

## **Pension Fund Sub-Committee**

**19 May 2014**

### **Directions Order / Fair Deal**

#### **Recommendations**

- (1) That the Sub-Committee note that support staff at academies, the police authority (crime commission) and colleges of further education are now protected with regard to LGPS membership if their service is outsourced to a private contractor.**
  
- (2) The Sub-Committee agree to the admission of contractors to the WCC Pension Fund where support staff in the categories mentioned in Recommendation 1, are transferred to an alternative provider and that the Strategic Director of Resources and Head of Finance are satisfied that the appropriate guarantees for the admission of the contractor are in place.**

#### **1.0 Background**

- 1.1 At the May 2012 meeting of the Board, it was noted that support staff employed by an academy were not protected for future membership of the Local Government Pension Scheme (LGPS) if the service they provided was outsourced to a private contractor. This was because academies are not considered to be a Best Value Authority and therefore not covered by the provisions of the Directions Order issued under Section 101 of the Local Government Act 2003, which protects the pension rights of staff who are outsourced from the service of a best value authority.
  
- 1.2 Although the provisions of the Directions Order has not been changed the Government, by way of the Fair Deal Policy, has now confirmed that staff employed by academies, police authorities and colleges of further education should now retain access to the LGPS if their service is outsourced to a private contractor.

#### **2.0 The Directions Order**

- 2.1 Where the Directions Order applies, the transferred staff should be provided with continued access to the LGPS (via an admissions agreement) or access to a broadly comparable pension scheme.

2.2 A broadly comparable pension scheme is usually determined by the Government Actuary's Department or by the Fund's Actuary and will offer transferred LGPS members with a pension scheme with benefits broadly comparable to those in the LGPS.

### 3.0 Fair Deal

3.1 The original Fair Deal policy, Staff Transfers from Central Government: A Fair Deal for Staff Pensions, was published by HM Treasury in June 1999 and covered staff who were compulsorily transferred from the public sector, the new employer (the contractor) was to give access to an occupational pension scheme broadly comparable to the public sector scheme they were leaving or continued access to that public sector scheme.

3.2 Importantly, staff employed by local authorities (best value authorities), were covered by the Directions Order which did not cover academies, police authorities and colleges.

3.3 Fair Deal has now been extended to cover the above organisations and although Fair Deal is not compulsory there is an expectation that support staff employed at academies, police authorities and colleges to receive the same protection as those employed by a local authority.

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