Former outsourcing giant Interserve seals £735m Aviva pension deal

A company that once ranked among Britain's biggest outsourcers has struck a deal with Aviva to protect payouts to thousands of pensioners years after it collapsed into insolvency.

Sky News understands that Interserve Group has agreed a pension buy-in insurance deal that will cover liabilities to more than 2700 deferred members and over 4000 existing pensioners.

Aviva is said to have been selected by the Interserve pension trustees following a review of the wider market because its insurance pricing is likely to provide a higher level of benefits to scheme members.

Interserve collapsed into administration in 2019, since when most of its operations have been sold to the likes of Mitie, the rival outsourcing group.

Its former construction arm – now called Tilbury Douglas – is now a standalone company but remains owned by Interserve's shareholders.

Talks to sell it to London-listed Kier Group collapsed last year but are expected to lead to a new sale process in due course.

The jewel in its crown, equipment services arm RMD Kwikform, had previously been sold to France's Altrad Group.

At its largest, Interserve employed more than 45,000 people in the UK.

Aviva had agreed a separate £300m pension buy-in deal with

Interserve in 2014, at a time when such pension risk transfer arrangements were becoming more commonplace in corporate boardrooms.

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The latest deal, which is understood to have the backing of The Pensions Regulator, is unusual partly because part of Interserve continues to trade solvently in the form of the construction business.

It is expected to ensure that the Interserve scheme avoids the Pension Protection Fund, the industry-funded lifeboat, and will therefore be advantageous to scheme members.

Trustees are understood to have decided that Tilbury Douglas would not be able to support the scheme at high enough levels to secure members' full benefits in the long term, leading to the value of the scheme eroding over time.

Led by Alan Lovell, its chairman, Interserve Group is now expected to seek to complete its programme of asset realisations and disposals, with the residual elements of the holding company being wound up by the end of next year.

Interserve, which has been advised on the pension deal by PricewaterhouseCoopers and Slaughter & May, declined to comment.