



LGPS EMPLOYER OUTSOURCING ENQUIRY FORM - PASS THROUGH

You have requested information from the Leicestershire County Council Pension Scheme Administrators as you are considering outsourcing LGPS members (and/or eligible non-members) to a private company without a comparable pension scheme as certified by the Government Actuaries Department (GAD) and need to ensure that the legally required pension protection for transferring employees is in place.

The information that you need and we will provide for you will consist of:

1. Confirmation of the employer rate which will apply during this current 3 year valuation period
2. Details of any bond securities that will be required by the pension fund in respect of members age over 55
3. A copy of the admission agreement (and any bond document if required)

The rate and bond information should be available for you in approximately 6-8 weeks.

I must stress that all the legal documents and bond (if required) must be completed and all legal and financial obligations are met, before the members move across. This means that if a staff member retires or dies in service we are unable to pay any pension benefits until this has been completed.

In order to provide you with this information I require the following information.

PLEASE COMPLETE ALL SECTIONS

Name of outsourcing employer

Description of outsourced job area (e.g. Catering contract, School Foods, IT contract)

Name of Contractor

Contact for outsourcing employer (Name)

(Email)

Telephone Number

Contact For Company (Name)

PEN/TUPE 2

(Email)

Telephone Number

Expected length of Contract

PROPOSED TRANSFER DATE

(It is recommended that this be at least 3 months away)

DOES THE OUTSOURCING EMPLOYER WANT
THIS TO BE A CLOSED SCHEME?

YES or NO

(i.e. The arrangement covers the transferring members only and no subsequent new members).

TYPE OF PASS-THROUGH

There are two types of Pass-through Admissions. Pass-through 'Pooling' and Pass-through 'fixed contribution rate agreed'. It will be assumed that Pass-through 'Pooling' will be selected unless you indicate otherwise here.

Tick here if you wish to use Pass-through 'fixed contribution rate agreed'. If you select this option, there will be an actuarial charge for the calculation of a bespoke rate and you will be contacted to discuss this further.

BONDS

The Fund's preferred option is to only request a capital cost bond (when required) for pass-through admission agreements. This provides a lower bond value, when compared to a full bond, thereby reducing the contractor's pension costs and also reducing the outsourcing employer's actuarial charge at the time of setting up the admission agreement. A capital cost bond is designed to cover the costs for those members aged 55 or over, should they be made redundant and become entitled to immediate payment of unreduced pension benefits. The Fund will usually decide not to request a contractor to set up a capital cost bond if the calculation is under £10,000, however the Fund has the ultimate decision and may request changes, both in terms of the need for a bond and the value of a bond. As detailed [in the summary of information for employers considering outsourcing contracts](#), under pass through arrangements any assets and liabilities move back to the outsourcing employer at contract end and throughout the contract the outsourcing employer will act as a guarantor.

If a bond is required, the setting up of one could cause a delay in the proceedings which results in the contractor not becoming an admitted body until after the transfer date. This will result in the staff not being members of the pension scheme at the point they transfer to the contractor. To help ensure that the admission agreement is completed before the transfer date, the Fund may allow the outsourcing employer to request that the admission agreement can be completed before the bond is agreed. Please indicate below if you want to be considered for this but be aware that until the bond has been agreed, the risk to the outsourcing employer will be greater.

DOES THE OUTSOURCING EMPLOYER AGREE FOR THE ADMISSION AGREEMENT
TO BE COMPLETED BEFORE A BOND (IF REQUIRED) IS IN PLACE?

YES or NO

(This will only be allowed if the Fund is in agreement)

OUTSOURCING EMPLOYER DECLARATION

I CONFIRM THAT THE FOLLOWING STATEMENTS ARE TRUE

I am instructing the Pension Fund to put in place a Pass-through Admission Agreement.

I confirm that the outsourcing employer will make payment of the costs after the completion of the transfer. This will cover both actuarial costs and legal costs. The cost will be in the region of £3,000 plus VAT.

I confirm that I have read the LGPS Briefing note on outsourcing. A comparable scheme is not appropriate or available, and therefore I am preparing for the company to request LGPS membership as an Admission Body in the Leicestershire County Council Pension Fund.

I confirm that I have read the above section about bonds and understand the Fund's approach in determining when one is required and the risks involved to the outsourcing employer.

I am aware of the timescales, responsibilities, and potential costs for all parties as detailed in the Briefing note.

Please be aware that if the admission agreement and bond, if required, has not been completed within 3 months of the transfer date then this will be reported to the Leicestershire Pension Board. The Pension Board can then decide if this is deemed a material breach of Pension Regulations, which would in turn require this to be reported to the Pension Regulator. This could cause the outsourcing of staff and the pension situation to be investigated. It also means that until the admission agreement has been completed and signed by all parties, the transferring staff are not active members of the pension scheme, which creates a serious pension risk to the staff, the outsourcing employer and contractor.

Name

Job Title

Signed

Date

I AGREE TO COMMISSION THIS WORK

Should a transfer take place without instructing the Pension Section, the outsourcing employer will have to meet the actuarial and legal costs, otherwise the staff will have to transfer back and the TUPE becomes null and void.

A blank copy of the admission agreement and bond agreement can be found on our website alongside this form. To help ensure that there are no delays in entering the new contractor into the Fund, please can both the outsourcing employer and the new contractor review these documents in preparation for when the actual draft copy is circulated. The Fund does not usually allow changes to these documents, unless there are exceptional circumstances.

ADDITIONAL INFORMATION THAT IS REQUIRED

ATTACHMENT NEEDED:

A LIST OF THE TRANSERRING EMPLOYEES MUST BE ATTACHED. PLEASE SHOW WHO ARE LGPS MEMBERS AND WHO ARE NOT CURRENTLY LGPS MEMBERS. PLEASE SHOW NAMES AND NATIONAL INSURANCE NUMBERS.

Important contacts:

Overall LGPS responsibility: ian.howe@leics.gov.uk

Legal questions: jaishika.patel@leics.gov.uk

Pensions administration and support: pensionsemployerliaison@leics.gov.uk

I must once again stress that all the legal documents and bond (if required) must be completed and in place, before the staff members moves across.

