London Borough of Croydon Pension Fund

Admissions Policy

December 2023

Review Due March 2025

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1 Introduction

It is essential for the Administering Authority to establish its fundamental approach to the risks involved in the admission of new employers to the fund.

The purpose of this policy is to ensure that only appropriate bodies are admitted to the Fund and that the financial risk to the Fund and to other employers in the Fund is identified, minimised, and managed accordingly. As well as providing appropriate guidance and policy decisions on specific key elements this document also sets out the Fund's default position in relation to the admission of new employers. While it is possible for a prospective new employer to request alternatives, any deviation from the stated default position would have to mitigate risk to other scheme employers and will be at the discretion of the Fund to agree to.

This Policy is effective from 12 December 2023. It has been approved by the London Borough of Croydon Pension Committee on 12 December 2023.

This policy will be reviewed at least every three years following triennial valuations or following changes in the Regulations pertaining to employers leaving the Fund.

2 Guidance and regulatory framework

The Local Government Pension Scheme Regulations 2013, ("LGPS Regulations") sets out the various types of employer that can participate in the scheme and the different requirements that apply to each. These can be summarised as:

Bodies listed in Part 1 to Schedule 2 – the county council, district and borough councils, further education colleges, academies, police and fire services. These bodies must provide access to the LGPS to their employees (assuming they are not eligible to be members of other pension schemes)

Bodies listed in Part 2 to Schedule 2 – often referred to as designating employers, as they have the right to decide who of their employees are eligible to join the scheme. Includes town and parish councils, as well as entities connected to bodies in Part 1 above. If a relevant designation is made the Administering Authority cannot refuse entry into the scheme in respect of that employer.

Bodies listed in part 3 to schedule 2 – admission bodies, who can apply to participate in the scheme. Admission bodies can encompass a variety of different types of employer. These are –

- a body which provides a public service in the United Kingdom which operates otherwise than for the purposes of gain and has sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest (whether because the operations of the body are dependent on the operations of the Scheme employer or otherwise);
- a body, to the funds of which a Scheme employer contributes;
- a body representative of any Scheme employers, or local authorities or officers of local authorities;

- a body that is providing or will provide a service or assets in connection with the exercise of a function of a Scheme employer as a result of —

(i) the transfer of the service or assets by means of a contract or other arrangement (i.e. outsourcing),

(ii) a direction made under section 15 of the Local Government Act 1999,

(iii) directions made under section 497A of the Education Act 1996,

- a body which provides a public service in the United Kingdom and is approved in writing by the Secretary of State for the purpose of admission to the Scheme.

When an administering authority is considering permitting a body to become an admission body, the LGPS Regulations include some discretions relating to the creation and management of admission agreements. These discretions are considered within this policy. The discretionary areas are:

- Part 3 of Schedule 2 (para 1) – Whether or not to proceed with admission agreements
- Part 3 of Schedule 2 (para 9(d)) – Whether to terminate the admission agreement
- Regulation 54(1) – If the Fund will set up separate pension funds in respect of admission agreements.

3 Interaction with Funding Strategy Statement (FSS) and other documents

The FSS sets out high level policies in a number of areas relating to the treatment of scheme employers. The key areas covered by the FSS relating to admission of new employers are: -

- Responsibilities of the key parties;
- Calculation of funding positions and individual employer contribution rates; *(see investment policy set out in the Investment Strategy Statement; and key risks and controls).*

The information contained with the FSS applies equally to admission bodies as to other participating employers within the Fund. This admissions policy, therefore, supplements the general policy of the
Fund as set out in the FSS and should be read in conjunction with that document, together with its Bulk Transfer and Cessations Policies, Administration Strategy, Governance and Compliance Statement and Communications Policy.

4 Background

A scheme employer is responsible for any deficit arising during the period of participation in the Fund so that if or when that participation ceases, it is 100% funded. However, ultimately, if the scheme employer was to fail or cease to exist and any deficit cannot be met by the body or claimed from any bond, indemnity or guarantor (where appropriate), the liability will fall to other employers in the Fund (either the awarding authority on the failure of a service provider, any guarantor employer or all other employers, depending on the circumstances and the type of body). It is prudent therefore for the Fund to ensure any such risks are minimised and mitigated.

Although the risks may not be able to be eliminated completely, there are a number of options that can be considered to try and mitigate these risks. These are summarised below, with the policy position set out in Appendix 1:

Entry conditions – to what extent, if any, the Administering Authority can determine entry conditions for any new employer and the manner in which those applications will be considered and approved.

Passthrough arrangements – an arrangement where the Letting Authority retains all pensions risks relating to the admission body except those it creates such as allowing early retirement for example. No actuarial valuation is needed. Usually, the employer contribution rate will be the same as the rate allocated to the Letting Authority. The Admission Body will be liable for pension contributions and they will not be rechargeable to the Letting Authority. Any deficit or surplus at cessation will revert to the Letting Authority (subject to the exercise of the Administering Authority's discretion under regulation 64(27AA) of the LPGS Regulations.

Requirements for a bond/indemnity or guarantor – understanding the risk that a new employer might place on the Fund, usually through underfunding on exit from the Fund, and the mitigations that can be put in place (in the form of a bond/indemnity or guarantor) to reduce or remove that risk.

Risk sharing – more often adopted with admission bodies, and while not changing the full cost of the pension benefits, the Administering Authority can decide its approach to the sharing of risk with an established sponsoring employer (e.g. fixed employer contribution rates, pooling the admission body with the scheme employer, etc.).

Allocating assets on entry – on admission each new employer will notionally be allocated assets in the Fund, from which time they will be tracked and employer contributions set with a view to achieving solvency should the employer leave the scheme. Depending on the type of employer concerned the Administering Authority will need to decide how that initial asset allocation should be handled (e.g. given assets equal to 100% of the liabilities transferred or required to take on a share of any funding deficit at the outset).

Contribution rates and other costs – the Administering Authority will need to decide how the initial contribution rate is set for any new scheme employers on joining the scheme. Decisions may also be required in relation to other costs, e.g. legal or actuarial costs, and how these may be passed onto employers.

Pooling – there may be circumstances where a new employer has strong links to an existing employer, or where there is homogeneity amongst certain groups of employers. In these circumstances there may be a desire on the part of the employers to share some of the pension risk, which can be achieved via a pooling agreement. In simple terms, this will allow the bodies to effectively be treated as if it were one employer. As a result, the same employer contribution rate and other funding arrangements will apply (generally equally) in relation to all members.

Ongoing monitoring – it is important that monitoring of scheme employers is carried out throughout their term of participation and, where considered necessary, appropriate remedial action taken to safeguard all employers within the Fund. This can be achieved via various methods, such as regular funding level reviews, risk assessments and requirements to notify the Administering Authority of any changes in circumstances.

Termination/exit requirements – one of the greatest risks to the Fund (and its participating employers) is that a body ceases to exist with an outstanding deficit that it cannot pay and which

will not be met by any bond, indemnity or guarantor. Under the terms of the LGPS Regulations a termination valuation is required to be carried out at the point a scheme employer ceases to participate (e.g. as a result of the last active member leaving or the termination of a contractual arrangement with another scheme employer) in order to ascertain the exit payment due in relation to any deficit or payable on account of a funding surplus or alternatively if any exit credit is due back to the ceasing employer as a result of a surplus existing.

Future cessations – When a scheme employer ceases to participate in the scheme its assets should be equal to its liabilities on an appropriate basis. In these circumstances, the Administering Authority may seek to increase or reduce the scheme employer's contributions to the Fund in the period leading up to its expected exit (if known) in order to target a position where the

employer's assets are equal to its liabilities on an appropriate basis. To a limited degree, this
can also reduce any overfunding at exit.

Basis of termination valuation – as with any actuarial valuation, the purpose of a termination valuation is not so much to predict the cost of providing the Fund benefits of the relevant members (which will not be known until the last benefit payment is made), but to assess how much the Fund should hold now to meet the future expected benefit payments. The amount required is heavily influenced by the basis used for the calculation of the liabilities, which in turn will ultimately depend on the particular circumstances of the cessation. For example, the range of assumptions can include the ongoing funding basis, a gilts basis and a "buy-out" basis.

Payment of cessation debt or exit credit – When the fund actuary carries out a cessation valuation, they are also required to certify the contributions due to the Fund, or any surplus that might need to be refunded to the exiting employer. While the LGPS regulations do not specify whether or not the payment of any deficit should be paid as a lump sum or whether it is paid in instalments the Fund's default position is that it would expect payment as a single lump sum. There is provision within the LGPS Regulations that clarifies what should happen if it is not possible to recover the cessation payment, for example due to the exiting employer going into liquidation and no assets being available, spreading the recovery of the costs across all remaining scheme employers with active members.

5 Statement of Principles

The Administering Authority's policy is drafted on the basis of the following key principles:

- to ensure the long-term solvency of the Fund as a whole and the solvency of each of the notional sub-funds allocated to the individual employers;
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;

- not to restrain unnecessarily the investment strategy of the Fund so that the Administering Authority can seek to maximise investment returns (and hence minimise the cost of the benefits) for an appropriate level of risk;
- to set clear principles and ensure there is a consistency of requirement for employers in respect of all admissions and cessations to and from the Croydon Pension Fund
- to ensure employers recognise the impact of their participation in the Local Government Pension Scheme, helping them manage their pension liabilities as they accrue and understanding the effect of those liabilities on the ongoing operation of their business;
- to minimise the degree of short-term change in the level of each employer's contributions where the Administering Authority considers it reasonable to do so;
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer ceasing participation or defaulting on its pension obligations;
- to address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost-effective; and
- to maintain the affordability of the Fund to employers as far as is reasonable over the longer term.
- Where an academy is the letting authority, the fund requires the consequent admissions to be set up with a pass-through arrangement (which is closed to new member) from the effective date of this policy.
- Where the letting authority is not an academy, pass-through is the default approach for the admission of all new contractors to the fund from the effective date of this policy.
- The terms of the pass though agreement will be documented by way of the admission agreement between the administering authority, the letting authority (where different), and the contractor.

There is also an overriding objective to ensure that the LGPS Regulations and any supplementary guidance (in particular the Best Value Authorities Staff Transfer (Pensions) Direction 2007 and Fair Deal guidance) as they pertain to admission agreements are adhered to.

Where the Best Value Authorities Staff Transfer (Pensions) Direction 2007 or the New Fair Deal applies, all outsourcing contracts must contain the right to membership of the LGPS to all eligible transferring staff and the right for them to enforce this, both in initial contracts and any subsequent TUPE transfers of those staff to other admission bodies.

6 Default position

In formulating this Admissions Policy, the Administering Authority has set out its default position in relation to a number of key areas. These are set out below, as well as within the policy statements set out in Appendix 1.

7 Admission Agreement

The Fund has in place a standard Admission Agreement template for use for all employers wishing to be admitted to the Pension Fund. This template admission agreement will be used for admissions under this policy. It will set out all agreed points relating to employer contribution rate, employer funding responsibilities, and exit conditions. Only in exceptional circumstances, and only with the prior agreement of the Administering authority, will the wording within the template agreement be changed. All admission agreements must be reviewed (including any changes) by the administering authority and its legal advisors.

The Fund's default position is that it will not amend its standard Admission Agreement template.

In all cases it is assumed that an Admission Body accepts and agrees to meet the conditions of participation detailed within Croydon Pension Fund's standard Admission Agreement.

If, in exceptional circumstances, a prospective Admission Body wishes to enter into discussions around changing clauses within the template additional costs reflecting staff time involved on the Fund side may be charged to the Admission Body. This will be at the discretion of the Fund. Additionally any agreement on amendments will be at the discretion of the Administering Authority and will need to be authorised by the relevant person as laid down in the scheme of delegation detailed in the Governance and Compliance Statement as required under regulation 55.

8 Risk sharing/pass-through

Where the Fund is satisfied with the funding risks, the Fund's default position is to require new admissions on a passthrough basis. This would be with the agreement of all parties concerned.

In the case of contracts let by academies, due to updates in the Education and skills Funding Agency policy (dated 17 May 2023), all contracts let by academies under the following conditions are now guaranteed by the Department for Education:

1. Staff currently working for an academy transfer to an outsourced contractor under TUPE
2. Staff who transfer to an outsourced contractor under TUPE before the academy converted (ie when it was still a maintained school) and the outsourcing contract passes to the academy following conversion.
3. Staff who currently work for the local authority which is providing services to the academy under a contract, but the contract is then awarded to another third-party contractor and the staff transfer to the contractor under TUPE.

This is only applicable to staff who are eligible for LGPS membership and if the admission is operating under a pass-through arrangement. In these cases, no formal bond or guarantee will be required from these admitted bodies. Any liabilities at cessation revert back to the academy and the government will be liable for any deficit should the academy cease.

It is therefore the Fund's default position that in these circumstances only, any contracts let to admission bodies by academies will be admitted to the Fund on a passthrough basis.

The Fund expects academies to ensure that any outsourcing complies with the requirements set out in the DfE Academy Trust LGPS Guarantee Policy and to confirm to the Fund that the requirements are met. Where the Guarantee Policy terms cannot be met, the admission will be on the basis set out in section 3.6 of the Academies Policy.

If no suitable alternative is agreed, the Fund has the right to refuse admission of the contractor as an admission body * *see section 1.3.3 of the Academies Policy relating to New Fair deal requirements.*

9 Contributions
On admission to the scheme, the actuary will determine the employer contribution rate payable by the
Admission or Scheduled Body. The employer contribution rate will be set in accordance with the Funding Strategy Statement. Contribution rates will be reviewed at formal triennial valuations; no additional charge to the employer will be made for this. In addition, the Croydon Pension Fund reserves the right to review contribution rates for Admitted or Scheduled Bodies more frequently, particularly within the final three years before the expected date of termination of the Admission Agreement. Any fees for actuarial valuation costs in respect of these reviews will be charged to the employer.

The employer must pay to the Pension Fund:

- The **full** employer contribution rate and any secondary lump sum deficit amount as determined by the fund actuary; Less any ill-health insurance reduction resulting from joining the Hymans plan*)
- All employee contributions payable;
- All APC amounts payable;
- Any other contributions required;
- Early and ill health retirement strain costs;
- Any other amounts specified within the admission agreement or regulatory requirements;
- Lump sums in relation to any early retirements or early payment of pension benefits;
- Reimbursement of the costs of the administering authoritiy or other body due to poor administration by the admission body;
- Actuarial, legal, administration and other justifiable costs to be paid by the admission body; and
- Any interest amounts due under the regulations.

Any reimbursement from the letting authority to the contractor regarding contractual agreements in connection with Pension arrangements will need to be dealt with outside of the Admission Agreement. The Pension Fund will not allow any variations in amounts payable to the Fund in any way. Any fixed contribution rate will be determined in consultation with the Fund Actuary and the Admission Body will be required to pay the allocated rate in full. All payments due to the Pension Fund, including monthly employer percentage and lump sum deficit contributions will be payable by the Employer in full within regulatory requirements *.

*The Fund Actuary provides an ill health insurance scheme to indemnify employers against costs associated with member ill health benefits for which the employer is liable. If employers decide to take out this insurance with the Fund Actuary (this is an arrangement outside of the Pension Fund) there may be a percentage reduction applied to the employer rate contributions payable. This amount is decided by the Fund Actuary.

10 Bond/guarantee requirements

Bodies admitted under Paragraphs 1(a) to (c) and (e) of Part 3 of Schedule 2 to The Regulations must provide a guarantor considered by the Fund to be reliable and financially durable (generally only a local authority or central government department) or a bond/indemnity the Fund considers to have equivalent strength and coverage.

For bodies admitted under Paragraph 1(d) of Part 3 of Schedule 2 to The Regulations there is a preference for a bond or indemnity to be provided.

There is no requirement for a bond or guarantor to be provided for scheduled or designating employers.

Unless requested by the Letting Authority, admission bodies admitted on a passthrough basis do not require a bond.

If the contract relating to the Admission Body is extended it will be necessary for the bond or guarantee to be extended to cover the length of the new contract. This is the responsibility of the employer. Any legal or actuarial fees for reviewing amounts required and updating agreements will be payable by the Admission Body and Croydon Pension Fund will issue invoices accordingly. Additionally any associated administration costs on the part of the Administering Authority will be payable by the Admission Body as detailed in the Administration Strategy Policy.

11 Extension to or new contracts for existing admitted bodies

If provision exists within the letting contract for an extension of the original contract to a specified date, the original admission agreement will continue to apply.

If the contract for which the admission agreement applies expires, the admission agreement must terminate. Therefore even if a new contract is awarded from the next day after the original contract expires, a new admission agreement will be required with effect from the date of the new contract.. Depending on the basis of the admission, a valuation from the Fund Actuary may be required. Any costs for the new admission agreement and valuation will be payable by the admission body.

12 Costs

There will be a charge for the Fund Actuary valuation on admission and cessation for which the employer will be liable. There will be a charge for the Fund Legal Advisor for drawing up and getting the admission agreement and any Bond or Guarantee agreement signed off on admission for which the employer will be liable. These costs can vary according to the complexity and time involved in each case. The indicative amount will be notified to the employer at the time of application. The final cost will be notified to the employer on completion of the admission process and an invoice will be issued.

An administration fee will be payable by the Admission Body to the Pension Fund on completion of admission charged at the rate defined within the Administration Strategy Statement. This is in addition to the valuation and legal fees payable by the Admitted Body. This needs to be as detailed in the admin strategy.

13 Discretions Policy

Under regulation 60

(1) A Scheme Employer must prepare a written statement of its policy in relation to the exercise of its functions under regulations-

(a) 16(2)(e) and 16(4)(d) (funding of additional pension);

(b) 30(6) (flexible retirement);

(c) 30(8) (waiving of actuarial reduction); and

(d) 31 (award of additional pension),

and an Administering Authority must prepare such a statement in relation to the exercise of its functions under regulation 30(8) in cases where a former employer has ceased to be a Scheme employer.

- *Note: a list of all current mandatory discretions under various legislation is included in the Admitted Body Mandatory Discretions Policy Template and in the template standard admission agreement. All admission bodies must determine and document it's policy on each of these discretions.*

(2) Each Scheme Employer must send a copy of its statement to each relevant Administering Authority before 1st July 2014 and must publish its statement.

(3) A body required to prepare a statement under paragraph (1) must-

(a) keep its statement under review; and

(b) make such revisions as are appropriate following a change in its policy.

(4) Before the expiry of a month beginning with the date any such revisions are made, each Scheme Employer must send a copy of its revised statement to each relevant Administering Authority, and must publish its statement as revised.

(5) In preparing, or reviewing and making revisions to its statement, a body required to prepare a statement under paragraph (1) must have regard to the extent to which the exercise of the functions mentioned in paragraph (1) in accordance with its policy could lead to a serious loss of confidence in the public service.

(6) In this regulation a relevant Administering Authority in relation to a Scheme employer, is any authority which is an appropriate Administering Authority for that employer's employees.

The Administering Authority will provide a template to the Admission Body for the purpose of documenting their policy in respect of mandatory discretions under the regulations. The Employer may choose to adopt the policy provisions as provided or decide on their own responses to the discretions for which policies are required. The Admission Body must provide the Administering Authority with a copy of their Discretions Policy on admission to the Fund and at any review of the policy and they must publish the policy.

14 Exiting the Fund

The Fund's approach to dealing with employers exiting the Fund, including the issue of deferred debt arrangements, issuance of suspension notices and the collection of exit debts and payment of surpluses on exit are set out in its FSS, complemented by its formal Cessation and Bulk Transfer Policies.

Where an employer is expecting its participation in the Fund to come to an end it is encouraged to open a dialogue with the Fund as early as possible, to commence planning for the termination. Where the Fund becomes aware of an employer's participation in the Fund ceasing it reserves the right to amend an employer's minimum contributions such that the value of the assets of the employer will be neither materially more nor materially less than its anticipated liabilities at the date it appears to the Fund that the employer will cease to be a participating employer.

Where a pass-through arrangement is in place, the fund assets and liabilities associated with outsourced employees are retained by the letting authority. At the end of the admission, the cessation valuation will therefore record nil assets and liabilities for the ceasing employer and therefore that no cessation debt or exit credit is payable to or from the Fund.

15 Policies

The Administering Authority's policies in relation to the admission of new scheme employers are set out in Appendix 1.

Appendix 1 – Admissions Policy

The following table sets out a summary of the various scenarios that may exist for the admission of scheme employers into the Fund, along with its approach to their on-going monitoring and where appropriate their exit from the Fund

Entry conditions and requirements of the Fund			
	Scheduled Bodies (Part 1 of schedule 2)	**Designating employers (Part 2 of schedule 2)**	**Admission bodies (Part 3 of schedule 2)**
Entry conditions	All new Part 1 employers (including academies) must ensure the Fund is aware of their creation A designating employer should provide the Fund with a signed copy of its resolution, confirming who is eligible for membership of the Fund		Will consider applications from bodies: - With links to a scheme employer or - That provides services or assets on behalf of a scheme employer. Agreements can be open or closed so long as necessary protections are in place
Bond / Indemnity / Guarantor	Not applicable		Passthrough: Where a passthrough arrangement is in place, there is typically no requirement for a bond from the Admission body Other admissions: Admission body to undertake risk assessment to the satisfaction of the administering authority (and scheme employer where seeking admission as a body under Par 1(d) to Part 3 of Schedule 2). Admission body to put in place a secure and financially durable bond to the satisfaction of the

		administering authority, or agree and alternative guarantor (generally with a scheme employer and/or government department). Documentary evidence of the bond or guarantee must be provided to the administering authority by the admission body. The level of risk must be reviewed and any associated security renewed on an annual basis
Risk sharing	Not applicable	Where the Fund is satisfied with the funding risks, the Fund's default position is to require new admissions on a passthrough basis. This would be with the agreement of all parties concerned. A template pass-through admission agreement will be used for admissions under this policy.
Approval	The Fund has no power to refuse participation of any new employer set up under Part 1 of schedule 2 and where the Fund is designated as the appropriate Fund for that employer. The Fund has no power to refuse participation of an employer under Part 2 of schedule 2, although it will require sight of a signed copy of the relevant resolution to confirm the employees eligible for participation in the scheme. All new employers will be reported to the Pension Committee and Pension Board for information only.	Fund officers to be responsible for ensuring prospective admission bodies meet the necessary criteria. Admission agreement template will generally be standard and non-negotiable Final decision to be reported to the Pension Committee and Pension Board for information only

<table>
<tr><th colspan="4">Financial aspects of entry</th></tr>
<tr><th></th><th>Scheduled Bodies
(Part 1 of schedule 2)</th><th>Designating employers
(Part 2 of schedule 2)</th><th>Admission bodies
(Part 3 of schedule 2)</th></tr>
<tr><td>Asset allocation</td><td colspan="2">Assets for any new employer will be calculated using the Fund’s ongoing funding basis, as set out in the FSS.

Academies may be pooled with other academies as part of a Multi Academy Trust (MAT).

Where a new employer is created from an existing scheme employer the initial asset allocation will be based on a share of the ceding employer’s assets, with consideration taken of the ceding employer’s estimated deficit as at the date of transfer</td><td>Dependent on type of admission body

For pass through arrangements: no assets or liabilities are transferred to the new admission body

- For new admissions = 100% of past service liabilities

- For all others – to be agreed on a case by case basis

In all cases, based on Fund’s ongoing funding basis and tracked and adjusted during period of admission at each formal valuation</td></tr>
<tr><td>Investment strategy</td><td colspan="3">Set for the Fund as a whole</td></tr>
<tr><td>Contributions</td><td colspan="3">Set in accordance with Funding Strategy Statement.

Will be required to pay additional amounts (strain) in respect of:

non-ill health early retirements;

employer award of additional pension; and

additional costs incurred by administering authority resulting from employer poor performance.

Ordinarily strain payments must to be made to the Fund within the year in which the strain cost was incurred</td></tr>
<tr><td>Other employer costs</td><td colspan="3">May require payment of actuarial, legal and other justifiable costs incurred as a result of participation in the Fund, together with any additional costs incurred by administering authority including when resulting from an employer’s poor performance</td></tr>
</table>

Pooling	Ordinarily pooling will not be available. The only exception would be academies who can be pooled as part of a MAT. The Fund's default position is to track academies that are part of a MAT separately; it will not allow pooling arrangements except in exceptional circumstances.	Where it is believed to be advantageous and all parties agree the administering authority may agree to pooling with the letting scheme employer

Employer monitoring			
	Scheduled Bodies (Part 1 of schedule 2)	**Designating employers (Part 2 of schedule 2)**	**Admission bodies (Part 3 of schedule 2)**
On-going monitoring	The Fund reserves the right to review a scheme employer's funding position annually, or more frequently. Where it appears that liabilities have increased by more than expected at the last funding valuation the employer contribution rate may be subject to review during the inter-valuation period.		Where applicable, the Fund will ensure the ongoing assessment of risk related to each admitted body, to ensure the level of bond/indemnity cover remains appropriate. Employer contribution reviewed no less frequently than as part of formal valuations (inter-valuation may be undertaken if required if it appears liabilities have increased by more than allowed for at preceding formal valuation, or where the employer may become an exiting employer)

Cessation terms and requirements			
	Scheduled Bodies (Part 1 of schedule 2)	**Designating employers (Part 2 of schedule 2)**	**Admission bodies (Part 3 of schedule 2)**
Termination requirements	The Fund will take legal advice on the appropriate triggers that might lead to termination of a scheme employer's participation in the fund (e.g. last active leaving)		
Future cessations	A provisional cessation valuation will be carried out as soon as the Fund becomes aware that a scheme employer may be exiting the scheme for whatever reason.		*Carry out a "provisional" valuation as soon as Fund is aware of the likelihood of an employer exiting the Fund* *For an admission body the Fund reserves the right to undertake ongoing annual assessments where it becomes aware that the organisation may cease to participate in the Fund.* *Fund reserves the right to undertake exit valuation on a "least risk"/"gilts" basis to reduce on-going risk to remaining scheme employers* *Where a pass-through arrangement is in place, there is no cessation debt or exit credit payable to or from the Fund.*
Basis of termination valuation	Valuation approach and assumptions set out in FSS and Cessation policy, requiring the scheme employer to make an appropriate exit debt payment immediately, or receive an exit credit.		
Suspension Notice	Will consider issuing a suspension notice for a period up to three years, where, in the reasonable opinion of the Fund, the exiting employer is likely to have one or more active members in relation to the Fund within the period specified in the suspension notice Fund will always seek to recover the exit payment due at the point no more active members exist		

Deferred Debt arrangements	Will be considered when their last active member leaves, on terms that the Fund deems appropriate, in accordance with its FSS
Exit debit/exit credit	To be considered in line with the Fund’s FSS. Exit debt and credits usually collected as a single lump sum, although the Fund may consider the appropriateness of spreading over an extended period