



Haringey Council

Report for:	Pensions Committee: 18 th September 2014	Item Number:	
Title:	Local Government Pension Scheme - Admission of New Employers as Transferee Admission Body		
Report Authorised by:	Jacquie McGeachie - Interim Head of Human Resources and Organisational Development		
Lead Officer:	Janet Richards: Pensions Manager		
Ward(s) affected: None	Report for Key/Non Key Decisions: Non Key Decision		

1. Describe the issue under consideration

The Local Government Pension Scheme Regulations allows an administrating authority to enter into an admission agreement with an admission body. Under the TUPE regulations employees pensions should be protected when a service is outsourced.

Where a service is outsourced the new contractor can request that the transferred employees remain members of the Local Government Pension Scheme and the employer becomes part of the Local Government Pension Scheme as a Transferee Admission body.

2. Cabinet Member introduction

Not applicable

3. Recommendations

1. That catering contractors, Lunchtime UK Limited, Caterlink Limited, ABM Catering Limited, ISS Mediclean Limited and cleaning contractor Superclean Services Limited be admitted to the Haringey Pension Fund as Transferee Admission Bodies.
2. That each of the admission agreements is entered into and that the agreement is a closed agreement such that no new members can be admitted.
3. That the Pension Committee using The Scheme of Delegation, delegate the authority to admit employers to the Local Government Pension Scheme to the Section 151 Officer.



4. Alternative options considered

n/a

5. Background information

School	Contractor	Date of transfer	Employer contribution rate
Welbourne	Lunchtime UK Limited	01/06/2014	26.7%
St Francis De Sales	Lunchtime UK Limited	01/09/2014	25.7%
St Marys Primary N8	Lunchtime UK Limited	01/09/2014	29.5%
St Gildas	Lunchtime UK Limited	01/09/2014	31.2%
St Pauls	Lunchtime UK Limited	01/09/2014	28%
Ferry Lane	Lunchtime UK Limited	01/09/2014	30.2%
Bounds Green	Lunchtime UK Limited	01/09/2014	26.3%
Bruce Grove	Caterlink Limited	October 2014	27.9% +£53,000 bond
Tiverton	Caterlink Limited	October 2014	26.6% + £66,000 bond
Weston Park	ABM Catering Limited	01/09/2013	26% + £35,000 bond
Muswell Hill	ABM Catering Limited	01/09/2014	28% + £41,000 bond
Crowland	ISS Mediclean Limited	01/09/2014	26.7% + £11,000 bond
Willow	Superclean Services Limited	01/08/2014	26.7% + £9000 bond

- 5.1 The above schools will be outsourcing their Kitchen catering / cleaning functions to contractors. Staff will be TUPE transferred they are members of the Local Government Pension Scheme (LGPS).
- 5.2 The contracts are for three years with a possible two year extension. Staff are required to work not less then 50% of their time on the contract.
- 5.3 The contractor will pay an employer contribution rate set by the actuary. This is based on the contractor starting on a notional 100% fully funded basis. The admission agreement is closed and only the TUPE transferred staff can participate in the LGPS.
- 5.4 Where there is a bond valued by the fund actuary the contractor is required to provide a bond to protect the fund from commercial failure of the contractor. It covers the cost of capital cost payments if staff aged 55 and over were made redundant.
- 5.5 Costs arising from the exercise of employer discretions are payable by the contractor as provided for in Section 5 of the Admission Agreement.
- 5.6 The transferee admission body meets the requirements of regulation 54 of the Local Government Pension Scheme Regulations 2013 and the administering authority **must** admit the eligible employees of the transferee admission body to the fund.

6. Delegation of Authority



6.1As mentioned in paragraph 5.6 above, the Council must admit those employers of transferred staff who meet the conditions (sign the admission agreement etc) and agree to pay the required contribution rate. As the decision has no right of refusal, it was delegated to the Chief Financial Officer prior to the establishment of the Pensions Committee.

6.1The recommendations in section 3 contain a renewal of the historical delegation. The CFO is proposing that he will only use this delegation if there are no grounds on which to refuse admittance and the agreement to admit can not wait until the next Pensions Committee e.g. the start date of the new service is earlier than the next meeting. Every effort will be made to ensure that the Pensions Committee is consulted in advance on new admitted bodies.

6.3Should it be necessary to use the delegation, this will be reported to the next Pensions Committee meeting.

7. Comments of the Chief Finance Officer and financial implications

7.1 In each case, the transferred liabilities represent less than ten staff; a small proportion of the overall scheme. Although, each transferred pension liability is fully funded at commencement, contractors are paying contribution rates of 1.8% to 7.3% greater than the Council. Those contractors not providing a bond under “pass through” arrangements are paying a 3% margin above the estimated future service costs to protect the Council and the pension fund from future defaults by the contractor.

8. Head of Legal Services and legal implications

8.1 The Haringey Pension Fund is obliged to admit those catering contractors listed if they meet the requirements of Regulation 54 of the Local Government Pension Scheme Regulations 2013. The Admission Agreements will be closed agreements.

8.2 Members should note that not all of the catering contractors will be providing a bond. Those not providing a bond are set out in paragraph 5 of this report. Where no bond is being provided a “pass through arrangement” has been agreed which means there is no bond/ indemnity or guarantee being provided to cover potential future liabilities however the contribution rate should be higher in order to deal with such liabilities..

9. Equalities and Community Cohesion Comments

N/A

10.Head of Procurement Comments

N/A

11. Policy Implication

N/A

12 Reasons for Decision



Haringey Council

The Council is obliged under the Local Government Pension Scheme Regulations 2013 to admit new eligible admission body employers into the pension scheme and to admit to the Scheme the eligible employees of that body.

13 Use of Appendices

None.

14 Local Government (Access to Information) Act 1985

Not applicable.