

4 March 2011

## **Technical bulletin (staff transfers) Consultation on the Fair Deal policy**

### **The Fair Deal policy**

The Fair Deal policy applies to pension provision for public sector staff when they are compulsorily transferred to a non-public sector employer. It requires that the new employer provides a broadly comparable pension scheme for the transferred staff and bulk transfer arrangements for those staff who wish to transfer their public service pension benefits.

### **Consultation**

The Government announced at the 2010 Spending Review its intention to consult on the Fair Deal policy in response to a recommendation made in the interim report of the Independent Public Service Pensions Commission, led by Lord Hutton.

The consultation was launched on 3 March 2011 and closes on 15 June 2011. The Government will report on the consultation in the summer.

The consultation is aimed at public service unions, independent providers of public services (including private sector businesses and non-profit making organisations such as charitable bodies and social enterprises), representatives of public service pension scheme members, representative bodies for independent providers, academics, commentators on pensions and social policy, those individuals who consider that they may be affected by a review of the Fair Deal policy and any other interested parties.

Details of the consultation and how to respond are available on the HM Treasury website at [http://www.hm-treasury.gov.uk/consult\\_fair\\_deal\\_policy\\_pensions\\_publicsector.htm](http://www.hm-treasury.gov.uk/consult_fair_deal_policy_pensions_publicsector.htm)

The consultation document on Fair Deal policy: Treatment of pensions on compulsory transfer of staff from the public sector is available on the HM Treasury website at [http://www.hm-treasury.gov.uk/d/consult\\_fair\\_deal\\_pensions.pdf](http://www.hm-treasury.gov.uk/d/consult_fair_deal_pensions.pdf).

### **Scope of the consultation**

The focus of the consultation is on the future of the Fair Deal policy, in particular:

- what the future policy for new outsourcing arrangements should be. The consultation document sets out objectives for future policy and invites respondents to put forward proposals evaluated against these and any other objectives considered relevant; and
- arrangements for employees whose pensions have been transferred under the Fair Deal policy in the past. The consultation document discusses the situations where the public service involved is subsequently re-tendered to an alternative independent provider, or is returned to the public sector.

## **The consultation document**

The consultation document sets out details of the Fair Deal policy, objectives and a range of options for future policy and subsequent transfers. It seeks views on:

- whether there are other groups not identified who are affected by the consultation;
- how the Fair Deal policy operates currently and whether this is relevant to future policy;
- whether there are any other objectives that should be considered other than those identified in the consultation;
- if there is a case for changing the current Fair Deal policy and if so what pension requirements should be;
- proposals for future policy; and
- what approach should be taken for subsequent transfers of staff when previously transferred public services are re-tendered and for employees returning to the public sector having been transferred out in the past under the Fair Deal policy.

## **Other related reviews**

Two other reviews concerning public service pensions are underway at the moment:

- the final report of the Independent Public Service Pensions Commission which is due to be published on 10 March 2011. The report will be available from the HM Treasury website at [http://www.hm-treasury.gov.uk/indreview\\_johnhutton\\_pensions.htm](http://www.hm-treasury.gov.uk/indreview_johnhutton_pensions.htm); and
- the Government's consultation on the discount rate used to set contribution rates for the unfunded public service pension schemes through valuations following the Superannuation Contributions Adjusted for Past Experience (SCAPE) methodology, which closed on 3 March 2011.

## **Interim arrangements**

The current Fair Deal policy will continue to apply during the consultation and until the Government announces any change to the policy. GAD will continue to assist contractors, scheme providers, contracting authorities and other bodies on the application of the current policy during this time. Enquiries should be addressed to [staff.transfers@gad.gov.uk](mailto:staff.transfers@gad.gov.uk).

## **Further GAD communications**

GAD will issue a further technical bulletin once the Government has reported on the Fair Deal consultation. We also propose to hold an event in Autumn 2011 to discuss the requirements and practical implications if there are any changes to the regime.

## **Staff Transfers**

### **Government Actuary's Department**

