

Avon
Pension
Fund



Your pension, your future

Moving to Academy status and the Local Government Pension Scheme (LGPS)

Avon Pension Fund

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Background Information

The Local Government Pension Scheme is a funded scheme providing retirement benefits to employees of bodies listed (scheduled) in its governing regulations; these include Local Authorities, Town and Parish Councils, Academies, Colleges, Universities, outsourced services, and some charities. There are around 86 LGPS Funds in England and Wales, with each Fund administering the scheme for their local area.

Local Authority and Independent Schools which are granted academy status are required to offer their non-teaching staff membership of the Local Government Pension Scheme under the LGPS Regulations, which are approved by Parliament. The new academy will become a separate Scheme Employer in their local LGPS Fund, allowing the non-teaching employees of an academy to join and continue their membership.

The Avon Pension Fund (APF) administers the LGPS for all relevant employers in the areas of Bath & North East Somerset Council, Bristol City Council, North Somerset Council, and South Gloucestershire Council. The Fund has over 440 participating employers and looks after in excess of 130,000 members.

The Department for Education issued a briefing note for schools in August 2010 which lays out the pensions implications of becoming an academy. **This emphasises that the school should contact the pensions Administering Authority at the earliest possible stage.** Further comprehensive information was issued in 2017, setting out arrangements for academies including Multi Academy Trusts – this can be found on the “Prospective Academies” section on the APF website.

Process of joining the Avon Pension Fund

Stage One: Prior to contact with the Avon Pension Fund

- Read through guidance documents on the APF website for academies joining the LGPS – as per the fee’s factsheet, there are costs involved in requesting an actuarial valuation (establishing a contribution rate) so ensure decision-makers are aware of this from the outset.
- Assure employees already in the LGPS that their membership (and accrued service) will continue in the same way with the new academy.
- Inform any employees that have opted out of the LGPS previously that they will be contractually enrolled into the Scheme at the conversion date, but they have the right to opt out again as an employee of the academy.

Stage Two: Informing Avon Pension Fund

- Contact APF at apf_employeradmissions@bathnes.gov.uk and give details of school name, expected conversion date and whether the school is joining a new MAT, an existing MAT or becoming a stand-alone academy.
- If joining as a standalone academy or part of a new MAT, assign a Lead Officer who will be the main contact for the APF.
- Tell the APF if any services are going to be outsourced after the school has converted.
- Inform the APF whether the school has a Children Centre, as these staff will remain the responsibility of the Local Authority.

Stage Three: Completing LGPS academy forms

- The LGPS33A (New Employer Data Request Form) takes the longest to complete so work should begin on this as early as possible. The information in this form will be used in the Actuarial Valuation and needs to be processed by the school, the payroll provider and the APF. To complete this form there are three stages:
 - One: Complete Tab 1 of the form which asks for the school's name, new academy name, MAT information, Admission (conversion) date, and Lead Officer details.
 - Two: Send the form to the school's payroll provider, who will then fill in the member information on Tab 2.
 - Three: When the completed form is returned by the payroll provider, the school should review the information and then send the completed form to the APF.
- The LGPS34A (New Academy Details Form) asks for details regarding the new academy, Lead Officer, and contact details for HR, Payroll and Finance. There is also a tick box asking if a Secretary of State order is attached; a copy of the order should be sent to the APF before conversion. Please note, an Actuarial Valuation can still be produced even if the school is awaiting confirmation from the Secretary of State that the conversion can proceed.
- The LGPS35A (Appointment of Lead Officer for the LGPS) is used to establish the main contact at the school/ MAT. This form asks for contact details of the Lead Officer and requires a signature from the Head Teacher, Director, or an equivalent level. If the school is joining an existing MAT, this form will not be required.
- The LGPS54 (Authorised Medical Practitioners Form) is a form used by the APF to ensure that there are Medical Practitioners in place who can assess a member if they were to become unable to work. Information on Ill-Health retirements can be found in the Avon Pension Fund - Funding Strategy Statement.
- If the school is joining a MAT, these contacts will usually already be set up and arranged with the APF. However, please check with the MAT first.

- If the school is becoming a stand-alone academy, this form will need to be completed with two signatories and corresponding medical certificates. A list of approved Medical Practitioners can be provided by the APF.

Stage Four: Actuarial Valuation

- Once the forms have been received, the APF will reconcile the data for each employee against the member records in the pension database.
- The data will then be sent to the Fund's actuary who will produce an Actuarial Valuation (Summary Paper) which contains the contribution rate, including deficit recovery payments, for the academy.
- Once received, the APF will send the "Summary Paper" to the Lead Officer who then needs to communicate details of the contribution rate to the payroll provider.

Stage Five: Becoming an employer in the Fund

- Inform the APF on the day of conversion that it has taken place. If the conversion is delayed, inform the APF as deficit recovery payments will need to be adjusted to reflect a new part year figure.
- The APF Finance team will contact the Lead Officer (or payroll provider) explaining how to pay the contributions.
- The APF employer website provides relevant tools, factsheets, forms, and news and events which will assist the academy in the administering the LGPS once it becomes an employer in the Fund.

What will the Avon Pension Fund do?

- Track the school's progress in joining the fund as an academy and ensure the process is as smooth as possible.
- Work with the Lead Officer to ensure that any forms required are completed ahead of conversion.
- Reconcile the submitted information for each employee against the pension database.
- Provide guidance and support to the academy before and during their participation in the APF, with dedicated teams available to assist with any LGPS related matters.
- Provide and reconcile the required data to the Fund's Actuary for them to recalculate the employer contribution rates at each triennial valuation.
- Send regular emails to employers providing information for them and their employees.
- Arrange training sessions on the LGPS and associated pension responsibilities for representatives from the academy and their payroll provider. These are important and must be attended.

- Provide year-end accounting disclosure reports and assist in any auditor queries in relation to these disclosures.
- Advise on any bespoke issues/changes that may impact the academies participation in the APF.

Important Information

Deficit Calculation

- Local Authority schools should note that the Actuary will attribute (to the academy) a share of the local authority's past service deficit in the manner set out in the Funding Strategy Statement. In effect, the transferring deficit is based on the pensionable payroll derived from the LGPS33 and is calculated as the capitalised amount of deficit funding contributions (based on the Local Authority deficit recovery period) the school would have made to the Fund had it not converted to academy status.
- The Deficit Recovery Period (for the purpose of determining the deficit recovery payments) will be the same period as that which applied to the Local Authority that the Academy has left.

Contributions Calculation

- The Employer Contribution Rate will consist of a future service rate and a deficit recovery payment relating to past service.
- If the Employer Contribution Rate is not known prior to the academy conversion date, an interim rate of 20% of pensionable pay will be applied until the correct contribution rate, including deficit recovery payments, have been calculated.
- In addition to the Employer Contributions, the academy will be responsible for collecting Employee Contributions and sending these to the APF.
- Contributions will be paid to the APF each month. The necessary information in respect of the financial year will be sent to the academy by the Fund's Finance Team before the first payment is due.
- The Employer Contribution Rates will be reviewed at each triennial valuation.

III Health and Death in Service Captives

- The Fund has implemented an internal captive insurance arrangement in order to pool the risks associated with ill health retirement costs. The captive has been designed for employers that could be materially affected by the ill health retirement of one or more of their members.
- For those employers in the ill-health captive arrangement, an allowance for ill health retirements has been included in the Employer Contribution Rate.
- A similar captive insurance arrangement has also been put in place for death in service benefits. Full details of this and the ill-health captive insurance arrangement can be found in the Funding Strategy Statement. The intention of

these two arrangements is to ensure employers are not materially impacted by either an ill-health or death in service case.

Multi Academy Trusts

In addition to the dozen or so standalone academies that operate in the Fund, there are also around 30 Multi-Academy Trusts (MAT's) in the Avon Pension Fund, each of which vary in size and composition. Each academy within a MAT is attributed an individual employer code and treated as a separate employer for actuarial purposes; this allows us to correctly identify the pension liability should an academy need to leave one Trust for another, as well as assists with FRS 101/102 reporting.

If several schools are converting to academies simultaneously, and forming a new MAT, there will be an option for the MAT to adopt a "pooled" contribution rate at the outset; this rate will be an average of the future service rates calculated by the Actuary for the cohort of schools. If the MAT decides to maintain individual rates for each academy, there will be an opportunity to revisit MAT pooling at the next triennial valuation, when the employer contribution rates are reviewed. For more detailed information on the MAT pooling procedures, refer to the MAT Pooling factsheet.

Where an academy is joining an existing MAT which uses a pooled contribution rate, on conversion the new academy will adopt the pooled rate; this may be reviewed if the Fund or the Actuary believe there have been material changes in the MAT composition, though this is very unlikely.

In addition to "pooling" contribution rates, MAT's will also be able to set up central function codes in the Fund for central support staff. This will be treated as a separate employer, with its own employer code and contribution rates (if not pooled). Establishing these codes should be considered best practice for larger MAT's, as there is an inherent (pension) risk in recording central staff under one academy; for example, if the academy moved to another MAT, the pension assets and liabilities taken to the new trust will include those of the central staff for the previous trust.

In recent years we have seen a shift in focus from academy conversions to MAT consolidations, resulting in a number of MAT mergers and academy transfers. The Fund has a wide breadth of experience with academy and MAT participation in the LGPS, and whether it is a change in an existing employer in the Fund or a new academy conversion, the Fund will put in place bespoke arrangements to facilitate both. For more information on MATs, deficit transfers and outsourcings, please refer to the Avon Pension Fund's Funding Strategy Statement or contact us using the email address provided at the end of the document.

Employees eligible for LGPS

The LGPS Regulations require the academy to contractually enrol into the LGPS all employees who are under the age of 75 and not otherwise eligible to join the Teachers' Pension Scheme, from the date they become employees of the proprietor of the academy. If an employee does not want to be a member of the LGPS he or she can elect to opt out, but this cannot be done before the date on which his or her employment with the academy proprietor starts. The employee can get an opt out form from the APF website. Please note that it is unlawful for you to give an "opt out form" to an employee or to provide advice on whether to opt out or not.

Any employees who elected to opt out of the LGPS while they worked for the school (or for the Local Authority) before it became an academy must still be contractually enrolled into the LGPS on the date the academy comes into being. An "opt-out form" completed when an employee worked for the school (or for the Local Authority) ceases to be valid when his or her employment transfers to the academy.

Who to Contact

When you are ready to proceed or have any queries regarding joining the fund, please e-mail apf_employeradmissions@bathnes.gov.uk

Disclaimer

This guide is an overview of pension implications and procedures for LGPS Scheme Employers participating in Avon Pension Fund and is provided for background information purposes only; the guide does not constitute advice; the guide is not an authoritative statement of the law and does not confer any statutory or contractual rights. The Avon Pension Fund do not accept any liability for loss or damage, consequential or otherwise, in reliance on the guide. Nothing in the guide can override the provisions of the Local Government Pension Scheme Regulations, other legislation, or government guidance. The Guide was up to date at the time of publication and the Avon Pension Fund will review it periodically and update it as required.

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Appendix 1 – Moving to Academy status process stages

Stage 1

- Is the school joining an existing MAT, forming a new MAT, or converting as a stand-alone academy?
- Read through supporting documents on APF website for academy conversions.

Stage 2

- Contact APF about becoming a scheme employer.
- Assign a Lead Officer who will be the main point of contact.
- Tell employees who opted out that they will be auto-enrolled into the LGPS on the conversion date.

Stage 3

- Complete the various LGPS documents listed on the APF website.
- Before sending the LGPS33A to APF, be clear what fees/charges are payable.
- Send a copy of the Academy Order to APF (once available).

Stage 4

- APF will review the LGPS33 and send data to the Actuary.
- The actuarial valuation will be sent to the Lead Officer, usually, around 3-4 weeks after we have received the LGPS33A.
- Contribution rates and deficit/surplus payments will need to be communicated to the academy's payroll provider.

Stage 5

- Inform APF the school has converted on expected date (or not as the case may be).
- APF Finance Team will contact the academy or MAT about how to pay contributions.
- Academy becomes an employer in the APF.

Appendix 2 - Moving to Academy status checklist

- 1) Read through relevant documents on APF website
- 2) Assign a Lead Officer to be main contact (if a new MAT)
- 3) Inform APF of intention to convert and provide details
- 4) Download and fill out the following forms:
 - a) LGPS33A:
 - i) Complete “Tab 1”
 - ii) Send to payroll provider to complete “Tab 2”
 - iii) Sense check information from payroll
 - b) LGPS34A – New Academy Details Form
 - c) LGPS35A – Appointment of Lead Officer Form
 - d) LGPS54 – Authorised Medical Practitioner Form:
 - i) Obtain two signatures
 - ii) Provide certificates
- 5) Send completed forms to APF_EmployerAdmissions@bathnes.gov.uk
- 6) If received, also send a copy of the Academy Order
- 7) Actuarial Valuation received from the APF
- 8) Inform relevant parties (payroll) of contribution rates
- 9) Inform APF that the conversion has occurred on the expected date