

LONDON BOROUGH OF CAMDEN	WARD: All
REPORT TITLE: Citizens Advice Camden - Cessation	
REPORT OF: Executive Director Corporate Services	
FOR SUBMISSION TO: Pension Committee	DATE: 10 July 2024
SUMMARY OF REPORT: This report confirms the exit, known as the cessation, of Citizens Advice Camden as an employer in the Fund.	
Local Government Act 1972 – Access to Information No documents requiring to be listed were used in the preparation of this report:	
Contact Officer:	Nigel Mascarenhas Head of Treasury and Financial Services Finance Corporate Services Dennis Geffen Annexe Camley Street London. N1C 4DG
Telephone	0207 974 1904
Email	nigel.mascarenhas@camden.gov.uk
RECOMMENDATIONS: The Committee is asked to agree that Citizens Advice Camden ceases as an employer in the Fund.	
Signed by	
Executive Director Corporate Services Agreed
Date 27/06/2024

1. Introduction and background

- 1.1. The Funding Strategy Statement governs how employers in the Fund are treated and is a regulatory requirement. The FSS is mainly for employers participating in the Fund, because it sets out how money will be collected from them to meet the fund's obligations to pay members' benefits. The FSS was last agreed by Pension Committee in December 2022 after the Fund had agreed its triennial valuation.
- 1.2. Section 7 of the FSS sets out what happens when an employer leaves the Fund. Triggers for considering cessation are:
 - the last active member stops participation in the Fund
 - insolvency, winding up or liquidation of the admission body
 - a breach of the agreement obligations that is not remedied to the Fund's satisfaction
 - failure to pay any sums due within the period required
 - failure to renew or adjust the level of a bond or indemnity, or to confirm an appropriate alternative guarantor
 - termination of a deferred debt arrangement (DDA).
- 1.3. CAC have flagged to Fund officers and the actuary for a long time that their final member in the scheme would be retiring and have taken sensible steps to plan for this.
- 1.4. The administering authority must protect the interests of the remaining Fund employers when an employer leaves the scheme. The actuary, Hymans Robertson, aims to protect remaining employers from the risk of future loss. The funding target adopted for the cessation calculation is set out in the FSS.
- 1.5. Where there is no guarantor (as in this instance), cessation liabilities and a final surplus/ deficit will usually be calculated using a low-risk basis, which is more prudent than the ongoing participation basis. The low-risk exit basis is defined in Annex D of the FSS.
- 1.6. If the cessation valuation shows the exiting employer has more assets than liabilities, an exit credit may be payable to the exiting employer. In this instance there was a cessation deficit and so no sums were payable by the Fund.
- 1.7. The FSS sets out that if there is a deficit, full payment will usually be expected in a single lump sum.
- 1.8. The Terms of Reference for Pension Committee set out that it should admit new and exit ceasing employers as and when these arise. Therefore this report is being brought to Committee to agree.

2. CAC cessation

- 2.1. Citizen Advice Camden's last employee left the Fund in November 2023 and under the Funding Strategy Statement this means, as they have no active employees, it has triggered their cessation in the Fund. This has been a planned exit with good communication between the Fund and the charity approaching this event for over a year.
- 2.2. The actuary has done a cessation calculation and calculated the exit payment as £490k (on a low-risk basis). The Executive Director Corporate Services agreed the terms of their exit in March and CAC paid this amount in full in April.
- 2.3. The actuary has used assumptions in arriving at that cessation valuation which fulfil the requirements of the Fund's Funding Strategy Statement as it applies to valuations for employers ceasing participation in the Fund.
- 2.4. The actuary sets out in the cessation valuation that payment of the cessation amount will not remove the possibility of a surplus or deficit in respect of the former Employer's section of the Fund arising in future. Any deficit would need to be covered by the remaining Fund employers. Such a deficit may arise for a number of reasons (e.g. unexpected improvements in mortality, investments not performing as anticipated, etc.).
- 2.5. Once any ceasing employer has met the final contribution due as set out in the revised Rates and Adjustments Certificate, the Fund has no further recourse to recover any further moneys from the Employer (e.g. once the Employer makes the appropriate contribution, they will have no further liability to the Fund).
- 2.6. If future deficits arise in respect of the Employer's former section of the Fund, these will fall to all remaining employers actively participating in the Fund.
- 2.7. These terms are all included in the Funding Strategy Statement which has been shared with all employers and are standard.

3. RESPONSIBLE INVESTOR COMMENT

- 3.1. This report has no RI implications.

4. ENVIRONMENTAL IMPLICATIONS

- 5.1 There are no environmental implications.

6. FINANCE COMMENTS OF THE EXECUTIVE DIRECTOR CORPORATE SERVICES

- 6.1 The Fund is applying the FSS fairly and the has received the full and final assessed cessation valuation amount from CAC. This satisfactorily concludes CAC's involvement as an employer in the Fund.

7. LEGAL COMMENTS OF THE BOROUGH SOLICITOR

- 7.1 Members of the Pension Committee have legal responsibilities for the prudent and effective stewardship of LGPS funds and in more general terms, a clear fiduciary duty in the performance of their functions.
- 7.2 Whilst the Committee has agreed to participate in group training sessions once per annum, members should also endeavour to undertake further additional training where appropriate to ensure the effective performance of functions.

APPENDICES

None.