

The guide explains the regulatory position provided for in the Local Government Pensions Scheme Regulations and about how external providers, e.g. private contractors etc. can be admitted to the LGPS. It also sets out the pension considerations that arise when employees transfer from a local authority to an external provider.

The guide is based on the current regulations in force on 1 April 2014 - The Local Government Pensions Scheme Regulations 2013 (SI2013/2356) (as amended).

Appendix 1 covers regulations and guidance issued by Department for Communities and Local Government (DCLG) to protect employees who are affected by a TUPE arrangement.

Before using this guide you should check whether there have been any relevant amendments to the regulations which may affect the information contained in this booklet.

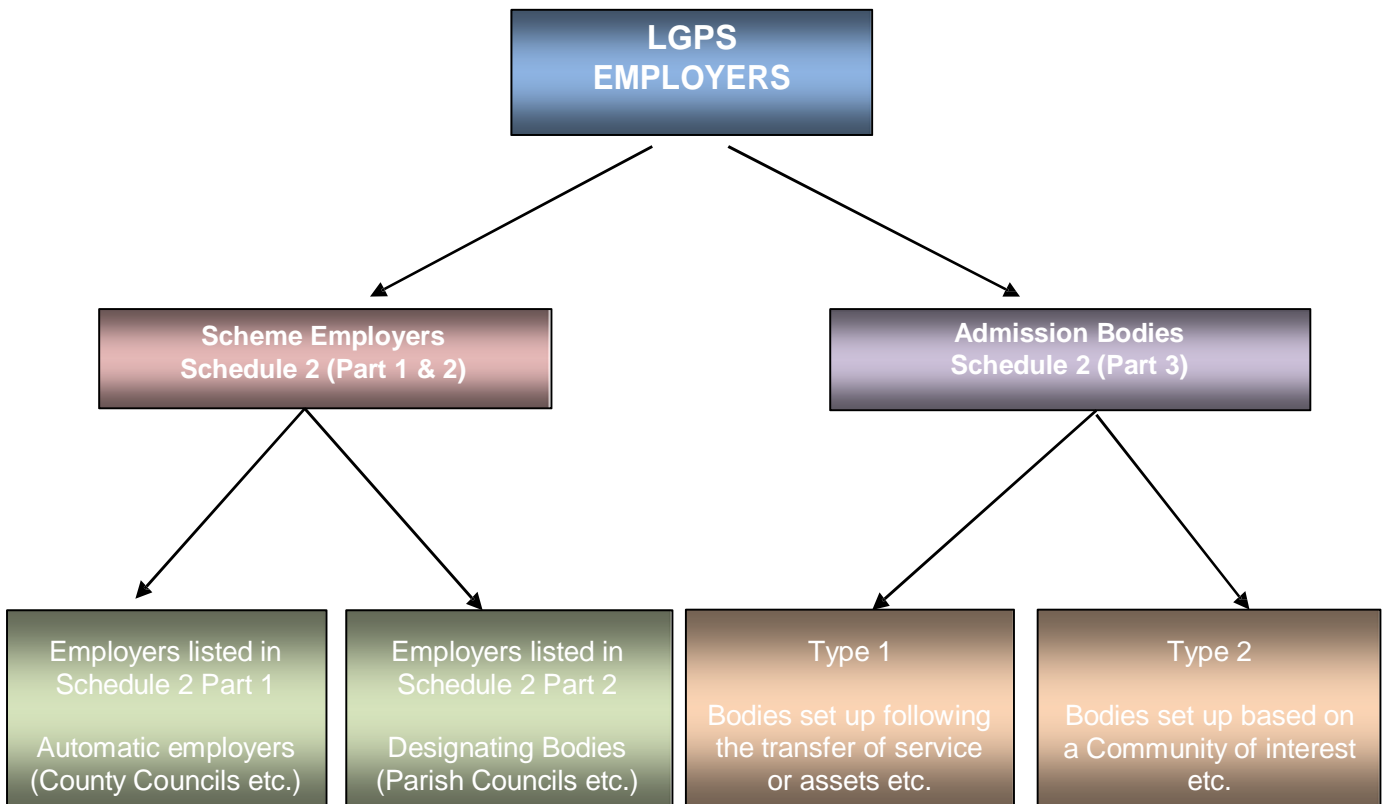
The Fund may need to seek specific legal advice in individual cases

TYPES OF LGPS EMPLOYERS

The LGPS is open to two basic types of employers, “Scheme Employers” and “Admission Bodies”. This is covered under Schedule 2 of the Local Government Pension Scheme Regulations 2013. (See Appendices 2 - 4)

Scheme employers who fall under Part (1) of Schedule 2 must provide automatic admission into the pension scheme for each eligible employee they employ. Scheme employers who fall under Part (2) of Schedule 2 must designate employees as being eligible to join the pension Scheme. Scheme employers who fall under Part (3) of Schedule 2 are able to provide access to the pension scheme through an admission agreement.

OVERVIEW OF LGPS EMPLOYERS



ADMISSION BODIES

Admission bodies do not automatically qualify as employers within the Scheme, but the LGPS regulations allow participation for employees of admission bodies, through a written agreement. The admission body must comply with the requirements set out in the regulations in respect of admission bodies. (See Appendix 4 for information on admission body provisions with the LGPS regulations)

Admission Bodies – Following the Outsourcing of Services or Assets

Admitted body status (ABS) provisions were extended in the LGPS in 1999 to allow contractors, who take on local authority services or functions with any specific groups of transferring employees, to offer the transferring staff continued eligibility for the LGPS during the contract. ABS provisions enable the members of the LGPS to remain in the pension scheme and continue to accumulate benefits under their existing local government pension scheme arrangements whilst their employment is transferred between different contractors and as long as they remain employed in connection with the delivery of the outsourced service.

Where an authority decides that it would be more efficient and effective to 'outsource' one or more services to a new contractor, it can award a contract to provide the service to an external provider. The new contractor enters into an admission agreement (a legally binding contractual arrangement) with the transferring scheme employer and the administering authority, if different to the transferring scheme employer. The admission agreement allows all (or any specified class) of the admission body's employees to remain in the LGPS for so long as they are employed in connection with the delivery of the outsourced service. Other staff employed by the external provider, who work in connection with the delivery of the outsourced service, may also be allowed to join the LGPS if the admission agreement permits them to do so.

It is for the contractor to choose whether they offer their employees membership of the LGPS or a pension scheme that can be certified as a broadly comparable pension scheme.

Generally, any pension liabilities accrued prior to the start of the contract will not, normally, be charged to the new employer and as such the new contractor commences on a '100%' funded basis. This effectively means on the transfer date no past pension liabilities in respect of any pension scheme employees, involved in the service that is being outsourced, pass to the new contractor.

In most circumstances the contractor will be required to fund, over the course of the contract, the benefits accruing during the period of that contract for those LGPS members who are covered by the admission agreement. Any pension liabilities accruing during the period of the contract should be fully paid for by the end of the contract.

Admission Bodies – Providing a Community of Interest

These are bodies which provide a public service in the United Kingdom and usually are non-profit making organisations. They must have sufficient links to a Scheme employer for the body and Scheme employer to be regarded as having a community of interest. (See Appendix 4 for full definition of Admission bodies)

MATTERS TO BE CONSIDERED

Admission agreements under the LGPS

If a contractor is successful when tendering for more than one contract, separate admission agreements for each contract must be made. This is because each contract to which the admission agreement relates can commence and terminate, or be terminated, at different times and it may be necessary to revise contribution rates towards, or, at the end of the contract.

Lancashire County Council as administering authority must be party to the admission agreement and the letting authority must also be party to the agreement (where an outsourcing or service or assets occurs), if it is not the same as the administering authority.

In respect of a contractor admission arrangement, only those employed in connection with the transferred local authority service or function are eligible to join the LGPS or remain eligible if they transferred with the service or function. Existing employees of a contractor who are not employed in connection with the transferred local authority service or function will not be eligible to join the LGPS as admitted body status is dependent upon a link to the relevant local authority service or function.

Risk Assessments

Where an admission agreement is in relation to a transfer of service or assets, the admission body is required to carry out an assessment, taking into account actuarial advice, of the level of risk arising on premature termination of the provision of service or assets by reason of insolvency, winding up, or liquidation of the admission body. The risk assessment must be subject to the satisfaction of the administering authority, and the transferring Scheme employer.

Open or Closed Agreements

An admission agreement may be 'open' or 'closed' to new employees of the admission body. A 'closed' admission agreement is one which is limited to the employees who transferred from the Scheme employer (or, in terms of a community type admission, are named under a closed arrangement) and these employees will normally be listed in a schedule at the end of the admission agreement. This may include active members of the LGPS at the time of transfer and employees who, at the time of transfer, are eligible for membership of the LGPS, but not yet in the Scheme. An 'open' admission agreement is one which is available to any employees mentioned above, plus any new employees who may be eligible and, additionally for a transferee type admission body, are employed in connection with the provision of the service contract.

The decision whether to enter into an 'open' or 'closed' admission agreement falls on the new admission body, where that body is a community type admission. For transferee type admissions the decision on whether an agreement is open or closed should be agreed jointly with the admission body and the letting authority. The decision may impact on the level of the employer contribution rate, and also on the level of bond or indemnity required by the letting authority.

Consideration should be given to the impact that a closed scheme, including where an open agreement becomes closed to future new entrants, has on future costs.

Whilst it may be savings are made by closing the Scheme to new entrants, certain implications need to be considered that can increase Pension Fund costs, namely:

- The average age profile of the employer's scheme members
- Scheme members leaving the employer
- Termination of the admission agreement.

Any new admitted body considering closing an existing open agreement should contact Your Pension Service immediately so that the actuary can carry out an assessment of the funding position and any adjustment required to the employer contribution rate.

Indemnity or Bond

Where an admission agreement is entered into, the Fund and/or the transferring scheme employer has a responsibility to ensure that the decision does not impact on other employers participating in the Fund.

In order to protect the Pension Fund against any identified risk, the new admission body may be required to provide a bond or indemnity to meet that level of risk. The LGPS regulations set out with whom the indemnity or bond must be made and includes details of bodies that may accept deposits, rather than simply those permitted to effect and carry out contracts of general insurance. (See Appendix 4 for more information)

The indemnity or bond is there to ensure that an admission body's pension liabilities can still be met in the event that that body, for example, ceases and is unable to meet any outstanding liabilities.

Where an indemnity or bond is required, it would normally cover the unfunded costs of potential early retirements for members who may be made redundant and have an immediate entitlement to pension benefits (in the event of the body's closure) as well as any identifiable deficit that may have built up.

The level of bond or indemnity would be calculated, based on actuarial advice from the Scheme actuary, at the contract start date. Within the admission agreement there is the facility to undertake annual reviews to allow for any changes to be made in respect to the level of any bond in place or determine whether a bond should now be required, if not already existing. The review may also highlight that a bond in place may no longer be required.

Commencement of admission agreements

The Scheme regulations require that an admission agreement should be dated and in place either before or on the start date of the contract. Although nothing in the regulations expressly forbids the backdating of admission agreements, there are implications for delaying admission agreements as scheme membership is not possible prior to the date of the admission agreement and payments in respect of employee and employer contributions to the scheme cannot be deducted or paid over to the pension fund without an admission agreement in place.

ADMISSION BODY CONTRIBUTIONS AND FINANCIAL IMPLICATIONS

Employee Contributions

The contribution rates paid by employees covered under an admission agreement are set out in the LGPS regulations and will depend on the actual annual pensionable pay of the employees. The following table shows the current bands and rates for 2015/16.

Contribution bands from 1 April 2016 to 31 March 2017

Band	Pensionable pay range for an employment	Contribution rate	
		Main section	50/50 section
1	Up to £13,600	5.5%	2.75%
2	£13,601 to £21,200	5.8%	2.90%
3	£21,201 to £34,400	6.5%	3.25%
4	£34,401 to £43,500	6.8%	3.40%
5	£43,501 to £60,700	8.5%	4.25%
6	£60,701 to £86,000	9.9%	4.95%
7	£86,001 to £101,200	10.5%	5.25%
8	£101,201 to £151,800	11.4%	5.70%
9	£151,801 or more	12.5%	6.25%

Employee contributions are subject to tax relief and therefore income tax is only assessed once the contributions have been deducted. The regulations require that contribution rates are assessed each April following any changes to the contribution bandings. Employers have discretion where there is a change in employment or a material change which affects a members pensionable pay during a financial year to amend the contribution band. The admitted body must notify the member of any change.

Employer Contribution rates

The Scheme actuary will need to assess the rate to be paid by the admission body. In some circumstances this may involve the need for the Scheme actuary to undertake an individual assessment which will involve a cost that should be considered as part of the admission application process. For an admission agreement in respect of a transfer of service or assets it will be for the letting authority to determine how that cost is paid.

When undertaking an individual assessment the actuary will look at the profile of the eligible employees commencing at the start date of the contract together with the length of the contract where appropriate. Your Pension Service will liaise with the new admitted body/ letting authority in respect of the information needed to undertake the assessment.

The actuary will assess and set an employer contribution rate to apply from the start of the contract or transfer of the function, based on the details of employees

transferred (and taking account of whether the admission agreement is to be an 'open' or 'closed' agreement), to ensure that the benefits which accrue to them are properly funded over the period of the contract. The contribution rate will normally be subject to review at each triennial actuarial valuation.

It is essential that a prospective admission body and/or transferring employer contacts Your Pension Service well before any prospective transfer date as they will need to be aware of the current costs involved which can include employer rates/possible bonds/cost of approaching Scheme actuary etc. It is also important for prospective admission bodies, and their actuarial advisers, to be made aware of the specific LGPS regulations. This is to ensure that all parties are aware of the regulatory arrangements which exist in relation to the funding and investment strategy, and also those which exist to manage past, present and future liabilities of the pension Fund. (See also page 11- Lancashire County Pension Fund Policy – Admissions and Terminations)

Actuarial Fees – As a guide the cost of approaching the Scheme Actuary for an assessment for an employer rate only, will be approximately £1400.00 (+VAT) for up to 10 scheme members. This rate is applicable up to 31 March 2017.

Other Pension Costs

Whilst budgeting for the employer contribution rate and deficit amount may be relatively straightforward, there are other pension costs which may not be as obvious but can have financial consequences:

Increasing a member's pension - where admitted bodies use their discretion to award additional pension to a member of the Scheme. The cost of this is borne by the admission body and is paid to the Fund as an immediate payment.

Early Retirement Strain Cost- in the event of early retirements where the employee is 55 or over, such as redundancy, flexible retirement, retirement on the grounds of efficiency, there is likely to be a cost which will fall on the admission body. If this applies, it must be paid to the Fund as an immediate payment.

Waiving Actuarial Reductions for members retiring voluntarily from age 55 - where an admission body uses their discretion to waive actuarial reductions to benefits, payable to a member of the Scheme. The cost of this is borne by the admission body and is paid to the Fund as an immediate payment.

Ill-Health Retirement Cost – Ill Health retirement can also have a significant financial impact on an employer as benefits are paid early with potentially, dependent on the severity of ill health, large enhancements of service. Again the cost of this early retirement is borne by the admission body. This cost is either, identified at the triennial valuation of the Fund and recharged back to the admission body via the contribution rate or, like the early retirement strain cost above, required to be paid as a one-off payment.

Fund Valuations

It is a statutory requirement for a valuation of the Pension Fund to be carried out every three years:

- to monitor the assets against the current value of the liability of the

- pension benefits earned to date.
- to review employer contribution rates

Lancashire County Council (LCC), in its role as administering authority to the fund, will obtain a rates and adjustments certificate and this will identify the employer contribution rate to be paid to the pension fund for each of the following three years. When undertaking this review the Scheme actuary will adopt a certain funding method and use a set of assumptions, as agreed with LCC, to determine what future employer rates should be. In setting the rates the actuary has to consider the cost of providing pension benefits in the future as well as ensuring the Pension Fund meets the liabilities built up in the past. These are known as 'future service rates' and 'past service rates'.

Admission bodies should be aware that there is potential for employer rates to increase as well as decrease.

Any new employer should be fully aware of and in a position to accept the ongoing financial responsibility that comes with becoming a new admitted body.

Lancashire County Pension Fund Policy – Admissions and Terminations

LCPF has a policy in place on admissions and terminations of admitted bodies. The policy can be found on our website under prospective employers, see link. [Admissions and Terminations Policy](#) The policy impacts on some of the general information within this document and determines how employer rates, risk and terminations will be carried out by YPS on behalf of the Fund.

Charging –Charges apply to new admissions

The fee for setting up a new admitted body in the pension fund is £1000 (+VAT)

Charges will increase if applications are deemed to be 'late' – as defined in the Admissions and Terminations Policy.

Where 'late' admissions occur, the rate above will be doubled. 'Late' within this context means where the admission agreement is signed by the prospective admitted body after the transfer date and the appropriate pension contributions have not been paid across to the fund on or before the due date. To be clear the due date is 19 days after the end of the month in which the transfer date occurs.

Please read the policy in conjunction with this Admitted Body Guidance

Ending of Admission Agreements

An admission agreement must terminate if the admission body ceases to be an admission body, for example if the contract terminates, or the last active member leaves employment or opts out of the scheme.

Where an admission agreement ends or is about to end, LCPF must obtain an actuarial valuation of the outstanding liabilities attributable to the admission body and it may be necessary for the relevant actuary to provide a revised rates and adjustments certificate showing the contributions due to be paid before the

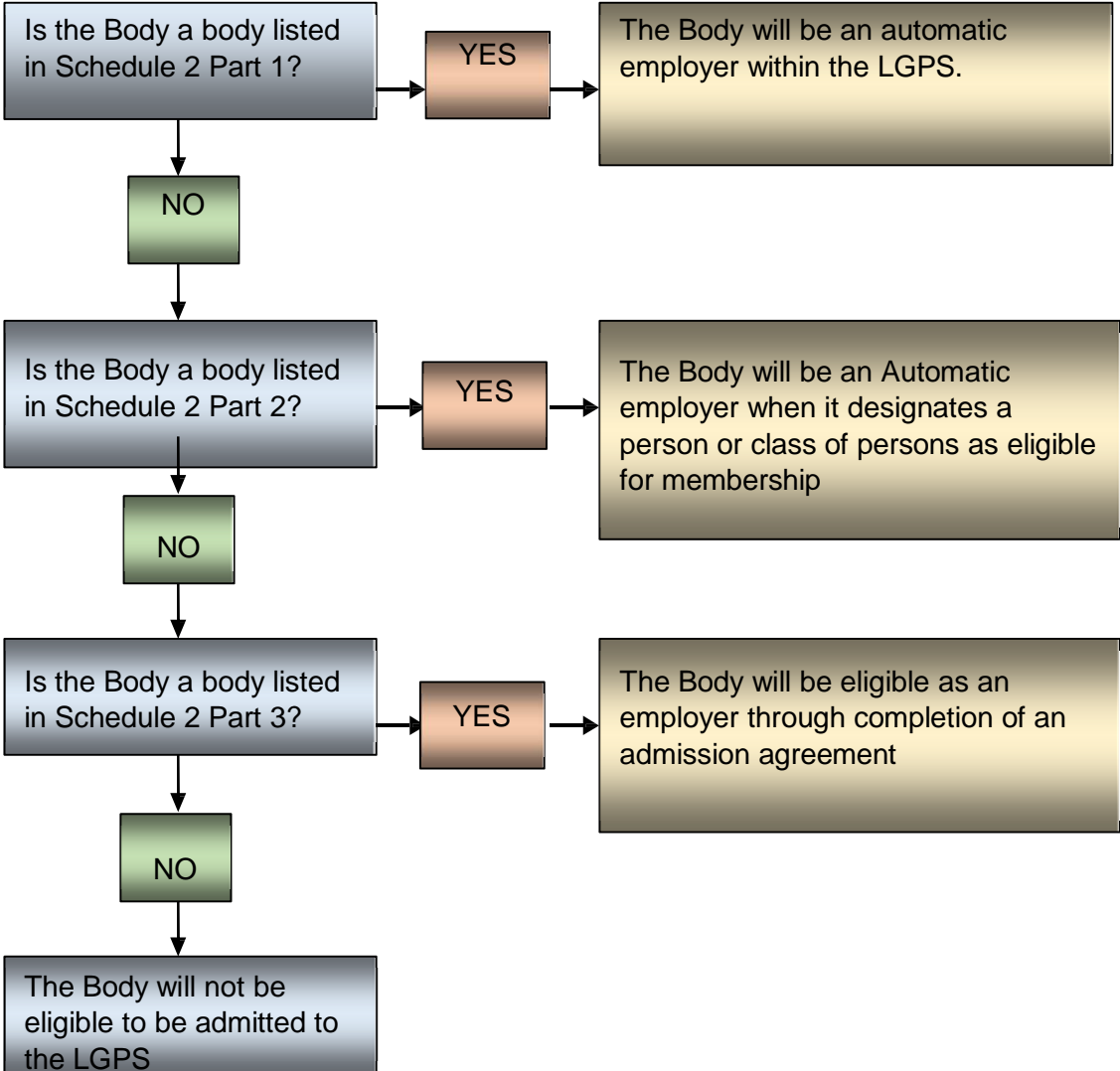
agreement ends to cover any outstanding liabilities.

The ideal position to aim for by the end of a contract is that employer contributions result in neither a surplus nor a deficit, as it is not possible for a refund of contributions to the employer. It is recommended that the admission body contacts Your Pension Service and/or the letting authority (where appropriate) at the earliest opportunity to discuss the steps to be taken to meet all the obligations for pension liabilities. The same applies to the letting authority if it is they who are to terminate the contract.

Where it is not possible to obtain the outstanding contributions from an outgoing admission body (or from any relevant insurer, bond or indemnity), the administering authority must obtain a revised rates and adjustments certificate to show the contributions due.

Under the regulations where a new admitted body is not able to pay for any liabilities it has accrued at the date of termination of the admission agreement, the shortfall will revert back to the transferring scheme employer or across all employers in the fund where the admission arrangement is not made as a result of a transfer of services or assets.

FLOW CHART - FOR ASSESSING EMPLOYER STATUS IN THE LGPS



BRIEF OUTLINE OF THE PROCESS FOR GAINING ADMISSION BODY STATUS

- 1) A decision is taken by a scheme employer to outsource one of its services.
- 2) The scheme employer should notify Your Pension Service (YPS) as soon as possible of its intentions/decision, prior to commencing a full procurement exercise.
- 3) YPS will require details of the employees who need to be covered under the agreement and details of the relevant contract. New employers must provide these, and other relevant details, to YPS using the e-form: [Prospective employer's expression of interest form](#).
- 4) Where an actuarial assessment to calculate an employer's contribution rate is required, employee data will need to be submitted to the Scheme Actuary, who will assess the applicable rate. The cost of this assessment will be passed on to the new employer. The employer contribution rate will be based on the terms of the contract and the membership profile of the employees under the admission agreement.
- 5) YPS will liaise with the contractor/body requesting admission as necessary, in order to process/complete the admission agreement.
- 6) A risk assessment will be performed by YPS, to determine whether any form of bond or guarantee is advisable. The transferring scheme employer will be informed of any risks identified by the assessment and the transferring employer, together with the Fund, will determine whether a bond is required to cover these potential liabilities.
- 7) Once the draft agreement details are finalised, the final agreement will be signed / sealed and sent to all parties.
- 8) YPS will arrange for the admitted body to be set up as a new employer in the Pension Fund together with their pensionable employees.

The admitted body will be required under the LGPS regulations to produce a policy statement detailing its approach to various 'discretions' which the regulations permit.
- 9) YPS will arrange for the Fund's Finance Department to liaise with the new admitted body over the collection and payment of employee and employer contributions.

The new admitted body will be required to submit data each month (by the 6th) so that their members' records can be updated on a monthly basis
- 10) The Secretary of State and the Pensions Regulator will be notified by YPS of the new employer's status within the pension fund.

Appendix 1 Legislation and Guidance Specifically Relating to Transferee Type Admission Arrangements

Regulations and guidance provided by Department for Communities and Local Government (DCLG) is available to protect employees who are affected by a TUPE arrangement and assist new employers in respect of pension obligations. Details of the relevant regulations and guidance are covered briefly below.

The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) (SI 2006/246),

Under provisions in the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) [SI 2006/246], the pay, and terms and conditions of employment for transferred employees are protected, preventing these entitlements from being changed without agreement. The Transfer of Employment (Pension Protection) Regulations 2005 [SI 2005/649] covers the pension and contribution arrangements for employees to which a TUPE transfer applies. While occupational pension arrangements for old-age, survivor and ill health pensions are not covered by the TUPE regulations, there should be appropriate arrangements to protect occupational pensions, redundancy and severance terms of transferring staff in all these types of transfer.

Best Value Authorities Staff Transfer (Pensions) Direction 2007

Since October 2007, best value contracting authorities in England and Police authorities in Wales have been required to comply with The Best Value Authorities Staff Transfers (Pensions) Direction 2007 made under section 101 of the Local Government Act 2003.

This means that a Best Value authority must secure pension protection for each TUPE transferring employee, which must be the same as, broadly comparable to, or better than, those they had a right to acquire prior to the transfer. A copy of the Best Value Authorities Staff Transfers (Pensions) Direction 2007 can be found at:

www.communities.gov.uk/publications/localgovernment/authorities-stafftransfers

Broad comparability relates to the protection of transferring employees' future pension rights. This is to ensure that transferring staff are entitled to pensions in respect of future service that are worth as much as they would have had, were they to have remained with their original employer. For a pension arrangement to be assessed as being 'broadly comparable' to a public sector pension scheme, it does not need to offer identical benefits. However, it must offer the same range of benefits, with the same (or greater) overall value.

Guidance on admitted body status provisions in the LGPS, issued by Department for Communities and Local Government (DCLG) in December 2009

The above non statutory guidance makes it clear that pensions issues should not be seen in isolation from any tendering and procurement exercise. Consideration to these areas should be done at the earliest opportunity and before the procurement process begins to ensure that the admission agreement is in place at the point any staff transfer under the TUPE arrangement. Although occupational pension arrangements are not covered by TUPE regulations, there must be arrangements in place to protect occupational pensions, redundancy and severance terms of all staff transferring.

http://timeline.lge.gov.uk/Statutory%20Guidance%20and%20circulars/CLG_AdmittedBody_guidance_Dec09.pdf

APPENDIX 2 Schedule 2 Part 1 - Automatic Scheme Employers

1	In England, a county council, a district council, a London borough council, the Greater London Authority, the Common Council of the City of London and the Council of the Isles of Scilly.
2	In Wales, a county council or a county borough council.
3	A joint board, body or committee appointed under any Act or statutory order or statutory scheme, of which all the constituent authorities are councils of a description in paragraph 1 or 2 or a combination of such councils.
4	A Mayoral development corporation within the meaning of section 198 of the Localism Act 2011.
5	A fire and rescue authority within the meaning of the Fire and Rescue Services Act 2004.
6	A police and crime commissioner.
7	A chief constable within the meaning of section 2 of the Police Reform and Social Responsibility Act 2011.
8	The Commission for Local Administration in England.
9	A probation trust established under section 5 of the Offender Management Act 2007 or a National Probation Service local board.
10	The Chichester Harbour Conservancy.
11	The Lee Valley Regional Park Authority.
12	An integrated transport authority within the meaning of Part 5 of the Local Transport Act 2008.
13	The Broads Authority.
14	A further education corporation, a sixth form college corporation or a higher education corporation within the meaning of section 90 of the Further and Higher Education Act 1992
15	The London Pensions Fund Authority.
16	The South Yorkshire Pensions Authority.
17	The Environment Agency.
18	A National Park Authority established under Part 3 of the Environment Act 1995.
19	An Education Action Forum within the meaning of section 11 of the School Standards and Framework Act 1998.
20	A proprietor of an Academy within the meaning of section 579 (general interpretation) of the Education Act 1996 who has entered into Academy arrangements within the meaning of section 1 (academy arrangements) of the Academies Act 2010.
21	A body set up by a local housing authority as a housing management company to exercise management functions of the authority under an agreement approved by the appropriate minister under section 27 of the Housing Act 1985.
22	The Valuation Tribunal Service established under section 105 of the Local Government Act 2003 ¹ and the Valuation Tribunal for Wales established under regulation 4 of the Valuation Tribunal for Wales Regulations 2010.

23	A conservation board established under section 86 of the Countryside and Rights of Way Act 2000
24	The Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority established by the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014
25	The Barnsley, Doncaster, Rotherham and Sheffield Combined Authority established by the Barnsley, Doncaster, Rotherham and Sheffield Combined Authority Order 2014.

APPENDIX 3 Schedule 2 Part 2 - Scheme Employers (Designation Bodies)

1	The Board of Governors of the Museum of London.
2	A body (other than a body listed in Part 1 of this Schedule) which is— (a) a precepting authority within the meaning of section 69 of the Local Government Finance Act 1992 (interpretation), (b) a levying body within the meaning of section 74 of the Local Government Finance Act 1988 (levies), or (c) a body to which section 75 of that Act (special levies) applies.
3	A passenger transport executive.
4	An institution designated by an order under section 129 of the Education Reform Act 1988
5	An entity connected with a local authority listed in paragraphs 1 to 5 of Part 1 of this Schedule where " <i>connected with</i> " has the same meaning as in section 212(6) of the Local Government and Public Involvement in Health Act 2007
6	A company under the control of a body listed in paragraphs 6 to 23 of Part 1 of this Schedule where " <i>under the control</i> " has the same meaning as in section 68 or, as the case may be, 73 of the Local Government and Housing Act 1989 (except that any direction given by the Secretary of State must be disregarded, and any references to a local authority treated as references to such a body).
7	The Public Services Ombudsman for Wales.
8	The Serious Organised Crime Agency.
9	Transport for London.
10	The London Transport Users' Committee.
11	The Cultural Strategy Group for London.
12	The Children and Family Court Advisory and Support Service.
13	An urban development corporation.
14	The Secretary of State, in respect of persons specified in regulation 3A(1) (civil servants engaged in probation provision).

APPENDIX 4 Schedule 2 Part 3 - Scheme Employers (Admission Bodies)

1	<p>The following bodies are admission bodies with whom an administering authority may make an admission agreement—</p> <p>(a) a 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);</p> <p>(b) a body, to the funds of which a Scheme employer contributes;</p> <p>(c) a body representative of—</p> <p style="padding-left: 20px;">(i) any Scheme employers, or</p> <p style="padding-left: 20px;">(ii) local authorities or officers of local authorities;</p> <p>(d) a body that is providing or will provide a service or assets in connection with the exercise of a function of a Scheme employer as a result of—</p> <p style="padding-left: 20px;">(i) the transfer of the service or assets by means of a contract or other arrangement,</p> <p style="padding-left: 20px;">(ii) a direction made under section 15 of the Local Government Act 1999 ¹ (Secretary of State's powers),</p> <p style="padding-left: 20px;">(iii) directions made under section 497A of the Education Act 1996;</p> <p>(e) a body which provides a public service in the United Kingdom and is approved in writing by the Secretary of State for the purpose of admission to the Scheme.</p>
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Admission Body Provisions

2	An approval under paragraph 1(e) may be subject to such conditions as the Secretary of State thinks fit and the Secretary of State may withdraw an approval at any time if such conditions are not met.
3	The Scheme employer, if it is not also the administering authority, must be a party to the admission agreement with a body falling within the description in paragraph 1(d).
4	In the case of an admission body falling within the description in paragraph 1(b), where at the date of the admission agreement the contributions paid to the body by one or more Scheme employers equal in total 50% or less of the total amount it receives from all sources, the Scheme employer paying contributions (or, if more than one pays contributions, all of them) must guarantee the liability of the body to pay all amounts due from it under these Regulations.
5	If the admission body is exercising the functions of the Scheme employer in connection with more than one contract or other arrangement under paragraph 1(d)(i), the administering authority and the admission body shall enter into a separate admission agreement in respect of each contract or arrangement.
6	An admission agreement must require the admission body to carry out, to the satisfaction of the administering authority, and to the satisfaction of the Scheme employer in the case of a body falling within paragraph 1(d)(i), an assessment, taking account of actuarial advice, of the level of risk arising on premature termination of the provision of service or assets by reason of insolvency, winding up, or liquidation of the admission body.
7	Notwithstanding paragraph 6, and subject to paragraph 8, the admission agreement must further provide that where the level of risk identified by the assessment is such as to require it, the admission body shall enter into an indemnity or bond in a form approved by the administering authority with—
	(a) a person who has permission under Part 4 of the Financial Services and Markets Act 2000

	<p>to accept deposits or to effect and carry out contracts of general insurance;</p> <p>(b) a firm in an EEA state of the kind mentioned in paragraph 5(b) and (d) of Schedule 3 to that Act ¹, which has permission under paragraph 15 of that Schedule (as a result of qualifying for authorisation under paragraph 12 of that Schedule) ² to accept deposits or to effect and carry out contracts of general insurance; or</p> <p>(c) a person who does not require permission under that Act to accept deposits, by way of business, in the United Kingdom.</p>
8	<p>Where, for any reason, it is not desirable for an admission body to enter into an indemnity or bond, the admission agreement must provide that the admission body secures a guarantee in a form satisfactory to the administering authority from—</p> <p>(a) a person who funds the admission body in whole or in part;</p> <p>(b) in the case of an admission body falling within the description in paragraph 1(d), the Scheme employer referred to in that paragraph;</p> <p>(c) a person who—</p> <p>(i) owns, or</p> <p>(ii) controls the exercise of the functions of, the admission body; or</p> <p>(d) the Secretary of State in the case of an admission body—</p> <p>(i) which is established by or under any enactment, and</p> <p>(ii) where that enactment enables the Secretary of State to make financial provision for that admission body.</p> <p>(iii) which is a provider of probation services under section 3 of the Offender Management Act 2007 (power to make arrangements for the provision of probation services) or a person with whom such a provider has made arrangements under subsection (3)(c) of that section.</p>
9	<p>An admission agreement must include—</p> <p>(a) provision for it to terminate if the admission body ceases to be such a body;</p> <p>(b) a requirement that the admission body notify the administering authority of any matter which may affect its participation in the Scheme;</p> <p>(c) a requirement that the admission body notify the administering authority of any actual or proposed change in its status, including a take-over, reconstruction or amalgamation, insolvency, winding up, receivership or liquidation and a material change to the body's business or constitution;</p> <p>(d) a right for the administering authority to terminate the agreement in the event of—</p> <p>(i) the insolvency, winding up or liquidation of the admission body,</p> <p>(ii) a material breach by the admission body of any of its obligations under the admission agreement or these Regulations which has not been remedied within a reasonable time,</p> <p>(iii) a failure by the admission body to pay any sums due to the fund within a reasonable period after receipt of a notice from the administering authority requiring it to do so.</p>
10	<p>An admission agreement must include a requirement that the admission body will not do anything to prejudice the status of the Scheme as a registered scheme.</p>
11	<p>When an administering authority makes an admission agreement it must make a copy of the agreement available for public inspection at its offices and must promptly inform the Secretary of State of—</p> <p>(a) the date the agreement takes effect;</p> <p>(b) the admission body's name; and</p> <p>(c) the name of any Scheme employer that is party to the agreement.</p>
12	<p>Where an admission body is such a body by virtue of paragraph 1(d), an admission agreement must include—</p> <p>(a) a requirement that only employees of the body who are employed in connection with the provision of the service or assets referred to in that sub-paragraph may be members of the Scheme;</p> <p>(b) details of the contract, other arrangement or direction by which the body met the requirements of that sub-paragraph;</p> <p>(c) a provision whereby the Scheme employer referred to in that sub-paragraph may set off against any payments due to the body, an amount equal to any overdue employer and employee contributions and other payments (including interest) due from the body under these Regulations;</p> <p>(d) a provision requiring the admission body to keep under assessment, to the satisfaction of</p>

	<p>the bodies mentioned in paragraph 6, the level of risk arising as a result of the matters mentioned in that paragraph;</p> <p>(e) a provision requiring copies of notifications due to the administering authority under paragraph 9(b) or (c) to be given to the Scheme employer referred to in that sub-paragraph; and</p> <p>(f) a provision requiring the Scheme employer referred to in that sub-paragraph to make a copy of the admission agreement available for public inspection at its offices.</p>
13	<p>Where an admission body of the description in paragraph 1(d) undertakes to meet the requirements of these Regulations, the appropriate administering authority must admit to the Scheme the eligible employees of that body.</p>
14	<p>Regulation 64 of the LGPS Regulations 2013 Special circumstances where revised actuarial valuations and certificates must be obtained</p> <p>(1) If a person—</p> <p>(a) ceases to be a Scheme employer (including ceasing to be an admission body participating in the Scheme), or</p> <p>(b) was a Scheme employer, but no longer has an active member contributing to a fund, that person becomes "<i>an exiting employer</i>" for the purposes of this regulation and is liable to pay an exit payment.</p> <p>(2) When a person becomes an exiting employer, the appropriate administering authority must obtain—</p> <p>(a) an actuarial valuation as at the exit date of the liabilities of the fund in respect of benefits in respect of the exiting employer's current and former employees; and</p> <p>(b) a revised rates and adjustments certificate showing the exit payment due from the exiting employer in respect of those benefits.</p> <p>(3) Where for any reason it is not possible to obtain all or part of the exit payment due from the exiting employer, or from an insurer, or any person providing an indemnity, bond or guarantee on behalf of the exiting employer, the administering authority must obtain a further revision of any rates and adjustments certificate for the fund showing—</p> <p>(a) in the case where a body is an admission body falling within paragraph 1(d) of Part 3 of Schedule 2 to these Regulations (Scheme employers: bodies providing services as a result of transfer of a service), the revised contribution due from the body which is the related employer in relation to that admission body; and</p> <p>(b) in any other case, the revised contributions due from each Scheme employer which contributes to the fund,</p> <p>with a view to providing that assets equivalent to the exit payment due from the exiting employer are provided to the fund over such period of time as the administering authority considers reasonable.</p> <p>(4) Where in the opinion of an administering authority there are circumstances which make it likely that a Scheme employer (including an admission body) will become an exiting employer, the administering authority may obtain from an actuary a certificate specifying the percentage or amount by which, in the actuary's opinion—</p> <p>(a) the contribution at the primary rate should be adjusted; or</p> <p>(b) any prior secondary rate adjustment should be increased or reduced,</p> <p>with a view to providing that assets equivalent to the exit payment that will be due from the Scheme employer are provided to the fund by the likely exit date or, where the Scheme employer is unable to meet that liability by that date, over such period of time thereafter as the administering authority considers reasonable.</p> <p>(5) When an exiting employer has paid an exit payment into the appropriate fund, no further payments are due from that employer in respect of any liabilities relating to the benefits in respect of any current or former employees of that employer as a result of these Regulations.</p> <p>(6) Paragraph (7) applies where—</p> <p>(a) a Scheme employer agrees to pay increased contributions to meet the cost of an award of additional pension under regulation 31 (award of additional pension); or</p> <p>(b) it appears likely to an administering authority that the amount of the liabilities arising or likely to arise in respect of members in employment with a Scheme employer exceeds the amount specified, or likely as a result of the assumptions stated, for that authority, in a rates and adjustments certificate by virtue of regulation 62(8) (actuarial valuations of pension funds: assumptions).</p> <p>(7) The administering authority must obtain a revision of the rates and adjustments certificate concerned, showing the resulting changes as respects that Scheme employer.</p>

(8) For the purposes of this regulation—
"exiting employer" means an employer of any of the descriptions specified in paragraph (1);
"exit payment" means the assets required to be paid by the exiting employer over such period of time as the administering authority considers reasonable, to meet the liabilities specified in paragraph (2);
"exit date" means the date on which the employer becomes an exiting employer; and
"related employer" means any Scheme employer or other such contracting body which is a party to the admission agreement (other than an administering authority in its role as an administering authority).

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(9) Paragraph (10) applies—

(a) where the exiting employer is a probation trust established under section 5 of the Offender Management Act 2007 and the liabilities of the fund in respect of benefits due to or in respect of the probation trust's current and former employees (or those of its predecessor local probation boards or probation committees) have been or are to be transferred to another person as a result of arrangements made for the provision of probation services under section 3 of that Act (power to make arrangements for the provision of probation services); or

(b) in any other case where the exiting employer is engaged in the provision of probation services, but only to the extent provided for under the relevant admission agreement, in relation to any liabilities of the fund in respect of benefits due to or in respect of the current and former employees of the exiting employer which have been or are to be, with effect from the day following the exit date, transferred to one or more other Scheme employers as a result of arrangements made for the provision of probation services under section 3 of that Act.

(10) Where this paragraph applies, no exit payment is due under paragraph (1) and paragraph (2) does not apply.