



# **Academies Welcome Pack**

**(This document also applies to Free Schools, Studio Schools and  
University Technology Colleges)**

**Introductory Guidance for  
Employers participating in the  
Local Government Pension Scheme**

## Contents

Summary of Responsibilities.....	3
The Regulations.....	4
Events that you must report on to Your Pension Service.....	4
New Starters .....	4
Employees who are not members of the scheme (previous opt outs) at conversion date.....	5
Changes in Circumstance .....	5
Leave of Absence .....	5
Early Leavers .....	6
Retirements.....	6
Deaths.....	6
TUPE & Conversion to Academy Status.....	7
Automatic Enrolment .....	7
Benefit Estimates & Annual Benefit Statements .....	8
Medical Practitioner Form .....	8
Employer Discretions – Policy Statements .....	8
Data Returns.....	9
Contributions.....	9
Employer Monthly Returns .....	11
Annual Contribution Returns.....	11
FRS17/IAS19.....	12
Outsourcing Services.....	12
Useful Information.....	13
The YPS Website .....	13
Training and support.....	14
Contact Us.....	14
Appendix 1 - IAS19/FRS17 Calculations – Lancashire Pension Fund.....	15

## Welcome to the Local Government Pension Scheme (LGPS)

This document provides you with essential information that you will need to consider in relation to achieving your new status as an Academy and Scheme employer in the Local Government Pension Scheme (LGPS).

When schools are granted 'Academy' status they become a Schedule 2, Part 1 Scheme employer under The Local Government Pension Scheme Regulations 2013.

As well as converting schools who become Academies this applies equally to Free Schools, Studio Schools and University Technology Colleges that are set up.

As a Scheme employer you inherit a number of additional pension responsibilities that you need to undertake, in conjunction with the Pension Fund, to efficiently administer the LGPS for your employees. These are outlined in this document, but further and more detailed information is also available on Your Pension Service (YPS) website at [www.yourpensionservice.org.uk](http://www.yourpensionservice.org.uk). It is essential that someone in your organisation is familiar with the detailed Employer's Guide and understands your role as an employer within the Scheme.

For Academies which form part of a Multi Academy Trust (MAT) it is the proprietor of the Trust which is the Scheme employer within the Pension Fund and not each individual Academy within the Trust. YPS will continue to liaise with each individual Academy under the Trust for general pension administration matters as they did before conversion to Academy status. However, the proprietor of the Trust will have responsibilities of their own in respect of the Pension Fund.

### **Summary of Responsibilities**

Pension Scheme administration responsibilities include:

- Admit all eligible members to the LGPS, supply them with Scheme literature and determine their contribution rate.
- Inform YPS of all new starters.
- Inform YPS of all leavers from the Scheme.
- Ensure any pre conversion additional pension contracts cease on conversion.
- Ensure any members of 50/50 scheme are brought back into the main scheme following conversion.
- Supply YPS with sufficient leaving information to enable them to calculate benefit entitlements.
- Appoint an appropriately qualified Independent Registered Medical Practitioner and inform YPS.
- Determine ill health retirement cases and the benefit tier applicable after obtaining an Independent Registered Medical Practitioner's (IRMP) certificate.
- Undertake Ill Health tier 3 reviews.
- Report the death of active members and provide information on potential beneficiaries.
- Report changes in personal circumstance, change of address, hour changes, marital status etc, part-time or term-time working, temporary absences and breaks in membership.
- Formulate, publish and review pension discretions policies.
- Provide details of pensionable pay.

- Maintain pay records and ensure that contributions, including ARCs (Additional Regular Contributions), AVCs (Additional Voluntary Contributions), APCs (Additional Pension Contributions) and existing Added Years contracts are deducted and paid over from members at the appropriate rates and time.
- Provide accurate data to YPS as required in respect of all benefit calculations.
- Supply end of year data, within the pre agreed timescales to ensure the Pension Fund records are accurately maintained.
- Provide monthly data returns to ensure active member pension accounts are kept up to date □ Supply YPS with a list of authorised signatories.
- Nominate a specified person for dealing with stage 1 pension appeals under the Internal Dispute Resolution Procedure

## **The Regulations**

Your Pension Service administers the pension Scheme with reference to statutory LGPS and other overriding legislation. The main LGPS regulations are covered under:

- The Local Government Pension Scheme Regulations 2013
- The Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014
- The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.

## **Events that you must report on to Your Pension Service**

### **New Starters**

For existing schools which convert to Academy status you must ensure that **all** eligible\* non-teaching school staff are automatically admitted to the pension Scheme on the date of conversion. The employees can elect at any time from the date they have joined (i.e. not before joining) to opt out by giving notice in writing to the Academy. This applies to both temporary and permanent employees.

For newly established schools/colleges you must ensure that **all** eligible\* non-teaching school staff are automatically admitted to the pension Scheme on the date the school is established (if they are in post on this date) or if later, the date they are appointed. The employees can elect at any time from the date they have joined (i.e. not before joining) to opt out by giving notice in writing to the Academy. This applies to both temporary and permanent employees.

\* To be eligible to automatically join the LGPS, employees need to have a contract of employment for at least 3 months and be under age 75. This applies to both permanent and temporary staff and includes casual employees who have 'mutuality of obligation'(i.e. a casual worker where there is an expectation that the employee will work when asked to do so by the academy).

For employees who have a contract of employment for less than three months (including casual workers without "mutuality of obligation"), these employees must **not** be automatically admitted to the scheme, however they may **elect** to join if they wish.

You must notify YPS of all new joiners to the Scheme and this must be done within 1 month of the joining date. This information will generally be picked up from the data collection file normally submitted each month.

Please see the 'Employers Guide' regarding the process you must follow and the information you must provide to all employees and YPS both prior to and after they are appointed.

This information is available to you and the member on our website at:

<http://www.yourpensionservice.org.uk/>

## **Employees who are not members of the scheme (previous opt outs) at conversion date**

As you become a new scheduled employer on the date of conversion you must advise your payroll provider that they **must automatically admit into the pension scheme**, any eligible employees who are **not** already scheme members on the conversion date, even if they have previously opted not to join the scheme. They can of course elect at any time after the conversion date to opt out of the Scheme by giving notice in writing to the Academy. This applies to both temporary and permanent employees. This is a requirement under the regulations for new employers.

## **Changes in Circumstance**

You should inform YPS when any of the following individual membership changes occur, or as soon as reasonably practicable:

- Hours / weeks worked;
- Name;
- Marital status or title; ☐ Tiered contribution rate; ☐ Address.

## **Leave of Absence**

You should complete and send the relevant notification form to YPS following the return to work in the following circumstances:-

- Maternity/Paternity/Adoption Leave-;
- Unpaid Leave of Absence;
- Absence due to Trade Disputes;
- Absence due to Reserve Forces Service

## Early Leavers

Once a member leaves pensionable employment, either by leaving employment or opting out of the Scheme before becoming entitled to immediate pension benefits, there are several pension options available to them. They can:-

- Take a refund of contributions (but normally only if they have less than 2 years membership).
- Transfer their membership to another pension provider.
- Defer their benefits in the Pension Fund.

The options available will depend on each individual's Scheme membership and whether or not membership from another pension Scheme has been transferred into the Lancashire or Cumbria Pension Fund.

You must ensure that the relevant notification forms are completed and sent to YPS for any changes in employment.

## Retirements

Under the LGPS Regulations, you are responsible for determining the type of retirement benefit due to a Scheme member. YPS can offer guidance on the retirement types listed below:-

- Normal Retirement (from age 60)
- Late Retirement (after age 65)
- Early Retirement (from age 55, including Redundancy, Efficiency)
- Voluntary Early Retirement (from age 55)
- Flexible Retirement (from age 55) (release of Scheme benefits and member continues in employment)
- Ill Health Retirement (any age)

## Deaths

All death benefits due are dependent on the status of the member and the length of their pension Scheme membership at the date of death.

When a member of the Scheme dies, one or all of the following benefits may become payable:-

- Spouse's,
- Civil partner's or Cohabiting partner's pension;
- Eligible children's pensions;
- A death grant.

It is important to encourage all members to complete and keep up to date their Death Grant - Expression of Wish details. Members must ensure the nomination has been signed and dated before returning it to YPS and this will ensure that benefits can be paid quickly to the beneficiary(s) in the event of their death.

## **TUPE & Conversion to Academy Status**

### Additional Voluntary Contributions (AVCs) /Additional Regular Contributions (ARCs) / Additional Pension Contributions (APCs) /Added Years

Any non-teaching staff who pay additional pension contributions (other than their normal monthly LGPS pension contributions) at the point of conversion, in respect of either AVCs, ARCs, APCs or Added Years must have these contracts ceased on the day before the Academy conversion. The converting school/Academy should bring this to the attention of the payroll provider and affected employees.

Employees can if they wish continue new contracts under the new Academy (though employees can no longer enter ARCs contracts), but in order to do so **MUST** either;

- 1) in respect of AVCs - contact the AVC Provider directly. For Prudential Tel 0345 600 0343
- 2) in respect of APCs/Added Years - contact Your Pension Service  
[AskPensions@localpensionspartnership.org.uk](mailto:AskPensions@localpensionspartnership.org.uk) requesting that contributions are continued under the new 'Academy' employer.

For APCs members can use the calculator on our website. For Added Years contracts members only have 3 months from the conversion date to restart these contracts and pay the missing contributions.

### Employees in the 50/50 scheme

Where a member is in the 50/50 section immediately before the conversion /TUPE transfer, they must be returned to the main section of the scheme.

## **Automatic Enrolment**

As a new employer you will inherit new responsibilities under Automatic Enrolment, regarding the records you are required to keep in respect of scheme members and employees who opt out of the scheme. Please see The Pensions Regulator's website for further information on this.

<http://www.thepensionsregulator.gov.uk/employers/detailed-guidance.aspx>

## **Benefit Estimates & Annual Benefit Statements**

You can request retirement estimates on behalf of your employees. In particular, retirement estimates that require your consent, must be processed via you as there may be cost implications you need to consider before allowing an employee to retire.

In respect of Annual Benefit Statements issued by YPS, you will need to:

1. Provide electronic scheme member data as requested by YPS, or
2. Check scheme member data as provided by YPS

All data will need to be clean and accurate at least one month prior to the production of statements

## **Medical Practitioner Form**

The regulations require that ill health retirements are certified by an appropriately qualified Independent Registered Medical Practitioner (IRMP). If you already have an IRMP or if you have just selected an IRMP you must complete the Medical Form which is held on the YPS website within the 'Further Ill Health Guidance Section' within the Employers area of the website. If you decide to elect an IRMP only as and when required you must inform YPS of this decision in advance and only complete the Medical Form when the requirement of an IRMP is established.

## **Employer Discretions – Policy Statements**

Within the LGPS regulations there are discretions which require you as an Employer to formulate a Policy Statement. The Policy Statement must be published and kept under review. As these are discretionary policies, you retain the right to change them at any time, they contain no contractual rights and the policy which is current at the time a relevant event occurs to a scheme member will be the one applied to that member.

The Local Government Employers (LGE) have issued a detailed list of all the discretions available for employers and this can be found on the following website,

<http://www.lgpsregs.org/index.php/guides/administration-guides-to-the-2014-scheme>

The main discretions cover:-

- Awarding additional pension
- Flexible Retirement
- Early Retirement/Waiving Actuarial Reductions
- Limits on redundancy and lump sum compensation payments

You will need to make sure your employees are aware of your policy discretions and should consider seeking legal or financial advice before compiling policies. Each employer will have an



individual employee profile, funding and HR priorities which will obviously need to be reflected in the agreed policy. You should ensure your policies are clear, unambiguous and have regard to overriding, relevant age and sex discrimination legislation so as not to leave your organisation open to challenge or appeal. Experience in dealing with appeals from Scheme members has shown that employers with unclear, ambiguous or unpublished policies have led to employees successfully challenging an employer's discretion, in some cases resulting in, what could have been, avoidable costs for the employer.

For Multi Academy Trusts it is the role of the proprietor (as Scheme employer) to formulate the employer discretions policies and not the individual Academies within the Trust

## **Data Returns**

YPS require a data collection file to be submitted every pay period. There is more information about this within the employer area of the website. As you need to be authorised to access this area you must make sure the necessary authorisation forms sent to you are completed and returned without delay.

If you have a contract with a third party provider, and that provider will fulfil your pensions responsibilities, then you need to authorise YPS to deal with that provider. Employees of the third party will also need to be authorised for the employer area individually.

## **Contributions**

### **Employee Contributions**

Members of the LGPS pay contributions based on their earnings. Rates are banded and shown in the following table. The appropriate contribution rate for members must be deducted at source from their pay, but how you administer the banding policy is determined by your organisation. You can choose how you want to apply it based on the information below, but whatever option you choose it is important that you tell your payroll provider how you want them to apply it.

### **Banding Rates from 1 April 2018\***

\* (banding ranges are reviewed each year in line with inflation)

Actual annual pensionable pay should be rounded down to the nearest whole pound, and then the member should be assigned the contribution rate as per the following table, each April.

If a member commences membership part way through the year, their contribution rate is determined by the salary they would receive if they were working a full year.

The 50/50 section of the scheme is where a member elects to pay half the contribution rate but in return only receives half the benefits during this election period.

Band	Range	Contribution rate	
		Main section	50/50 section
1	Up to £14,100	5.5%	2.75%
2	£14,100 to £22,000	5.8%	2.90%
3	£22,001 to £35,700	6.5%	3.25%
4	£35,701 to £45,200	6.8%	3.40%
5	£45,201 to £63,100	8.5%	4.25%
6	£63,101 to £89,400	9.9%	4.95%
7	£89,401 to £105,200	10.5%	5.25%
8	£105,201 to £157,800	11.4%	5.70%
9	£157,801 or more	12.5%	6.25%

### Overview of Banding Options mid-year

There are three basic options for you to consider, you should ideally choose one that suits your type of payroll. You can change your policy, but this is usually best done at the start of the following financial year. You must publish your banding policy and ensure that any subsequent policy changes are also made available to your employees.

**Option 1** – Allocate employees to a band once a year and subsequently only if their contract changes i.e. promotions or down grading. If an employee receives a midyear grade increment or a late pay award this would be picked up the following April.

**Option 2** – Allocate one change per year making no adjustments when a member's pay changes in the year, until the set date is reached. This could however lead to appeals from downgraded staff who may be overpaying.

**Option 3** – During the year, re-assess and change the contribution banding immediately when an employee's pay changes

You may alter the contribution rate if a member's pensionable pay changes during the financial year. The word 'may' provides employers and administrators with the flexibility to design a policy that suits their organisation.

### Employer Contributions

The contribution rate for converting Academies within the Lancashire Pension Fund will initially be set at the Future Service Rate of the previous council. This rate will apply until the 31 March 2020, when it will be reviewed (as part of the valuation of the Pension Fund) to take into account the individual membership profile of the Academy. The pension deficit attributed to the employees who transfer over on conversion date will be the responsibility of the Academy. This effectively means the Academy will inherit the past service pension liabilities for these employees.

Your Pension Service (YPS) will provide a calculation of the pension deficit amount to the Academy. This calculation is based on advice provided by the Fund Actuary. The deficit (like the future service contribution rate) will be reassessed at each triennial valuation to reflect any

differences due to the age/gender profile of your Academy being different from the previous ceding Council. The current future service rates are as follows and will apply from 1 April 2017 until 31 March 2020.

If previous employer is Lancashire County Council = **15.1%**

If previous employer is Blackburn with Darwen Borough Council = **12.4% (for 2017/18) 13.4% (for 2018/19) & 14.8% (for 2019/20)**

If previous employer is Blackpool Borough Council = **14.8%**

(Further information on the initial rates for Academies in the Cumbria fund can be obtained from Julie Dole - Technical Finance Officer - Pensions Administration at Cumbria County Council on 01228 226279 or [Julie.dole@cumbria.gov.uk](mailto:Julie.dole@cumbria.gov.uk))

The Academy will also be responsible for payment to the Administering Authority of both employer and employee pension contributions, which must be paid over on a monthly basis. In addition the Academy will also be required to make a cash payment to the Fund each year in respect of the deficit amount. This is paid by equal monthly instalments.

If the Academy should cease to operate as an employer within the Fund an assessment would be carried out to determine whether any sums are due in respect of outstanding liabilities. Payment of any outstanding liabilities will be the responsibility of the Academy

### **Employer Monthly Returns**

You must pay over the employee and employer contributions each month and also provide a Monthly Contribution Schedule to the Administering Authority showing the analysis of the monthly contributions paid. Pension Regulations stipulate that employee and employer contributions are paid into the Fund on a monthly basis. Employees contributions should be deducted from the employee's **gross** pay before the rate of tax is calculated (providing tax relief on the contributions paid) and forwarded to the Administering Authority together with the employers contributions by **no later than 19 days** after the end of the calendar month in which they are deducted from earnings

If you have your own Payroll Bureau you will need to make sure they are aware of the employer rate to be deducted on conversion, this may differ to the rate previously paid and will be notified to you by YPS.

The Fund is entitled to charge interest on any contributions that remain unpaid after this date.

### **Annual Contribution Returns**

An annual contribution return must be submitted to the Administering Authority at the end of each financial year **no later than 19 May**. In addition, you must also provide a year-end return to 31 March of the hours worked and the number of days of work, attendance of variable and fee paid employees for the previous year. This return should be submitted **no later than 30 June**.

## **FRS17/IAS19**

Following your conversion to academy status, you may want to arrange the provision of pension figures for your accounts (under your requirements for accounting standard FRS17/IAS19).

For employers in the Lancashire County Pension Fund please contact [mark.nicholls@localpensionspartnership.org.uk](mailto:mark.nicholls@localpensionspartnership.org.uk). For employers in the Cumbria Pension Fund please contact Julie Dole on [julie.dole@cumbria.gov.uk](mailto:julie.dole@cumbria.gov.uk). YPS will then provide the required information to the Actuary on their request.

Our understanding is that FRS17/IAS19 figures are required for any set of statutory accounts prepared by an Academy, the decision as to whether you need FRS17 figures is yours to make, and you should check with your auditors if you are in any doubt.

Please note the Actuary's fees for the provision of this information will be forwarded on to the Academy via YPS

For employers in the Lancashire Pension Fund see Appendix 1 for more information regarding FRS17/IAS19

## **Outsourcing Services**

If you intend outsourcing a service or function there will be pension implications in respect of the LGPS and any employees who may be transferred under TUPE and are eligible to belong to the Scheme. You will need to ensure that any potential bidders are aware that they are required to offer a broadly comparable pension scheme, or seek admittance to the Lancashire or Cumbria Pension Funds in respect of those employees.

If the successful contractor seeks admission status, YPS will need to liaise directly with them and you to get a signed admission agreement in place, and agree any guarantee or bond if applicable. This agreement should be in place at the date any staff transfer to a new contractor.

Before issuing your invitation to tender you should, ideally, contact YPS as you will be required to provide information regarding the service you are outsourcing. You may also need to consider whether any guarantee or bond value needs to be in place to cover any liabilities that may arise in the future in respect of the service being outsourced. As YPS will need to consult with the Scheme Actuary over an employer rate for the new contractor it is advisable to contact YPS at least two months before you consider outsourcing any services so that in the event that admittance to the LGPS is required by the new contractor **the admission agreement can be in place at the date of transfer.**

**Note.** As the Scheme employer you will need to be party to any admission agreement and, as such would need to be content with the terms of that agreement, as in the event of any contractor failure, the LGPS regulations provide that the transferring Scheme employer can be called upon to cover any outstanding pension liabilities.

For your information HM Treasury has recently issued revised Fair Deal guidance. ‘New Fair Deal’ which re-sets the pension protection requirements for staff compulsorily transferring from the public sector to independent providers delivering public services under TUPE.

New Fair Deal applies directly to central government departments, agencies, the NHS, maintained schools, academies and any other part of the public sector under the control of Government ministers where staff are eligible to be a member of a public service pension scheme.

A link to the full document can be found here.

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/246933/PU1571\\_Fair\\_Deal\\_for\\_staf\\_pensions.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/246933/PU1571_Fair_Deal_for_staf_pensions.pdf)

## **Useful Information**

You need to be aware that the LGPS is contracted out of the State Second Pension (S2P) and you may find the following details useful:

### **Lancashire County Council Employers**

- + The ECON number is E3900002R and the SCON number is S2700157W.
- + Pension scheme tax reference 00329946RE

### **Cumbria County Council Employers**

- + The ECON number is E3900002R and the SCON number is S2700143F
- + Pension scheme tax reference 00329946RE

Please ensure that you liaise with HM Revenue and Customs about contracting out, and the contracted out rate of National Insurance contributions are applied to your employees in the LGPS.

## **The YPS Website**

Our website contains LGPS information for both Employers and Scheme Members. It also has very useful links to related pension information sites and is an extremely useful tool to help you comply with LGPS requirements.

We have made the website a valuable resource and it's constantly updated with useful publications, factsheets and reports. It's a good place to start if you need questions answered.

You will also gain access to the “Employers Section” of the website which is accessed via a secure portal. On application we will provide a username and password to gain access. There you will find the “Employer’s Guide” which covers many of the areas mentioned above but in a lot more detail and all the required forms you need to complete, when they must be completed and to whom they need to be returned. This is a very useful tool to aid you with your pension scheme responsibilities.

The site also provides links to a number of relevant external sites including Local Government Employers (LGE) and the LGPS national website.

See link [www.yourpensionservice.org.uk](http://www.yourpensionservice.org.uk)

Local Government Employers have also produced a website following the introduction of the new Scheme on 1 April 2014, especially for Employers. This website contains many useful administration guides which will answer most of your HR and Payroll queries. See Guides under the following link: <http://www.lgpsregs.org>

## **Training and support**

Additional training in all aspects of the LGPS can be provided for you by YPS. We can tailor training to suit your own individual requirements. There is no additional cost for training sessions although resources can be limited and we always assess training requests to ensure equality.

For further information please check our website or contact the Communications Team by email: [yps.communications@localpensionspartnership.org.uk](mailto:yps.communications@localpensionspartnership.org.uk)

*(Any information contained in this document is based on pension regulations in force at date of issue)*

## **Contact Us**

If you require any further information please contact us using the details below.



Tel 0300 323 0260



[askpensions@localpensionspartnership.org.uk](mailto:askpensions@localpensionspartnership.org.uk)



[www.yourpensionservice.org.uk](http://www.yourpensionservice.org.uk)

## **Appendix 1 - IAS19/FRS17 Calculations – Lancashire Pension Fund**

Many employers require pension figures to be provided in relation to the Financial Reporting Standard 17 (FRS 17) and International Accounting Standard 19 (IAS 19) for the Local Government Pension Scheme for their fiscal year. The decision as to whether you need such figures is yours to make, and you should check with your auditors if you are in any doubt.

The production of the relevant accounting information is undertaken by our actuary; Mercer. Your Pension Service (YPS) co-ordinates the exercise in relation to Lancashire fund employer's and you should contact Mark Nicholls via [mark.nicholls@localpensionspartnership.org.uk](mailto:mark.nicholls@localpensionspartnership.org.uk) in the first instance.

### **Actuary Fees**

Please note that there will be a charge for the production of the relevant accounting information to cover the actuarial fees and the costs incurred by YPS in co-ordinating the exercise and providing information to Mercer. This will be advised by following a request for information. The fee may vary depending on the numbers of employers requiring information at a given date and whether you have had information in previous years or not e.g. because more work is involved in the initial year.

Any detailed discussions, meetings or further work (e.g. calculations arising from special events, figures on alternative bases, dealing with significant queries from auditors, or other advice) would be additional and will incur a further fee which would be agreed on an individual basis between Mercer and the employer at the time.

### **Information Required**

Mercer's request data from the Pension Fund in relation to cash flows and early retirement costs for each employer and information about the Scheme's assets. YPS will populate a spreadsheet with relevant data and it will then be sent to the relevant employer for checking. Mercer will not verify that the data or information provided to them is true, accurate or complete. The ultimate responsibility for the accuracy, completeness and timeliness of the data rests with the employer.

If there are inconsistencies identified in the data which need to be queried by Mercer this could lead to additional fees and a possible delay in the production of the figures.

### **Timescales**

A minimum of 5 weeks' notice should normally be given for the request of information to allow time for YPS to collate the necessary information, time for you as employer to check the data and time for Mercer to undertake the necessary accounting calculations.

