

**Agenda Item No 5(c)**

**DERBYSHIRE COUNTY COUNCIL  
PENSIONS AND INVESTMENT COMMITTEE**

**14 December 2016**

**Report of the Director of Finance**

**ADMISSION BODIES & ACADEMIES  
ENTRY PROCEDURES FOR NEW EMPLOYERS IN THE DERBYSHIRE  
PENSION FUND**

**1 Purpose of the Report**

To ask the Committee to consider revised entry procedures for Admission Bodies and Academies into the Derbyshire Pension Fund from 1 January 2017.

**2 Information and Analysis**

**2.1 Admission Bodies**

A number of situations have arisen where outsourcing of services by Scheme Employers has taken place without the Derbyshire Pension Fund being consulted or informed, or where the Fund has been informed only at the end of the process. In some instances this has led to scheme members being transferred to a new employer without their pension rights being factored in.

This leads to confusion for employees, who in some cases contact the Pension Fund to find out what has happened to their pension. At times this has been the first indication the Fund has had that a new employer is involved.

In other cases, the new employer is surprised to find that there are costs involved in the actuarial process, and they are also unprepared for the level of employer contribution rate or the requirement for a bond to be in place.

Where the new employer has failed to prepare for being an LGPS employer, there are risks to the Fund and to individual scheme members, and employers may face financial costs not included in the procurement process when a service is put out to tender.

A recent case which highlighted the consequences of the Pension Fund not being involved from an early stage related to an Academy outsourcing its cleaning operation without notifying the Pension Fund of the change in employer for affected employees.

The transfer from 1 April 2016 under TUPE rules, failed to protect the employee's pension rights. The new employer appeared to be unaware of the New Fair Deal legislation which requires that employees should have continued to be members of the public service scheme they were active members of immediately prior to the transfer and wished to offer a less favourable scheme as an alternative.

The existing employees were made redundant by the new employer within days of the transfer, and replacement staff brought in.

The Fund was unaware of the situation until one of the affected employees contacted the Fund to ask about their pension.

The Academy failed to seek guidance from the Fund about the impact on members and as such highlighted the consequences of employers being unaware of their obligations as a scheme employer.

Other issues caused when New Fair Deal protections are not considered by outsourcing employers are shown on the following table.

Issue	Risks	Impact on Fund, Employer or Member
Non-Receipt or Payment of Pension Contributions	Missing payments to the Fund place an individual's membership of the Fund at risk and lay additional administrative burdens on the Fund to investigate the circumstances	Fund and member
III-Health Retirements	<p>III-Health Retirements generate significant costs and volatility at both whole Fund and employer level.</p> <p>Although not impacting immediately on the employer, the unpaid strain cost from an III-Health Retirement is taken into account by the Actuary at the next valuation, therefore, potentially increasing the employer's contribution rate.</p>	<p>Fund</p> <p>Employer</p>
Incomplete records	<p>Potential errors on pension records</p> <p>Unless the Fund has clean, accurate and timely data for scheme employees, the target of accurate records resulting in correct pension payments is at risk</p>	<p>Member</p> <p>Fund and Member</p>

Issue	Risks	Impact on Fund, Employer or Member
	Inaccurate data will impact on the Actuary potentially setting an incorrect employer contribution rate	Employer
Delayed Actuary reports	A delayed Actuary report adds administrative pressure on the Fund and may result in the employer being asked to pay arrears of employer contributions	Fund and Employer
	Fund members may also find it difficult to pay over arrears of employees contributions in these circumstances	Member

Additionally, there have been cases where the admission process has gone ahead, and once the Actuary report has been generated, the new employer has decided that the costs were too great, and has delayed or cancelled the process.

There are two current cases where this happened with employers, whose admission requests were approved by Committee in June 2016. In both of these cases, a considerable amount of work was undertaken by the pensions team and the Legal Services Department, updating records, drawing up the Admission Agreement, and having face to face meetings with representatives from each organisation.

The Derbyshire Pension Fund has over 170 employers, and this number is expected to continue to rise, particularly where maintained schools convert to academies, and services are outsourced.

### **Actions Taken**

Recognising that there was a lack of information available for outsourcing bodies and potential new employers about the LGPS Admissions Body process, the following have recently been developed and issued;

- Derbyshire Pension Fund Employer's Newsletter No 140 (issued August 2016) - see Appendix A
- A special bulletin issued to Academy employers and Derbyshire County Council/Derby City Council maintained schools (issued September/October 2016) – see Appendix B

### **Revised Process for Prospective New Admission Bodies**

Further to these actions a review of the process, requirements and costs to potential new employers highlighted the need for better quality information to

be available from an early stage in the arrangements for the outsourcing of a service, in order to ensure scheme members' pension rights are protected when their employment transfers to the new employer.

Detailed information on the legal and administrative requirements as well as an understanding of the costs involved should remove the types of issues highlighted in this report, meet the objective of scheme membership being in place for members when a transfer occurs, and ensure that all new employers to the Fund are conversant with the entry processes.

An "Information for Admission Bodies" guide and standard application form have been prepared to cover all aspects of the new employer process for Admission Bodies which will require a declaration that the proposed new employer has read and understood the guide and other important documents setting out their responsibilities as an employer in the Derbyshire Pension Fund, and also the related costs which will be incurred.

It is proposed that the costs should include a new standard charge of £1,000, applied to all prospective new employers to commence the Admission Body process and cover administrative and legal costs. The charge will protect the rest of the employers in the Pension Fund from the impact of costs generated when one Fund employer cancels or delays plans to transfer a service to a third party providers.

When a prospective new employer does successfully become an Admitted Body in the Derbyshire Pension Fund, the £1,000 charge will be reimbursed via the sum being offset against the Actuary charges. However, in those cases where the process is not completed, the £1,000 charge will not be reimbursed and will be used to cover the legal and administrative costs incurred by the Pension Fund during the initial entry process.

The aim of the improved guidance and the initial charge is to discourage prospective new employers from commencing the Admission Body process and withdrawing before signing the Admission Agreement. As well as reducing unnecessary administration, this will also help to protect members rights to continued scheme membership.

The practices of a selection of other Funds were examined in preparing the revised procedures and the investigation found that there is not a standard approach to the Admission Body processes. However, some other Funds such as the Greater Manchester Pension Fund similarly apply an initial charge to the prospective employer.

The protection of member's rights in the Pension Fund is a critical consideration when employees are transferred to a new employer.

Therefore, in summary, to improve the transparency and robustness of the admission process, the Pension Fund is proposing to:

- Publish an Information for Admission Bodies guide on the website and circulate it to all Scheme Employers - see Appendix C
- Replace the current admission procedure with a standard application form - see Appendix D
- Introduce a £1,000 commencement fee charge to prospective new employers for administrative and legal costs incurred by the Pension Fund, to be reimbursed at the completion of the process.
- Publish a schedule of estimated costs, including the initial fee and Actuary costs - see Appendix E

It is proposed that the revised procedures will be introduced as soon as it is operationally possible.

The Committee is asked to note the proposed changes to the Admission Bodies process.

## **2.2 Academies**

The expected increase in numbers of Derbyshire County Council and Derby City Council schools converting to Academy status has led to a review of the procedures for Academies becoming new employers in the Derbyshire Pension Fund.

Academies are Scheduled Bodies in the LGPS under Schedule 2 Part 1 (20) of the Local Government Pension Scheme Regulations 2013, and have a statutory obligation to participate in the LGPS from the date of conversion.

The timely provision of information from the converting school to the Pension Fund is essential to ensure that the Actuary can provide his report before the conversion date and individual members are recorded by the Fund as being employed by the new Academy as soon as it is operational.

The Pensions Team have researched the procedures of other Pension Funds and have prepared a revised approach for new academies becoming scheme employers in the Derbyshire Pension Fund which aims to:

- provide the converting school with relevant information about the process of becoming a new employer in the LGPS at an early stage
- submit member data to the Actuary to enable him to provide his report and the employer contribution rate prior to the conversion date
- receive relevant contact information for the new Academy:
  - Authorised Signatories,
  - Payroll & HR Contacts
  - Adjudicator for appeals,
  - Authorised Independent Registered Medical Practitioner for determining Ill-Health cases

An Information for Prospective Academies guide (see Appendix F) and a standard application form (see Appendix G) have been prepared to cover all aspects of the new employer process for Academy Conversions which will require a declaration that the proposed new employer has read and understood important documents setting out their responsibilities as an employer in the Derbyshire Pension Fund, and also the related Actuary costs which will be incurred.

As academies are a Scheduled Body under the Local Government Pension Scheme Regulations 2013, there is not a requirement for an Admission Agreement to be prepared or, therefore, for the initial fee to be charged. As such, the initial fee charged to new Admission Bodies to cover related administrative and legal costs is not charged to new academies.

During the initial application stage the form provides the opportunity for the converting school to indicate if they will be operating as part of a Multi-Academy Trust (MAT). The Fund is mindful of the fact that some MATs will operate as a single scheme employer incorporating all of its partner academies. It is important that this is declared at the outset in order to avoid additional actuarial processes and costs.

### **3 Financial Considerations**

#### **3.1 Admission Bodies**

Applying a £1,000 commencement fee charge to prospective new admission bodies will encourage all parties to consider the pension rights of Fund members at an early stage.

This is not an additional charge. All prospective admission bodies are currently responsible for actuarial costs, and the new process will mean that a proportion of those costs are paid up front, to be set-off against the final charge.

In cases where the prospective employer withdraws before signing the Admission Agreement, the initial charge will remain in the Pension Fund to cover administrative costs with an agreed sum transferred to the Legal Services Department to cover legal costs incurred.

Preparatory and ongoing costs will continue to be picked up within the employer contribution rate for new employers in the Fund.

#### **3.2 Academies**

The proposed revised process for new academies does not include any changes to the current financial responsibilities of this group of employers.

#### **4 Other Considerations**

In preparing this report the relevance of the following factors has been considered: legal and human rights, human resources, equality and diversity, health, environmental, transport, property, social value and prevention of crime and disorder.

#### **5 Officer's Recommendation**

That the Committee is asked to approve the changes to the Derbyshire Pension Fund entry process for new Admission Bodies and Academies.

PETER HANDFORD

Director of Finance

**DERBYSHIRE PENSION FUND****LOCAL GOVERNMENT PENSION SCHEME****EMPLOYER'S NEWSLETTER  
NUMBER 140**

## **Admission Agreements - Private Contractors**

### ***Important information for all employers with services to be tendered***

Local Government Pension Scheme (LGPS) Regulations permit external providers to enter into an Admission Agreement with a "Best Value authority" as an alternative to offering a broadly comparable pension scheme. In addition, New Fair Deal is a non-statutory policy which maintains access to LGPS schemes where employees are transferred from the public sector to a private employer under TUPE terms.

Such agreements allow scheme members who are TUPE transferred from their Local Government employment or from, for example, an Academy or Free School to an external provider of those services, to remain in the LGPS for so long as they are employed in connection with the delivery of the outsourced service. Other staff employed by the external provider, who work in connection with the delivery of the outsourced service, may also be allowed to join the LGPS if the admission agreement permits this.

It is therefore vitally important that officers who have responsibility for or have involvement in procurement or other forms of potential outsourcing discuss with the Derbyshire Pension Fund the pension implications of outsourcing staff at an early stage.

Important Update: On 27 May 2016, the Department for Communities and Local Government published a consultation paper on proposed changes to the LGPS. The consultation closed on 20 August. Under the proposals, the current pension protection afforded to local authority staff TUPE transferred to the private sector will be changed so that the "broadly comparable" option - whereby the new employer can provide broadly comparable pension benefits to the LGPS under their own private pension arrangement - will end. From the date this is implemented, therefore, all new employers will have to offer the LGPS in all cases.



Once a decision has been made to outsource a service the Pension Fund administering authority should be notified as soon as possible and pension costs must be supplied as part of the tender documentation. When drawing up the contract conditions the Scheme employer (outsourcing employer) will need to ensure that pension rights on termination of the contract are covered, as well as the pension rights of staff who may be transferred to other work with the contractor or even a sub-contractor.

Also to be included in the tender documentation is information obtained from the Pension Fund's actuary. Tenderers will need to be made aware of the likely employer's contribution rate that they will be required to pay should they agree to an admission agreement and the level of bond or indemnity that they will be required to provide to safeguard the Pension Fund against any risk exposure that may occur as a result of the premature termination of the contract. It should be noted that the employer's contribution rate is quite likely to be higher than that of the original employer. It will be necessary for the outsourcing employer to supply to the administering authority details of the staff likely to be transferred as part of the outsourcing process. The cost of the Actuarial report is usually borne by the new employer, and should be taken into account when viewing the overall cost of the process.

**Failure to consult with the administering authority at an early stage may create problems and delays during later stages of the process.**

Before the Admission Agreement can be signed it is necessary to:

- confirm an 'Open' or 'Closed' Agreement
- provide information to the Pension Fund actuary to enable a final employer contribution rate to be determined
- confirm the services being outsourced
- ensure that the employer discretions to be exercised by the contractor under the LGPS regulations are published and notified to the Scheme employer and the Administering Authority, and
- agree an appropriate bond or indemnity to protect the Pension Fund based on Actuarial advice

Once the agreement is in place and the contract commences, the parties to the agreement must continue to liaise with one another and maintain periodic reviews of the level of bond or indemnity, the employees entitled to remain as scheme members under the admission agreement and the employer's contribution rate.

The agreement needs to be signed by the scheme employer (the outsourcing employer), the admission body (the newly admitted body) and the Pension Fund administering authority.

For further information about the process of becoming an Admitted Body in the Derbyshire Pension Fund, please contact:

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**APPENDIX B****Important information for Schools and Academies - Outsourcing**

This special bulletin and advice/implications contained within should be considered carefully by any service, school or, more usually, an academy that is considering outsourcing one of their areas of work. Please, therefore, ensure that those responsible for formulating proposals/managing budgets receive copies of this. You may also find it helpful to refer to [Employers newsletter 140](#) from the Derbyshire Pension Fund.

When considering outsourcing contracts and transferring staff to third-party providers, the pensions-related implications can be significant. Therefore, you should always contact the Derbyshire Pension Fund for detailed advice and guidance at the beginning of any discussions.

The Derbyshire Pension Fund has, unfortunately, experienced a few cases where contracts have been awarded and the LGPS pension implications have not been considered at all or, if they have, it was too late in the process and led to unnecessary delays, extra costs and complications. The purpose of this bulletin is to remind schools and particularly academies of their responsibility to be fully aware of the pension procedures and protocols early on in any tendering process.

LGPS- <http://www.lgpsregs.org/index.php/regs-legislation>

Best Value Authorities – [The Best Value Authorities Staff Transfers \(Pensions\) Direction 2007](#)

New Fair Deal- [New Fair Deal guidance](#)

**Schools, Academies and New Fair Deal**

A TUPE transfer of employees who are members of or are entitled to be members of the Local Government Pension Scheme (LGPS) must adhere to the principles laid out in the HM Treasury issued revised 'New Fair Deal' guidance that 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.

NB – under LGPS all transferring staff are Eligible Members and will be entitled to automatic contractual enrolment on change of Employer.

## **Invitation to Tender (ITT)**

Details of the pension provision that must be offered by the contractor needs to be included in any tender documents. Currently, employers may offer a 'broadly comparable scheme' as an alternative to LGPS, but this option is likely to be removed during the next parliament. 'Broad comparability' means a pension scheme with equal or better conditions than LGPS which must be accompanied by a certificate from the Government Actuary (GAD).NB: NEST and similar pension schemes do not fall into this category.

## **Process**

The outsourcer will need to:

- Provide details of the possible outsourcing/re-tender exercise to the Derbyshire Pension Fund before the process begins and inform the potential new employer(s) of their LGPS responsibilities.
- Contact the Pensions Team with details of the staff being transferred to a new employer. Any new employer applying to join the Derbyshire Pension Fund has to be approved by the Pensions and Investments Committee prior to the Actuarial report and drawing up of the Admission Agreement; a legal document which will be signed by the new employer and the outsourcing employer before being sealed by Derbyshire County Council Legal Department.

The Pensions Team will ask for the data required to begin the process of admitting the new employer into the Derbyshire Pension Fund- please note that it is very important that we receive the correct data in order to avoid unnecessary delays in the process. The Admission Agreement should be in process before the contract commences.

## **Costs**

The Actuarial costs will be borne by the new employer and can be expected to be in the region of £2,000-3,000.

In addition, the school or academy will need to establish whether the contractor is taking all of the pension risk or if there will be a risk sharing agreement.

Contractors should also be informed that their employer contributions into the LGPS are likely to be higher than those being paid by DCC. The contribution rate is also determined by the Actuary.

As you can see, there are a number of LGPS-related matters to consider and issues to resolve when considering awarding contracts, and this is a national issue. The government is currently consulting on proposed changes to the Fair Deal legislation to ensure that the LGPS costs of transferring staff are clearly set out in tender documentation.

For further information about outsourcing and the process of becoming an Admitted Body in the Derbyshire Pension Fund, please contact:

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Pensions Section, Derbyshire County Council, County Hall, Matlock,  
Derbyshire DE4 3AH

# *Information for Admission Bodies*

## Local Government Pension Scheme

Administered by Derbyshire County Council



For further information about the information in this guide, or the LGPS in general, please contact:

[pensions@derbyshire.gov.uk](mailto:pensions@derbyshire.gov.uk)

01629 538900

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## **Introduction**

This guide is for prospective admission bodies whose potential are members of the Local Government Pension Scheme (LGPS) and participate in the Derbyshire Pension Fund, Administered by Derbyshire County Council.

It is important to note that under the LGPS regulations, if an admission body is exercising the functions of a Scheme employer in connection with more than one contract then a separate application and admission agreement must be made in respect of each of those individual contracts. One admission agreement cannot cover more than one contract or arrangement.

Further information about the legislation governing Admission Bodies can be found on *page 3* of this document.

The statutory requirements of the LGPS raise a number of considerations and obligations that the admission body should be aware of in relation to the continuity of pension provision under the LGPS for Scheme members, on commencement of a new service contract.

The administration which the new Employer will be required to undertake will range from transactional day to day issues such as reporting starter and leaver information to the Pension Fund, to decision making responsibilities such as setting policy for the scheme's employer discretions.

It is important that the new Employer determines where these responsibilities will lie and make appropriate preparations.

The information which follows aims to provide guidance on the initial steps which need to be undertaken towards setting the prospective admission body up as a new employer in the Pension Fund and carry out its duties in the early months following the commencement of the contract.

The Pensions Team is available to provide advice on the admission body's obligations to the Pension Fund as a new employer in the scheme.

**It is essential that pension matters are included in the tendering process and that LGPS pension provision is included in the contract for the provision of the services. You should contact the Derbyshire Pension Fund as early as possible in the process in order to ensure that the LGPS legislation is adhered to.**

## **Local Government Pension Scheme (LGPS) Regulations**

To view the regulations governing the Local Government Pension Scheme, please follow the links below.

To view the 2014 regulations: [LGPS regulations-legislation](#)



All previous regulations can be found here: <http://timeline.lge.gov.uk/>.

## **LGPS Regulations and Admission Bodies**

The LGPS regulations concerning admission bodies Schedule 2, Part 3 of The LGPS Regulations 2013 details the admission bodies with whom The Derbyshire Pension Fund may make an admission agreement:

- a) a body which provides a public service in the United Kingdom which operates otherwise than for the purposes of gain and has sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest (whether because the operations of the body are dependent on the operations of the Scheme employer or otherwise);
- b) a body, to the funds of which a Scheme employer contributes;
- c) a body representative of - (i) any Scheme employers, or (ii) local authorities or officers of local authorities;
- d) a body that is providing or will provide a service or assets in connection with the exercise of a function of a Scheme employer as a result of— (i) the transfer of the service or assets by means of a contract or other arrangement, (ii) a direction made under section 15 of the Local Government Act 1999 (Secretary of State's powers), (iii) directions made under section 497A of the Education Act 1996;
- e) a body which provides a public service in the United Kingdom and is approved in writing by the Secretary of State for the purpose of admission to the Scheme.

Most admission bodies fall under Schedule 2, Part 3, 1(a) or 1 (d) (i).

Schedule 2, Part 3, 1(a) (formerly known as a community admission body) is a body which provides a public service in the United Kingdom which operates otherwise than for the purposes of gain and has sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest (whether because the 2 operations of the body are dependent on the operations of the Scheme employer or otherwise).

It is admitted to the Fund by way of an admission agreement.

Schedule 2, Part 3, 1 (d) (i) (formerly known as a transferee admission body) is a body that is providing or will provide a service or assets in connection with the exercise of a function of a Scheme employer as a result of the transfer of the service or assets by means of a contract or other arrangement.

It is a commercial entity and is admitted to the Fund by way of an admission agreement.

## **Outsourcing of services**

It is essential that both the scheme employers responsible for letting contracts and the contractor read the document provided by The Department for Communities and Local Government: [Statutory Guidance-Admitted Body Status](#) This covers Admitted body status provisions in the Local Government Pension Scheme when services are transferred from a local authority or other scheme employer.

Where employees are to be transferred from their Local Government or Academy employment to an external service provider under TUPE terms, they are entitled to maintain their membership of the LGPS.

You should read [Newsletter 140- Admission Agreements and Pension Rights](#) which provides further guidance on outsourcing.

Prospective new employers should also familiarise themselves with this useful guide produced by the Pensions and Lifetime Savings Association: [Navigating entry into the LGPS for contractors](#)

## **New Fair Deal and Best Value Transfers**

The original Fair Deal guidance was first introduced in 1999 in order to ensure a minimum level of pension protection for staff transferring from central government to private sector contractors as a result of outsourcing of services. A similar (but not identical) set of provisions was then applied to local authorities and other “best value” authorities in the Best Value Authorities Staff Transfers (Pensions) Direction 2007, which has statutory force.

The approach adopted under both the original Fair Deal guidance and the Best Value Direction required the private sector contractor to provide a broadly comparable pension scheme for transferring staff. However, under the 2013 New Fair Deal guidance, HM Treasury opted for a model under which transferring staff should normally be given continued access to their public service pension scheme after the transfer of their employment. Likewise, staff who have already transferred out to a broadly comparable scheme under the old Fair Deal provisions should be returned to their former public service scheme (or nearest equivalent) when an existing contract is retendered.

The LGPS Regulations have yet to be updated, and therefore the Best Value Direction currently continues to apply: [The Best Value Authorities Staff Transfers \(Pensions\) Direction](#)

Full details about New Fair Deal policy, TUPE regulations, bulk transfers and comparability assessments and GAD support for public sector organisations is available on the Government website:

<https://www.gov.uk/guidance/staff-transfers-public-service-pension-schemes>

## **Admission Process**

All prospective new employers must contact the Fund at the earliest opportunity in the tendering process. Please email or call us at:

[pensions@derbyshire.gov.uk](mailto:pensions@derbyshire.gov.uk)

**01629 538900**

In order to begin the admission process, the contractor must complete an application form. On receipt of the application, we will prepare a report for the Pensions and Investments Committee to approve the application. Once approval for admission is granted, the final stage of the process is the Actuarial Report, which will establish the new employer contribution rate and bond requirement.

## **Complete the Application Form**

To make the process for an Admission Body joining the Pension Fund as an employer as clear as possible, there is an application form to provide the Fund with preparatory information.

The form enables you to provide us with essential information including contact details, authorised signatories and the person who will adjudicate on LGPS related appeals.

You should complete and submit the following at least 2 months before the planned contract starting date:

- Derbyshire Pension Fund Admission Body application form
- The spreadsheet providing information on employees who contribute to the LGPS and whose employment will transfer to the Admission Body.
- A payment to the Fund by cheque or BACS of £1000. This charge will be deducted from the Actuarial Fee – see ‘Actuary Report’ below. Should the Admission process not go ahead, this initial charge is non-refundable.

The spreadsheet requires detailed current and projected payroll information. You may wish to ask your payroll provider to complete this. However, it is your responsibility to ensure that the information provided is checked and confirmed. The projected information should assume that all current employees who are contributing to the LGPS will continue in employment with the Admission Body, unless you are aware that they will have left their positions before the commencement of the contract.

## **Actuary Report**

The Fund actuary, Hymans Robertson LLP, will produce a report to calculate and certify the Admission Body employer contribution rate which will be reassessed at each triennial valuation.

In order to commission an actuary report, the spreadsheet must be provided to the Pension Fund approximately 2 months before the commencement of the contract. We will provide you with a spreadsheet to complete with details of LGPS members at the date of transfer.

The costs of the Actuary' report will be recharged to the new employer. Actuarial costs are non-refundable should the contract be postponed or cancelled. The current rate is approximately £2,000-£3,000 plus VAT.

The new scheme employer will need to disclose its pension liabilities in the year end accounts. It is important that the company liaises with its auditors regarding FRS17/IAS19 requirements and you need to advise the Pension Fund if you wish the work to be undertaken by the Fund's actuary. The estimated standard charge for this work is approximately £2,500 plus VAT.

If any additional fees are incurred, such as legal fees or excessive administration costs, the Fund will seek to recover the costs from the contractor.

In determining the rate of employer's contribution the actuary will apply the assumptions that are used for the Fund set out in the [Funding Strategy Statement](#).

## **Guidance for Admission Bodies**

The Local Government Association (LGA) hosts websites for which provide helpful and up-to-date information about the LGPS for employers and scheme members.

The [LGPS Regulations and Guidance website](#) includes LGPS specific detailed guides for:

- Payroll
- HR
- and a selection of guides for employees

Employers may find the Pensions and Lifetime Savings Association's document:

[An Introduction to the LGPS for Scheduled Bodies](#) a helpful guide to becoming an employer in the scheme.

Additionally, the [LGPS Member's website](#) is a useful resource for scheme members and includes essential information and various online calculators for members to use.

Employer's roles and responsibilities are set out in the Derbyshire Pension Fund [Pensions Administration Strategy](#). New employers should ensure they have read and understood this document.

### **Employee List from the Contract start date**

At the contract start date, you will be required to complete an additional spreadsheet containing details of all LGPS employees at the new Admission Body. This should be completed and returned to us by the end of the first month in operation, at the latest.

We will provide a template for this information on receipt of the confirmation of conversion.

### **Payment of Contributions**

The first payment of employee and employer LGPS contributions must be paid over to the Pension Fund no later than the 19<sup>th</sup> of each month following the payroll run.

A unique reference number (shown on your CR1 form – see below) will be allocated to you and should be quoted at all times to assist in the reconciliation of contributions at the Pension Fund.

### **Contributions Return (CR1) Form**

The contributions and deficit totals must be entered on a Contributions Return (CR1) form which must be submitted to the Pension Fund at the same time. (The CR1 form will be provided following receipt of the initial application form.)

If you are to remain on the Derbyshire County Council or Derby City Council's main payroll for a temporary period after the commencement of the contract, you should arrange for them to complete the CR1 on your behalf whilst you remain on their main payroll. If you use an alternative external payroll provider, they may also fulfil this function.

Note: Separate CR1 forms can be completed for the contribution and deficit payments (if applicable) each month if your payroll is dealt with by an external provider.

### **Additional Voluntary Contributions (AVCs)**

Additional Voluntary Contributions (AVCs) **must not** be paid to the Pension Fund or included in the totals on the CR1 form.

You must pay over AVCs directly to the relevant provider on a monthly basis.

## **Discretions Policy**

The new employer will be required by law to formulate and publish a statement of how, as a scheme employer, it will apply certain discretions allowed under the scheme regulations.

You can find a guide about setting a Discretions Policy and a full list of Employer Discretions in the [LGA's Administration Guide to the LGPS](#)

You must submit its Discretions Policy to Derbyshire Pension Fund as soon as possible, but within one month of the conversion date at the latest. The Fund will publish the policy on its website.

Employers in the Derbyshire Pension Fund may use the [pro-forma for discretions](#) which was circulated with the Fund's [Newsletter 124](#).

However, Employers may choose to formulate their own discretions policy to set out how they will deal with issues. It is required to publish its policy in the following four areas:

- Flexible Retirement
- Waiving all or part of any actuarial reduction
- Voluntary funding of additional pension via Shared Cost Additional Pension Contributions
- Award of additional pension (at whole cost to the employer)

Derbyshire Pension Fund recommends that all employers seek legal advice in order to draft a suitable policy which meets their needs. The policy should be reviewed from time to time and any changes notified to the Fund within one month.

Failure to provide the Discretions Policy to the Fund may result in a suspension of the Employer's right to grant early payments for redundancy, ill health, compassionate or other grounds until we receive the document.

## **Record Keeping**

You will be responsible for ensuring the accuracy of its employees' pension records to guarantee that the correct level of members' benefit entitlement may be determined.

It is possible to provide some or all of this information via automatic interface. Should you, or your payroll provider, be interested in using this facility, please contact: **01629 538900** or email [Pensionstech@derbyshire.gov.uk](mailto:Pensionstech@derbyshire.gov.uk)

The Admission Body, or their payroll provider, must ensure that the following information is provided to the pension fund:

## **Individual Notifications**

Following conversion, notifications must be submitted to the Pension Fund as soon as possible (but at the latest within one month) after the event:

- New Starters via completion of an [- S1 \(Starter Form\)](#)
  - Upon receipt, the Pension Fund will issue a Membership Information Form to the new starter
- Notification of a [Change of Post](#)
- Notification of a [Change of circumstances](#)
  - Change of name
  - Change of marital status
  - Correction of National Insurance number
  - Correction of Date of Birth
  - Change of home address
  - Change of hours
  - Change of LGPS membership between the main and 50/50 sections
- All Leavers via completion of an [L1 \(Leavers Form\)](#)
- Where members are aged 55 or over, please notify the Pension Fund as soon as you know they are leaving/retiring.
- If a member dies in-service, please contact the Pension Fund as soon as possible

## **Year-End Return**

A return must be completed and returned to the Pension Fund at the end of each financial year.

This return is used to:

- confirm the pensionable pay and employment details for all of the employees in the LGPS
- confirm that you have performed an annual reconciliation of the monthly contribution remittances made throughout the year
- confirm that the annual totals represent a full and accurate account of both the employees' and employer's contributions deducted

The Pension Fund will issue a template and guidance notes for completing the return each year. It must be completed and submitted to the Fund as soon as possible after 31 March; however, the guidance notes will confirm the deadline.



**Contribution Rates**

LGPS Scheme members pay contributions based on their **actual** annual earnings.

Rates are banded (or tiered), as shown in the table below. The appropriate contribution rate for members must be deducted at source from their pay, but how the banding policy is administered is determined by the Scheme employer.

The banding rates for the LGPS in 2016-17 are:

<b>Band/Tier</b>	<b>Actual Earnings</b>	<b>Contribution Rate</b>
1	Up to £13,600	5.5%
2	£13,601 - £21,200	5.8%
3	£21,201 - £34,400	6.5%
4	£34,401 - £43,500	6.8%
5	£43,501 - £60,700	8.5%
6	£60,701 - £86,000	9.9%
7	£86,001 - £101,200	10.5%
8	£100,201 - £151,800	11.4%
9	£151,801 or more	12.5%

The contribution bandings table is reviewed annually and the pensionable pay bands are increased in line with the Consumer Price Index (CPI). Employers must ensure the correct banding table is used so the correct employee deductions are applied and this must be reviewed each April.

Circumstances such as a change of job, promotion/demotion, a regrading, a pay award or a change in contractual hours may result in an employee being moved to a different contribution band, before the April review. This is an Employer discretion and should be included in your policy.

It is advisable to liaise with your payroll provider before finalising your policy. Please refer to the [LGA's HR Guide](#) for further information.

**Information to members****Existing LGPS members**

As becoming an Admission Body is a change in employer, you should notify all affected employees who are in the LGPS that their membership of the scheme will continue.



## **Eligible employees who are not members of the scheme**

On the contract start date existing eligible employees who are not in the LGPS must be automatically enrolled into the pension scheme. Your admission agreement will specify which employees have the right to join the scheme.

You should notify these employees that they are being entered into the LGPS.

## **The 50/50 Option**

There are two sections in the scheme – the main section and the 50/50 section. A Member may elect for the 50/50 option at any time and pay half their normal contributions and build up half their normal pension.

Members wishing to join the 50/50 section must obtain the application form themselves either from the Derbyshire Pension Fund website or via contacting the Fund, not from the employer.

## **Opting Out**

Members of the scheme can opt out at any time after joining the scheme, or from the conversion date.

Members wishing to opt out must obtain the application form themselves either from the Derbyshire Pension Fund website or by contacting the Fund, not from the employer.

## **Death Grant Expression of Wish**

As part of the initial communication with your employees, you should inform them about the opportunity to make an Expression of Wish nomination.

Members can make an expression of wish for an individual or people of their choice to receive any lump sum payable from the Derbyshire Pension Fund resulting from their death – family, partner, friends, even an organisation such as a favourite charity.

It is not mandatory for scheme members to make an expression of wish nomination, however, where a deceased member has made a nomination it may accelerate payments being made.

Members can change their nominations at any time.

**If you have any queries or require further information, please contact us at**

**[pensions@derbyshire.gov.uk](mailto:pensions@derbyshire.gov.uk)**

**01629 538900**

# *Application Form for Admission Bodies*

## THE DERBYSHIRE PENSION FUND Local Government Pension Scheme

Administered by Derbyshire County Council



For further information about the information on this form, or the LGPS in general, please contact:

[pensions@derbyshire.gov.uk](mailto:pensions@derbyshire.gov.uk)

01629 538900

**APPLICATION TO JOIN DERBYSHIRE PENSION FUND  
ADMISSION BODIES**

**PART 1 - INFORMATION ABOUT THE ADMISSION BODY**

**1.1 Name of prospective admission body**

--

**1.2 Company Type** (Click on relevant box)

Trust/Charity ☐

Limited Company, with liability limited by shares ☐

Limited Company, with liability limited by guarantee ☐

Other (Please provide full details below) ☐

**1.3 Registration of body** (Click on relevant box)

Companies House ☐

Charity Commission ☐

FSA ☐

**Registration no:**

--

**1.4 Full official address:**

**Official Email Address**

**Main telephone number**

**Website:**


**1.5(i) Basis of the admission**

Is this to be an Open Agreement ☐ or a Closed Agreement ☐

*(Open to all future staff that you employ or closed to only those staff employed at the date of transfer.)*

**1.5(ii) Signing of the Admission Agreement**

Following the Actuarial report, the admission agreement will be prepared in a draft form, to be agreed by all parties before being signed, sealed and copies sent to all parties.

The admission body should arrange for the admission agreement to be signed by a Director and Company Secretary or by two Directors. Please give details of the names of the individuals who will be signing the agreement:

Name:	Job Title
Signature:	
Name:	Job Title
Signature:	

Does your organisation execute legal documents under a company seal: Yes ☐ No ☐

## 1.6 Services/Assets Provided

Please outline below the services or assets the admission body will provide with the exercise of a function as a Scheme employer as a result of the transfer of the service or assets by means of a contract or other arrangement. Include a brief description of the services/assets provided:

## 1.7 Current Scheme Employer

The Scheme Employer is willing to be party to the Admission Agreement: Yes ☐

*NB: The Scheme employer is the Scheduled body currently employing the staff to be transferred to the new employer. This may be a Council or an Academy. In some cases, The Administering Authority (Derbyshire County Council) is also the Scheme employer. It is the responsibility of the prospective admission body to secure the agreement of the ceding employer.*

## 1.8 (i) Contract

Period of Contract:

Date Contract was signed/will be signed: [Click here to enter a date.](#)

Is this: A confirmed date ☐ OR Still subject to possible change ☐  
(If the date changes, you must inform the Pension Fund immediately)

## 1.8 (ii) Costs and Agreements made

*Please confirm by checking all relevant boxes*

1. The LGPS responsibilities of the admission body are included in the contract: ☐
2. The admission body is responsible for an initial payment to DPF of £1000 which will be deducted from the Actuarial costs. ☐
3. The admission body will be responsible for payment of Actuarial costs to assess initial employer contribution rate and bond requirements. ☐
4. On termination of the contract, the admission body will be responsible for the costs of the termination valuation undertaken by the Actuary, and will make good any shortfall in order to ensure the liabilities are fully funded on an ongoing basis. ☐
5. The admission body will make all payments and complete all administrative tasks to the Derbyshire Pension Fund within the required timeframes, in accordance with the [Pensions Administration Strategy](#). ☐

## 1.9(i) Transfer Information

Will the employees transfer to the admission body from the Scheme employer?

Yes, from the Scheme employer ☐

No, from another employer currently providing the services ☐

If no, please give full details of the other current employer:

Please check the boxes for all which apply to the transfer of employees to the admission body:

This is a TUPE transfer ☐ [gov.uk/transfers-of-employment-contracts](https://www.gov.uk/transfers-of-employment-contracts)

This is a transfer under New Fair Deal ☐ [gov.uk/staff-transfers-public-service-pension-schemes](https://www.gov.uk/staff-transfers-public-service-pension-schemes)

This is a Best Value transfer ☐ [The Best Value Authorities Staff Transfers \(Pensions\) Direction](#)

### **1.9(ii) Transferring employees**

You will have received a spreadsheet to complete with details of all transferring employees. Please confirm that this has been completed and if not already returned, that it will be returned with this application form: ☐

## **PART 2 – INFORMATION ABOUT HR/PAYROLL PROVIDERS**

Before the Admission Body begins operating, Derbyshire Pension Fund will ask you to complete 3 forms providing information and signatures for the following:

Form AS1 – Senior staff responsible for HR and Finance

Form AS2 – Details of all staff who will be authorised to provide information to Derbyshire Pension Fund

Form AS3 – Details and sample signature of the Independent Registered Medical Practitioner who will determine applications for the release of pension benefits on the grounds of ill-health

### **2.1 Details of person completing this form**

<b>Name:</b>	<input type="text"/>
<b>Job Title:</b>	<input type="text"/>
<b>Email:</b>	<input type="text"/>
<b>Phone:</b>	<input type="text"/>

### **2.2 Payroll/pension payments information**

Please check the appropriate box below to indicate who will be carrying out the pension function if admission is agreed and provide the full details below:

- ☐ The admission body
- ☐ Derbyshire County Council
- ☐ Derby City Council
- ☐ Other payroll provider (Please give details)

---

If the administrator named above is not the admission body, do you authorise that third party to have access to the employee's pension records held by the Derbyshire Pension Fund? Yes ☐ No ☐

### **2.3 Accounting Information:**

Does the admission body have to show pension costs in its accounts using

FRS17 ☐  
IAS 19 ☐  
Other \_\_\_\_\_

On what date does the admission body's accounting year end?

### **Checklist to join the Derbyshire Pension Fund as an Admission Body**

- ☐ I have read and understood the Derbyshire Pension Fund Employers Handbook and Guide
- ☐ I have read and understood the LGPS regulations: [LGPS Regulations and Guidance](#)
- ☐ I have read and understood the LGPS guides: [HR Guide](#) [Payroll Guide](#)
- ☐ I have read and understood the DPF [Pension Administration Strategy](#)
- ☐ I understand that I must publish a copy of my company employer discretions (pensions). *(Employers may use the DPF proforma which will be provided with new starter documentation)*
- ☐ I understand that if this form is incomplete that it will be returned to me and that the admission process cannot begin until it is completed in full.
- ☐ I understand that the initial payment for administrative and legal costs of £1000 must be paid by cheque or BACS before the admission process can begin.

- ☐ I have completed the staff transfer list and this has been certified as correct by the ceding employer
- ☐ I have attached a copy of the section of the contract pertaining to pensions
- ☐ I will ensure that when I send documents containing information about employees that I will ensure that this is password protected.

### **Declaration and Authority**

Please note we will not accept any applications which have not been signed by the Scheme employer. It is the responsibility of the prospective admission body to ensure that this form is fully completed.

To be completed by the new employer	To be completed by the Scheme employer
<i>Name:</i>	<i>Name:</i>
<i>Signature:</i>	<i>Signature:</i>
<i>Position:</i>	<i>Position:</i>
<i>Email:</i>	<i>Email:</i>
<i>Tel No:</i>	<i>Tel No:</i>
<i>Date:</i>	<i>Date:</i>

On completion, please submit a scanned copy of this form to [Pensionstech@derbyshire.gov.uk](mailto:Pensionstech@derbyshire.gov.uk) and post the paper version to:

The Derbyshire Pension Fund, County Hall, Matlock DE4 3AH

<b>Derbyshire Pension Fund Admission Bodies - Schedule of Standard Employer Costs</b>		
<b>Type of Cost/Charge</b>	<b>Estimated Amount</b>	<b>Payment Method</b>
Initial fee to commence Admission Agreement administration and legal work.	Set fee of £1,000	To be invoiced by Derbyshire Pension Fund.  The fee must be paid before work on drafting an agreement can begin.
Actuary Valuation Report including the calculation of the Employer Contribution Rate upon admission to the Fund - from the admission date up to the end of the current valuation period.	Dependant on the admission, the employer to expect a fee of £2,000 to £3,000 (+ VAT). However, this may be lower or higher dependent on the case.	The actuarial fees will be invoiced by Derbyshire Pension Fund and payment is required immediately on receipt of the invoice. The initial £1,000 fee will be deducted from the invoice total.
Possible cost of arranging a Bond where a guarantor is not in place	To be sourced and paid by the employer	
Employer contribution rates	Approximately between 16% and 30% of pensionable pay plus cash amounts where agreed but could be more or less depending on membership and terms of admission	Payable each month by BACS to Derbyshire Pension Fund
FRS17 / IAS19 / Other FRS related work	Dependant on the request and the quality of data – employers should expect a fee of between £1000 - £3000 (+ VAT)	The actuary's fees will be invoiced by Derbyshire Pension Fund and payment must be made immediately.
Cessation costs	Dependant on the cessation process and actuary costs	Any payments due must be paid immediately following cessation



# *Information for prospective academies*

## Local Government Pension Scheme

Administered by Derbyshire County Council



For further information about the information in this guide, or the LGPS in general, please contact:

[pensions@derbyshire.gov.uk](mailto:pensions@derbyshire.gov.uk)

01629 538900

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## **Introduction**

This guide is for schools whose employees are members of the Local Government Pension Scheme (LGPS) and participate in the Derbyshire Pension Fund, administered by Derbyshire County Council.

Following the introduction of the Academies Act 2010, schools which convert to Academy assume responsibility for maintaining pension provision for their staff.

The statutory requirements of the LGPS raise a number of considerations and obligations that the school should be aware of in relation to the continuity of pension provision under the LGPS for Scheme members, after conversion to Academy status.

The administration which the new Academy will be required to undertake will range from transactional day to day issues such as reporting starter and leaver information to the Pension Fund, to decision making responsibilities such as setting policy for the scheme's employer discretions.

It is important that the new Academy determines where these responsibilities will lie and make appropriate preparations.

The information which follows aims to provide guidance on the initial steps which need to be undertaken towards setting the Academy up as a new employer in the Pension Fund and carry out its duties in the early months following conversion.

The Pensions Team is available to provide advice on the Academy's obligations to the Pension Fund as a new employer in the scheme.

**If the Academy is part of a Multi-Academy Trust and the Trust or other Academies in the Trust are employers in the Derbyshire Pension Fund and wish to pool pension costs with others in the Fund, please contact us as soon as possible, and before taking any further action in respect of the LGPS.**

## **Local Government Pension Scheme (LGPS) – Legal Requirements**

Under the Academies Act 2010, the school will automatically become a separate Scheme Employer in the LGPS on conversion to academy status.

All non-teaching employees (including new employees) have a legal right to membership of the LGPS.

At the conversion date, all existing members of the LGPS who transfer to the Academy will have continuity of membership.

All eligible employees, including those who previously opted out, with a contract for three months or more will be enrolled automatically at the conversion date.

All future non-teaching staff appointments carry contractual eligibility for LGPS membership and must be enrolled into the Scheme if their contract is for at least 3 months. Employees with shorter contracts, or those employed on a relief or casual basis must be given the opportunity to join the LGPS.

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

### **The LGPS Regulations relating to Academies**

The LGPS is the eligible pension scheme for all non-teaching employees.

Academies are required to offer their **non-teaching** employees membership of the LGPS under the terms of their funding agreement with the Secretary of State for Education (the [Teachers' Pension Scheme](#), for teaching staff only, operates separately to the LGPS.)

An Academy is a "Scheduled Body" under [Schedule 2, Part 1 \(20\) of the Local Government Pension Scheme Regulations 2013](#) and has a statutory obligation to participate in the LGPS from the date of conversion, so there is no need to request to join the scheme.

However, the Academy will be responsible for providing information to Derbyshire Pension Fund to enable the Fund to administer the scheme for its employees (see Record Keeping below).

### **Set Up Costs**

Derbyshire Pension Fund will recharge actuarial costs from the Academy which are incurred during the process of becoming an employer in the Fund.

The main costs in respect of an Academy becoming an employer in the Pension Fund relate to Actuary fees. The preparation of an Actuary report is required to ensure that the Academy's financial responsibilities to the Fund are calculated and reported.

Actuarial costs are non-refundable should the school's conversion to academy status be postponed or cancelled. The current rate is approximately £1,950 plus VAT.

As the Academy will be a new scheme employer it will need to disclose its pension liabilities in the year end accounts. It is important that the Academy liaises with its auditors regarding FRS17/IAS19 requirements and you need to advise the Pension Fund if you wish the work to be undertaken by the Fund's

actuary. The estimated standard charge for this work is approximately £2,500 plus VAT.

If any additional fees are incurred, such as legal fees or excessive administration costs, the Fund will seek to recover the costs from the Academy.

### **Actuary Report**

The Fund actuary, Hymans Robertson LLP, will produce a report to calculate and certify the Academy's employer contribution rate which will be reassessed at each triennial valuation.

In order to commission an actuary report, a data file must be provided to the Pension Fund approximately 2 months before the school's conversion to Academy status. We will provide you with a spreadsheet to complete with details of LGPS members at the date of conversion.

As well as having its own employer contribution rate, the Academy will be responsible for a share of the ceding employer's ongoing pension deficit in the Fund. This means that as at the date of membership transfer, assets are notionally transferred within the Fund from the ceding employer to the new Academy on a share of deficit basis. This deficit will be calculated by the Actuary within their report.

In determining the rate of employer's contribution the actuary will apply the assumptions that are used for the Fund set out in the [Funding Strategy Statement](#).

### **LGPS Guidance for Academies**

The latest Government guidance on [Academy arrangements and the Local Government Pension Scheme](#) was issued in February 2014 from the Department for Communities and Local Government (DCLG).

The document is set out in a FAQ format and covers most issues that a new Academy will need to be aware of in respect of becoming an employer in the LGPS.

The DCLG is the Government department responsible for the LGPS.

The Local Government Association (LGA) hosts websites for which provide helpful and up-to-date information about the LGPS for employers and scheme members.

The [LGPS Regulations and Guidance website](#) includes LGPS specific detailed guides on:

- [Payroll](#)

- [HR](#)
- [and a selection of guides for employees](#)

Employers may find the Pensions and Lifetime Savings Association's document [An Introduction to the LGPS for Scheduled Bodies](#) a helpful guide to becoming an employer in the scheme.

Additionally, the [LGPS Member's website](#) is a useful resource for scheme members which includes essential information and various online calculators for members to use.

Employer's roles and responsibilities are set out in the Fund's [Pensions Administration Strategy](#). New employers should ensure they have read and understood this document.

### **Complete the Application Form**

To make the process for an Academy joining the Pension Fund as an employer as clear as possible, there is an application form to provide the Fund with preparatory information.

The form enables you to provide us with essential information including contact details, authorised signatories and the person who will adjudicate on LGPS related appeals.

You should complete and submit the following **no later than 2 months** before the planned conversion date:

- Derbyshire Pension Fund Academy application form
- The spreadsheet providing information on employees who contribute to the LGPS and whose employment will transfer to the Academy.

The spreadsheet requires detailed current and projected payroll information. You may wish to ask your payroll provider to complete this. However, it is your responsibility to ensure that the information provided is checked and confirmed. The projected information should assume that all current employees who are contributing to the LGPS will continue in employment with the Academy, unless you are aware that they will have left their positions before the Academy conversion date.

### **Employee List from Academy Start Date**

At the conversion date, you will be required to complete an additional spreadsheet containing details of all LGPS employees at the new Academy. This should be completed and returned to us by the end of the first month in operation, at the latest.

We will provide a template for this information on receipt of the confirmation of conversion.

### **Payment of Contributions**

The Academy's first payment of employee and employer LGPS contributions must be paid over to the Pension Fund no later than the 19<sup>th</sup> of each month following the payroll run.

A unique reference number (shown on your CR1 form – see below) will be allocated to the Academy and should be quoted at all times to assist in the reconciliation of contributions at the Pension Fund.

### **Payment of Deficit (if applicable)**

Additionally, the deficit payment (if applicable) must also be paid to the Pension Fund no later than the 19<sup>th</sup> of each month following the payroll run.

### **Contributions Return (CR1) Form**

The contributions and deficit totals must be entered on a Contributions Return (CR1) form which must be submitted to the Pension Fund at the same time. (The CR1 form will be provided following receipt of the initial application form.)

If the Academy is to remain on the Derbyshire County Council or Derby City Council's main payroll for a temporary period after conversion, you should arrange for them to complete the CR1 on your behalf whilst the Academy remains on their main payroll. If you use an alternative external payroll provider, they may also fulfil this function.

Note: Separate CR1 forms can be completed for the contribution and deficit payments (if applicable) each month if your payroll is dealt with by an external provider.

### **Additional Voluntary Contributions (AVCs)**

Additional Voluntary Contributions (AVCs) **must not** be paid to the Pension Fund or included in the totals on the CR1 form.

You must pay over AVCs directly to the relevant provider on a monthly basis.

### **Discretions Policy**

The new Academy will be required by law to formulate and publish a statement of how, as a scheme employer, it will apply certain discretions allowed under the scheme regulations.

You can find a guide about setting a Discretions Policy and a full list of Employer Discretions in the [LGA's Administration Guide to the LGPS](#)

The Academy must submit its Discretions Policy to Derbyshire Pension Fund as soon as possible, but within one month of the conversion date at the latest. The Fund will publish the Academy's policy on its website.

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However, Employers may choose to formulate their own discretions policy to set out how they will deal with issues. It is required to publish its policy in the following four areas;

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Derbyshire Pension Fund recommends that all employers seek legal advice in order to draft a suitable policy which meets their needs.

The policy should be reviewed from time to time and any changes notified to the Fund within one month.

Failure to provide the Discretions Policy to the Fund may result in a suspension of the Employer's right to grant early payments for redundancy, ill health, compassionate or other grounds until we receive the document.

### **Record Keeping**

The Academy will be responsible for ensuring the accuracy of its employees' pension records to guarantee that the correct level of members' benefit entitlement may be determined.

It is possible to provide some or all of this information via automatic interface. Should you, or your payroll provider, be interested in using this facility, please contact: 01629 538900 or email [Pensionstech@derbyshire.gov.uk](mailto:Pensionstech@derbyshire.gov.uk)

The Academy, or their payroll provider, must ensure that the following information is provided to the pension fund:

### **Individual Notifications**

Following conversion, notifications must be submitted to the Pension Fund as soon as possible (but at the latest within one month) after the event:

- New Starters via completion of an [-S1 \(Starter Form\)](#)



- Upon receipt, the Pension Fund will issue a Membership Information Form to the new starter
- Notification of a [Change of Post](#)
- Notification of a [Change of circumstances](#)
- Change of name
- Change of marital status
- Correction of National Insurance number
- Correction of Date of Birth
- Change of home address
- Change of hours
- Change of LGPS membership between the main and 50/50 sections
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- Where members are aged 55 or over, please notify the Pension Fund as soon as you know they are leaving/ retiring.
- If a member dies in-service, please contact the Pension Fund as soon as possible

### **Year-End Return**

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This return is used to:

- confirm the pensionable pay and employment details for all of the Academy's employees in the LGPS
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- confirm that the annual totals represent a full and accurate account of both the employees' and employer's contributions deducted

The Pension Fund will issue a template and guidance notes for completing the return each year. It must be completed and submitted to the Fund as soon as possible after 31 March; however, the guidance notes will confirm the deadline.

### **Contribution Rates**

LGPS Scheme members pay contributions based on their **actual** annual earnings.

Rates are banded (or tiered), as shown in the table below. The appropriate contribution rate for members must be deducted at source from their pay, but how the banding policy is administered is determined by the Scheme employer.

The banding rates for the LGPS in 2016-17 are:

<b>Band/Tier</b>	<b>Actual Earnings</b>	<b>Contribution Rate</b>
1	Up to £13,600	5.5%
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8	£100,201 - £151,800	11.4%
9	£151,801 or more	12.5%

The contribution bandings table is reviewed annually and the pensionable pay bands are increased in line with the Consumer Price Index (CPI). Academies must ensure the correct banding table is used so the correct employee deductions are applied and this must be reviewed each April.

Circumstances such as a change of job, promotion/demotion, a regrading, a pay award or a change in contractual hours may result in an employee being moved to a different contribution band, before the April review. This is an Employer discretion and should be included in your policy.

It is advisable to liaise with your payroll provider before finalising your policy. Please refer to the [LGA's HR Guide](#) for further information.

## **Information to members**

### **Existing LGPS members**

As becoming an Academy is a change in employer, you should notify all affected employees who are in the LGPS that their membership of the scheme will continue.

### **Non-Teaching staff who are not members of the scheme**

On the conversion date existing employees who are not in the LGPS must be automatically enrolled into the pension scheme.

You should notify these employees that they are being entered into the LGPS.

Any non-teaching staff who have contracts for less than three months, and relief/casual employees are not contractually enrolled into the LGPS, but must be given the opportunity to join.

## **Members have the flexibility to pay less – the 50/50 Option**

There are two sections in the scheme– the main section and the 50/50 section. A member may elect for the 50/50 option at any time and pay half their normal contributions and build up half their normal pension.

Members wishing to join the 50/50 section must obtain the application form themselves either from the Derbyshire Pension Fund website or via contacting the Fund, not from the Academy.

## **Opting Out**

Members of the scheme can opt out at any time after joining the scheme, or from the conversion date.

Members wishing to opt out must obtain the application form themselves either from the Derbyshire Pension Fund website or via contacting the Fund, not from the Academy.

## **Death Grant Expression of Wish**

As part of the initial communication with your employees, you should inform them about the opportunity to make an Expression of Wish nomination.

Members can make an expression of wish for an individual or people of their choice to receive any lump sum payable from the Derbyshire Pension Fund resulting from their death – family, partner, friends, even an organisation such as a favourite charity.

It is not mandatory for scheme members to make an expression of wish nomination, however, where a deceased member has made a nomination it may accelerate payments being made.

Members can change their nominations at any time.

## **Outsourcing of services**

In October 2013, HM Treasury published guidance setting out a reformed Fair Deal (known as the New Fair Deal) policy on how pension issues are to be dealt with when employees are compulsorily transferred from the public sector to external providers delivering public services.

This guidance can be found [here](#) and confirms (at para 1.7) that it covers Academies.

Where employees are to be transferred from their Local Government or Academy employment to an external service provider under TUPE terms, they are entitled to maintain their membership of the LGPS.

It is, therefore, imperative that officers who have responsibility for, or have involvement in procurement or other forms of potential outsourcing, discuss pension implications and related costs of outsourcing staff to external providers with the Derbyshire Pension Fund before seeking tenders.

For advice on TUPE regulations, you should contact your HR provider.

The Fund [newsletter 140](#) provides further guidance on outsourcing.

**If you have any queries or require further information, please contact us at**

[pensions@derbyshire.gov.uk](mailto:pensions@derbyshire.gov.uk)

**01629 538900**

# *Application Form for New Academies*

## THE DERBYSHIRE PENSION FUND Local Government Pension Scheme

Administered by Derbyshire County Council



For further information about the information in this guide, or the LGPS in general, please contact:

[pensions@derbyshire.gov.uk](mailto:pensions@derbyshire.gov.uk)

01629 538900

## APPLICATION TO JOIN DERBYSHIRE PENSION FUND

### ACADEMIES

*\*for the purposes of this form Academies also refers to Free Schools\**

#### PART 1 - INFORMATION ABOUT THE ACADEMY

##### 1.1 Full name of the Academy

Full official postal address:

Official Email Address:

Main telephone number:

Website:

1.2 Date of conversion to academy status: [Click here to enter a date.](#)

##### 1.3 Is this:

A confirmed date ☐ OR Still subject to possible change ☐

*(If the date changes, you must inform the Pension Fund immediately)*

##### 1.4 Is there an existing school that is converting to become this academy?

Yes ☐ No ☐

*If the answer to 1.4 is 'Yes', please give the name of the school*

##### 1.5 Type of school

- ☐ Foundation  
☐ Community  
☐ Voluntary Controlled  
☐ Voluntary Aided

##### 1.6 Will the school be part of a Multi-Academy Trust?

Yes ☐ No ☐

**1.7 If yes, enter the full name of the Trust**

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**Full official postal address:**

--

**Official Email Address:**

--

**Main telephone number:**

--

**Website:**

--

**1.8 Please state how the academy's pension costs will be managed**

- ☐ Pooled with others in the Trust  
☐ Stand-alone employer

**PART 2 – INFORMATION ABOUT HR/PAYROLL PROVIDERS FOR THE  
ACADEMY**

Before the Academy begins operating, Derbyshire Pension Fund will ask you to complete 3 forms providing information and signatures for the following:

Form AS1 – Headteacher and senior staff responsible for HR and Finance

Form AS2 – Details of all staff who will be authorised to provide information to Derbyshire Pension Fund

Form AS3 – Details and sample signature of the Independent Registered Medical Practitioner who will determine applications for the release of pension benefits on the grounds of ill-health

**2.1 Details of person completing this form:**

**Name:**

--

**Job Title:**

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**Email:**

--

**Phone:**

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**2.2 Payroll/pension payments information:**

Please check the appropriate box below to indicate who will be carrying out the pension function

- ☐ The Academy  
☐ The Multi-Academy Trust  
☐ Derbyshire County Council  
☐ Derby City Council  
☐ Other payroll provider (Please give contact details below)

If the administrator named above is not the Academy or MAT, do you authorise that third party to have access to the employee's pension records held by the Derbyshire Pension Fund? Yes ☐ No ☐

**2.3 Accounting Information:**

Does the admission body have to show pension costs in its accounts using

FRS17 ☐  
IAS 19 ☐  
Other \_\_\_\_\_

On what date does the admission body’s accounting year end?

	/		/	
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**Checklist to join the Derbyshire Pension Fund as a Scheme Employer**

- ☐ I have read and understood the Derbyshire Pension Fund Employers Handbook and Guide
- ☐ I have read and understood the “Information for Prospective Academies” guide
- ☐ I have read and understood the LGPS regulations: [LGPS Regulations and Guidance](#)
- ☐ I have read and understood the LGPS guides: [HR Guide](#) [Payroll Guide](#)
- ☐ I have read and understood the DPF [Pension Administration Strategy](#)
- ☐ I understand that I must publish a copy of the Academy’s employer discretions (pensions). *(Employers may use the DPF proforma which will be provided with new starter documentation)*
- ☐ I have completed all sections of the application form
- ☐ I have completed the staff transfer list
- ☐ I am aware that when sending employee data by email, I must ensure that it is protected by a password, or sent using a secure email system. *(Further details about data protection and secure emails will be provided by the Fund)*

**Declaration and Authority**

Signed by: .....

Name: .....

Date: .....

On completion, please submit a scanned copy of this form to [Pensionstech@derbyshire.gov.uk](mailto:Pensionstech@derbyshire.gov.uk) and post the paper version to:

The Derbyshire Pension Fund, County Hall, Matlock DE4 3AH