

## Response ID ANON-M458-S3JZ-R

Submitted to **Insolvency regime for further education and sixth form colleges: technical consultation**

Submitted on **2018-02-07 14:04:33**

### Introduction

#### i What is your name?

**Name:**

Lorraine Bennett

#### ii What is your email address?

**Email:**

lorraine.bennett@local.gov.uk

#### iii What is your organisation?

**Organisation:**

Local Government Association

### FE insolvency provisions in the 2017 Act and the proposed secondary legislation

**1 When considering the normal insolvency procedures outlined in the consultation (Company Voluntary Arrangement, administration, creditors' voluntary winding up, winding up by the court and receivership), are there any specific modifications that you believe are required in order to apply them effectively to FE bodies? Please provide explanations for any of these.**

**Please give us your views :**

#### **2a Who do you believe should be specified to receive notice of an education administration application?**

**Please provide justification for your answers:**

#### **2b Who do you believe should be specified to receive notice of an education administrator's appointment?**

**Please provide justification for your answers:**

#### **2c Who do you believe should be specified to receive a copy of the education administrator's proposals?**

**Please provide justification for your answers:**

#### **3 Is there any specific information that you would expect the education administrator's proposals to contain?**

**Please provide an explanation for your answer:**

#### **4 Do you have any other comments or views on the process of education administration?**

**Please give us your views :**

The LGPS is a locally managed pension scheme administered by 90 pension funds in England and Wales. Further education colleges and sixth form colleges that are, respectively, further education corporations and sixth form college corporations under the Further and Higher Education Act 1992, must provide access to the LGPS for their employees and do so as 'scheduled bodies' in each of the 90 pension funds throughout England and Wales.

As well as being locally managed, the LGPS is a funded, defined benefit scheme that operates on a 'last man standing' basis. If an employer becomes insolvent and the fund is unable to recover the deficit that the employer owed to the fund at the point of their insolvency, the liability for picking up that employer's pension liabilities falls on to the other employers in the fund. As the LGPS is a public sector pension scheme whose largest employers are local authorities, that will often mean that ultimately the burden falls on the local taxpayer.

The LGA are concerned to ensure that all steps are taken to prevent any risk arising that the pension liability of a college falls on to other employers in an LGPS fund, and ultimately the taxpayer. Given that one of the stated aims of introducing formal insolvency proceedings for further education and sixth form colleges is to protect taxpayers, we would propose that the appointed education administrator has a stated responsibility to carry out their function in a way that achieves the best interests for the taxpayer. That would include doing everything possible to avoid the pensions liability falling onto other public sector employers.

#### **5 Do you have any comments about how the Companies House filing process could work for FE bodies?**

**Please give us your views :**

#### **6 What particular aspects or issues would you find it useful for the guidance for governors to cover?**

Please give us your views :

### **Proposals for how the insolvency regime will work in practice**

**7 Do you have views on how monitoring and intervention can be further improved to identify cases of financial distress and work with those colleges to improve their financial position and avoid insolvency? (Please be clear whether you are responding in relation to colleges in England or colleges in Wales).**

Please give us your views :

**8 How could the Education and Skills Funding Agency and Further Education Commissioner work with and support colleges in England to help them self-identify financial difficulties at an early stage?**

Please give us your views :

**9 Do you have views on how the Independent Business Review process for an FE college should work, and who should be consulted?**

Please give us your views :

### **Further comments**

**10 Do you have any further comments on any aspects of our proposals (including our impact or equalities assessments)?**

Please give us your views :

**11 Would you like us to keep your responses confidential?**

No

**Reason for confidentiality:**

**12 Would you be happy for us to contact you for further information if required? If Yes, what is the best way to contact you?**

**Comment here:**

Yes we would be happy to be contacted. Contact details:

email: Lorraine.bennett@local.gov.uk

Tel: 020 7187 7374

Mobile: 07766 252847