

FAIR DEAL FOR STAFF PENSIONS: ACADEMY STAFF TRANSFERS

What is Fair Deal?

The Fair Deal is a non-statutory policy published by HM Treasury which sets out how pensions issues are to be dealt with when staff are compulsorily transferred from the public sector to the private sector. HM Treasury has published guidance which applies directly to certain areas of the public sector, including academies.

The reason for the guidance is to provide a level of protection for employees' pension provision when they are compulsorily transferred to a private sector employer.

The guidance is available to read at <https://www.gov.uk/government/publications/fair-deal-guidance>

What does it mean for academies?

The guidance from HM Treasury states that “staff who are members of a public service pension scheme who are compulsorily transferred out of the public sector, and who remain continuously employed on the delivery of the outsourced service or function, will remain eligible to be members of their public service pension scheme.”

If an academy decides to outsource a service, for example catering or cleaning contracts, then the contract for the outsourced service needs to “specifically require the independent contractor to provide transferred staff with continued access to the relevant public service pension scheme while they remain employed on the public service contract.” For non-teaching staff employed at academies the relevant public service pension scheme is the Local Government Pension Scheme (LGPS).

Any academies considering outsourcing will need to take the appropriate legal and actuarial advice in order to make sure they comply with the new guidelines. The guidance should be incorporated into procurement processes as soon as possible.

What does Bedfordshire Pension Fund need to know?

If you are considering outsourcing a service it is a good idea to contact Bedfordshire Pension Fund at an early stage so that we can work together to make sure that all the necessary aspects of pension provision are considered. We will also need to know which staff members are involved. If you would like to discuss pension provision for staff members that may be transferred to a private sector employer, please email pensions@bedford.gov.uk

Points to note

The guidance applies to staff who are eligible to join the LGPS, not just those who are paying in. So, if some of the staff involved in the transfer have previously opted out of the scheme but could choose to re-join if they want to, then these staff will need to have continued access to the LGPS if they transfer. All staff members who transfer to the new employer must be enrolled in the scheme the day the new employment starts (they can then opt out of the scheme again if they want to).

Scheme specific guidance is expected to follow which will provide more information on how the guidance will work in conjunction with the LGPS.