

PENSIONS ADMISSION PROCESS

Presented by the Head of Human Resources and Head of Finance

SUMMARY

As Members are aware, Greenwich Leisure Limited (GLL) will, from 1 April 2022 manage the Authority's six sports venues (Lee Valley Athletics Centre, Lee Valley Hockey & Tennis Centre, Lee Valley Ice Centre, Lee Valley Riding Centre, Lee Valley VeloPark and Lee Valley White Water Centre) under a Leisure Services Contract (LSC) for 10 years with a possible 5 year extension.

The Authority's intention is that staff should in the main be broadly unaffected by the TUPE transfer; and that current employee terms and conditions should be kept broadly intact, including pension provision.

The Authority currently operates the Local Government Pension Scheme (LGPS), which is administered by the London Pensions Fund Authority (LPFA). The intention is that GLL will become an admitted body into the Local Government Pension Scheme. Barnett Waddingham has, on behalf of the London Pensions Fund Authority, produced a pension contribution and bond report for consideration by the Authority. This report has been made available to GLL (copy attached at Appendix A to this report).

The London Pensions Fund Authority have produced a draft admission agreement, a copy of which is attached as Appendix B to this report.

This report sets out the recommended pension contribution rate for GLL, the indemnity and bond options available, the draft admission agreement and factors to be taken into account.

RECOMMENDATIONS

- Members Approve:
- (1) that Lee Valley Regional Park Authority enters in to the admission agreement as described in paragraphs 7 to 12 of this report;
 - (2) the fixed pension contribution rate for GLL as 19.5% as detailed in paragraphs 13 to 18.

BACKGROUND

- 1 Members have previously agreed that the Local Government Pension Scheme (LGPS) pension provision via an admission agreement with London Pensions Fund Authority (LPFA), will be a pass through closed pension scheme (Paper E/64/19) for the new Leisure Services Contract (LSC).
- 2 A pass through arrangement is a risk sharing arrangement between the letting authority (LVRPA) and the new employer (GLL) such that the letting authority is ultimately responsible for any deficit in respect of the transferring Members.
- 3 A closed agreement is closed so that only the original transferring membership joins the new employer's section of the Fund and is not open to new staff employed on the contract.
- 4 The Authority's existing pension was 108% funded at the last triennial valuation in 2019.
- 5 The Authority's current contribution rate assessed through the last triennial valuation (2019) is 15.6%. This is built into the Authority's existing budget and was the actuary's assessment of how future and past liabilities will be funded by the Authority.
- 6 The Authority's next triennial valuation will be in 2023.

ADMISSION AGREEMENT

- 7 The Authority previously entered into an Admission Agreement with the Lee Valley Leisure Trust Limited to enable it to obtain admitted body status and the intention is to do the same with GLL. It is a tripartite agreement between the Authority, the LPFA and GLL.
- 8 The draft admission agreement is attached at Appendix B to this report and has been shared with GLL, who are comfortable with this draft. Under the agreement, LPFA and the Fund's actuary retains the ability to review contribution rates at each actuarial valuation. However, LPFA has indicated that there are several different ways that contributions could be managed in practice, and that they are comfortable for LVRPA to determine its preferred approach. Our recommendation is that the pension provision will be a pass-through closed pension scheme.
- 9 A pass through agreement is one in which the contribution rate is fixed at the outset and not recalculated during the remainder of the contract. Importantly it also means that the new employer (GLL) would not be required to fund any deficit should they cease participation in the Fund.
- 10 A pass through arrangement is a risk sharing arrangement between the letting authority (LVRPA) and the new employer (GLL) such that the letting authority (LVRPA) is ultimately responsible for any deficit in respect of the transferring members.
- 11 At the start of the LSC the pensionable service of the eligible employees will transfer to GLL. As the contract is to be let with pass through provisions, any deficit in respect of the transferring members is ultimately the responsibility of the Authority.

- 12 On termination of the admission agreement, provided all contributions have been made as required and any additional costs or expenses have been paid, GLL will have no further responsibility for the pensions obligations. In particular, GLL will not be responsible for any funding deficit, or entitled to receive any surplus, that has emerged during the contract.

PENSION CONTRIBUTION RATE (pass-through rate)

- 13 The Authority's current contribution rate assessed through the last triennial valuation (2019) is 15.6%.
- 14 The pension contribution and bond report attached at Appendix A to this report does not contain a recommended contribution rate, but calculates the cost of future accrual in respect of the transferring employees, which has been calculated as 19.5%.
- 15 Members have previously agreed that this will be a closed scheme and under a closed agreement the average age of the membership is typically expected to increase as the existing members get older since there are no new members joining. The cost of accrual would therefore be expected to increase as the membership gets older so the calculated rate is based on the average cost of benefits over the whole contract for this group of members.
- 16 The contribution rate to be paid by the new employer is to be agreed by the Authority and GLL as part of their commercial negotiations but the actuary report recommends that it is not lower than their calculated cost of accrual, which is 19.5%.
- 17 Therefore, officers recommend a contribution rate of 19.5% for GLL under the admission agreement.
- 18 Employees pay contributions into the Fund at rates as set out in the Regulations.

ALTERNATIVE OPTIONS

19 OPEN SCHEME

An alternative option would be to operate an Open Scheme, whereby the pension scheme will be open to new joiners throughout the contract term. This will mean that the average age of membership may remain at a lower level, and the liabilities would not potentially increase as much as a closed scheme. This would result in a lower accrual rate, and in turn a lower contribution rate.

An actuarial assessment was that the contribution rate for an open scheme would be 16.6%. However, this was assessed on the scheme being fully open to new members, whereas in reality the Authority would look to put restrictions on which new members could actually join, and GLL would likely not offer this option due to higher costs than in their own scheme.

Therefore, it would operate more like a closed scheme, but with the lower contribution rate, more likely to result in a scheme deficit at contract end, with a potential large liability flowing back to the Authority.

20 CLOSED SCHEME WITH POOLED FUNDS

Under this option the Authority's pension scheme and the ringfenced GLL scheme, would be pooled together. GLL would contribute based on a rate of 19.5% as agreed, and the fund revalued as a whole at every triennial valuation.

This would mean that any over, or under, funding would flow back to the Authority every three years, and the contribution rate would be impacted by a surplus or deficit on the GLL part.

21 CLOSED SCHEMES BOTH SUBJECT TO TRIENNIAL VALUATIONS

A further two options relate to having the schemes open to Triennial valuations, with the whole scheme being valued as one, and LVRPA and GLL paying the same contribution rates; or the two parts of the scheme being valued independently, and contribution rates being independent of each other.

Whilst this may appear to be a prudent approach, it will mean that the GLL contribution rate will change four times during the 10 year contract term (2022, 2023, 2026 and 2029) and result in uncertainty over future management fees, and having to revisit and revise for every rate change.

This places a greater degree of risk of exposure on the Authority, than having a fixed rate for the contract term.

- 22 Officers, in discussion with LPFA, therefore recommend the approach of a fixed contribution rate, of 19.5%, for the contract term, with the Authority's rate calculated independently of the surplus/deficit in the GLL fund.

IMPACT OF THE CONTRIBUTION RATE ON THE LEISURE OPERATORS BASE TRADING ACCOUNT (LOBTA)

- 23 The Management Fee payable between LVRPA and GLL is set out in the Leisure Operators Base Trading Account (LOBTA). This set out how much will be paid to each party for the delivery of the LSC.
- 24 Members agreed on 21 October 2021 (Paper A/4308/21) that the Management Fee for Year 1 (2022/23) would be £2,170,678. The Management Fee payable for Years 2 to 10, was based on the GLL bid, amended for the Ice Centre redevelopment, but subject to further agreement.
- 25 The costed pension contribution rate in Year 1 was that of the Authority – 15.6%, as that was the best known reference rate at October 2021. With the increase to 19.5%, this has been calculated as an additional £94,000. A contingency provision of £100,000 was included in the 2022/23 budget when this was set in January 2022 (A/4312/22) so has been fully budgeted for.
- 26 The original bid documentation stated that the pension contribution rate should be calculated at 12.7%, as this was the rate that Lee Valley Leisure Trust Limited were paying for the duration of the LSC; April 2015 to March 2020. Therefore, the GLL LOBTA Years 2 to 10 includes pension contributions at this lower rate.
- 27 However, the LOBTA for years 2 to 10, is also costed on the anticipated required establishment, and TUPE listing, as at March 2019. Since the transfer

on venues back to the Authority on 1 April 2020, officers have been able to reassess the TUPE list, and establishment, in line with changes specifically around Support Services, but also at venues, and have identified a significant level of change.

- 28 Officers requested that GLL revise the Employee Calculations included in the LOBTA in light of the increase to the pension fund contribution rate, and changes to the operational establishment requirements from April 2022.

This is expected to result in a net saving against the Management Fee over the term of the LSC, but the LOBTA for Year 2 to 10 is still subject to separate approval.

INDEMNITY OR BOND

- 29 The Authority has provided a provisional list of employees expected to be transferred under TUPE to GLL. The LPFA have been working with the actuary and legal advisors to evaluate the future liability that needs to be underwritten.

- 30 GLL will need to assess the level of risk to the Fund should their participation within the LPFA cease due to, for example, insolvency, winding up or liquidation. If GLL ceases to participate in the LPFA for any reason then a cessation valuation will be completed by the LPFA Actuary.

- 31 The level of the bond recommended by the LPFA actuary is between £240,000 and £337,000 for a three year period, when it should be reviewed.

- 32 The level of the bond is calculated to provide protection against costs arising in some or all of the following areas on the cessation of the new employer within the Fund:

- Strain Costs - These arise as a result of immediate pension benefits becoming payable to relevant staff who could be made redundant or retired for reasons of business efficiency, staff taking flexible retirement, or the employer waiving the early retirement reduction for early payment of a member's benefits;
- Unpaid Contributions or Expenses - These may include unpaid normal employer contributions, unpaid additional employer contributions in respect of early retirements, and expenses associated with the premature termination of the admission agreement.

- 33 The under-writing by the Authority is deemed as sufficient and the requirement for a bond waived. GLL would not be required to fund any deficit should they cease participation in the Fund as the liability will sit with the Authority.

- 34 It is important to note that at this point in time the Authority, as a scheme employer in the LPFA, carries all the responsibility for pension liabilities. If the Authority wished to transfer this risk to GLL, a bond would be required by GLL which in turn would translate into an increase in the Management Fee. Currently, the recovery of any deficit is met through the triennial valuation and revision of existing pension contributions over a longer period of time. The Authority is currently of the view that the current and any future deficit can be met from earmarking revenue reserves up to the value of the bond/indemnity; and by future adjustments to the contribution rate as directed through the triennial valuation (which is how the Authority has managed the pension deficit

up to this point).

ENVIRONMENTAL IMPLICATIONS

- 35 There are no environmental implications arising directly from the recommendations in this report.

FINANCIAL IMPLICATIONS

- 36 The financial implications are considered within the main body of the report alongside the detailed contribution and bond report set out in Appendix A of this report.
- 37 If a fixed contribution rate for the duration of the LSC is not agreed, there may be a need to review the Management Fee calculation, at least every three years, and potentially annually. This will put more financial risk back on the Authority.

HUMAN RESOURCE IMPLICATIONS

- 38 The human resource implications are considered within the main body of the report alongside the detailed contribution and bond report set out in Appendix A of this report.

LEGAL IMPLICATIONS

- 39 The legal implications are set out in the body of the report.

RISK MANAGEMENT IMPLICATIONS

- 40 The main risk for the Authority relates to any accrued deficit that may have arisen if the contract were to terminate as this proposal leaves the Authority underwriting the risk. This can be mitigated by ensuring the bond contribution is accounted for during the contract. It is also important to note that this risk is not new and is currently with the Authority at present and has been managed successfully in the past through the Authority's forward financial planning processes.

EQUALITY IMPLICATIONS

- 41 There are no equality implications arising directly from the recommendations in this report.

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BACKGROUND REPORTS

None

PREVIOUS COMMITTEE REPORTS

Executive	E/598/18 (part 2)	New Leisure Service Contract – Shadow Bid, Affordability	23 Nov 2018
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Executive	E/614/19	Threshold, Investment Strategy, Pensions, Financial Waiver and Negotiable Areas Leisure Services Contract – Tender Process Update	21 Mar 2019
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APPENDICES ATTACHED

Appendix A Barnett Waddingham Contribution and Bond Report – December 2021
Appendix B Draft Admission Agreement

LIST OF ABBREVIATIONS

LVRPA	Lee Valley Regional Park Authority
GLL	Greenwich Leisure Limited
LGPS	Local Government Pension Scheme
LPFA	London Pensions Fund Authority
TUPE	The Transfer of Undertakings (Protection of Employment) Regulations 2006

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London Pensions Fund Authority

Pension Fund

(403) Lee Valley Regional Park Authority

Greenwich Leisure Limited

Pensions information as at 1 April 2022

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Introduction

We have been asked by London Pensions Fund Authority, the administering authority for the London Pensions Fund Authority Pension Fund (the Fund), to advise the administering authority by providing pensions information required in respect of eligible employees transferring their employment from Lee Valley Regional Park Authority to a new employer, Greenwich Leisure Limited.

Although this report is addressed to and is provided for use by the administering authority, it will usually be commissioned by the new employer. The report may be shared with the letting authority, new employer or its advisers, provided that it is done so in whole. In particular, the administering authority may allow the new employer to use the results of this report in the risk assessment that a new employer must carry out if it becomes an admission body in the Fund.

The pension arrangements for the eligible employees transferring their employment from the letting authority to the new employer are covered by the Transfer of Employment (Pension Protection) Regulations 2005. The Fund participates within the Local Government Pension Scheme (the LGPS), a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 (the Regulations).

This advice complies with Technical Actuarial Standard 100: Principles for Technical Actuarial Work (TAS 100) and Technical Actuarial Standard 300: Pensions (TAS 300) as issued by the Financial Reporting Council (FRC).

We have taken account of current LGPS Regulations (as amended) as at the date of this report.

On 13 May 2021 the Government issued a ministerial statement on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases relating to age discrimination. The statement confirms that changes will be made to the LGPS Regulations to compensate members directly affected by the change to career average benefits from 1 April 2014. The Government's intention is that regulation will come into force on 1 April 2023, and draft regulations are expected later in 2021. An allowance consistent with that adopted for the Fund's 31 March 2019 valuation has been made for the current uncertainties in LGPS benefits, details of which can be found in Appendix 1.

Purpose of the report

This report sets out the pensions-related issues to be considered by the new employer assuming it participates in the LGPS as an admission body in the Fund with a pass through admission agreement.

This report provides:

- consideration of the cost of accrual and the pass through rate to be paid by the new employer
- information on the key risks to the new employer upon joining the Fund
- an assessment of the risks associated with the early termination of the admission agreement as required by Part 3 of Schedule 2 of the Regulations
- details of the recommended level of the bond to be put in place, if required

Participation in the LGPS comes with financial commitments and responsibilities and we have included a description of some of these in this report.

Key information

The following table sets out the key information regarding the arrangement with the new employer assuming it participates as an admission body in the Fund:

Key information	
Date of admission	1 April 2022
Administering authority	London Pensions Fund Authority
Letting authority	Lee Valley Regional Park Authority
Type of agreement	Pass through
Open/closed agreement	Closed
Expected duration of contract	10 years with a possible 5 year extension

In Appendix 2 we discuss the different roles of the letting authority and the administering authority.

Admission body route with pass through provisions

In this section we consider the issues should the new employer become an admission body with pass through provisions within the Fund under Part 3 of Schedule 2 of the Regulations.

A pass through agreement is one in which the contribution rate is fixed at the outset and not recalculated during the remainder of the contract. Importantly it also means that the new employer would not be required to fund any deficit should they cease participation in the Fund. However, in most cases the new employer would still be expected to pay for the cost of any enhancements to members' benefits, including those payable via early retirement redundancies as well as meeting contributions payable.

A pass through arrangement is a risk sharing arrangement between the letting authority and the new employer such that the letting authority is ultimately responsible for any deficit in respect of the transferring members. Depending on the details of the contract, it might be that the pass through rate or the contract pricing changes throughout the contract based on future assessments of the cost of accrual.

Funding at the start of the contract

At the start of the contract the pensionable service of the eligible employees will transfer to the new employer. As the contract is to be let with pass through provisions, any deficit in respect of the transferring members is ultimately the responsibility of the letting authority.

Funding at the end of the contract

On termination of the admission agreement, provided all contributions have been made as required and any additional costs or expenses have been paid, the new employer will have no further responsibility for the pensions obligations. In particular, the new employer will not be responsible for any funding deficit, or entitled to receive any surplus, that has emerged during the contract.



Results

Ongoing cost of accrual

Please note that this report does not contain a recommended contribution rate. Instead, we have calculated the cost of accrual and it is up to the parties involved to agree a contribution rate. In the Regulations, the cost of accrual is defined as the primary rate.

The calculated closed cost of future accrual in respect of the transferring employees is **19.5% of payroll p.a.**

The admission agreement will be in respect of the eligible employees and can either be open to new staff employed on the contract (an open agreement), or closed so that only the original transferring membership joins the new employer's section of the Fund (a closed agreement). We understand this is a closed agreement.

Under a closed agreement then the average age of the membership is typically expected to increase as the existing members get older since there are no new members joining. The cost of accrual would be expected to increase as the membership gets older so the calculated rate is based on the average cost of benefits over the whole contract for this group of members.

The results of our calculations are based on the methods and assumptions set out in Appendix 1; should the assumptions change then the cost of accrual calculated will also change. For example, adding 0.1% to the discount rate assumption has the effect of reducing the closed cost of benefits by about 0.7% of payroll p.a.

Paying the appropriate closed cost of accrual is therefore one option.

Alternatively, where there are pass through provisions in place it is sometimes the case that the letting authority may wish to be compensated for the additional risk that they are taking on. This might result in the new employer paying a higher rate than they would have under a standard contract with no pass through provisions or it may be that the new employer pays this contribution rate but the contract price will then reflect that the pensions risk is not transferring to the new employer.

Ultimately, the contribution rate to be paid by the new employer is to be agreed by the letting authority and new employer as part of their commercial negotiations but we recommend that it is not lower than our calculated cost of accrual as set out above. This lower limit is to protect the London Pensions Fund Authority Pension Fund so that at least the calculated cost of benefits is paid.

If required by the letting authority or new employer, it would be possible to carry out further stochastic modelling. This would project 10,000 economic scenarios to consider the contributions that would be payable by the new employer under each scenario, depending on any agreed separation of risk.

The contribution rate actually payable will be the pass through rate agreed between the letting authority and the new employer at the commencement of the contract and we should be notified of this.

Depending on the details of the contract, it may be that the pass through rate or the contract pricing changes throughout the contract based on future assessments of the cost of accrual so please let us know if future calculations will be needed.

In addition, employees pay contributions into the Fund at rates as set out in the Regulations.

Bond level

To mitigate the risk to the administering authority that a new employer will not be able to meet its obligations in the future, the new employer is required to put in place a bond in accordance with Part 3 of Schedule 2 of the Regulations, if required by the letting authority and administering authority.

The level of the bond is calculated to provide protection against costs arising in some or all of the following areas on the cessation of the new employer within the Fund:

- **Strain costs.** These arise as a result of immediate pension benefits becoming payable to relevant staff who could be made redundant or retired due to business efficiency, staff taking flexible retirement, or the employer waiving the early retirement reduction for early payment of a member's benefits.
- **Unpaid contributions or expenses.** These may include unpaid normal employer contributions, unpaid additional employer contributions in respect of early retirements, and expenses associated with the premature termination of the admission agreement.

The following table sets out the projected level of the bond taking into account the risks detailed above.

Potential risks			
Year	Strain costs	Unpaid contributions or expenses	Total
1	£151k	£89k	£240k
2	£146k	£93k	£239k
3	£240k	£97k	£337k
Max in first 3 years			£337k

The expected duration of the contract is 10 years with a possible 5 year extension. As shown in the table, the required bond level is expected to increase over the first three years and so it may be advisable to set the bond at the maximum level shown (i.e. £337k) to avoid having to increase it annually.

The required bond amount is calculated at the outset of the contract and should be reviewed regularly (preferably annually, but at least once every three years if the contract extends that far). This should ensure that the level of the bond remains appropriate as the membership of the new employer evolves. It is the responsibility of the new employer to arrange for provision of the bond: the admission agreement may not come into force without suitable arrangements being in place. Any arrangements should be agreed with all parties involved in the admission agreement.

If, for any reason, it is not appropriate for an admission body to enter into an indemnity or bond, the admission body may provide an alternative guarantee in a form satisfactory to the administering authority. The agreed approach should be set out in a formal written agreement.

More detail on the admission body route is set out in Appendix 2 to this report.



Risks

The Fund is subject to many factors that affect the funding position and could lead to its own funding objectives not being met within the timescales expected. Some of the key risks that could have a material impact on the Fund include employer covenant risk, mortality risk, financial risks (including inflation and investment risk) and regulatory risk. The Fund provides more detail on this in its funding strategy statement and the 31 March 2019 actuarial valuation report. We would encourage the new employer to read these documents to help understand the significance and nature of the risks faced by the employer.

Final comments

We understand the contract is to be let with pass through provisions so that any deficit or surplus arising over the contract period will be the responsibility of the letting authority rather than the new employer. The new employer will be required to pay the pass through rate as specified within the admission agreement (and this may differ from the ongoing cost of accrual).

As set out above, a pass through agreement is one where the contribution rate is fixed at the outset, however, variations of such pass through agreements are possible. For example, depending on the details of the agreement it may be that the contribution rate or the contract pricing changes throughout the contract based on future assessments of the cost of accrual. If such an agreement is reached please let us know so that we can carry out any required calculations.

These results are based on the member data and assumptions set out in Appendix 1; if there are any material changes to the membership from the initial data supplied then our calculations will have to be updated.

As the transfer date is in the future we would recommend a revised report to reflect more up to date assumptions and member data.

We would be pleased to answer any questions arising from this report.

A handwritten signature in black ink, appearing to read 'Liam Drysdale'.

Liam Drysdale FFA
Actuary
Barnett Waddingham LLP

Appendix 1 Data, method and assumptions

Data

We have been provided with membership data by the administering authority. The data has been checked for reasonableness and we are happy that the data is sufficient for the purposes of this advice. The membership data as at the transfer date is summarised below.

Active members	Number	Actual pensionable salary £000s	Pre 2014 pension £000s	Post 2014 pension £000s	Average age
Male	66	1,501	36	145	38.0
Female	53	919	6	59	36.9
Total	119	2,420	42	203	37.5

Of the members included in the table above, 117 are current active members of the LGPS and the remaining 2 are not currently contributing, but are eligible to join. The pension amounts in the table above have been estimated using information provided. In particular, the Post 2014 pension has been estimated using CARE accrued to 31 March 2021 and the salary information provided.

Full details of the benefits being valued are as set out in the Regulations as amended and summarised on the LGPS [website](#) and the Fund's membership booklet. We have made no allowance for discretionary benefits.

Method and assumptions

For the purposes of this report it is appropriate to use the method and assumptions consistent with the actuarial valuation as at 31 March 2019, updated where necessary to reflect market conditions, except for the inflation assumption which has been updated in light of new market information. Following the Government's response (on 25 November 2020) to the consultation on the reform of RPI, and the expectation that the UK Statistics Authority will implement the proposed changes to bring RPI in line with CIH from 2030, it has been agreed with the administering authority that the PI inflation will be 0.55% p.a. below the 20 year point on the Bank of England implied inflation curve with effect from 31 December 2020. This has been updated the assumption at the 2019 valuation where this gap was assumed to be 1.0% p.a. Further details of this update are available on request.

Using the assumptions set out below we estimate the future cashflows paid to/from the Fund in respect of the employer throughout the future lifetime of existing members. We then discount these projected cashflows using the discount rate to get the present value of the members' benefits. Separate calculations are made in respect of benefits accrued to date (past service) and for benefits that are yet to be accrued (future service). The date of admission is 1 April 2022 and our calculations are based on market conditions as at 15 December 2021.

It is LPFA's policy to vary the discount rate used at employer level for funding valuations depending on the financial strength of the employer and the period that the employer is assumed to back the liabilities. Lee Valley Regional Park Authority are categorized as a category A-Open employer and the assumptions used for this report are based on this classification. For more details of the different categories in the LPFA Fund, please see the 2019 valuation report.



A summary of the financial assumptions used for our calculations and brief details of the mortality assumptions adopted are set out in the table below:

Calculation assumptions	
	% p.a.
Discount rate	5.3%
Rate of pay increases	4.3%
Rate of pension increases (CPI)	3.3%
Commutation	It is assumed that members will exchange 50% of their commutable pension for cash at retirement.
Retirement age	Members retire at a single age, based on the average age at which they can take each tranche of their pension.
Post-retirement mortality	The post retirement mortality assumption adopted for all calculations is based on Club Vita mortality analysis. These base tables are then projected using the CMI 2018 Model, allowing for a long-term rate of improvement of 1.25% p.a, a smoothing parameter of 7.0 and an initial addition parameter of 0.5% p.a.
Dependant post-retirement mortality	The dependant post retirement mortality assumption adopted for all calculations is based on Club Vita mortality analysis. These base tables are then projected using the CMI 2018 Model, allowing for a long-term rate of improvement of 1.25% p.a, a smoothing parameter of 7.0 and an initial addition parameter of 0.5% p.a.

The discount rate assumption is set with reference to the Fund's long term investment strategy and therefore reflects the long term expected return on assets for the Fund. Consistent with the method adopted for the 31 March 2019 valuation, we have included in the discount rate assumption an explicit prudence allowance of 0.7%.

As noted in the Introduction, an allowance has been made for current uncertainties in LGPS benefits (relating to the effects of the McCloud/Sargeant judgement and the cost cap). This is allowed for in the prudence allowance in the ongoing discount rate.

At the time of producing this report the outcome of the effects relating to the McCloud/Sargeant judgement are still to be agreed upon. The final remedy in response to the judgement will only be known once the Government's consultation is finalised and a final set of remedial Regulations are published. Furthermore, it is also not known yet what benefit changes in addition to the McCloud remedy (if any) may be made in light of the results of the cost cap process.

For the purposes of our calculations we use a smoothed value of the assets rather than the market value. The ongoing financial assumptions shown above are smoothed around the valuation date so that the market conditions used are the average daily observations spanning a six month period around 15 December 2021. Therefore we value the assets in a consistent way and apply the same smoothing adjustment to the market value of the assets. The market value of assets attributable to the Employer as at 1 April 2022 is £3,055k.

Full details of the demographic and other assumptions adopted as well as details of the derivation of the financial assumptions used can be found in the relevant actuarial valuation report and the funding strategy statement, both of which are available on request. These also contain details of how the employer covenant has been taken into account in the derivation of the assumptions.

Appendix 2 Admission body with pass through provisions

In this section we consider the contribution requirement and risk assessment should the new employer become an admission body within the Fund under Part 3 of Schedule 2 of the Regulations.

Admission to the Fund will be effected through an admission agreement. This is a legal document which will establish the conditions of admission and needs to be agreed by:

- the administering authority
- the letting authority (if different)
- the new employer

The new employer must comply with the 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
- payments required upon termination of the contract

Roles of interested parties

The administering authority is a body listed in Part 1 of Schedule 3 of the Regulations and is required to maintain a pension fund for the purposes of providing LGPS benefits. It is responsible for the local administration of pensions and other benefits payable under the Regulations including the investment of the Fund assets, collecting employer and employee contributions and paying pension benefits. The administering authority will issue the admission agreement to the new employer.

The letting authority is the party that is seeking to let out a contract to a new employer and will, in most cases, be the existing employer of the transferring employees. Sometimes this will be the same as the administering authority; however, all participating employers in the Fund can be a letting authority if they look to contract out some of their services. The letting authority will be the body that could generally provide a form of guarantee. It can also be referred to as the commissioning authority.

We do not refer to the term "Scheme employer" in this report; however, when the admission body joins the LGPS, under the Regulations it will also be known as a Scheme employer. The admission body is the new employer that is taking on the contract.

Funding at the start of the contract

At the start of the contract the pensionable service of the eligible employees will transfer to the new employer. As the contract is to be let with pass through provisions, any deficit in respect of the transferring members is ultimately the responsibility of the letting authority.

Ongoing cost of accrual

The ongoing cost of accrual represents the calculated cost of the benefits accruing using the assumptions set out in Appendix 1, and there is also an allowance made towards the Fund's overall running costs which is consistent with the approach taken at the last actuarial valuation.



As the new employer is entering the Fund with pass through provisions, the actual contribution rate payable (the pass through rate) may differ from the ongoing cost of accrual. The pass through rate may be higher or lower than the ongoing cost of accrual and is a matter of commercial negotiation between the new employer and the letting authority.

The employer will need to pay any expenses charged to them by the Fund as part of the Fund's pensions administration strategy statement.

The ongoing cost of accrual will be calculated again at each triennial valuation, and it may be reviewed more regularly as the contract end date draws near.

Depending on the details of the contract agreed with the contractor, it may be that changes in the calculated cost of accrual affect the contract price even if the contributions paid by the contractor to the Fund remains fixed.

In addition, employees continue to contribute at the rates set out in the Regulations.

Funding at the end of the contract

On termination of the admission agreement, provided all contributions have been made as required and any additional costs or expenses have been paid, the new employer will have no further responsibility for the pensions obligations. In particular, the new employer will not be responsible for any funding deficit, or entitled to receive any surplus, that has emerged during the contract.

Further considerations

On becoming an admission body in the Fund, the new employer will take on the following responsibilities and is subject to some of the following risks. The Fund provides more detail on this contained within the funding strategy statement and the 31 March 2019 actuarial valuation report. We would encourage the employer to read these documents to help understand the significance and nature of the risks faced by the employer.

Future benefit changes

Changes in the Regulations may alter the benefits provided by the Fund. Any changes to the benefits that occur during the contract term may affect the cost of the benefits being provided in respect of all past service, not just the service being accrued with the new employer.

Employer discretions

The Regulations contain the flexibility for participating employers to exercise discretion in certain areas. The Regulations require that each participating employer must formulate, publish and maintain a written policy on the exercise of discretions.

Additional contributions in respect of early retirements

The new employer will be required to make additional contributions to the Fund to cover any additional costs arising as a result of members taking early retirement due to, for example, redundancy or efficiency, ill-health or flexible retirement.

The amount of any additional contributions required will be calculated by the Fund actuary, or by the administering authority using tables supplied by the Fund actuary.

Please note that if the new employer has agreed any special arrangements regarding additional contributions as detailed above, this should be set out in the admission agreement.

Calculations in advance of the transfer date

It should be noted that the advice within this report is based on market conditions as at the date of calculation. If the transfer actually takes place at a different date and the results are not updated, changes in data and market conditions will not be allowed for and may mean that the contractor receives more or less assets than it would do if it was recalculated to reflect the revised transfer date.

Indemnity or bond

In accordance with Part 3 of Schedule 2 of the Regulations, the new employer is required to carry out an assessment of the level of risk to the Fund should their participation within the Fund cease due to, for example, insolvency, winding up or liquidation. This assessment will be to the satisfaction of the administering authority and letting authority, having sought actuarial advice. If the new employer ceases to participate in the Fund for any reason then a cessation valuation will be completed by the Fund actuary.

If, for any reason, it is not desirable for an admission body to enter into an indemnity or bond, the admission body may provide an alternative guarantee in a form satisfactory to the administering authority from:

- (a) a person who funds the admission body in whole or in part
- (b) a person who owns, or controls the exercise of the functions of the admission body, for example a parent company
- (c) the Secretary of State in the case of an admission body which is established by or under any enactment, and where that enactment enables the Secretary of State to make financial provision for that admission body

The agreed approach should be set out in the admission agreement.

The level of the bond set out in the results is therefore the minimum we would recommend as Fund actuary to the administering authority.

The level of the bond is calculated to provide protection against costs arising in some or all of the following areas on the cessation of the new employer within the Fund:

- **Strain costs.** These arise as a result of immediate pension benefits becoming payable to relevant staff who could be made redundant or retired for reasons of business efficiency, staff taking flexible retirement, or the employer waiving the early retirement reduction for early payment of a member's benefits.
- **Unpaid contributions or expenses.** These may include unpaid normal employer contributions, unpaid additional employer contributions in respect of early retirements, and expenses associated with the premature termination of the admission agreement.

The required bond amount is calculated at the outset of the contract and will be reviewed regularly (preferably annually, but at least once every three years). It is the responsibility of the new employer to arrange for provision of the bond: the admission agreement may not come into force without the suitable arrangements being in place. Any arrangements should be agreed with all parties involved in the admission agreement.



The new employer will be required to maintain a bond until such time as all the liabilities identified in the cessation valuation have been paid; the level of bond requirement in the final year of the contract will take this into account.

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Date:	2021
Admission Body: Greenwich Leisure Limited	

Admission Agreement



your pension our world

London Pensions Fund Authority
2nd Floor
169 Union Street
London
SE1 0LL

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This Agreement is made on 2021

PARTIES:

- (1) **THE LONDON PENSIONS FUND AUTHORITY** of 2nd Floor, 169 Union Street, London, SE1 0LL (the "Administering Authority");
- (2) **LEE VALLEY REGIONAL PARK AUTHORITY** of Myddelton House, Enfield EN2 9HG (the "Scheme Employer"); and
- (3) **GREENWICH LEISURE LIMITED** (registered number: 27793R) whose registered office is at Middlegate House, The Royal Arsenal, London, SE18 (the "Admission Body").

BACKGROUND:

- (A) The Administering Authority is an administering authority as defined in the 2013 Regulations. It administers and maintains the Fund, and in that role, it has the delegated function of making determinations under section 25(5) of the Public Service Pensions Act 2013, to allow employees of admission bodies to join the LGPS.
- (B) The Scheme Employer is a Scheme employer as defined in the 2013 Regulations. In that role, it has certain responsibilities under the LGPS Regulations in relation to this Agreement.
- (C) The Admission Body is providing Services in connection with the exercise of certain of the Scheme Employer's functions as a result of the Contract. Therefore, the Admission Body qualifies for admission to the Scheme under paragraph 1(d)(i) of Part 3 of Schedule 2 to the 2013 Regulations.
- (D) The parties have agreed to enter into this Agreement to allow the Admission Body to participate in the Fund so that the Employees can be members of the Scheme. The Agreement sets out the agreed terms and conditions which will apply to that participation.
- (E) This Agreement has been signed by the Administering Authority's Chief Executive Officer without affixing the Administering Authority's common seal in the presence of a witness due to the Government's social distancing measures in light of the Covid-19 pandemic, in accordance with delegated authority from the Administering Authority's Board.

OPERATIVE PROVISIONS:

1. INTERPRETATION

This provision sets out the definitions and rules of interpretation which apply to this agreement.

1.1 The following expressions have the following meanings:

"2013 Regulations"	the Local Government Pension Scheme Regulations 2013
"Actuary"	an actuary appointed by the Administering Authority
"Business Day"	any day other than a Saturday or a Sunday or a public or bank holiday in England
"Contract"	a contract for the provision of the Services dated [xxx] between the Scheme Employer and the Admission Body

Commented [A1]: Parties to confirm

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"employed in connection with the provision of the Services"	unless the Administering Authority agrees otherwise, means that the Employee concerned spends on average in a Scheme year at least 75% of his time working on the Services
"Employee"	an employee of the Admission Body
"Fund"	the London Pensions Fund Authority's Pension Fund.
"LGPS Regulations"	the 2013 Regulations and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014
"Member"	an Employee who joins the Scheme as an active member and who remains an active member or subsequently becomes a deferred member or a pensioner member. Where relevant, this term also includes a Member's spouse, civil partner, cohabiting partner, eligible child or dependant (actual or prospective)
"Scheme"	the Local Government Pension Scheme, established and governed by the LGPS Regulations
"Services"	the leisure services which are to be provided by the Admission Body under the Contract.
"Start Date"	1 April 2022

- 1.2 If the Administering Authority agrees in writing, "Contract" will also include any extension or renewal of the original contract or any replacement contract which is in force beyond the term of the original contract, provided that it is made between the same parties and relates to substantially the same services. Where the Administering Authority agrees that this Clause 1.2 applies, the original contract will not be treated as having terminated for the purposes of the LGPS Regulations or this Agreement, and in particular Clause 7.
- 1.3 Expressions which are not defined in this Agreement but which are used in the LGPS Regulations have the same meaning as in the LGPS Regulations, unless the context requires otherwise.
- 1.4 Except where otherwise expressly stated, a reference to a numbered "regulation" in this Agreement is to the relevant provision of the 2013 Regulations.
- 1.5 This Agreement includes a heading at the start of each clause, and also various explanatory notes in boxes. These are included for information only, and do not affect the interpretation of the Agreement.
- 1.6 Any reference in this Agreement to a statute or statutory provision includes any subordinate legislation made under it, and is to be construed as a reference to that statute, statutory provision or subordinate legislation as modified, amended, extended, consolidated, re-enacted or replaced and in force from time to time.
- 1.7 Words such as "in particular", "includes" or "including" do not limit the meaning of the general words preceding them.
- 1.8 References to "in writing" or "written" include e-mail (except in Clause 0), but do not include any other methods of electronic messaging.

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2. THE LGPS REGULATIONS

This provision sets out the relationship between this agreement and the LGPS regulations.

The LGPS regulations are the main legal provisions governing the LGPS. They set out the rights and obligations of administering authorities, Scheme employers, admission bodies and LGPS members.

This agreement is intended to supplement those regulations, and will not override the regulations if there is a direct conflict between the two. However, because this agreement is designed to reflect the LGPS regulations as they stand at the date of this agreement, this provision also sets out the parties' commitment to co-operate in making appropriate changes if the LGPS regulations change materially in future.

2.1 LGPS Regulations to take priority

In the event of a conflict between the provisions of this Agreement and the LGPS Regulations, the rights and obligations of each party to this Agreement will be determined by the LGPS Regulations.

2.2 Future changes to the LGPS Regulations

If the LGPS Regulations as in force at the date of this Agreement are materially amended or modified at any later date, the parties agree that they will negotiate in good faith with a view to agreeing appropriate amendments to this Agreement to reflect the changes made to the LGPS Regulations.

3. START DATE

This provision confirms the date on which this agreement takes effect. This date may be earlier than the date on which it is executed by the parties.

This Agreement has effect on and from the Start Date.

4. MEMBERSHIP OF EMPLOYEES

This provision sets out the terms on which employees of the Admission Body will be admitted to membership of the Scheme.

Under the LGPS regulations, employees of an admission body can be admitted if the administering authority "determines" that the LGPS relates to them and if they are "designated" by the admission body as eligible. The LGPS regulations contain other requirements relating to eligibility which must also be met in order for a particular employee to be an active member of the LGPS.

So that member benefits are correctly recorded and calculated, the LGPS regulations and this agreement together require the Admission Body to provide the Administering Authority with information about changes in employment or membership status, and to ask employees who become active members about any past periods of membership of the LGPS.

4.1 Admission of the Admission Body to the Fund

The Administering Authority admits the Admission Body to the Fund on and from the Start Date and (in exercise of the function delegated to it under section 25(5) of the Public Service Pensions Act 2013) determines that the Scheme relates to those Employees who are designated by the Admission Body in **Clause 4.2**.

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4.2 Designation of eligible Employees

The Admission Body designates the following categories of Employee as eligible for active membership of the Scheme, subject to the conditions (if any), and on and from the dates, shown below:

Category:	Nature of eligibility:	Effective date of designation:
An Employee listed in Part 1 of the Schedule	Eligible to remain in active membership	Start Date
An Employee listed in Part 2 of the Schedule	Eligible to join Scheme if applies in writing	First day of payment period following receipt by Admission Body of written application

4.3 Restriction on eligibility

An Employee may only be an active member of the Scheme under this Agreement for as long as he is employed in connection with the provision of the Services.

4.4 Changes to eligibility, benefits or membership

The Admission Body must promptly inform the Administering Authority in writing where:

- (a) an Employee who is an active member ceases to be employed in connection with the provision of the Services;
- (b) an Employee joins or re-joins the Scheme;
- (c) there is a material change to a Member's terms and conditions of employment which affects the Member's entitlement to benefits under the Scheme; or
- (d) an Employee who is an active member ceases to be employed by the Admission Body, including where the employment is terminated on grounds of redundancy, business efficiency or ill-health.

5. ADMISSION BODY UNDERTAKINGS

This provision sets out certain key undertakings which the Admission Body is giving to the Administering Authority under this agreement.

In particular, the Admission Body is required by this agreement to comply with all applicable provisions of the LGPS regulations. The other, more specific, undertakings in this agreement all supplement the obligations imposed by the LGPS regulations.

5.1 Compliance

The Admission Body undertakes:

- (a) to comply with all applicable requirements of the LGPS Regulations;
- (b) to adopt the practices and procedures relating to the operation of the Scheme set out in any employer's guide produced by the Administering Authority and provided to the Admission Body;
- (c) to comply with all applicable requirements of data protection law relating to the Scheme and with the provisions of any data-sharing protocol produced by the Administering Authority and provided to the Admission Body; and

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- (d) not to do anything (or omit to do anything) where that act or omission may prejudice the status of the Scheme as a registered pension scheme.

5.2 Provision of information

The Admission Body undertakes:

- (a) to inform the Administering Authority promptly in writing of all first instance decisions which the Admission Body makes in respect of Members under regulation 72;
- (b) where it exercises any discretion under the LGPS Regulations, to inform the Administering Authority promptly in writing of that fact, including details of the way in which the relevant discretion is exercised; and
- (c) promptly to provide (or procure the provision of) all other information that the Administering Authority reasonably requests in connection with any aspect of the administration and management of the Fund.

5.3 Discretions policy

Within three months of the date of this Agreement, the Admission Body must provide the Administering Authority with a copy of the statement of policy which it is required to prepare under regulation 60(1) (relating to the exercise of its various discretionary functions under the LGPS Regulations).

5.4 Matters affecting participation

The Admission Body must give notice to the Administering Authority and the Scheme Employer:

- (a) promptly, of any matter which may affect its participation in the Scheme; and
- (b) immediately, of any actual or proposed change in its status, including take-over, change of control, reconstruction, amalgamation, insolvency, winding up, liquidation or receivership or a material change to its business or constitution. Where this Clause 5.4(b) applies, the Admission Body must not make any representations to any person regarding starting or continuing membership of the Scheme without the prior written consent of the Administering Authority.

6. CONTRIBUTIONS AND PAYMENTS

The LGPS regulations contain details of the contributions and other payments which employers are (or may be) required to make to an LGPS fund, and gives administering authorities powers to adjust contribution rates or to require additional payments in certain circumstances.

This provision supplements the provisions of the LGPS regulations in relation to those contributions and payments, and specifies certain additional amounts which the Admission Body is required to pay as part of the terms and conditions relating to its admission to the LGPS under this agreement.

6.1 Undertaking to make payments

The Admission Body undertakes to pay to the Administering Authority all contributions and payments due under the LGPS Regulations and this Agreement.

6.2 Default period for payment

This Clause 6.2 applies only where this Agreement, the LGPS Regulations or any other relevant legislation does not expressly specify an alternative period for payment of any

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amount which the Admission Body is required to pay to the Fund. Where this **Clause 6.2** applies, the amount must be paid in full within the period of 20 Business Days starting on the date on which the Administering Authority serves notice on the Admission Body of the amount due, unless the Administering Authority and the Admission Body agree that it should be paid over a different period or on other terms.

6.3 Specific payments

The Admission Body must pay to the Fund the following amounts on the payment terms indicated (this list is not exhaustive):

Nature of payment:	Payment terms:
Primary and secondary rate employer contributions as set out in the rates and adjustment certificate prepared by the Actuary (as revised from time to time under the LGPS Regulations or this Agreement)	Monthly in arrears as set out in the rates and adjustments certificate (unless alternative terms are expressly agreed)
Additional employer contributions payable under regulation 16	As for ordinary employer contributions (unless alternative terms are expressly agreed)
Contributions deducted from Members' pay under regulations 9-14 and 16	Monthly in arrears no later than the date specified by the Administering Authority, and in any event no later than required by section 49(8) of the Pensions Act 1995
<p>Any contribution required by the Administering Authority towards the Fund's administration costs relating to the Admission Body, including any costs:</p> <ul style="list-style-type: none"> • due under regulation 70 (additional costs arising from employer's level of performance) • for reports or advice requested by the Admission Body from the Actuary • for reports or advice required in connection with the Admission Body's application to join the Fund • for obtaining a revised rates and adjustments certificate under regulation 64(4) or (7) • of an actuarial valuation under regulation 64(2)(a) or Clause 7.2 on exit from the Fund • incurred as a result of the termination of this Agreement 	Default terms (see Clause 6.2)

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Nature of payment:	Payment terms:
Any extra charge required by the Administering Authority to cover the actuarial strain on the Fund (as notified by the Actuary in writing) resulting from the immediate payment of benefits under any of: <ul style="list-style-type: none"> • <i>regulation 30(5)</i> (early retirement) or <i>regulation 30(6)</i> (flexible retirement), including in either case the cost of any waiver of actuarial reduction under <i>regulation 30(8)</i> • <i>regulation 30(7)</i> (early leavers on grounds of redundancy / business efficiency) • <i>regulation 35</i> (ill-health early retirement - active member) • <i>regulation 38</i> (ill-health early retirement - deferred or deferred pensioner member) 	Default terms (see Clause 6.2)
Any sum required under <i>regulation 68(3)</i> where the Admission Body resolves to award a Member additional pension under <i>regulation 31</i> and the cost of the award is not met through increased employer contributions	Default terms (see Clause 6.2)
An amount equal to any extra charge on the Fund resulting from an award of additional pension under <i>regulation 31</i> which is not met in full through increased employer contributions and/or a payment under <i>regulation 68(3)</i>	Default terms (see Clause 6.2)
Any exit payment due under <i>regulation 64(1)</i> or Clause 7.2(b)	Default terms (see Clause 6.2)
Any interest charged by the Administering Authority on late payment under <i>regulation 71</i> or Clause 6.6	Default terms (see Clause 6.2)

6.4 Payments in relation to backdated admission

If the Start Date is earlier than the date of this Agreement:

- (a) any obligation on the Admission Body to make payments under the LGPS Regulations or this Agreement will apply also in respect of the period on and from the Start Date up to the date of this Agreement; and
- (b) If contributions deducted from Members' pay during that period have not been paid across to the Administering Authority before the date of this Agreement, those amounts are to be treated for the purposes of section 49(8) of the Pensions Act 1995 as if they were first deducted on the date of this Agreement.

6.5 Information about pay and contributions

When paying Member contributions to the Fund, the Admission Body must provide an accompanying statement containing the information specified under *regulation 69(3)*, and any other relevant information requested by the Administering Authority, in relation to each Member who was an active member of the Scheme during any part of the period covered by the statement. The statement must be given in the format, and at the intervals, which the Administering Authority specifies.

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6.6 Interest on late payment

If any sum payable by the Admission Body under the LGPS Regulations or this Agreement remains unpaid after the date on which it was due for payment, and that sum is not an amount on which interest is chargeable under regulation 71, the Administering Authority may instead require the Admission Body to pay interest on the unpaid sum under this Clause 6.6. The rate of interest will be as specified in regulation 71(4).

6.7 Adjustment of contribution rate

Under regulations 64(2), (4) and (7), the Administering Authority is entitled or required in certain circumstances to obtain a revised rates and adjustments certificate in relation to the Admission Body. Where the Administering Authority exercises its powers under these regulations, the Admission Body must co-operate with the Administering Authority and the Actuary to enable the Actuary to provide the revised certificate.

6.8 Right of set-off

If any sum payable by the Admission Body to the Fund under the LGPS Regulations or this Agreement is not paid by the date on which it becomes due, the Administering Authority may require the Scheme Employer to set off against any payments due to the Admission Body an amount equal to the unpaid amount (including any interest payable) and to pay the sum to the Fund by a date specified by the Administering Authority. This provision will apply regardless of any terms to the contrary contained in the Contract.

6.9 Funding and actuarial matters

- (a) Any payment due from the Admission Body under the LGPS Regulations or this Agreement is to be calculated on the assumption that, as at the Start Date, any liabilities relating to the Scheme membership prior to the Start Date of the Employees listed in the Schedule are 100% funded.
- (b) "100% funded" means that the Admission Body is to be notionally allocated at the Start Date an amount of assets within the Fund equal to the value of the liabilities as at the Start Date, as determined by the Actuary using actuarial assumptions consistent with the most recent actuarial valuation of the Fund before the Start Date (updated to the Start Date as necessary).
- (c) Where any additional funding (as certified by the Actuary) is necessary to achieve a 100% funded position as at the Start Date, this is to be deducted from the Scheme Employer's notional allocation of assets within the Fund.

7. TERMINATION

This provision sets out the ways in which this agreement may come to an end, and the consequences of that termination.

In particular, the termination of this agreement will usually give rise to an actuarial valuation (either under the LGPS regulations or this agreement). If the valuation reveals a deficit relating to the Admission Body's current and former employees, the Admission Body may be required to make an exit payment to meet the shortfall.

7.1 Events leading to termination

This Agreement will terminate in the circumstances, and on the date, shown below:

Event triggering termination:	When termination takes effect:
Contract terminates or expires	On the date of termination or expiry of the Contract

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Event triggering termination:	When termination takes effect:
Admission Body no longer qualifies as an "admission body" under the LGPS Regulations	On the date on which the Admission Body ceases to qualify
Admission Body gives notice to the Administering Authority	On expiry of any period set out in the notice, or if longer (or if no period is specified), three months from the date notice is served
Breach by the Admission Body of any obligation under the LGPS Regulations or this Agreement (including failing to pay any sums due to the Fund). If the breach is capable of remedy, the Administering Authority must first give the Admission Body the chance to remedy the breach within a reasonable period (specified by the Administering Authority), before giving notice of termination.	On the date on which notice of termination on this ground is served by the Administering Authority on the Admission Body
Insolvency, winding-up or liquidation of the Admission Body	On the date on which notice of termination on this ground is served by the Administering Authority on the Admission Body
Admission Body no longer employs an active member contributing to the Fund	On the date on which notice of termination on this ground is served by the Administering Authority on the Admission Body
Administering Authority gives notice to the other parties for any other reason	On expiry of any period set out in the notice, or if longer (or if no period is specified), three months from the date notice is served

7.2 Termination valuation

If, for any reason, the Administering Authority is unable to obtain an actuarial valuation or a revised rates and adjustment certificates under regulation 64(2), the following provisions will apply:

- (a) The Administering Authority will be entitled to obtain from the Actuary an actuarial valuation of the assets and liabilities of the Fund in respect of the Members as at the date this Agreement terminates, calculated on the basis recommended by the Actuary. The Admission Body must co-operate with the Administering Authority and the Actuary to enable the Actuary to carry out the valuation.
- (b) If a valuation obtained under **Clause 7.2(a)** reveals a deficit in the Fund, the Administering Authority may require the Admission Body to pay to the Fund an exit payment not exceeding the deficit amount (as certified by the Actuary).
- (c) If the Admission Body does not pay all or part of an exit payment required under **Clause 7.2(b)** and the unpaid amount is not then paid in full by any person providing a bond, indemnity or guarantee under **Clause 8**, the Administering Authority may recharge any remaining unpaid balance to the Scheme Employer.

7.3 Other outstanding payments on termination

Where any amount payable under this Agreement or the LGPS Regulations remains outstanding at the date of termination of this Agreement, the Admission Body must pay it

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In full within the period of 20 Business Days starting on that date, unless the Administering Authority and the Admission Body agree that it should be paid over a different period or on other terms. This includes any amount where the Administering Authority has previously agreed to payment of that amount in instalments under **Clause 6.2**.

Subject to the paragraph above, upon expiry or termination of the Contract, all assets and liabilities in relation to the Fund will be transferred back to the Scheme Employer.

7.4 Time period for payment of exit credit

If an exit credit is payable to the Admission Body under the 2013 Regulations, the Administering Authority will pay that amount within 12 months of the date on which this Agreement terminates, or within any longer period that the Administering Authority and the Admission Body agree.

7.5 Rights on termination

The termination of this Agreement does not affect the rights, duties and liabilities of any party accrued prior to termination, and the provisions of this Agreement which expressly or impliedly have effect after termination will continue to be enforceable.

8. RISK ASSESSMENT

This provision sets out terms relating to risk assessment and mitigation.

The LGPS regulations recognise that allowing admission bodies to participate in the LGPS can create risk, particularly if an admission body becomes insolvent when the fund is in deficit. To mitigate this risk, an admission agreement must allow the administering authority to require the admission body to provide protection for the LGPS fund, in the form of a bond, indemnity and/or guarantee from a suitable provider (such as an insurer).

Further, because levels of risk fluctuate over time, the LGPS regulations also require an admission agreement to contain provisions relating to ongoing monitoring of risk.

8.1 Meaning and assessment of "Risk Exposure"

In this **Clause 8**, the term "Risk Exposure" means the risk exposure arising on the premature termination of the provision of the Services by reason of the Admission Body's insolvency, winding-up or liquidation. Any assessment of "Risk Exposure" must be carried out by the Admission Body, taking account of actuarial advice, and to the satisfaction of the Administering Authority and the Scheme Employer.

8.2 Requirements in relation to bond, indemnity or guarantee

Unless otherwise agreed by the Administering Authority in writing:

- (a) any bond or indemnity provided under this **Clause 8** must be from a person or firm meeting the requirements of paragraph 7 of Part 3 of Schedule 2 to the 2013 Regulations;
- (b) any guarantee provided under this **Clause 8** must be from a person listed in paragraph 8 of Part 3 of Schedule 2 to the 2013 Regulations, and may only be provided where the parties have agreed that it is not desirable for the Admission Body to provide a bond or indemnity instead;
- (c) any bond, indemnity or guarantee provided under this **Clause 8** must be in a form approved by the Administering Authority and for the full amount of the level of Risk Exposure as most recently assessed by the Admission Body.

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8.3 Initial level of Risk Exposure

The Admission Body has assessed (taking account of actuarial advice) the level of risk exposure arising by reason of the insolvency, winding up or liquidation of the Admission Body. This assessment has been carried out to the satisfaction of the Administering Authority.

8.4 Provision of bond, indemnity or guarantee

In view of the guarantee from the Scheme Employer pursuant to Clause 10, the parties have agreed that the initial level of Risk Exposure does not require a bond, indemnity or guarantee to be put in place.

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8.5 Ongoing assessment of risk

The Admission Body must keep the level of Risk Exposure under assessment at regular intervals as required by the Administering Authority and the Scheme Employer.

8.6 New or extended bond, indemnity or guarantee

- (a) This Clause 8.6 applies where any bond, indemnity or guarantee already provided is for a period shorter than the full term of this Agreement, or where the Administering Authority so requires following an assessment of Risk Exposure carried out under Clause 8.5.
- (b) Where this Clause 8.6 applies, the Admission Body must take one of the following actions within the time limit indicated below:

Required action	Time limit for completion
Arrange for an existing bond, indemnity or guarantee to be extended in duration and/or amount as appropriate	At least one month before the date of expiry of the existing bond, indemnity or guarantee, or by any earlier date specified by the Administering Authority
Arrange for provision of a new bond, indemnity or guarantee	If being provided as a replacement for an existing time-limited bond, indemnity or guarantee, at least one month before the date of expiry of that bond, indemnity or guarantee, or by any earlier date specified by the Administering Authority In any other case, by the date specified by the Administering Authority

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9. INDEMNITY

This provision provides for the Admission Body to indemnify the Administering Authority against breaches of the Admission Body's legal obligations.

Because the Administering Authority is under legal duties in relation to the administration of the Fund, it cannot simply overlook breaches by the Admission Body (such as late payment or non-payment of contributions). As a minimum, the Administering Authority is likely to need to take advice on what actions it can and should take in relation to any breach. This will result in the Administering Authority incurring costs. The indemnity aims to ensure that those costs are met by the Admission Body, since they flow from the Admission Body's breach of its obligations.

If the Admission Body fails to make payment under the indemnity, the Scheme Employer, as the entity most closely linked with the Admission Body, is required to make good any shortfall.

9.1 Indemnity from Admission Body

The Admission Body undertakes to indemnify and keep indemnified the Administering Authority against any costs and liabilities which the Administering Authority or the Fund may incur (whether directly or as a result of a loss or cost to the Members) arising out of or in connection with any breach by the Admission Body of this Agreement, the LGPS Regulations or any other legal or regulatory requirements applicable to the Scheme.

9.2 Time limit for payment

Any demand under **Clause 9.1** must be paid by the Admission Body to the Administering Authority (for credit to the Fund, where applicable) within 10 Business Days of the date on which notice of the demand is served on the Admission Body.

9.3 Indemnity from Scheme Employer

If the Admission Body fails to pay any demand under **Clause 9.1** (either in full or at all), the Scheme Employer must indemnify and keep indemnified the Administering Authority against any costs and liabilities which remain unpaid. In that event, the provisions of **Clause 9.2** (with any changes which may be necessary) will apply also to any demand made on the Scheme Employer under this **Clause 9.3**.

10. GUARANTEE FROM SCHEME EMPLOYER

10.1 Failure to pay Scheme liabilities

Where the Admission Body has failed to pay any sum due under this Agreement or the Regulations (in whole or in part and including for the avoidance of doubt any exit payment due when this Agreement ceases to have effect) to the Administering Authority within 20 Business Days of receipt by the Admission Body of a written demand from the Administering Authority, the Scheme Employer must pay to the Administering Authority such sum or sums as the Administering Authority claims in respect of the unpaid liability.

10.2 Service of Payment Notice and payment

Any claim under **Clause 10.1** (Failure to pay Scheme liabilities) must be made by written notice specifying the amount due (a "Payment Notice"), which must be served by the Administering Authority upon the Scheme Employer in accordance with **Clause 11** (Notices). The Payment Notice is to be accepted by the Scheme Employer as conclusive evidence for all purposes that the amount claimed is due to the Administering Authority. The Scheme Employer must pay the sum so demanded within 5 Business Days of receipt of the Payment Notice.

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10.3 Sums paid by the Scheme Employer

- 10.3.1 All sums paid by the Scheme Employer in accordance with **Clause 10.1** (Failure to pay Scheme liabilities) must be held and applied by the Administering Authority for the purpose of paying and discharging the Admission Body's liability to pay the relevant sums due under this Agreement or the LGPS Regulations.
- 10.3.2 Any payment to be made by the Scheme Employer must be made in sterling and must be free, clear of and without any deduction for taxes, levies, duties, charges, fees or any deductions or withholdings for or on account of any set-off or counterclaim.
- 10.3.3 Any payment to be made by the Scheme Employer must be made from funds held by the Scheme Employer in its capacity as such, and not from any funds held in its capacity as the Administering Authority.

10.4 Receipt of payment

Following any payment by the Scheme Employer in accordance with **Clause 10.1** (Failure to pay Scheme liabilities), the Administering Authority must within 6 months of receipt of payment provide the Scheme Employer with a written account showing how the payment has been applied to the Fund. If any payment exceeds the amount required to discharge the liabilities of the Admission Body to the Fund, the Administering Authority must refund any overpayment to the Scheme Employer.

10.5 Further Payment Notice

The service of a Payment Notice by the Administering Authority does not preclude the service of any further Payment Notice.

10.6 Obligations and liabilities

The Scheme Employer's obligations and liabilities under this **Clause 10** (Guarantee from scheme employer) will not be reduced, discharged, impaired or affected by the giving of time or any other indulgence, forgiveness or forbearance by the Administering Authority in respect of the Admission Body.

10.7 Change in status

Unless expressly varied under **Clause 15** (Amendment), this **Clause 10** (Guarantee from Scheme Employer) will remain in effect in accordance with its terms notwithstanding any variation made in any of the other terms of this Agreement or the LGPS Regulations and notwithstanding the insolvency, winding-up or liquidation of the Admission Body (compulsory or otherwise) or it otherwise ceasing to exist or function. This **Clause 10** (Guarantee from Scheme Employer) and the obligations under it will not be affected by any disclaimer of the Admission Body's contracts or liabilities by a liquidator.

10.8 Warranty of authority

The Scheme Employer warrants and represents to the Administering Authority that it has all necessary authority, power and capacity to enter into and perform its obligations under this **Clause 10** (Guarantee from Scheme Employer), that all necessary actions have been taken to enter into those obligations properly and lawfully, and that those obligations are binding on the Scheme Employer in accordance with their respective terms.

10.9 Expiry date

- 10.9.1 The obligations and liabilities of the Scheme Employer under this **Clause 10** (Guarantee from scheme employer) will cease and determine absolutely on the full discharge of all liabilities of the Admission Body (arising under this

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Agreement and the LGPS Regulations) by the Admission Body or the Scheme Employer.

10.9.2 For the avoidance of doubt, this **Clause 10** (Guarantee from Scheme Employer) will continue to have effect after the termination of this Agreement unless and until all liabilities of the Admission Body under the LGPS Regulations or this Agreement have been discharged in full either by the Admission Body or by the Scheme Employer pursuant to **Clause 10.9.1** (Expiry date).

11. NOTICES

*This provision sets out how any notices envisaged in the other provisions of this agreement are to be served. Provisions requiring formal written notice include **Clause 5.4** (on matters affecting the Admission Body's participation in the LGPS), **Clause 6.2** (on payments) and **Clause 7** (on termination).*

11.1 Form of notice and address for service

Any notice under this Agreement must be in writing and must be served on the party to which it is to be issued at that party's registered office or, where there is no registered office, its headquarters address.

11.2 Methods, date and time of service

Any notice under this Agreement must be served by one of the methods, and will be deemed to have been served at the time and on the date, set out below:

Method of service:	Time and date service deemed to be made:
Notice is sent by first-class post	9.00 am on second Business Day after date of posting
Notice is left at the service address, or is delivered to that address by any other means	If served between 9.00 am and 5.00 pm on a Business Day, at the time the notice is delivered to or left at the service address If served on a day which is not a Business Day, or after 5.00 pm on a Business Day, at 9.00 am on the next Business Day If served before 9.00 am on a Business Day, at 9.00 am on that day

12. WAIVER

This provision makes it clear that a failure to enforce rights under this agreement will not amount to a waiver of those rights.

If a party fails to enforce any provision of this Agreement at any time, that failure will not:

- (a) be construed or deemed to be a waiver of that party's rights;
- (b) affect the validity of any part of this Agreement; or

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- (c) prejudice that party's rights to take subsequent action to enforce any provision of this Agreement.

13. SEVERANCE

This provision sets out what happens if any part of this agreement is found to be invalid. It deals both with the effect on this agreement and also any consequent impact on employees' membership of the LGPS

13.1 Effect of invalidity on the Agreement

If any provision of this Agreement is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable:

- (a) that invalidity or unenforceability will not affect the other provisions of this Agreement, which will remain in full force and effect; and
- (b) If the provision in question would be valid and enforceable if some part of it were deleted, the provision will apply with any changes which are necessary to make it valid and enforceable.

13.2 Effect of invalidity on periods of Scheme membership

If any period of Scheme membership following purported admission to the Scheme under this Agreement is found by any court or administrative body of competent jurisdiction to be invalid, that invalidity will not affect any other periods of Scheme membership under this Agreement.

14. ENTIRE AGREEMENT

This provision confirms that this agreement sets out the only legal terms relating to the admission of the Admission Body. Anything contained in communications between the parties during the negotiation process leading up to the execution of this agreement but which is not reflected in its terms is not intended to be legally binding or enforceable.

This Agreement constitutes the entire agreement between the parties in connection with its subject matter and supersedes all prior representations, communications, negotiations and understandings concerning the subject matter of this Agreement.

15. AMENDMENT

This provision explains how the terms of this agreement may be changed.

This Agreement may only be amended by a deed executed by all the parties.

16. EXECUTION IN COUNTERPARTS

This provision explains how this agreement can be executed in counterparts (meaning that there may not be a single document signed by all the parties).

This Agreement may be executed in any number of counterparts, each of which will constitute an original, but which will together constitute one agreement. This Agreement will not be effective until each party has executed at least one counterpart. The term "counterpart" includes a facsimile or scanned copy of this Agreement.

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17. GOVERNING LAW AND JURISDICTION

This provision confirms the legal framework which governs this agreement and any associated legal obligations.

This Agreement and any non-contractual obligation arising out of or in connection with it will be governed by and interpreted in accordance with the laws of England and Wales, and the courts of England and Wales have exclusive jurisdiction to determine any dispute arising out of or in connection with this Agreement (including in relation to any non-contractual obligations).

18. DISPUTE RESOLUTION

This provision sets out the approach to be taken to the resolution of disputes relating to this agreement. In the interests of saving time and costs, before a dispute is taken to court, the parties are required to make a genuine attempt to resolve it informally, through discussions between senior representatives of each party and (if the parties agree) through mediation.

18.1 Restriction on litigation

Except as set out in **Clause 18.5**, no party may commence proceedings in relation to a dispute that arises out of or in connection with this Agreement (including in relation to any non-contractual obligations) unless that party has:

- (a) served notice (a "Referral Notice") on each other party notifying it of the relevant dispute; or
- (b) already received a Referral Notice from another party in relation to the same dispute.

18.2 Internal resolution process – Stage 1

Following service of a Referral Notice, each party must respectively procure that the relevant dispute is referred for resolution to its appropriate representative as set out in the following table:

Party	Stage 1 representative
Admission Body	[any person of [insert title] level (or above)][any director]
Administering Authority	any director
Scheme Employer	[any person of [insert title] level (or above)][any director]

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Those representatives must meet at the earliest convenient time and in any event within 10 Business Days of the date of service of the Referral Notice, and must negotiate in good faith and attempt to resolve the dispute.

18.3 Internal resolution process – Stage 2

If a dispute has not been resolved within 15 Business Days of the date of service of the relevant Referral Notice, each party must respectively procure that the dispute is referred for resolution to its appropriate representative as set out in the following table:

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Party	Stage 2 representative
Admission Body	[any person of [insert title] level (or above)][the Chairman, Chief Executive or Finance Director]
Administering Authority	The Chief Executive
Scheme Employer	[any person of [insert title] level (or above)][the Chairman, Chief Executive or Finance Director]

Commented [A4]: Parties to confirm

Those representatives must meet at the earliest convenient time and in any event within 25 Business Days of the date of service of the Referral Notice, and must negotiate in good faith and attempt to resolve the dispute.

18.4 External resolution processes

- (a) Regardless of whether **Clauses 18.2 and 18.3** have been complied with, if a dispute is not resolved within 30 Business Days of service of the relevant Referral Notice any party may commence proceedings in accordance with **Clause 17** or, if all parties agree in writing to do so, the parties must attempt to settle the dispute by mediation in accordance with the CEDR Model Mediation Procedure. Any party may withdraw from a mediation at any time.
- (b) The provisions of this **Clause 18.4** do not affect any right that any party may have to damages in respect of a breach by another party of **Clauses 18.2 and 18.3**.

18.5 Preservation of rights

Nothing in this **Clause 18** will prevent or delay any party from:

- (a) seeking orders for specific performance, interim or final injunctive relief;
- (b) exercising any rights it has to terminate this Agreement; or
- (c) commencing proceedings where this is necessary to avoid loss of a claim owing to the rules on limitation of actions.

19. THIRD PARTY RIGHTS

This provision confirms that third parties (such as employees of the Admission Body) are not intended to be able to enforce any of this agreement's provisions, even if those provisions are for their benefit.

The parties do not intend that any term of this Agreement will be enforceable under the Contracts (Rights of Third Parties) Act 1999 by any person who is not a party to it.

20. PUBLIC INSPECTION

The LGPS regulations require admission agreements such as this one to be open to public view. This provision explains the arrangements for public inspection.

Subject to the Schedule being removed or redacted to protect personal data, as required by data protection law, this Agreement must be made available for public inspection by the Scheme Employer at its offices.

EXECUTED as a deed and delivered on the date stated at the beginning of this Agreement.

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EXECUTED as a deed
on behalf of
THE LONDON PENSIONS FUND AUTHORITY
acting by its Chief Executive Officer:

Chief Executive Officer

In the presence of:
Witness name:
Witness signature:

EXECUTED as a deed by
affixing **THE COMMON SEAL** of
LEE VALLEY REGIONAL PARK AUTHORITY
In the presence of:

Authorised Officer

Commented [A5]: Lee Valley to confirm

EXECUTED as a deed by **GREENWICH LEISURE LIMITED** acting by two directors or by a director and its company secretary

Director signature:

Name:

Director / secretary signature:

Name:

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