



**Haringey Council**

<b>Report for:</b>	<b>Pension Committee</b>	<b>Item Number:</b>	
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<b>Title:</b>	Local Government Pension Scheme - Admission of New Employers as Transferee Admission Body
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<b>Report Authorised by:</b>	<b>Jacque McGeachie - Interim Head of Human Resources and Organisational Development</b>
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<b>Lead Officer:</b>	<b>Janet Richards Pensions Manager</b>
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<b>Ward(s) affected: None</b>	<b>Report for Key/Non-Key Decisions:</b> Non-Key Decision
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### **1. Describe the issue under consideration**

- 1.1 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.
- 1.2 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**

That members agree:

- 3.1 That the catering contractor, Lunchtime UK Ltd., be admitted to the Haringey Pension Fund as a Transferee Admission Body because it is entering into a service contract with the Governing Body of the Seven Sisters Primary School, subject to Lunchtime UK limited entering into an admission agreement.



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3.2 That the admission agreement be entered into and that the agreement is closed agreement such that no new members can be admitted.

3.3 That the cleaning contractor, KGB Cleaning South West Ltd be admitted to the Haringey Pension Fund as Transferee Admission Body because it is entering into a service contract with the Governing Body of the Seven Sisters Primary School and subject to KGB Cleaning South West Ltd entering into an admission agreement.

3.4 That the admission agreement be entered into and that the agreement is closed agreement such that no new members can be admitted.

#### **4. Alternative options considered**

Not applicable.

#### **5. Background information**

5.1 Seven Sisters School will be outsourcing their kitchen catering functions to contractors on 1 April 2015. 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 than 50% of their time on the contract.

5.3 The contractor will pay an employer contribution rate set by the actuary of 28.5%. 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 potential contractor's deficit or redundancy liability the contractor is required to provide a bond to protect the fund from default arising from insolvency. As an alternative to carrying deficit liability and providing bonds the contractor has the option will pay an additional 5% employer contribution. The contractor remains liable for 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 Seven Sisters School will be outsourcing their cleaning functions to contractors on 1 April 2015. Staff will be TUPE transferred, they are members of the Local Government Pension Scheme (LGPS). The council will ask the actuary to calculate an employer contribution rate and bond value. The pensions committee will be notified of the details of the contract at the next committee meeting.

5.7 The transferee admission bodies meets the requirements of regulation 3 of the Local Government Pension Scheme Regulations 2013 and the administering authority must admit the eligible employees of the transferee admission bodies in to the fund.

#### **6. Comments of the Chief Finance Officer and financial implications**



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6.1 The transferred liabilities and future accruals for the six members of staff (four catering & two cleaning) being transferred is a very small part of the overall scheme. The contribution rate being paid by the contractors (33.5% catering, cleaning tbc] exceeds the Council rate and includes a margin over the estimated future service costs to protect the Council and the pension fund from future defaults by the contractor.

### **7. Head of Legal Services and legal implications**

7.1 Under Regulation 3 of the Local Government Pension Scheme Regulations 2013 the employees are eligible to remain members of the Haringey Pension Fund if Lunchtime UK Limited has entered into an Admission Agreement. The Admission Agreement is still to be agreed and is to be a closed agreement. A “pass through arrangement” (as set out in paragraph 5.3) has also been agreed which means there is no bond/ indemnity or guarantee being provided

### **8. Equalities and Community Cohesion Comments**

Not applicable.

### **9. Head of Procurement Comments**

Not applicable.

### **10. Policy Implication**

Not applicable.

### **11. Reasons for Decision**

11.1 The Council is obliged under the Local Government Pension Scheme Regulations 2013 to admit new eligible admission body employers into the pension scheme where the admitted body has entered into an admission agreement and to admit to the Scheme the eligible employees of that body.

### **12 Use of Appendices**

None.

### **13 Local Government (Access to Information) Act 1985**

Not applicable.