

# **Lancashire County Pension Fund**

## **Introductory Guidance for Academies participating in the Local Government Pension Scheme**

### **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 have a number of pension responsibilities that you need to undertake, to efficiently administer the LGPS for your employees. These are outlined in this document, but further and more detailed information is also available on the Local Pension Partnership Administration (LPPA's) website at [Employer Responsibilities • Local Pensions Partnership Administration \(lppapensions.co.uk\)](http://lppapensions.co.uk). LPPA undertakes administration on behalf of the Lancashire County Pension Fund (LCPF). Employer responsibilities are also described in the Fund's Pension Administration Strategy Statement which can be found on the Fund's website [Publications - Pension Fund \(lancashirecountypensionfund.org.uk\)](http://lancashirecountypensionfund.org.uk)

It is essential that someone in your organisation is familiar with Scheme employer's responsibilities 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. However for ease of administration each Academy will normally be set up under a separate employer reference. It may also be practical to have a separate employer reference for central administrative staff if appropriate.

Note that the LCPF operates various policies including an Admission and Termination Policy which can be found in the 'Publications' section of the Fund's website at [Publications - Pension Fund \(lancashirecountypensionfund.org.uk\)](http://lancashirecountypensionfund.org.uk)

## ACADEMY ADMISSION PROCEDURE

### Notification of a School's Conversion to Academy status

Once a School has decided that they wish to convert to Academy status, LCPF will notify LPPA of the date of conversion. The School or Trust needs to complete and return the following so that scheme member records can be updated to reflect the new employer, and so that the Academy can meet their administrative responsibilities as a Scheme employer:

- **Academy's Employer Spreadsheet** - on the attached excel spreadsheet, the Academy will provide membership details of the staff that are in the LGPS or are eligible to join.
- **Authorisation Form(s)** – to fulfil your obligations as a Scheme employer within the LCPF, you will need to register for the Secure Employer's area. Forms can be found here [Login \(yourpensionservice.org.uk\)](https://yourpensionservice.org.uk)
- **Payroll Provider Form** – if you outsource payroll, you will need to authorise that payroll provider. Forms can be found here [Employers who outsource their payroll • Local Pensions Partnership Administration \(lppapensions.co.uk\)](https://lppapensions.co.uk)
- **Contacts Form** – ensure that you receive important communications about the pension scheme.

The completed documents should be returned to [Julie.price5@lancashire.gov.uk](mailto:Julie.price5@lancashire.gov.uk). If you have any queries about the completion of the documents, please don't hesitate to contact us.

Please also return the Academy Order and Funding Arrangement when available.

### Fees

The Lancashire County Pension Fund operates an Admission and Termination Policy which can be found in the 'Publications' section of the Fund's website at

[Publications - Pension Fund \(lancashirecountypensionfund.org.uk\)](https://lancashirecountypensionfund.org.uk)

This document outlines the administration fees payable to the Fund to set up the Academy, which are currently £350 + VAT.

### Validation of Membership Data and Actuarial opening position calculation

In line with LCPF's Admission and Termination Policy, the Academy will normally take on the rate of the Local Education Authority the pre-Academy status School came under. The opening deficit will be calculated using an actuarial model which allocates a share of the LEA's deficit at the most recent valuation of the Fund. This is subject to change at the Fund's triennial valuations.

For the opening funding calculation, the LPPA will check the membership data and liaise with the school to resolve any queries.

If actuarial fees are payable for the calculation of the opening position, these will be passed on to the Academy.

### **Requirements following conversion**

All eligible non-teaching staff (including new joiners) will have a legal right to be members of the above Scheme.

On the date of conversion scheme members who transfer over to the Academy will be treated as having continuous membership in the Scheme, and all existing eligible staff who are not members of the Scheme must be automatically brought into the Scheme. They do have the right to opt out, if they wish.

The Academy will have no discretion to provide alternative pension arrangements for employees who are eligible to be members of the LGPS.

Any non-teaching staff who paid additional pension contributions (other than their normal monthly LGPS pension contributions) at the point of conversion, in respect of either Additional Voluntary Contributions (AVCs), Additional Regular Contributions (ARCs), Additional Pension Contributions (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 /affected employees.**

Employees can if they want to 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. Please find contact details here [Additional Voluntary Contributions \(AVC\) • Local Pensions Partnership Administration \(lppapensions.co.uk\)](#)
2. in respect of APCs/Added Years - contact LPPA [Engagement@localpensionspartnership.org.uk](mailto:Engagement@localpensionspartnership.org.uk) requesting that contributions are continued under the new 'Academy' employer. For Added years contracts they only have 3 months from the conversion date to restart these contracts and pay the missing contributions.

### **Induction as a new Scheme Employer**

The LPPA will contact the Academy to provide information and guidance on administration of the LGPS Scheme.

Guidance on Employer responsibilities and management and governance are accessible from the link below.

<https://www.lppapensions.co.uk/employers/>

If you have any queries, please contact [Julie.price5@lancashire.gov.uk](mailto:Julie.price5@lancashire.gov.uk) or [Engagement@localpensionspartnership.org.uk](mailto:Engagement@localpensionspartnership.org.uk)

## NEXT STEPS

For the Fund to start the valuation process I will need:

- Written acceptance to the fee of £350 +VAT
- Completed staff spreadsheet of the LGPS staff who will transfer to the new academy
- Completed Authorisation Form(s) to nominate individuals to submit forms, contributions remittances, and the monthly Data Collection file via the Secure Employer's Area. Forms can be found here [Login \(yourpensionservice.org.uk\)](https://yourpensionservice.org.uk)

## ACADEMY RESPONSIBILITIES

All employers within the Local Government Pension Scheme have statutory responsibilities and administrative requirements which are described in the [HR and Payroll Guides produced by LGE](#). It is a good idea for you to gain a full understanding of what will be expected of you before conversion, as there can be penalties for failure to meet your obligations. LPPA have administrative processes that you will need to follow as an employer, see [Employer Responsibilities • Local Pensions Partnership Administration \(lppapensions.co.uk\)](#).

### LGPS Employer responsibilities

As a new Scheme employer you have statutory responsibilities under the Local Government Pension Scheme (LGPS) Regulations 2014 (as amended). All the information you need to discharge your responsibilities as an LGPS employer is contained within the employer area of the LPPA Website. You will need to use the Secure Employer's Area to submit forms and other information to LPPA, most notably to submit payment of monthly contributions and a monthly Data Collection file, and to submit online forms for leavers or absences. Please complete the authorisation form for all nominated users at the link below so that you can access this area. Each person that has access will need to be individually authorised.

#### [LPPA Secure Employer Area](#)

If you have a third party payroll provider, you need to authorise that they can deal with LPPA. The employer authorises the provider, then the provider will authorise their own employees to access the Secure Employer's Area. Please ensure that you are clear about which duties your contractor will undertake, and which you may have to undertake yourselves. Note that the ultimate obligation to meet employer responsibilities rests with the Scheme employer.

#### [Employers who outsource their payroll • Local Pensions Partnership Administration \(lppapensions.co.uk\)](#)

When you access to the employer area, we recommend that you familiarise yourself with the following:

1. **Employer Guides** – detailed information about your obligations and the processes involved in all aspects of your pension scheme responsibilities. We recommend particularly that you read the guides on **Contributions, Absence and Assumed Pensionable Pay**, and **Submission of Information to YPS** to get you started, under "Forms Access and Bulk Spreadsheet Layouts" within the Secure Employer Area.
2. **Discretions** - every employer has a statutory responsibility to have policies about some areas of the scheme. We recommend that you read the employer guide on "Discretions".
3. **Employer Bulletins** - these give information about changes to the scheme and key requirements.

4. **Training and Conferences** - your opportunity to get valuable support and information.
5. **Employer Services** - get secure access to your employees' pension scheme member records, check data and run estimates.
6. **Online Forms** - you will need to send us forms about leavers and absences.
7. **Spreadsheet Layouts** - you will need to submit a data collection file **every pay period** containing information about your employees and their pay and contributions. The file information should match payments of contributions that you make to the Fund. Each employer and payroll provider is assigned codes to use in the data collection file. This will be provided by LPP Data Management Team once you have access to the Secure Employer's Area.

There are other responsibilities under the LGPS that you have which are described in the LCPF's Pensions Administration Strategy Statement. The statement can be found on the page below.

[Publications - Pension Fund \(lancashirecountypensionfund.org.uk\)](http://lancashirecountypensionfund.org.uk)

### **Third Party Payroll Providers/Change of Payroll Provider**

Please ensure that you are clear about which LGPS responsibilities will be undertaken by the provider, and whether any will continue to be undertaken by the employer. Ultimate responsibility rests with the LGPS Employer.

If you change providers in the future you need to update LPPA. Please complete the spreadsheet at the link below to notify LPPA of old and new pay reference numbers. Please also complete the pay provider information form – LPPA will issue you with codes to use in your data collection file.

[Employers who outsource their payroll • Local Pensions Partnership Administration \(lppapensions.co.uk\)](http://lppapensions.co.uk)

### **Outsourcing of other Services**

If an Academy outsources services, such as catering or cleaning, then the pension rights must be considered for non-teaching staff that have eligibility to the LGPS Pension Scheme. We encourage you to note the following information and ensure it is considered during the procurement process for services which involve the TUPE transfer of non-teaching staff who are eligible for the LGPS.

The Academy must inform the LCPF when outsourcing services to a private sector contractor. There are financial implications for the Academy and the successful contractor that need to be included in any contract tendering documentation.

### **Accounting**

For the production of Annual Report and Accounts, Academies may require an annual actuarial report (FRS102/ IAS19), which will provide details of LGPS liabilities. Your auditors will be able to advise whether this information is required.

In the event that an FRS102/IAS19 report is required, please advise of the year end date so that we can contact you with information about the process and the actuarial reports can be provided for your annual financial reporting deadlines.

The cost of the first report can be up to approximately £1,000 + VAT and subsequent reports approximately £135 + VAT (at current rates). An administration fee of £200 + VAT is also payable to the Fund.

### **Auto-Enrolment**

The LGPS is a qualifying pension scheme under the automatic enrolment provisions of the Pensions Act 2008.

Please note that you will need to comply with various legal obligations in respect of pension provision for the employees that will have transferred to your employment. For example, you will need to comply with your duties under the Pensions Act 2008 ('auto-enrolment duties').

In respect of the Pensions Act 2008, you can find more information in the Local Government Association's Automatic Enrolment Guidance for Employers. This can be downloaded at <http://www.lgpsregs.org/resources/guidesetc.php>. In addition to this, you can find more information about auto-enrolment from [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk). It is your responsibility, as the employer, to ensure that you fully comply with the legislation.