



Real people, real money: GAD's work on Staff transfers

It is often said that the 3 most stressful life events are bereavement, divorce and moving house. But, changing employer can also be stressful, and even more so when that change is due to a compulsory transfer of employment. This article discusses how the work of GAD's staff transfers specialists helps achieve a smooth transition of public pension rights for employees who are moving within the public sector, or whose jobs have been outsourced to the private sector.

A Fair Deal for outsourced employees

When public sector services are outsourced or change hands, the government's [Fair Deal policy](#) applies. Since the late 1990s GAD has been advising employers on the Fair Deal requirements. We support them to achieve compliance and provide practical guidance and support to ensure the process runs smoothly.

Fair Deal has been subject to various revisions over the years. The latest policy, released in 2013, introduced a significant change in policy direction. The intention was that, going forwards, outsourced public sector workers should remain in their public service pension scheme rather than being transferred to a contractor's scheme. Staff who have previously moved out to a contractor's pension scheme on an outsourcing are now brought back into the relevant public service scheme at the first contract renewal after 2013. Local Government is still in the process of implementing this.



Protecting the interests of affected employees

GAD's work assisting contracting authorities with the new Fair Deal policy in respect of their staff who have previously been moved to a contractor's pension scheme, safeguards the staff's interests in relation to their existing pension. We work with the contracting authorities to ensure that returning members are offered a 'bulk transfer option' in line with the Fair Deal policy. This is a choice between retaining their accrued pension benefits in their current scheme or transferring them into their new scheme with any final salary linking maintained. Following the requirements of Fair Deal or any other policy or contract, with GAD's input, should provide a welcome reassurance to affected members.

Protecting pensions on government transfers

The government's [COSoP](#) (Cabinet Office Statement of Practice) policy provides protection to staff transferring within government. When staff are moved to their new employer's pension scheme, in addition to providing an option to transfer their past pension, 'what staff get' for the future is also protected. This is known as 'broad comparability'. We compare the members' pension benefits going forwards with those they would have accrued had they remained in their previous scheme to check they are expected to be equally valuable and that take-home pay is not reduced. Our calculation follows the requirements of New Fair Deal and is based on the structure of both schemes at the time of change of employer (and scheme). Where the broad comparability criteria are not met, we work with the receiving employer to enable the certification.



Protecting the Public Purse

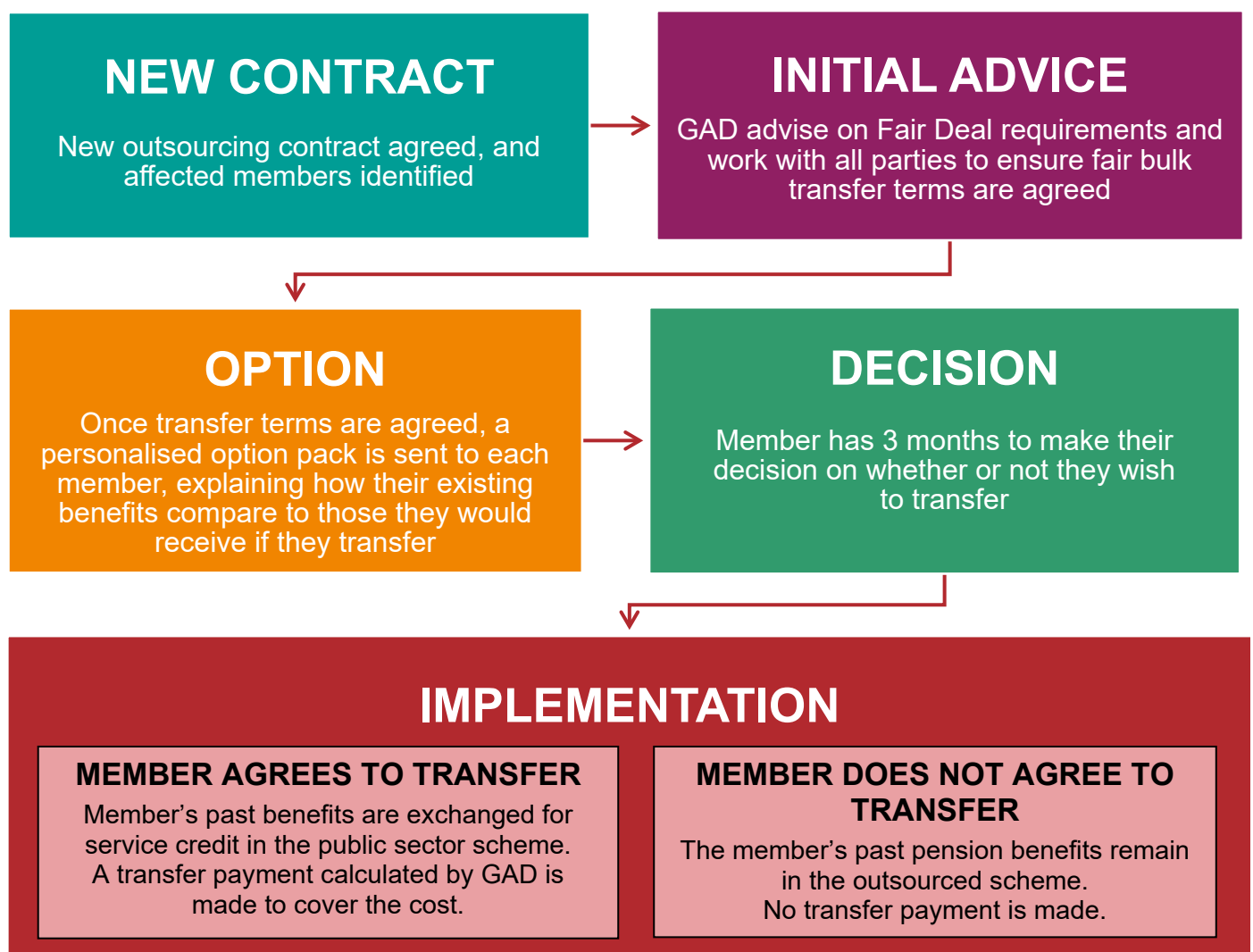
When there is a bulk transfer back to a public service scheme, GAD supports contracting authorities in ensuring the payment which the public service scheme receives from the contracting firm's pension scheme is reasonable relative to the benefits being transferred across and any scheme or contractual



requirements. However, this may still not represent the full costs to the public service scheme for providing the benefits. GAD calculates if a 'shortfall' payment is necessary. This is paid, as agreed between the contractor and contracting authority, into the public service scheme to ensure that the costs of the transferring benefits are fully covered.

Bulk transfer process

An illustration of the bulk transfer process is shown in the graphic below. From start to finish the process can take up to a year to complete, but timescales can vary greatly depending on the individual circumstances of the exercise. Each individual case, like each member, is unique and the outcome of the options process will have real financial implications for the members in question. Therefore, it is essential that a thorough and accurate assessment of each member's individual circumstances is made.



The end of staff transfers?

Many thought the introduction of 2013's Fair Deal policy might signal an end to GAD's involvement in Fair Deal work. However, 7 years on there are still many ex-public service employees currently employed in the private sector under government contracts that have yet to terminate, and for whom the Fair Deal policy is still very relevant. So, GAD's assistance in advising on the requirements of the Fair Deal Policy is still likely to be required for many years to come.

If you have any questions about this article or would like to find out more about how GAD can help with your staff transfer arrangements, please contact staff.transfers@gad.gov.uk in the first instance.