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Swissport UK deal will save fund £13m

Comment by Ian Pittaway, Senior Partner

The Pensions Regulator has cleared a groundbreaking deal between Candover and global baggage handler Swissport which should save the Pension Protection Fund up to £13m.

The deal, tabled by law firm Sacker & Partners and brokered by HR Trustees, guarantees future benefits for 502 final salary scheme members of Swissport's Heathrow operating arm, which entered administration last November.

The Swissport UK scheme had a £20m deficit when it collapsed but "pragmatic negotiations", cleared by the regulator and agreed by the PPF, have produced a solution in which the company will pay only the £6m FRS17 deficit.

Members will also be allowed to choose between transferring their savings to the Swissport Fuelling Scheme, a new final salary scheme, a personal pension or entering into the PPF with the liquidated company.

Sacker & Partners senior partner Ian Pittaway said: "Member choice is at the heart of the deal. Its win-win all round – trustees, regulator, company, responsible employer and PPF working together to come up with a measured approach."

HR Trustees managing director Steven Ross added: "We have been able to construct a practical solution which benefits all the members because it gives them choice and an opportunity for them to obtain all their benefits in full.

It benefits the PPF because it minimises potential compensation payments if the scheme is accepted. And it benefits the shareholder because the shareholder was able to get clearance for the arrangement and sell the company."

Swissport's Heathrow operations went into administration last year following a long-running dispute over wages and conditions. The UK scheme had assets worth £30m and liabilities of £50m.