

# Report to General Purposes and Arbitration Committee

**6 September 2021**

<b>Subject:</b>	Admission Agreements to participate in the Local Government Pension Scheme
<b>Director:</b>	Director of Finance, Simone Hines
<b>Contact Officer:</b>	Interim Accountant, John Smith <a href="mailto:John_Smith2@sandwell.gov.uk">John_Smith2@sandwell.gov.uk</a>

## **1 Recommendations**


- 1.1 That the General Purposes Committee recommends to Full Council that the Chief Executive/Director of Finance be given the delegated authority to sign the Admission Agreement relating to the transfer of catering staff from Old Park Primary School to Mellors Catering Services Limited, and for the Director of Law and Governance and Monitoring Officer to make arrangements for the documents to be executed under deed of seal.
- 1.2 That the General Purposes Committee recommends to Full Council that the Chief Executive/Director of Finance be given the delegated authority to sign all future Pension Admission Agreements and for the Director of Law and Governance to make arrangements for the documents to be executed under deed of seal.
- 1.3 That subject to 1.1 and 1.2 above, the Director of Law and Governance and Monitoring Officer be authorised to amend the Council's Constitution to incorporate the changes to the Scheme of Delegations to Officers (Council side function).



## 2 Reasons for Recommendations

- 2.1 To ensure that staff formerly employed by the Council can continue to participate in the Local Government Pension Scheme as part of their employment with a new employer.

## 3 How does this deliver objectives of the Corporate Plan?

	<p>Best start in life for children and young people</p> <p>Having good health is essential for children of all ages, ensuring that they feel happy and living fulfilled lives.</p> <p>The provision of healthy and nutritional school meals to our primary school pupils contributes to this key objective.</p> <p>The contribution primary school catering staff provide is a fundamental support service to young children.</p>
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## 4 Context and Key Issues

- 4.1 A Pension Fund Admission Agreement must be signed and executed by all parties to such an agreement prior to Council staff being transferred under TUPE arrangements to a new employer. This will enable those staff to be able to continue with participation in the West Midlands Pension Fund Scheme with the new employer.
- 4.2 Full consultation must take place between Council officers, and officers from both West Midlands Pension Fund and the new Employer prior to the signing of an Admission Agreement.



## 5 Alternative Options

- 5.1 If approval of an Admission Agreement is not granted, then those former Council employees would no longer be eligible to participate in the West Midlands Pension Scheme. Those employees would suffer significant financial loss arising from the curtailment of their accrued future pension benefits.

## 6 Implications

<b>Resources:</b>	None
<b>Legal and Governance:</b>	Execution of the Admission Agreement under deed of seal.
<b>Risk:</b>	<p>Upon transfer of Council staff to a new Employer there is a requirement for the Council to underwrite any past service pension deficits accruing at the point of transfer. However, the risk of any liability will be minimised by way of either a pension “pass through arrangement”, guarantee/pension bond or a similar provision. The actual value of any such financial liability is determined by the pension fund actuary prior to the transfer of staff to a new employer. The liability takes account of such things as individual employees pay grade, age and length of service.</p> <p>The specific Admission Agreement between Mellors Catering Services Limited (“Admission Body”), The Borough Council of Sandwell (“Scheme Employer”) and Wolverhampton City Council (as “Administering Authority”) (See Appendix A), takes the form of a “Pass through arrangement” which has been agreed by all parties to the document.</p> <p>This means that Mellors Catering Services Limited will incur the same employers pension contribution rates in respect of both past service deficits, and future service rates as the Council.</p>



	Therefore, there is no requirement for the Council to underwrite any past service pension deficits by way of a pension guarantee or similar liability.
<b>Equality:</b>	To ensure that those former employees who transferred to a new Employer under TUPE arrangements continue to have the same pension rights after the transfer.
<b>Health and Wellbeing:</b>	None
<b>Social Value</b>	None

## 7. Appendices

Appendix 1 – West Midlands Pension Fund Admission Agreement.

## 8. Background Papers

None

