

Date: 07 June 2019

Our Ref:

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Oxfordshire Pension Fund Scheme Employers

By Email

**Sally Fox
Pensions Services Manager**

Dear Employer

Outsourcing of services and pension protection – a reminder

Introduction

When certain LGPS scheme employers outsource the provision of their services they are required to ensure appropriate pension protection is put in place by the successful contractor for those staff (regardless of numbers) immediately TUPE transferred across to them.

The purpose of this note is to remind you of:

- the current position regarding pension protection on outsourcing;
- your responsibilities to ensure ongoing pension protection for any staff compulsorily transferred as part of any outsourcing exercise; and
- the process that **MUST** be followed where it is expected that a successful contractor will seek continued access to the LGPS for these employees via Admitted Body status.

Pension protection – what must you offer?

The following table provides a summary of the current pension protection landscape as it applies to employers participating in the LGPS.

Type of Organisation	Protection Measure	Effective Date	Description
County Council (including maintained schools) Borough / District Council	Best Value Authorities Staff Transfer (Pensions) Direction 2007	1 October 2007	Successful contractor must offer either: <ul style="list-style-type: none"> • continued LGPS access; or • an actuarially assessed broadly comparable scheme

Fire and Rescue Service			Outsourcing employer must also ensure successful contractor puts necessary pension protection in place for transferring staff
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Type of Organisation	Protection Measure	Effective Date	Description
Academies	New Fair Deal	1 October 2013	Continued LGPS access must be offered. Broadly comparable scheme only in exceptional circumstances Outsourcing Academy must also ensure successful contractor puts necessary pension protection in place for transferring staff
Others (eg Colleges, Charities, etc)	No applicable government guidance, but should follow TUPE principles	N/A	Under the LGPS Regulations, they can still offer a winning contractor a route to Admitted Body status IF they have received agreement from Oxfordshire County Council (Administering Authority)

Outsourcing and pensions – what must you do?

Where it is intended that a winning contractor wishes to provide pension protection for transferring staff via the LGPS, it is vital that you and they engage with the Oxfordshire Pension Administration Team as early in the procurement process as possible. Failure to do so can delay the necessary steps to confirm the successful contractor as an admitted body having been completed ahead of the contract commencement data, which in turn could impact the ongoing pension expectations of the transferring staff.

To ensure a smooth process you are required to:

1. **Consider the pension protection implications at the outset of any outsourcing exercise;**
2. Get in contact with the Pension Administration Team as soon as any outsourcing exercise commences, to advise that you are planning to outsource a service (to include likely timescales, numbers of staff involved, etc);
3. Ensure that you have taken the necessary legal and other advice, to understand the impact pensions may have on any commercial aspect of the outsourcing exercise (e.g. successful contractor contribution rates, risk sharing, if appropriate, and exit conditions);
4. Ensure that you have communicated the pension implications appropriately with your employees;
5. Ensure the necessary risk assessments are undertaken by the successful contractor and, any required any bond/indemnity or guarantor is put in place ahead of the contract commencement;

6. Work closely with the winning contractor and Oxfordshire Pension Fund to ensure the terms of the legal admission agreement document are agreed and this document is signed by all parties ahead of the contract commencement date.

Looking to the future

We have previously shared with you the recent Government consultation, seeking views on changes to the rules of the LGPS as a result of the current Fair Deal provisions where certain scheme employers outsource services. This consultation ended on 4 April 2019. At present we do not know what changes, if any, will be introduced. Once we know more we will confirm these to you, along with any changes to the process to be followed when considering any outsourcing of services.

Yours sincerely

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