

## Help is at hand

Pensions issues on college  
mergers



A few years ago the Government announced a programme of further education college area-based reviews, with a view to moving towards fewer, larger colleges. Many colleges have gone through this process and are now considering further options to merge. This has wide LGPS (and other) pensions implications for colleges and the LGPS Funds that they participate in. This article sets out some of the LGPS pensions issues which should be considered and how Eversheds Sutherland’s specialist public sector pension team can help.

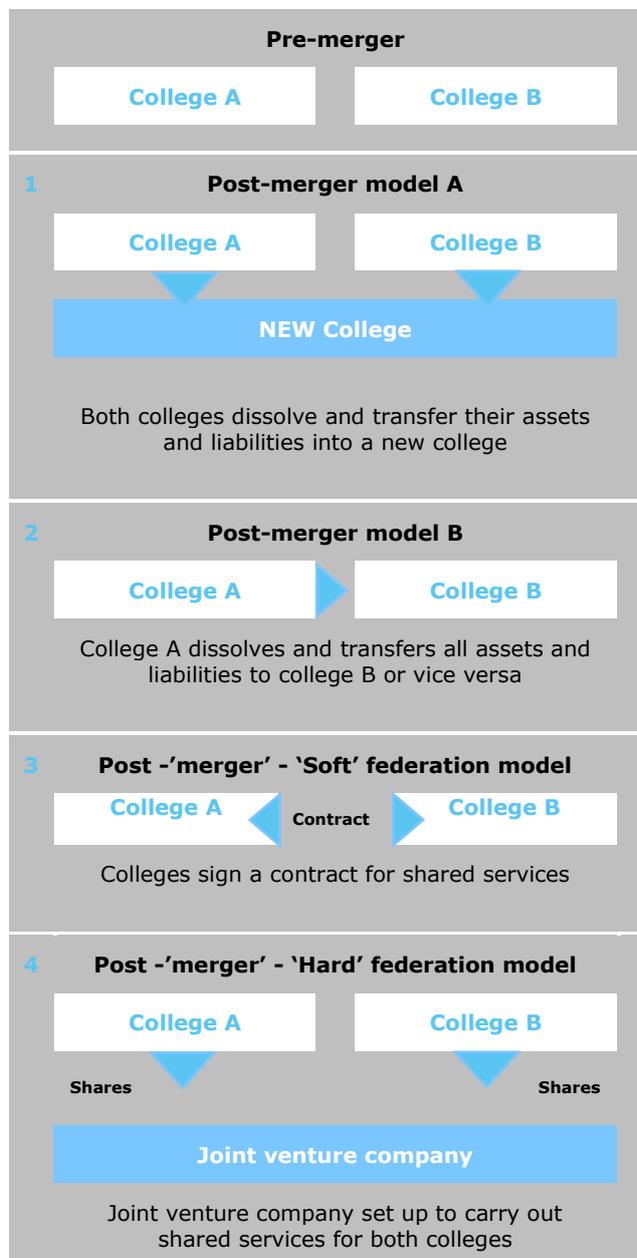


## Options available to colleges



## LGPS Issues

There are various college merger options which are available and each of these structures will have different pensions implications. In their simplest form, the four main structures are:



In relation to the LGPS, colleges will need to be careful when structuring a merger to avoid a regulation 64 “exit debt” being crystallised under the LGPS Regulations 2013 if the employees TUPE across into College B or the New College.

The issue is even more complicated if College A and B participate in different LGPS Funds.

There are various ways in dealing with LGPS deficits on college mergers.

It is likely that the merging colleges will wish to approach the LGPS Fund to seek to agree to College B or the New College becoming responsible for all of the assets and liabilities in respect of LGPS membership of the dissolving college, so that an exit debt is not triggered on the dissolving college. In certain circumstances a Secretary of State direction may be needed.



## How can we help

We have been advising LGPS Funds on the pensions law issues in relation to college mergers, including:

- advising on the pensions law implications of the various merger structures
- advising on LGPS funding issues and implications for employer contribution rates
- liaising and negotiating with colleges and other LGPS Funds on the above issues, including in relation to transfers of deficit between funds
- making applications to the Secretary of State in relation to substitution of LGPS Funds
- drafting project plans and advising on the practical steps to take

## Key Contacts

For more information, please contact the following or your usual Eversheds Sutherland contact:



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*A really strong pension team with a genuinely pragmatic approach coupled with strong and clear communication skills.*

*We have been consistently impressed with the advice we have received from Eversheds Sutherland. The individuals we have dealt with have consistently provided excellent service. They have provided innovative solutions to complex scenarios, and have communicated the issue and solution clearly. They have a wide range of expertise and have always been able to find a specialist who can provide the required input into an issue. They adopt a pragmatic approach and in our experience get to the right answer more quickly than other advisers we have worked with*

*I've found Eversheds Sutherland to be very responsive, experienced and well connected. In particular the depth and breadth of expertise, and ability for those from different disciplines to work together to provide a seamless service is impressive. Their knowledge of what's going on in industry, government and other circles is helpful and impressive.*



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