



**Haringey Council**

<b>Report for:</b>	<b>Pension Committee 10 September 2015</b>	<b>Item Number:</b>	
<b>Title:</b>	Local Government Pension Scheme - Admission of New Employers as Transferee Admission Body		
<b>Report Authorised by:</b>	Jacquie McGeachie - Assistant Director Human Resources		
<b>Lead Officer:</b>	Janet Richards Pensions Manager		
<b>Ward(s) affected: None</b>	<b>Report for Key/Non Key Decisions:</b>  <b>Non Key Decision</b>		

### **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.

This report is dealing with two new employers seeking to gain Admitted Body Status to the Local Government Pension Scheme –K M Cleaning and Maintenance Services Limited and Amey Community Limited

### **2. Cabinet Member introduction**

Not applicable

### **3. Recommendations**

**That members agree:**

3.1 That the cleaning contractor K M Cleaning and Maintenance Services Ltd be admitted to the Haringey Pension Fund as a Transferee Admission Body. The reason being K M



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Cleaning and Maintenance Services Limited is entering into a service contract with the Governing Body of the LDBS Academies Trust Schools i.e Holy Trinity, St Anns and St Michaels Schools and is subject to an admission agreement.

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

3.3 That the contractor Amey Community Limited be admitted to the Haringey Pension Fund. The reason being Amey Community Limited is entering into a service contract with FM services department is subject to an admission agreement.

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

## **4. Alternative options considered**

n/a

## **5. Background information**

### **5.1 LDBS Academy Trust and K M Cleaning and Maintenance Services Limited**

5.1.1 The LDBS Academies Trust will be outsourcing their cleaning functions to contractors on 1 October 2015. Staff will be TUPE transferred, they are members of the Local Government Pension Scheme (LGPS).

5.1.2 The contract is for one year Staff are required to work no less than 50% of their time on the contract.

5.1.3 The contractor (KM Cleaning and Maintenance Services Ltd) will pay an employer contribution rate set by the actuary of 31.4%. 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.

5.1.4 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.

5.1.5 Costs arising from the exercise of employer discretions are payable by the contractor as provided for in Section 5 of the Admission Agreement.



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5.1.6 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.

### **5.2 Haringey Council Facility Management and Amey Community Ltd**

5.2.1 The Council's Cabinet agreed on 14 July to the Council's Facilities Management Department outsourcing their functions to the contractors Amey Community Ltd on 1 November 2015. Staff will be TUPE transferred, they are members of the Local Government Pension Scheme (LGPS).

5.2.2 The contract is for five years with a option to extend for a further three one year periods Staff are required to work not less then 50% of their time on the contract.

5.2.3 The contractor , (Amey Community Limited) will pay an employer contribution rate set by the actuary of 26.8%. 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.

5.2.4 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. The contractor remains liable for the cost of capital cost payments if staff aged 55 and over were made redundant.

5.2.5 Costs arising from the exercise of employer discretions are payable by the contractor as provided for in Section 5 of the Admission Agreement.

5.2.6 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**

The transferred liabilities and future accruals for 38 members of staff is a very small part of the overall scheme. The contribution rate being paid by the contractor 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 Assistant Director of Corporate Governance and legal implications**

7.1 Under Regulation 3 of the Local Government Pension Scheme Regulations 2013 the employees involved are eligible to remain members of the Haringey Pension Fund if the service providers named in this report enters into an Admission Agreement with the Council as administering authority. The Admission Agreements are still to be agreed and will be a closed agreement.



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7.2 Members should note that a “pass through arrangement” (as set out in paragraphs 5.3 and 5.4) has also been agreed with KM Cleaning and Maintenance Services Ltd which means there is no bond/ indemnity or guarantee being provided.

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

N/A

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

N/A

### **10. Policy Implication**

N/A

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

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**

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