

## Lancashire County Pension Fund - Admitted Body Guidance

Admission bodies do not automatically qualify as employers within the Scheme, but the Local Government Pension Scheme (LGPS) regulations allow participation for employees of admission bodies, through an admission agreement. The admission body must comply with the requirements set out in the regulations in respect of admission bodies.

### **Regulation reference: Regulation 3 (5), 4 (2) (b) and Schedule 2 part 3 paragraph 1 and 12 (a) of the Local Government Pension Scheme Regulations 2013/2356**

The regulations above detail the criteria under which an admission body may enter into an admission agreement with the Lancashire County Pension Fund. Those criteria are set out below specifically under the terms of Schedule 2 Part 3 paragraph 1:

#### *Schedule 2 Part 3 paragraph 1*

- 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*

The Lancashire County Pension Fund operates an Admission and Terminations Policy which can be found in the Publications section of the Fund's website at [Publications - Pension Fund \(lancashirecountypensionfund.org.uk\)](http://Publications - Pension Fund (lancashirecountypensionfund.org.uk))

## **ADMISSION PROCEDURE**

### **1. Formal Request for Admission**

Once a contractor has decided that they wish to provide admission to the LGPS for any TUPE'd staff, then the attached application form should be completed. This provides a formal request for admission to the Pension Fund and basic information that informs the drafting of the Admission Agreement. The following are key questions which will need to be resolved between the outsourcing employer and the contractor:

#### **Guarantor and/or Bond?**

Will the outsourcing employer act as a guarantor for the future liabilities of the contractor in the event that these are not met by the contractor? The contractor may be required to provide a bond to act as surety against non-payment of liabilities.

#### **Open or Closed Agreement?**

An open agreement allows future employees to be admitted to the LGPS, whereas a closed agreement only enables the transferring members of staff to be admitted. This is confirmed by annexing a list of staff to the Admission Agreement.

#### **Fees?**

Who will pay the fees associated with the admission process? There is an administration fee of £1,000 plus VAT payable to the fund. In addition, when an actuarial valuation is required to determine the Future Service Rate (initial employer contribution rate), there is an actuarial fee of approximately £620 plus VAT. If a bond value or opening funding position needs to be calculated, or if incorrect membership data is provided to the Fund, additional fees can occur. These fees will be recharged to the contractor/outsourcing employer (depending on the agreement between the parties).

If you have any queries about the completion of the application form, then please contact [Julie.price5@lancashire.gov.uk](mailto:Julie.price5@lancashire.gov.uk)

The completed form should be submitted alongside the attached excel spreadsheet which provides membership details of the transferring staff. All transferring staff that are eligible for admission to the LGPS should be included whether or not they are current LGPS members. This is so their right for admission to the LGPS is preserved should they wish to join at a future date.

The completed forms should be returned to [Julie.price5@lancashire.gov.uk](mailto:Julie.price5@lancashire.gov.uk)

### **2. Validation of Membership Data and Actuarial Calculation of Employer Contribution Rate**

The Local Pensions Partnership Administration (LPPA), Lancashire County Pension Fund's administration service provider will check the membership data and liaise with the contractor and outsourcing employer to resolve any queries. Once the data had

been validated, then, where required, this will be sent to our actuary for the calculation of an employers' opening funding position, contribution rate and value of any Bond.

Calculation of the Future Service Rate (initial employer contribution rate) is not normally required if the contractor meets the conditions for Small Contractor status (see the Admission and Termination Policy for more details).

The actuarial fees are rechargeable to either the contractor or the outsourcing employer, depending on any agreement between the parties.

Please also note that additional actuarial fees can occur if incorrect membership data has initially been provided to the Fund. Any such additional fees will also be recharged to the contractor/outourcing employer, depending on any agreement between the parties.

Once the actuarial report is made available this will be shared with the contractor and the outsourcing employer for information and again confirmation to proceed with the drafting of the Admission Agreement and Bond template.

Any staff who paid additional pension contributions (other than their normal monthly LGPS pension contributions) at the point of conversion, in respect of either Additional Voluntary Contributions (AVCs), Additional Regular Contributions (ARCs), Additional Pension Contributions (APCs) or Added Years **must have these contracts ceased on the day before the TUPE transfer. The contractor should bring this to the attention of the payroll provider /affected employees.**

Employees can if they want to continue new contracts under the new contractor (though employees can no longer enter ARCs contracts), but in order to do so **MUST** either;

- 1) In respect of AVCs - contact the AVC Provider directly.
- 2) In respect of APCs/Added Years - contact LPPA on [AskPensions@localpensionspartnership.org.uk](mailto:AskPensions@localpensionspartnership.org.uk) requesting that contributions are continued under the new contractor. For APCs they can use the calculator on our website. For Added years contracts they only have 3 months from the conversion date to restart these contracts and pay the missing contributions.

**The contractor is required to collect the employee's monthly pension contributions and hold this money in a secure account until the Admission Agreement has been completed. The most recent employee contribution bands can be found [here](#) .**

### **3. Admission Agreement and Bond template**

When we have confirmation that the contractor wishes to proceed with admission, the legal representatives of Lancashire County Pension Fund and the contractor will work together to execute the Admission Agreement. Where necessary, a bond template will be issued to the contractor so that they can procure a financial bond.

The timescales for completion of this stage will depend on the speed of the legal service team and the ability of the contractor to secure a bond, if this required, and

any other complexities which may arise. As mentioned earlier this work is chargeable to either the contractor or outsourcing employer, depending on the agreement reached between the two parties.

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

Following the execution of the Admission Agreement and provision of any Bond, then the Local Pensions Partnership Administration will contact the contractor to provide information and guidance on administration of the Scheme.

#### **5. Service Contract**

We would appreciate if you are able to provide a copy of the service contract between the outsourcing employer and the contractor. This will enable us to better understand the terms of the TUPE and allow the 'admissions agreement' to be drafted in line with what is required.

#### **Next Steps:**

- Contractor to complete attached forms
- Decisions to be made between outsourcing employer and contractor regarding:
  - Guarantor or Bond?
  - Open or closed agreement?
  - Who will pick up actuarial and administration fees?
- Provide a copy of the Service Contract

We hope that this provides some background information around the admission process. Before any final decision is made to seek admission to the Lancashire County Pension Fund, we strongly recommend that the organisation appraises itself of a Scheme Employers' responsibilities as part of the Pension Fund's and their administrative responsibilities set out in The Pensions Administration Strategy Statement in the Publications section of the Fund's website at [www.lancashirecountypensionfund.org.uk](http://www.lancashirecountypensionfund.org.uk)