



LOCAL PENSION BOARD

19 JULY 2016

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

REQUESTS FOR ADMISSION BODY STATUS

Purpose of the Report

1. The purpose of this report is to update the Board about a number of staff transfers to Chartwells (part of the Compass Group UK and Ireland).

Background

2. If an employer in the Local Government Pension Scheme (LGPS) outsources its services to a private company the new employer has to protect the pension benefits of the employed people that transfer. To do so, the new employer has to either; offer a broadly comparable pension arrangement or apply for admission body status in the Leicestershire Fund.
3. Most private companies do not offer a broadly comparable pension scheme so apply for admission body status.
4. There are a number of requirements that must be completed to become an admission body in the Leicestershire Pension Fund; including completion of an admission agreement, arranging a guarantor and/or setting up a bond and having any actuarial work completed by the Funds Actuary. These are standard practise and all legal issues are expected to be complete before the transfer of staff can take place. This process has been followed in all cases prior to now without incident.
5. In the Leicestershire Fund there are already sixteen companies that have admission body status.
6. As detailed in the report considered by the Local Pension Board on 16 June 2016, Chartwells who are part of the Compass Group UK and Ireland, had taken over four separate catering contracts from various Schools and Academies in the Leicestershire Fund. The staff had already moved over to Chartwells without the admission agreement and bonds in place in three of the four cases.
7. Following the report to the Local Pension Board on the 16 June 2016 the pension manager wrote to the staff whose pensions were affected and the

head of Governors at the three schools concerned. Subsequently, Chartwells have agreed to sign the documents but the Pensions Section has been unable to move forward with the two schools managed by the David Ross Education Trust.

8. The position as at the 6 July 2016 was;

Previous employer	Date staff transferred to Chartwells	Date of completion - admission agreement and bond / position update
Ravenhurst School	1 September 2015	3 May 2016
Bringham School (part of the David Ross Education Trust)	1 September 2015	Remains outstanding
Charnwood College (part of the David Ross Education Trust)	4 January 2016	Remains outstanding
Winstanley Community Academy	3 May 2016	Remains outstanding but all parties have agreed to complete the legal documents

9. Having received a letter from the Pension Manager explaining the issues, a number of the individual scheme members affected have expressed their concern and worry about the situation. One member explained that she is due to retire from Chartwells on the 24 August 2016 and is particularly concerned about her future pension entitlement. The Pension Manager is continuing to monitor this very closely with colleagues from Legal Services and the Director of Finance.
10. On 8 June 2016 The Pensions Manager provided a presentation to representatives from Leicestershire Schools and Academies reminding them of the importance of informing the Pension Section as early in the transfer process as possible and alerting them to the possible pension risks associated in transferring staff to new employers if the process is not followed correctly.
11. The Director of Finance and Pensions Manager are both of the opinion that the Local Government Pension Scheme Regulations need amending to ensure that an admission agreement and guarantor/bond must be signed by all parties before staff can transfer over to a new employer. This would negate any future pension risk, should anything happen to the staff before the agreement is in place. The Pension Manager will reply accordingly to The Department of Communities and Local Government's consultation exercise detailing this point.

Recommendation

12. It is recommended that the Board notes the report.

Equality and Human Rights Implications

None specific

Background Paper

Report to the Local Pension Board – 16 June 2016 – Request for Admission
Body Status

[http://cexmodgov1/Published/C00001122/M00004712/AI00048168/\\$13LOCALPENSIONBOARDChartwells16062016F.docA.ps.pdf](http://cexmodgov1/Published/C00001122/M00004712/AI00048168/$13LOCALPENSIONBOARDChartwells16062016F.docA.ps.pdf)

Officers to Contact

Ian Howe – Pensions Manager	Tel. (0116) 305 6945
Chris Tambini – Director of Finance	Tel. (0116) 305 6199

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