Exchequer Services
LOCAL GOVERNMENT PENSION SCHEME (LGPS)

Enfield Pension Fund

Admission Agreement with Enfield Pension Fund

Introduction

The purpose of this document is to provide information for organisations bidding for the contract to provide services to Enfield Council or schools/academies within Enfield.

It provides key information in order to allow existing staff to continue participating in the Local Government Pension Scheme by virtue of an admission to the Enfield Pension Fund in accordance with the provisions of the Local Government Pension Scheme Regulations (LGPS) 2013.

Admission Agreements

New employers are required to seek admission body status within the Enfield Fund under Part 3 of Schedule 2 of the LGPS Regulations.

Admission to the Fund will be affected through an Admission Agreement. This is a legal document which will establish the conditions of admission and needs to be agreed by the Enfield Administering Authority.

The Admission Agreement will be open to all eligible employees i.e., those staff transferring from a Scheme Employer e.g.: Enfield Council, Academy Trust to a new employer. The scheme will not be open to any new staff employed by the new employer after the transfer date.

The new employer must comply with various administrative requirements and make any payments as required under the Regulations. Examples include:

- member and employer contributions.
- payments to be made upon exercising employer discretions under the Regulations; and
- payments required upon termination of the contract (cessation costs) if applicable

Funding at the start of the contract

The Admission Agreement will be fully funded at the start of the contract. The ongoing basis of calculation of the liabilities and assets allocated to the new employer is decided by the Council's actuary.

Any deviation from the fully funded position will be corrected at each triennial valuation via an adjustment to the new employer's contribution rate.

Ongoing Employers contribution rate
The ongoing contribution rate represents the annual cost of benefits accruing. The Council's actuary will calculate the new employer's contributions rate which will be reviewed and amended at each triennial fund valuation.

Bond

The new employer is required to obtain a bond. The bond will cover any risk to the Enfield Pension Fund should the employer's participation within the Fund cease due to early realise of pension benefits as a consequence of insolvency, winding up or liquidation. The value of the bond will be calculated by the Council's Actuary and must be in place throughout the duration of the Admissions Agreement.

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Where for any reason it is not desirable for the employer to enter into an indemnity bond the Scheme Employer may agree to act as a guarantor in relation to any costs incurred by the Fund arising from the insolvency, winding up or liquidation of the Admission Body. Where this applies the new employer will be required to pay additional employer contributions to the Fund at a rate specified by the Administering Authority.

Employees will continue to contribute at the rates set out in the Regulations.

Funding at the end of the contract (cessation costs)

On termination of the agreement a cessation valuation will be completed by the Council's actuary detailing the liabilities and assets of the new employer within the Fund.

The basis of the calculation of this valuation will be determined by the Councils actuary. The method and assumptions adopted will reflect the prevailing economic circumstances at the time.

As the liabilities are transferred fully funded at the start of the contract, then these should be returned on a fully funded basis at the end of the contract.

If the cessation valuation reveals a deficit and the Admission Agreement is not on a pooling or passthrough basis the Admission Body should expect to make payments to the Fund. Where the cessation valuation results in a surplus the new employer will have nothing further to pay. The Admission Body will not receive any monies from the Fund.

Pass Through Pooling arrangements

ELIGIBILITY FOR PASSTHROUGH POOLING

Passthrough pooling is currently the default approach for small employers where there are 10 or fewer employees transferring to the admission body at commencement. Otherwise, passthrough pooling will be at the discretion of the Administering Authority at the agreement request of the Scheme Employer.

PASSTHROUGH POOLING FUNDING ARRANGEMENTS

The Admission Body will be admitted to the transferring Scheme Employer's funding pool with their liabilities allocated to the pool. The contribution rate will be equal to that of the transferring Scheme Employer e.g., Enfield Council or the Academy Trust and will be reviewed every three years at the Fund's triennial valuation. The expectation is that all participants in the pool will have their contributions reviewed following the triennial valuation to recover any surplus or shortfall in the pool in accordance with the funding strategy applied at the valuation. No deficit or credits will be payable by/to the Admission Body on exit.

BOND REQUIREMENTS WHERE PASSTHROUGH APPLIES

Where, for any reason, it is not desirable for the Admission Body to enter into an indemnity or bond and on agreement with the Administering Authority and Scheme Employer, the Admission Body can make additional employer contributions at a rate specified by the Administering Authority. Currently the additional employer contribution is 2% of pensionable pay however this will need to be confirmed by the Administering Authority and agreed by the Scheme Employer.

Enfield Pension Fund

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