A Guide for new Academies

Your employer role in the Local Government Pension Scheme (LGPS)

Your school has become an academy and no longer controlled through the Local Education Authority, or your school is a newly established Free School.

Having taken that action, your school is now a separate scheme employer, defined within Part 1 of Schedule 2 of the 2013 LGPS Regulations, for pension purposes. The academy has its ‘standalone’ employer responsibilities, also defined within LGPS the Regulations.

Your school is an employer within The Oxfordshire County Council Pension Fund. The administering authority, Oxfordshire County Council, is responsible for the management of the pension fund and administration of the scheme benefits.

This leaflet sets out:
- Essential actions for all new academies to ensure the administration of the LGPS continues seamlessly
- How the Oxfordshire County Council Pension Fund can help
- Sources for information and contacts

**Action 1. Inform Pension Services of the conversion**

Once the School has approval for conversion to an academy, advise Pension Services.

The Pension Services Manager will need the following information immediately:
1. A copy of the academy’s conversion order confirming the new incorporated name and company number after conversion
2. The confirmed date of conversion
3. Completed contact details form – Lists of both current staff actively contributing to the LGPS, and those non-teaching and support staff eligible to be members of the LGPS, but not actively contributing.

In return the Pension Services Manager will supply

A. The ‘MARS’ spreadsheet – Monthly Administration Return Spreadsheet, the essential document to transfer information monthly to Pensions Services. Collects details of ‘CARE’ pay and contractual changes. CARE pay is the monthly pensionable pay posted to the member’s record to form their Career Average Revalued Earnings’ Pension. Your first monthly return must include details of all non-teaching staff transferring to you from the Education Authority.

B. The return sheet to accompany the monthly contributions when paying over employee and employer contributions to the pension fund bank account.
C. The Administration Strategy document. Outlines the employer’s and the fund’s role; asks for details of your regular contacts in HR and Payroll, your independent Medical Advisor and the nominee for settling disputes. Please sign and return the document with these details as soon as possible

**Action 2. Inform your staff of the transfer**
Your school is an individual scheduled employer, as defined in the LGPS regulations. All staff, members of the LGPS, transferred from the Local Education Authority will automatically have their pension record transferred as employees of the Academy. The regulations deem that employees of your type of scheme employer are automatically members of the LGPS and as such require the academy to automatically enter their support and non-teaching staff who are eligible, into the LGPS. Those employees not in the LGPS, but eligible to be in the scheme, at the date of transfer, are treated as if new members, and join the LGPS from the date of transfer.

The employer should issue all new starters with a notice setting out:
- membership, contribution rates, what would cause the rate to change and who in your organisation will deal their LGPS questions, and their right of appeal
- If they are currently contributing to the LGPS, they will remain a member of the scheme and everything they have already built up in the LGPS will be transferred onto a new pension record
- If they are not currently a member, they will be automatically re-entered into the scheme
- New, non-teaching staff appointed after the date of conversion, are deemed to be in the LGPS, and will require a starter notice

Enter the details of all on your first ‘MARS’ return (see actions 1 and 8)

Staff do not have to complete a form to become a member, but the scheme is not compulsory, and employees can elect to leave. Pension Services will request full pension history details from the members direct.

For the complete process for starters leavers and other employer day to day decisions see the other website pages in the employer’s toolkit [www.oxfordshire.gov.uk/pensions](http://www.oxfordshire.gov.uk/pensions)

**Action 3  Ensure appointed HR and Payroll providers are proficient and have capabilities to assist you to carry out your role in LGPS administration**

Systems must supply the background details needed to fulfil your employer role in administering the statutory pension scheme. For basic LGPS requirements see Payroll and HR guides prepared by Employers Association [www.lgpsregs.org](http://www.lgpsregs.org)

**Action 4 Create and publicise statutory policies**

Employers in the LGPS can use their discretion in making some decisions. They must consult, prepare, publicise and review the policies on those areas.

For more information on the decisions an academy can make and the policies you must have in the published statement, and guidance on how to create a policy, please see our website at: https://www.oxfordshire.gov.uk/cms/public-site/essential-actions-pension-scheme

It is important that new academies have their policy in place within three months of converting to ensure the smooth transition of administration.

Your payroll provider, HR provider, Pension Services and your employees will need to know your pension contribution policy to process correctly the academy’s payroll
**Action 5 The Administration Strategy**

Sign and return the document to the Pensions Services Manager. This agreement explains the service levels expected between the academy and the Oxfordshire Pension Fund. It enables you to confirm who will settle stage one disputes within the adjudication of disputes procedure, and notify the fund of your Independent Medical Advisor.

**Action 6 Deduct employee contributions and make payment to the Oxfordshire County Council Pension Fund**

The primary employer responsibility is to assess, collect and pay over employee and employer contributions to the Fund and determine benefit entitlement. For any member of the LGPS, the academy will assess, deduct pension contributions from all pensionable elements of pay for each separate employment. The LGPS 2013 regulations confirm that pensionable pay elements are:
- Basic salary / wage
- Bonus
- First aid allowance
- Shift allowance
- Contractual and ad hoc overtime.

The regulations also confirm what elements of pay are not pensionable, these include:
- Any travelling, subsistence or other allowance paid in respect of expenses incurred in relation to the employment
- Any payment for loss of holidays
- Any payment in lieu of notice to terminate contract of employment
- Any payment as an inducement not to terminate his employment before the payment is made
- Any amount treated as the money value to the employee of the provision of a motor vehicle or any amount paid in lieu of such provision.

Contracts of employment issued by the academy should specify which elements of pay are pensionable and which are not.

Finally, the academy should pay over, before the 19th of the month after the pension contribution deduction, the employee and employer contributions to the Oxfordshire County Council Pension Fund. The academy must make payment of the pension contributions by BACS. The Oxfordshire County Council Pension Fund’s bank details are shown on the monthly return spreadsheet. The academy must also send the monthly return spreadsheet to arrive before the BACS payment. This will enable the Pension Investment Team to allocate the contributions appropriately.

(Ensure AVC contributions are not included in the return to the Pension Fund account)

Please see the details in the Administration Strategy concerning fines and interest chargeable to any employers who do not make returns by the 19th.

**Action 7 Set up Academy as a new employer with Prudential**

If you have any employees who pay Additional Voluntary Contributions (AVC) to Prudential, pay these contributions direct to Prudential. Before you can submit the AVC payments, set up your school up with Prudential as a new pay point. Send Prudential the following details by email to: avc.cashschedules@prudential.co.uk

1. The Full name of the Academy (after conversion)
2. The address for all correspondence
3. A contact name and telephone number for the Academy
4. The national insurance numbers of the staff paying AVCs under this Academy. Please keep lists for members of the Local Government Pension Scheme and members of the Teachers’ Pension Scheme separate.

5. The DFE establishment code (if known).

On receipt Prudential will set up new pay points for the Academy and provide you with unique reference numbers and instructions for paying AVCs to Prudential.

**HOW TO CONTACT PRUDENTIAL**

If you wish to discuss the above or need clarification, you can contact Prudential by telephone on 0845 6000 343 and their Customer Contact Centre will be able to help. Lines are open 8.30am to 6.00pm, Monday to Friday.

**Action 8 Send membership information to Pension Services**

You should have the MARS spreadsheet – if not contact Pension Services immediately. You must complete the new starter information on the MARS spreadsheet to show the details of everyone active in the scheme on the day the school becomes an academy. If a member has more than one role (i.e. Teaching Assistant and Lunch time Supervisor), there should be a separate entry on the spreadsheet for each employment the member has with the academy. Email the completed MARS spreadsheet, password protected, to pension.services@oxfordshire.gov.uk by 19th of the month, following the pay period.

**Other responsibilities**

Immediately your academy is established within the Oxfordshire County Council Pension Fund, you have on-going responsibilities.

Inform Pensions Services of all employment changes as required on the MARS return such as change of contractual hours or weeks

• Change in pensionable pay, including payment of allowances or bonus’
• Periods of absence, including maternity / paternity / adoption leave/shared parental leave, sabbatical, sickness or strike
• Leaving employment and
• Change of name and contact addresses.

You must also supply formal supporting notification about early retirements and any benefit entitlements in the prescribed format as they occur, while reporting the detail on the MARS return. See the toolkit pages for more detail on specific decisions and benefit entitlements

**IAS19**

An Academy may be required to include details of its pension liabilities as part of their annual accounts. This may be in the format of an IAS19 report (formerly FRS17) but the Academy would need to contact their auditors for further clarification.

If your academy needs an IAS19 report, you can request one from the Pension Services Manager at pension.services@oxfordshire.gov.uk.

There will be a cost for this report, which the academy will have to pay for.

**Early Retirement Costs**

The LGPS allows the academy to bring a member’s pension into payment before their normal retirement age. Releasing a pension early means the pension is being paid for longer than budgeted for. The employer will need to make a payment to compensate the Oxfordshire County Council Pension Fund. This payment is known as the early retirement strain or hidden cost. This payment may be paid over a maximum period of 5 years depending on the age of the member at retirement.

The academy can request an estimate of the early retirement strain / hidden cost and the maximum repayment period from Pension Services before approval of the retirement.
We do not provide estimates of early retirement strain for employees retiring on the grounds of ill health since this decision is based upon the individual’s health and ability to carry out their job role rather than costs to the employer. Generally the cost of any ill-health retirement will be taken into account by the actuary at the triennial valuation when determining the employer contribution rate. Note: the Oxfordshire County Council Pension Fund does retain the right to request payment of pension strain from employers who have a high level of ill-health retirements.

Assist the fund in carrying out the communication strategy.
Distribute Newsletter
Pension Services sends a quarterly newsletter to all employees who are already a member or are eligible to join the scheme. The newsletter allows us to meet are statutory requirement to inform all eligible members of any changes to the LGPS. To ensure we fulfil this requirement, we will ask the academy to distribute the newsletters to all the eligible employees.
Facilitate member self-service to pension records when the system changes are introduced.

**How the Oxfordshire County Council Pension Fund can help**
We realise that the employer responsibilities specified by the Regulations will form only a part of the academy’s role. So to help with the transition, the Oxfordshire County Council Pension Fund can help with training and support.

**Contact pension services for full details and seek administration information from the employer toolkit pages on the website.**
[www.oxfordshire.gov/pensions](http://www.oxfordshire.gov/pensions)

**Sources for information**
There is a lot of information to help all employers administer the LGPS on the internet, but here are a few places we would recommend you take the time to visit.

The Oxfordshire County Council Pension Fund’s Website – [www.oxfordshire.gov.uk/pensions](http://www.oxfordshire.gov.uk/pensions)
We think our website is a very good place to start. The pages provide forms, templates and guidance including our contact details if you can’t find what you want.

The Department for Communities and Local Government (DCLG) have created a Frequently Asked Questions document for academies in the LGPS.

The Pensions Advisory Service (TPAS) Website – [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)TPAS is an independent non-profit organisation that provides free information, advice and guidance on the whole spectrum of pensions, including state, company, personal and stakeholder schemes. A very good website for any general pension issues for employer and employee.


The Oxfordshire County Council Pension Fund
Pension Services Manager: 01865 797111  General Enquiries:  01865 797133

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E-mail: [pension.services@oxfordshire.gov.uk](mailto:pension.services@oxfordshire.gov.uk)