

WIRRAL COUNCIL

CABINET

21 JUNE 2012

SUBJECT:	MERSEYSIDE PENSION FUND GUARANTEE RE ADMISSION BODY APPLICATION HALL CLEANING SERVICES LTD
WARD/S AFFECTED:	ALL
REPORT OF:	ACTING DIRECTOR OF CHILDREN'S SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR TONY SMITH
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

1.1 This report requests the approval of a guarantee to the Merseyside Pension Fund (MPF) for any unrecoverable pension contributions or costs arising from the admission of Hall Cleaning Services (a cleaning contractor for Mosslands School) to the MPF.

2.0 BACKGROUND AND KEY ISSUES

2.1 Hall Cleaning Services has secured a cleaning contract at Mosslands High School from November 2011 for a 12 month period. (The contract was previously undertaken by Andron Contract Services Ltd who were also admitted to the MPF). There are 3 staff that have transferred to Hall who wish to continue to participate in the Local Government Pension Scheme. The transfer of past service liabilities is on a fully funded basis and the actual certified employer contribution will be 18.3%. The company have in addition provided a deposit of £14,000 to cover any potential shortfall. This will mitigate the Council's risk of having to fund any unrecoverable pension contributions or pension liabilities following the termination of the contract.

3.0 RELEVANT RISKS

3.1 There is a risk that the potential unfunded liabilities upon expiry of the contract may be in excess of the secured deposit of £14,000. Therefore responsibility for any additional shortfall in monies due will ultimately fall to the Council as prescribed under regulation 6 of the LGPS (Administration) Regulations 2008.

4.0 OTHER OPTIONS CONSIDERED

4.1 The contractor's preferred route in accordance with the Statutory Best Value Authorities Staff Transfer (Pension) Direction 2007 was to secure admitted body status as an alternative to the provision of a comparable pension scheme.

5.0 CONSULTATION

5.1 No consultation required as staff retained access to the LGPS.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 None arising from this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 The transfer of past service liabilities is to proceed on a fully funded basis which will have no impact on Wirral Council's current assessed contribution rate.

7.2 3 Andron Contract Services Ltd employees transferred under TUPE Regulations to alternative employer.

8.0 LEGAL IMPLICATIONS

8.1 The legal documents to be drafted and approved by the Director of Law.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

No because there is no relevance to equality as employees retain access to the LGPS.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 None arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 None arising from this report.

12.0 RECOMMENDATION

12.1 That the Director of Children Services approves the application received from Hall Cleaning Services to participate in the Local Government Pension Scheme as a Transferee Admission Body with agreement to the financial terms and to underwrite any exit debt not recoverable from the company.

13.0 REASON FOR RECOMMENDATION

13.1 The recommendation meets the requirements of the LGPS Regulations that any losses arising from the admission of the Transferee Body, Hall Cleaning are not met from within the overall pension fund.

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SUBJECT HISTORY (last 3 years)

Council Meeting	Date