



Staffordshire
Pension Fund
Local Government Pension Scheme

Academy Welcome Pack

This leaflet provides introductory guidance relating to the role and responsibilities of a Scheme employer

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Contents

Academy Welcome Pack	1
Contents	2
Introduction	4
Communication with Employers.....	4
Relevant legislation	4
Administration.....	5
Transferring Employees	5
i-Connect	6
Setting-up and maintaining membership records for Scheme members	6
New Starters	7
Amendments to Scheme member details.....	7
Leave of Absence	8
Authorised Absence Industrial Action	8
Notification required when a Scheme member leaves or dies in service.....	8
Early Leavers.....	8
Retirements.....	9
Death of the Scheme member	10
Scheme member wishing to opt out	10
Scheme contributions	10
Determining the rate of Scheme contributions.....	10
Changes to the banded pay ranges	12
Examples of how to apply the Banding Rates	12
Right of Appeal	12
Employer contribution rate.....	12
Pensionable remuneration.....	12
Remittance of Scheme contributions	13
Monthly Contribution Remittances	13
How to make payment	13
Annual Contribution Returns.....	13
Other duties and responsibilities as a Scheme Employer.....	14
Appointment of an independent registered medical practitioner.....	14
Appointment of an adjudicator for Internal Dispute Resolution Procedure (IDRP).....	14
Change of Status.....	15
Employer Discretions – Policy Statements	15

FRS102.....	16
National Insurance Contributions	16
Other Useful Information.....	16
Outsourcing services.....	16
Pension Fund website.....	17
Bulk Estimate Requests	17
Triennial Valuation.....	18
For further advice and guidance contact:	18
Appendix 1	19
Examples of how to apply the Contribution Banding Rates.....	19
Flexibility to pay less – the 50/50 Option.....	19
Appendix 2	21
Guide to Policy Statements	21
Appendix 3	23
The most frequently used forms	23
Outsourcing Services and New Admissions to the LGPS	24

Introduction

This Welcome Pack has been prepared for schools that have recently converted to Academy status and whose employees are eligible to continue their membership of the Local Government Pension Scheme (LGPS), as Scheme members.

Staffordshire County Council is the administering authority for the Fund. It is the County Council's Pension Services Section with which the Academy will have regular contact regarding day-to-day administrative matters relating to the LGPS and the maintenance of member records.

A school that has recently transferred from local authority control to Academy status must quickly understand the key areas of responsibility they are undertaking as a new Scheme employer. This Welcome Pack provides a brief overview of those responsibilities. The information contained in this leaflet does not override the Local Government Pension Scheme Regulations and other pension legislation.

Communication with Employers

All general communication on pension matters by Staffordshire Pension Fund is at trust level, including invoicing. A breakdown will be provided with our invoices for a Multi Academy Trust (MAT) to administer centrally.

A MAT is expected to cascade relevant communications to the academies within the Trust.

Relevant legislation

Staffordshire County Council is responsible for administering the Local Government Pension Scheme (LGPS) for those Scheme members who participate in the Staffordshire Pension Fund.

As the Fund's administering authority, Staffordshire County Council has certain statutory duties that govern the day-to-day operation of the LGPS. The main sets of regulations which set out these duties are:

- The Local Government Pension Scheme Regulations 2013.
- The Local Government Pension Scheme Regulations (Transitional Protections, Savings and Amendment) Regulations 2014.

When your school was granted Academy status it became a Schedule 2, Part 1 Scheme employer under The Local Government Pension Scheme Regulations 2013

As a Scheme employer you have duties and responsibilities which ensure that the LGPS is administered effectively and efficiently for your Scheme members.

Administration

Staffordshire Pension Fund has a Pensions Administration Strategy which sets out the role of the employer together with the timescales which must be met.

Administration can be split into two levels for Scheme employers:

- a.** Transactional processes i.e. dealing with the day-to-day paperwork for new Scheme members and for leavers, and the maintenance of member records.
- b.** The higher level decision-making processes concerning the award of benefits, policy making (*where employer discretions are allowed within the LGPS*) and dealing with disputes concerning the award of benefits.

If the Academy chooses to continue using their current support services, they will still be able to rely on the same automated notification processes relating to LGPS Scheme members that were used prior to the school's transfer to Academy status. The Academy, however, will still need to ensure that the responsibilities outlined in both **a)** and **b)** above, are carried out.

If the Academy were to award the running of its payroll and HR functions to an external provider, the onus would rest with you as the Scheme employer to ensure that Pension Services are informed of all the transactional processes required to keep members' pension records up to date, as outlined in **a)** above.

Staffordshire County Council's policy is to operate an automated exchange of transactional data with your payroll provider. Please ensure, however, that this is being done.

Transferring Employees

Academies which were previously independent schools (*i.e. private schools*) may already have been operating their own occupational pension scheme.

The Department for Communities and Local Government advise that such schools may continue to operate their previous occupational pension schemes for existing staff.

On conversion to an academy the existing staff not in the LGPS will be automatically enrolled into the pension scheme from the date of the academy conversion. As this will be a change arising from the change of status of your school you should notify the affected staff as part of your change process.

Members can opt-out of the LGPS at any time after joining the Scheme but not before.

Automatic enrolment to LGPS would not apply, as described above to employees contributing to an existing pension arrangement that operated when the academy was a private independent school.

i-Connect

Staffordshire Pension Fund would like many of its academies to have started using the i-Connect system from the point of conversion. This will make the administration of the Scheme less complicated for both you and the Fund.

i-Connect reduces the cost and risks associated with processing pension data by automating the submission of data to Staffordshire Pension Fund in a single solution.

Data is taken directly from your payroll system, automatically identifying new joiners, opt-outs and leavers and seamlessly generating an extract for submission to the scheme.

All reporting and record-keeping requirements necessary for the Pension Regulator are managed within a highly secure environment.

i-Connect will improve the flow of data from your HR and payroll systems to the Staffordshire Pension Fund, minimising manual intervention in the process.

Please check with your payroll provider to see if they currently use this system as it may have an impact on the way you provide the Fund with data.

<https://www.staffspf.org.uk/Employers/i-Connect/i-Connect.aspx>

If you require assistance on how to use this system, please call the Pension Team and ask to speak to Mr Lee Trow, who is the lead on this project. Alternatively, you can email him directly on lee.trow@staffordshire.gov.uk .

Until you have i-Connect in place, please follow the guidance provided within this pack.

Setting-up and maintaining membership records for Scheme members

Pension Services are legally required to maintain up-to-date records relating to service and personal details for all Scheme members. In order to perform this role effectively, the following is required of the Scheme employer:

New Starters

You must ensure that all eligible* non-teaching staff employed by the Academy are automatically admitted to the Scheme. Notification of a new member should be made using form PEN APT 1, which can be completed and forwarded to Pension Services on-screen.

Some payroll providers provide this information in an electronic format to the Pension Fund. Please check with your provider to see what they do.

All new members must be provided with information about the Scheme and advised of their contribution rate within 2 months of joining the LGPS. This will be done by Pension Services following the receipt of a completed form PEN APT 1.

Pension Services have prepared a Scheme guide for employees eligible to participate in the Staffordshire Pension Fund. It is in hard copy format and on the Fund website.

** To be eligible to join the LGPS, employees need to have a contract of employment for at least 3 months (although those with a contract of employment for less than 3 months can elect to join the scheme) and be under age 75. This applies to both permanent and temporary staff.*

Amendments to Scheme member details

It is vitally important that accurate records are maintained for each employee who is a Scheme member. Failure to do so could result in Pension Services calculating benefits incorrectly and this, in turn, could affect the employer's contribution rate.

You should use form PEN AMD 1 to notify Pension Services of the following relevant changes in the member's circumstances:

- Name and/or title
- Address
- Contractual Hours and/or weeks worked
- Date of Birth
- Number
- Contribution rate
- Rate of pay and/or pay reference

If your payroll provider uses i-Connect, some of this may be done for you, but you must check and ensure they are dealing with your members data correctly.

Leave of Absence

You should tell us about:

- Unpaid ordinary maternity/adoption leave
- Unpaid additional maternity/adoption leave
- Unpaid paternity leave
- Unpaid authorised absence

The LGPS pension regulations permit a member to pay for any unpaid authorised absence (Additional Pension Contributions) to avoid a loss of pension benefit. Where the employee elects to pay for a period of absence within thirty days of returning from the absence the employer is required to pay for two thirds of the total cost. The employee pays for one third. The employer is not required to share the cost, if the employee does not elect within thirty days of returning from the absence (unless an administrative error has occurred) or for an absence in respect of industrial action.

Authorised Absence Industrial Action

Any period of absence due to a trade dispute will be regarded as a break in LGPS membership. You must notify Pension Services of any authorised absence by completing the spread sheet which is part of your monthly absence return Form CTR1 (see page 7)

Page 4 (Administration) refers to the automated notification of LGPS membership details if you choose to continue using your current support services. **Please note** that despite this facility, you may still be required to submit to Pension Services additional information for your LGPS Scheme members.

Notification required when a Scheme member leaves or dies in service

You must complete form PEN LV 1 to notify Pension Services when an employee leaves employment or ceases Scheme membership. The main occasions when this notification is required are as follows.

Early Leavers

Once a member leaves employment or opts out of the LGPS, there are several pension options available to them. They can:

- take a refund of contributions (but only if they have less than 2 years' membership),
- transfer their membership to another pension provider, or

- retaining benefits in the Staffordshire Pension Fund (deferred Benefits).

The options available will depend on each individual's Scheme membership and whether this is supplemented by membership transferred into the Staffordshire Pension Fund from another pension scheme.

Retirements

Under the LGPS Regulations, as a Scheme employer you are responsible for determining the type of retirement benefit due to a Scheme member. Pension Services can offer guidance on the different types of retirement, which are listed below.

- Normal Retirement (from age 60)
- Late Retirement (after NPA)
- Early Retirement (from age 55)
- Flexible Retirement (from age 55) *This option allows the release of Scheme benefits whilst the member continues in employment*
- Ill Health Retirement (any age)

Where the retirement is for reason of ill health there is an actuarial strain cost payable in addition to the Academy's normal employer's contribution, but Staffordshire Pension Fund will deal with the cost of this provision by providing either separate or pooled insurance to cover this strain.

There may also be an actuarial strain cost payable in the event of retirements on grounds of Redundancy or other Early Retirement before age 60 or Flexible Retirement.

In some cases (excluding Redundancy) some or all of this cost may be offset by reducing the benefit payable to the scheme member. If there will be an actuarial strain cost, you will be expected to pay this cost back to the Pension Fund within 3 years. Invoices will be sent to you for any relevant cost recovery.

If you are planning to make redundancies or offer Early Retirement to any member of the scheme you can contact Staffordshire Pension Fund to ask for an estimate of benefits, which will include details of any costs payable.

The Fund will not, however calculate the value of any Redundancy payment that is payable from the Academy, you must do this yourself or obtain this service from elsewhere.

Death of the Scheme member

All death benefits due are determined by the deceased member's length of Scheme membership and the eligibility of dependants at the date of death.

In the unfortunate event that a Scheme Member dies whilst still in active employment, you will need to notify Pension Services immediately by completing and submitting form PEN LV 1.

It is important to encourage all members to complete a Death Grant nomination form and to keep it up-to-date. Members must sign and date the form before submitting it to Pension Services.

Scheme member wishing to opt out

In cases where contributions have been deducted but the Scheme member wishes to opt out, they must notify the Academy in writing using form PEN 2 (this form is also available to complete online). You must complete the Employer section of form PEN 2 and forward it to Pension Services, together with a completed form PEN LV 1.

If the member has opted out within 3 months, you are responsible for ensuring that your payroll provider returns any contributions paid by the member and should report any refunds made on a monthly basis on your PENCTR1 (monthly remittance).

Opt-out forms are only available from Pension Services. The employer must **not** encourage a member to opt out of the pension Scheme.

Scheme contributions

Determining the rate of Scheme contributions

LGPS Scheme members pay contributions based on their actual annual earnings. Rates are banded, 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 table below sets out the Contribution rates from 1 April 2024:

Band	Pensionable Pay Range	Main Section Contribution	50/50 Section Contribution
1	Up to £17,600	5.5%	2.75%
2	£17,601 to £27,600	5.8%	2.9%
3	£27,601 to £44,900	6.5%	3.25%
4	£44,901 to £56,800	6.8%	3.4%
5	£56,801 to £79,700	8.5%	4.25%
6	£79,701 to £112,900	9.9%	4.95%
7	£112,901 to £133,100	10.5%	5.25%
8	£133,101 to £199,700	11.4%	5.7%
9	£1899,701 or more	12.5%	6.25%

The member contribution rates are updated annually. Updates to this table can be found on the Staffordshire Pension Fund website:

<https://www.staffspf.org.uk/Members/New-Members/Joining/How-much-will-it-cost-me.aspx>.

You may choose an appropriate banding option from the two listed. It is important that you tell your payroll provider, which option applies.

There are two basic options for you to consider; you should choose one that suits the payroll system you use. You can change the policy, but an appropriate time to do this is at the start of the following financial year. You must publicise your banding policy and ensure that any subsequent policy changes are also made available to your employees.

Option 1 – Allocate employees to a band once a year on 1st April as required by the regulations and only make a subsequent adjustment if there is a change to their contract i.e. through promotion or re- grading. If an employee receives a mid-year pay increment, or a late pay award, the rate would be adjusted the following April. Assessment for those employees with variable elements of pay must be on a projected annual estimate.

Option 2 – During the year, re-assess and change the contribution banding immediately when an employee's pay changes.

Changes to the banded pay ranges

Before the beginning of each new financial year, Pension Services will notify you of any alteration to the ranges within the payment bands.

The bandings will increase annually in line with inflation, so you should ensure that the correct rate is being used at all times.

Examples of how to apply the Banding Rates

Examples of how to apply the Scheme member contribution banding rates are shown in **Appendix 1**.

Right of Appeal

Scheme members have a right to appeal to the Scheme employer against the banding that has been applied to their level of pay.

Employer contribution rate

The Fund's Actuary will determine an employer contribution rate applicable to your Academy. You will be notified of the percentage rate in separate correspondence, sent to you by Pension Services. It is possible for a new Academy to pay a "stabilised" rate from the date they become an Academy to the next formal Fund Valuation. The stabilised rate is similar to that paid by their former Local Education Authority. More information on this rate is available on request. The employer contribution rates which will apply for each of the next two financial years are as follows:

- From 1 April 2023 – 26.2%
- From 1 April 2024 – 25.2%
- From 1 April 2025 – 24.2%

Pensionable remuneration

Employee and employer Scheme contributions are payable in respect of Actual pensionable pay.

The definition of pensionable pay includes additional hours and overtime.

Remittance of Scheme contributions

Monthly Contribution Remittances

Payment of employee and employer pension scheme contributions is due, and must be paid, on a monthly basis. Form PEN CTR1 should be used to notify Pension Services of the remittance details for each monthly payment together with any adjustments to the payment because of refunded contributions for members who opt-out.

Pension legislation requires that payment should arrive in the Staffordshire Pension Fund by no later than the 19th day of the month after which employees' contributions were deducted. Late payment would attract interest and may be reported to the Pensions Regulator.

You must complete form PEN CTR1 by providing:

- your unique employer authority code (*you will be notified of this in separate correspondence sent to you by Pension Services*),
- your employer's contribution rate
- employee contributions within the different payment bands,
- a listing of any additional pension scheme contributions an employee has elected to make (*these additional contributions should be combined within the monthly adjustment line*), and
- a note of any adjustment for under or overpayments and collection of arrears, as appropriate.

How to make payment

Employee and employer Scheme contributions can be paid monthly or weekly by BACS or CHAPS.

Remittances should be made payable to 'Staffordshire Pension Fund' using the following bank details:

Sort Code: 30-64-10
Account Number: 31593860

The remittance should be accompanied by sufficient information to enable the payment source to be identified (*i.e. your employer code*) and be sent to Pensions.Contributions@staffordshire.gov.uk.

Annual Contribution Returns

An annual contribution return must be submitted to Pension Services at the end of each financial year.

PEN CTR2 is used to confirm that you have performed an annual reconciliation of the monthly contribution remittances made throughout the year, and that the annual totals represent a full and accurate account of both the employees' and employer's contributions deducted.

If you have not yet converted to provide data via i-Connect by the first 31 March after becoming an Employer, Scheme member's contributions paid during the twelve months up to the 31 March each year and other further information required for maintenance of the employee's pension record should be returned on an MS Excel spreadsheet CONTPOSTMASTER.XLS which is available on our website. As from 1 April 2014 additional information has been required in relation to the employee's pay a second spread sheet called "CARE DATA RETURN" should also be completed.

Once you have fully converted to providing data via i-Connect, only the CTR2 should be completed.

Other duties and responsibilities as a Scheme Employer

Appointment of an independent registered medical practitioner

If a Scheme employer is considering whether to award an ill health pension to a Scheme member, the LGPS Regulations require that the employer must first consider the opinion of an appropriately qualified independent registered medical practitioner. Pension Services has appointed a panel of appropriately qualified independent medical practitioners who will perform this role and to whom all requests for the award of an ill health pension, must be referred. Guidance on Ill Health Retirement can be found on the Staffordshire Pension Fund Employer website pages: <https://www.staffspf.org.uk/Employers/Ill-health-retirement/Ill-Health-Retirement.aspx>. Please note, some areas of the Employer Website are password protected: you should contact pensions.employers@staffordshire.gov.uk to request access.

Appointment of an adjudicator for Internal Dispute Resolution Procedure (IDRP)

If a member is not satisfied with any decision affecting them made in relation to the Scheme, they have the right to ask for it to be looked at again under the formal complaint procedure. They also have a right to use the procedure if a decision should have been made by their employer or administering authority, but it hasn't been. The complaint procedure's official name is the "internal dispute resolution procedure" (IDRP). This procedure has two stages and full details can be found on the Pension Fund Website.

Each Scheme employer is required to appoint an adjudicator to review pension decisions made by the employer. The administering authority must be notified of the name and contact details within three months of becoming an academy.

The Pensions Act does not stipulate any particular requirements about who should determine complaints. The LGPS regulations, similarly, do not elaborate on who the adjudicator should or might be. In practice, as the person will need to understand the details of the dispute, the employer is likely to ask someone with relevant expertise to decide it, although this does not have to be an employee or elected member of the authority. Depending on the circumstances, a suitable person could be a human resources manager, payroll manager or a solicitor.

Change of Status

Where an academy is considering merging with another academy, becoming a multi academy trust (MAT), or in any other circumstances changing its company status, you are required to formally notify the Administering Authority as there are pension implications that must be considered as part of the change. Engagement with the administering authority should be at the earliest opportunity so that the academy can consider their options in relation to their LGPS liabilities.

Employer Discretions – Policy Statements

Within the LGPS Regulations there are certain discretions which may be applied at the discretion of the Scheme employer. You must formulate and publish Policy Statements to show how you would use these discretionary powers. The Statements must be kept under review.

Because a Policy is based on discretions, you retain the right to change it at any time. A Policy does not contain contractual rights and only that Policy, current at the time a relevant event occurs to the Scheme member, can be applied.

There are some Scheme employer discretions that must be included in a Policy Statement. These cover:

- Early and Flexible Retirement;
- Voluntary funding of additional pension, via a Shared Cost Additional Pension Contributions (APC);
- Awarding additional pension at whole cost to the employer;
- Switching on the rule of 85 year for member's voluntarily drawing benefits;
- Waiving actuarial reductions

In the Regulations there are other discretions which do not need to be included in a Policy Statement, but you may find it helpful to do so. You should consider seeking legal or financial advice before constructing a Policy Statement.

Each employer has an individual employee profile, funding and HR priorities which need to be reflected in the agreed Policy. You should ensure the Policy Statement is clear and unambiguous, having regard to any relevant overriding age and sex discrimination legislation to avoid any challenge or appeal. Make sure your LGPS members are aware of your Policy Statements.

Appendix 2 provides further guidance relating to Policy Statements.

FRS102

Following conversion to Academy status, you may want to arrange for the provision of pension figures for your accounts. This is currently covered by accounting standard FRS102.

Pension Services' understanding is that FRS102 figures are required for any set of statutory accounts prepared by an Academy. However, you will need to decide whether the FRS102 figures are required for inclusion in the Academy's end-of-year accounts; check with your auditors if you are in any doubt.

If you are joining an existing MAT then the FRS102 reporting process will have already been established by the Trust.

National Insurance Contributions

The LGPS ceased to be contracted-out of the State Second Pension (S2P) from 1 April 2016.

The Scheme is tax approved and you are entitled to operate the 'Net Pay' system in relation to the assessment of PAYE.

Other Useful Information

Outsourcing services

If you are considering outsourcing a service or function there could be pension implications in respect of any employees, who may be subject to transfer under a TUPE arrangement. You will need to ensure any potential bidders are made aware that they may be required to enter into an admission agreement with Staffordshire Pension Fund so that employees who currently pay into the LGPS can remain in the scheme.

If the successful contractor is seeking admission status, Pension Services will liaise directly with them.

Further information on outsourcing is available on request from Pension Services and in **Appendix 3**.

Pension Fund website

The Pension Fund website contains information about the LGPS for both employers and Scheme members and can be accessed at: www.staffspf.org.uk

We have made the website a reference source; it is updated on a regular basis with information and guidance on LGPS matters.

We will provide you with a username and password so that you are able to access the dedicated 'Employers' area of the website, where you can find a number of forms. The website also provides a 'Procedural Guides for Scheme Employers'.

The Pension Fund website also directs users to relevant information on other websites.

Bulk Estimate Requests

Academies can make a request for single or bulk estimates of their employees.

The request can be made on form available on the website. Please note the following information must be accurately provided:

- Reason for Estimate
- Who the Estimate is needed for
- Date the Estimate is required (calculation date)
- Where and when the figures need to be returned (please note because of data protection laws we are unable to provide you directly with the value of the benefits payable to the member, only your costs, you will, however need to inform us if you wish us to provide details of the benefits to the member and at what stage)
- The Pay to be used in the calculation (if we feel this is wrong, we will expect the Academy to investigate and provide us with a revised pay figure)

If you need any assistance, please contact the Pension Team, directly.

Triennial Valuation

Every 3 years the Fund Actuary ensures that the Pension Fund has enough assets to meet its pension promise to scheme members. Each employer is sent an individual statement showing how well funded they are and the proposed new employer's pension contribution rate for the next three year valuation cycle as part of the valuation process

For further advice and guidance contact:

Pensions Administration

Lisa Kelly

Phone: 01785 278063

Email: lisa.kelly@staffordshire.gov.uk

Data and Systems

Vikki Evans

Phone: 01785 277163

Email: vikki.evans@staffordshire.gov.uk

Governance and Communications

Martin Elliot

Phone: 01785 276278

Email: martin.elliott@staffordshire.gov.uk

Employers and Funding

Lee Mountford

Phone: 01785 276464

Email: lee.mountford@staffordshire.gov.uk

Mail

Pension Services Section, Staffordshire County Council, 2 Staffordshire Place,
Tipping Street, Stafford, ST16 2DH

Appendix 1

Examples of how to apply the Contribution Banding Rates

There are 9 payment bands and each band represents a pay range with its own pension scheme contribution rate. The contribution rates will always remain the same, but the pay ranges are reviewed each year and may be altered.

You must decide in which pay range to place each of your Scheme members. You must also decide on a policy for moving an employee from one pay range to another.

Pension Services will notify you of any future changes to the pay ranges in time for you to be able to update your payroll system for the beginning of the new financial year in which they are applicable.

The table below sets out the Contribution rates from 1 April 2024:

Band	Pensionable Pay Range	Main Section Contribution	50/50 Section Contribution
1	Up to £17,600	5.5%	2.75%
2	£17,601 to £27,600	5.8%	2.9%
3	£27,601 to £44,900	6.5%	3.25%
4	£44,901 to £56,800	6.8%	3.4%
5	£56,801 to £79,700	8.5%	4.25%
6	£79,701 to £112,900	9.9%	4.95%
7	£112,901 to £133,100	10.5%	5.25%
8	£133,101 to £199,700	11.4%	5.7%
9	£199,701 or more	12.5%	6.25%

Flexibility to pay less – the 50/50 Option

As you will see above there are two sections in the scheme– the main section and the 50/50 section. A member can elect for this option at any time, pay half their normal contributions and build up half their normal pension.

Members should automatically default into the main section of the Scheme and they will pay main section contributions (shown in the table above) and get the

normal pension build up. Members will be able to elect to move to the 50/50 section. If they do so they will then pay half contributions but, whilst they are in the 50/50 section, they will only be building up half the normal pension. If they have more than one employment, they can elect for the 50/50 option in one, some or all of their employments.

The 50/50 section is designed to be a short-term option for when times are tough financially. As the employer you are required to re-enrol members back into the main section of the scheme on the anniversary of your Automatic Enrolment date. You will need to inform members when this is if they are in the 50/50 section of the scheme. If a member wishes to continue in the 50/50 section at that point they would need to make another election to remain in that section.

If a member goes onto a period of no pay because of sickness absence while contributing to the 50/50 section of the scheme, once again you as an employer must revert them back into the main section of the scheme from the start of the next pay period if they are still on no pay. They can of course elect to revert back to the 50/50 section at a later date on returning to work.

They can choose to revert back to the main section of the scheme at any time by informing you in writing and they will then start to build up full benefits in the main section from start of the next available pay period.

Appendix 2

Guide to Policy Statements

Staffordshire County Council administers the Local Government Pension Scheme for over 400 employing bodies. The Local Government Pension Scheme Regulations allow certain discretions for administering authorities and employers. The way in which those discretions are exercised may have a cost and personnel implications for the employer. Consequently, policy statements must be made by employers - Staffordshire County Council cannot dictate to them what they should do; they will administer the Scheme in accordance with the employer's requirements.

A full template is available on request to help you prepare your Policy Statements together with sample reports which you may need for your Board. The template covers all of the discretions within the LGPS, to make employers aware of their discretionary powers and references the relevant regulations and covers the context the employer should consider the use of those powers. It is a statutory requirement that certain Policy Statements (see below) should be made and published, and a copy sent to the administering authority.

Staffordshire Pension Fund has also produced a draft policy document that you may just elect to adopt for your Academy. This can be found on our website: <https://www.staffspf.org.uk/Employers/Discretions/Employer-pension-discretions.aspx>. It has been based on the policies drawn up by the County and City Councils as well as other Academies.

Please note by signing up to this document you need to ensure that your organisation is completely happy with its contents and the implications the policies contained within it may bring to you financially.

If you need any further guidance please contact Martin Elliot.

Larger employers may choose to have a Policy Statement in respect of all discretionary powers; smaller employers may prefer to have a Policy Statement which covers just those areas where a Statement is obligatory and to exercise their discretion in other areas on the merits of each individual case as it arises. Academies should be fine with the policy document we make available to you.

A Policy Statement is obligatory in respect of the discretions contained in a number of places in the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2014:

- Regulation 16 – Whether, how much, and in what circumstances to contribute to a shared cost APC Scheme

- Regulation 30 & (Transitional Provisions & Savings Regulations) – Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement) and whether to waive, in whole or part, actuarial reduction on benefits paid
- Regulation 30 – Whether to waive, in whole or part, actuarial reduction on benefits which a member voluntarily draws before normal pension age
- (Transitional Provisions & Savings Regulations)- Whether to “switch on” the 85 Year Rule for a member voluntarily drawing benefits on or after age 55 and before age 60
- (Transitional Provisions & Savings Regulations)-Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits from pre 1/4/14 membership where the employer has “switched-on” the 85 Year Rule for a member voluntarily drawing benefits on or after age 55 and before age 60
- Regulation 31 – Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or efficiency (by up to £7,579 per annum) (as at April 2023)

Many of the discretions carry a cost relating to premature payment of benefits for which the Pension Fund will have to be reimbursed. A Fund administering authority has certain discretions regarding how the reimbursement should apply. An employer can look at the administering authority's policy statement and consider whether - if it wishes to apply early retirement provisions generously - it would be able to comply with the administering authority's reimbursement requirements.

Other employers in the Fund should consider how they, too, would approach these early retirement provisions. For example, do they have personnel issues which they would like to be covered? If so, are they satisfied that any costs can be justified? Do they want to have a standard policy, or would they wish to consider each case on its merits? Or do they wish to state that they will not be using the discretionary powers they have been given?

Staffordshire County Council, as administering authority, is happy to provide technical assistance for Fund employers but cannot suggest or recommend the policies that should be adopted by other employers.

Staffordshire County Council also operates a separate policy for its additional discretionary powers as the Administering Authority. Details of these discretions and the full Administering Authority policy are available to download from the Pension Fund website at

<https://www.staffspf.org.uk/Employers/Discretions/Employer-pension-discretions.aspx>.

Appendix 3

The most frequently used forms

The list below is a selection of the forms used most often. The Procedural Guide for Scheme Employers, accessible via the Pension Services website, identifies further forms such as those used when industrial action (*a strike*) takes place, ill-health retirement, IDRPs (*Internal Dispute Resolution Procedures*) and nomination of a beneficiary of the Death Grant.

Form reference	Used for:
PEN APT 1	notification of a new Scheme member
PEN APT 2	Notification of change of Scheme Section (50:50 election)
PEN AMD 1	Notification of changes to: name and address, contractual hours, term-time weeks, pay reference numbers, contribution banding, permanent reduction or restriction in pay.
PEN 2	notification of employee opting-out
PEN EST 1	request for an estimate of Retirement Benefits
PEN LV 1	notice of termination of employment
PEN CTR 1	return of monthly pension contributions
contpostMASTER.XLS	end of year return - (only available electronically)
CARE data return	end of year return career average pay – (only available electronically)
PEN CTR2	annual reconciliation

The on-screen version of these forms can be found on the Staffordshire Pension Fund's website <https://www.staffspf.org.uk/Employers/Forms-Documents/Forms-Documents.aspx> - if you haven't already received notification, please request the username and password for access to the 'Employers' part of the website where these forms can be found.

Outsourcing Services and New Admissions to the LGPS

Local Government Pension Scheme (LGPS) – Scheme Member Pension Protections

This guidance has been issued to assist Local Government Pension Scheme (LGPS) Employers in determining the pensions protections which may apply where employees are impacted by a compulsory change in employer - for example, where a business function is outsourced or there is a change in service contractor.

The guidance is designed to provide a broad overview of the protections when they apply and the differences between them. It should, however, not be read as a definitive guide to the range of issues which need to be considered in dealing with these situations and, accordingly, where there is uncertainty, employers are strongly advised to seek their own specialist legal advice.

The table below summarises the pension protection regulations and how they apply to employers within the Staffordshire Pension Fund

Type of Organisation – Letting Authority	Applicable Government Legislation	Description
<ul style="list-style-type: none"> • Unitary Authorities • Town and Parish Councils • Police Authorities • Fire and Rescue Authorities 	<u>The Best Value Transfer (Pensions) Direction 2007</u>	Following outsourcing must offer either continued LGPS access or actuarially assessed broadly comparable scheme
Academies Following reclassification FE Colleges may now also be included however further Government clarification is still required	<u>New Fair Deal Guidance</u>	Continued LGPS access must be offered
Others (not included in the above)	Not applicable, but relevant statutory guidance should be followed, Standard TUPE principles apply	Under the LGPS Regulations, the successful bidder can be admitted to the LGPS subject to agreement from Staffordshire Pension Fund

Important – before starting your Tender process.

If you are considering letting a contract to an external provider, **you must contact the Pension Fund** who will advise on the contractor's possible admission basis, potential employer contribution rate including the requirement for Bonds and guarantees if applicable.

This will allow potential bidders to fully understand what all the pension costs are before applying, to factor into their cost models. Ensuring that pension protection is in place can be a lengthy process, therefore, it is important that as soon as your organisation is thinking of outsourcing a service, the pension implications are considered. If not, it may delay the date the new contract is able to commence.

Employers who have a legal requirement to protect an LGPS members' pension entitlements, are summarised in the table above and further details on these protections are given below.

Best Value Authority Protections

The requirement is that transferring employees are provided with rights to pension benefits that are the same as, broadly comparable to, or better than those they had before the transfer. This requires that the contractor provides either continued access to the LGPS or to a "LGPS broadly comparable" pension scheme.

In the case of a Broadly Comparable Scheme the new scheme must receive a "broad comparability certificate" following an assessment by the Government Actuary's Department (GAD). The certificate must be provided to the outsourcing employer and to Staffordshire Pension Fund.

Continued membership of the LGPS is achieved by the contractor becoming an Admitted Body of the Staffordshire Pension Fund by entering into an admission agreement.

New Fair Deal Guidance Protections

In accordance with New Fair Deal Guidance any contractor must offer transferring employees access to the LGPS via an Admission Agreement. These requirements are set out in the Governments' New Fair Deal Guidance. New Fair Deal is a non-statutory policy setting out how pension issues are to be dealt with when staff are compulsorily transferred from the public sector to independent providers delivering public services. New Fair Deal compliance would be expected by transferring employees and any organisation wishing to offer any alternative would need to make a strong case to go against the principles set out in the guidance.

Continued membership of the LGPS is achieved by the contractor becoming an Admitted Body of the Staffordshire Pension Fund by entering into an admission agreement.

Re-letting an existing contract.

The same pension protections must be provided if employees transfer to another employer because of re-letting a contract. The re-let service with the new contractor or existing contractor must provide that the new arrangement secures continued membership of the LGPS for each transferring original employee. The LGPS "Scheme Employer" who re-lets the contract retains responsibility for employees impacted by subsequent transfers having continued access to the LGPS.

Becoming an Admitted Body.

Admission body status (ABS) enables contractors who undertake services or functions for an LGPS "Scheme Employer" to offer continued access to the LGPS during the period of the contract. As a result, the employees in scope will remain in the LGPS and continue to accrue benefits, for so long as they remain employed in connection with the delivery of the outsourced service on unchanged employment terms and conditions.

Admission Agreements must contain certain provisions for the Admission Body as set out in the Local Government Pension Scheme Regulations 2013.

Where a Contractor is providing services under several different contractual arrangements in the Fund it will be required to enter **separate** Admission Agreements in respect of each contract.

An Admission Agreement can be an 'open agreement' or a 'closed agreement'. In an open agreement, new joiners, as well as transferring staff working on the contract or services, can be offered membership of the LGPS under the Admission Agreement.

A closed agreement will restrict LGPS membership to the transferring employees only (i.e., any employees hired by the contractor after the transfer date will not be eligible to join the LGPS)

Admitted Body Status - "Pass-Through Funded" arrangement.

Pass through is an arrangement whereby the letting employer retains all the pensions funding risk for the transferring staff. This arrangement typically has a fixed contribution rate for the duration of the contract and can be attractive for contractors as it introduces certainty for pension costs which should then be

reflected with the eventual service cost. Set up costs are much lower for this type of arrangement and risk of the arrangement becoming overfunded (with an exit payment becoming due to the contractor) or underfunded with a deficit payment being due from the contractor or letting organisation are eliminated.

Where a new contractor has 10 members or fewer, and a contract period of 5 years or less, the Fund's default approach is for the employer to participate in the Fund on a Pass-Through basis.

The Fund has prepared separate guidance on the "Small Employer" Pass Through process that can be found in Appendix F in [the Funding Strategy Statement \(FSS\)](#)

Pass-through funding can only be provided for outsourcings from Academies where the Academy can confirm that approval to act as guarantor has been sought from, and approved by the Education and Skills Funding Agency (ESFA)

Admitted Body Status – "Stand Alone Funded" arrangement.

Before an Admission Body is admitted to the Fund, an assessment must be undertaken, taking account of actuarial advice, including the level of risk arising on premature termination of the provision of service (or assets) by reason of insolvency, winding up, or liquidation of the Admission Body.

The assessment will be produced by the Fund Actuary setting out employer contributions rates and if applicable a risk assessment.

The actuarial fees for the risk assessment will be payable by the Letting Authority.

The Fund's preference is to offer a pass-through arrangement with a fixed contribution rate which is typically the primary rate of the letting authority. Rather than a 'stand alone funded arrangement.

Full details of the Fund's pass – through policy is detailed in [Appendix F of Funding Strategy Statement](#).

Actuarial and legal costs – borne by the Letting Authority and the new employer (contractor)

The Fund is mindful that the legal or actuarial costs are borne by the letting employer or new employer (contractor) and therefore explored ways to reduce and cap the legal costs. Following this review and with the approval of the Pension Committee standard legal or actuarial charges were introduced.

TUPE transfer of less than 10 employees - "Pass-Through Funded" (small employer)

A small employer or contractor being admitted to the Fund is deemed to be one that has less than 10 active members and a contract length of less than 5 years.

Legal costs

- Non-negotiable standard admission agreement - **£1,500 + VAT**
- Complex or negotiated admission agreement - **£2,250 + VAT.**

In these circumstances, this type of admission will be treated as a 'pass through' arrangement, whereby the assets and liabilities remain with the letting employer at the end of the contract period. This will be the default option for small employers unless we are advised that a 'standalone' admission arrangement is preferred, in which case the costs will be in line with those outlined under TUPE transfer of 10 or more employees.

TUPE transfer of 10 or more employees - "Stand Alone Funded" arrangement.

Legal costs

- Complex or negotiated admission agreement - **£2,250 + VAT.**

Initial actuarial costs

- Pension information memorandum (employer pension contribution rate and risk assessment) - **£2,300 + VAT**

Outsourcing – Contract letting organisations' LGPS checklist.

- Be aware of the timescales for completing Pensions Admission Agreements
- Liaise with the Fund to obtain pension costs to include in the tender contract information pack.
- Ensure that those bidding for your contract are made fully aware of their responsibilities and on-going costs in respect of pensions, including the need to apply for 'admission body' status to enable continued access to the LGPS for transferring staff.
- Liaise with your legal adviser to ensure that pensions information (including costs) is included in the tender and contract.
- Consult with, as required, and keep the transferring staff informed about the impact of the transfer on their pension rights.
- Acknowledge and understand that ultimate responsibility for pension matters relating to the transferring staff, and any unpaid liabilities to the Fund, remains with your organisation.