



Academy Conversions in the Lancashire County Pension Fund Procedure and Timescales

February 2024

Background

When schools are granted 'Academy' status they become a Schedule 2, Part 1 Scheme Employer under The Local Government Pension Scheme Regulations 2013. This applies equally to Free Schools, Studio Schools and University Technology Colleges.

Once a school has been approved to convert to Academy status, they should inform the Lancashire County Pension Fund ("The Fund") who will arrange for the Academy to be set up as a Fund Employer. An Academy conversion is usually simple, with the process taking around 6 weeks once the conversion is confirmed.

For Academies which form part of a Multi Academy Trust (MAT) it is the proprietor of the Trust which is the Scheme Employer within the Pension Fund and not each individual Academy within the Trust. However, for ease of administration each Academy will normally be set up under a separate employer reference within the fund. It may also be practical to have a separate employer reference for central administrative staff if appropriate.

Academy Conversion Process

1. Notification of upcoming conversion

The school notifies the Fund of the upcoming conversion and provides an employee list. The Fund undertakes checks of the employees and advises of the information required for the conversion and the fees payable for the administration work. The Fund will calculate the Future Service Rate (FSR) and a portion of the deficit if applicable. The school provides all requested information to enable them to be set up as an employer in the Fund.

2. Conversion confirmed

The Fund and school will monitor the case and once conversion is confirmed/has happened, the Fund will facilitate the setup of the new Academy with our third-party pension administrator, LPPA. The new Academy will be advised of their obligations as a scheme employer and will be granted access to submit all relevant data and information required. An invoice for the fees payable will be issued by the Fund.

3. New Academy established and fulfilling obligations as a scheme employer

The Fund will ensure the new Academy is set up and submitting information correctly and that the invoice has been settled in full. The Fund or LPPA will be on hand to assist with any issues that might arise and provide any training.

Academy conversion procedure and timescales

Academy	Lancashire County Pension Fund (LCPF)/Lancashire County Council (LCC)	LPPA	Target maximum completion time frame (working days)
Notification to LCPF of planned academy conversion			As soon as possible
	Send initial email to Academy signposting to forms to complete and employee list		5
Forms and employee list returned			10
	Employee list checked, employer forms checked, FSR and deficit calculated (if applicable)		5
Conversion confirmed to be proceeding/conversion gone ahead			As soon as conversion confirmed as proceeding

Academy	Lancashire County Pension Fund (LCPF)/Lancashire County Council (LCC)	LPPA	Target maximum completion time frame (working days)
	Welcome email to Academy with actions and responsibilities outlined, Set up of Academy requested Invoice requested for conversion fees		5
	Academy set up as a scheme employer and contacted regarding contributions remittance Invoice issued	Academy set up on UPM Employer portal and contacted regarding data submissions	30
Monthly Data file submitted Monthly Contribution remittance submitted Invoice paid			
	Finalise case and internal records. Notify actuary		5

Things to Note

Employer Contribution Rate and Opening Position

Following conversion, the academy will be required to pay across employer contributions to the Fund. The Fund has an Admission and Termination policy which describes how the contribution rate and opening funding position are applied [Publications - Pension Fund \(lancashirecountypensionfund.org.uk\)](http://lancashirecountypensionfund.org.uk). The employer contribution rate is normally the rate of the Local Education Authority the pre-Academy status school came under.

Employee Contributions

The contractor is required to collect the employee's monthly pension contributions and hold this money in a secure account until the conversion has been completed. The most recent employee contribution bands can be found here [Contributions • Local Pensions Partnership Administration \(lppapensions.co.uk\)](http://lppapensions.co.uk)

Any non-teaching employees 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 Academy conversion. The Academy 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 (Prudential) directly.
- 2) In respect of APCs/Added Years - contact LPPA using the member contact form [Member contact • Local Pensions Partnership Administration \(lppapensions.co.uk\)](http://lppapensions.co.uk) requesting that contributions are continued under the new Academy.

For Added years contracts they only have 3 months from the conversion date to restart these contracts and pay the missing contributions.

Requirements following Conversion

The LGPS is a qualifying pension scheme under the automatic enrolment provisions of the Pensions Act 2008. All eligible non-teaching staff (including new joiners) will have a legal right to be members of the above Scheme. You have Automatic Enrolment responsibilities as a new employer, see [Re-enrolment for schools and academies | The Pensions Regulator](http://www.thepensionsregulator.gov.uk). On the date of conversion scheme members who transfer over to the Academy will be treated as having continuous membership in the Scheme, and all existing eligible staff who are not members of the Scheme must be automatically brought into the Scheme. They do have the right to opt out if they wish. The Academy will have no discretion to provide alternative pension arrangements for employees who are eligible to be members of the LGPS.

Outsourcing Services

If you intend outsourcing a service or function, there will be pension implications in respect of those employees who may be transferred and are eligible for pension protection.

Under the Fair Deal Arrangements, staff who are members of a public service pension scheme and who are compulsorily transferred out of the public sector, and who remain continuously employed on the delivery of the outsourced service or function, will remain eligible to be members of their public service pension scheme:

lancashirecountypensionfund.org.uk

[Fair Deal for staff pensions: staff transfer from central government \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

You will need to ensure that any potential bidders are aware that they are required to offer the LGPS, by seeking admittance to the Lancashire County Pension Fund in respect of those employees. The contractor will need to enter into an Admission Agreement and will have administrative and financial responsibilities as a Scheme Employer. There are costs involved in entering into an Admission Agreement, and you should ensure that potential bidders are aware of these costs early in the procurement process. The administrative and actuarial fees are outlined in the [Prospective Employer web pages – Admitted Body Guidance](#)

The Academy will also need to be party to the admission agreement and will take on assets and liabilities when the admission agreement ends.

At the point of exiting the fund (when the last active member leaves or when the contract comes to an end), the actuary will calculate the exit position. If in deficit, an exit payment will need to be made by the exiting employer to the Fund. If in surplus, a payment may be made by the Fund to the exiting employer. Sometimes this calculation is not required (see the Small Contractor Policy section of the Fund's [Admission and Termination Policy](#)).

Responsibility for the exit payment can depend on whether there is pensions risk-sharing in the commercial contract between the Academy and the AB. The Academy would be the ultimate guarantor for the pension fund liabilities of the contractor and would take on the ongoing assets and liabilities following exit. To mitigate the risk of taking on a deficit, the Academy may require the contractor to take out a bond or other guarantee. Further details are outlined in [LCPF's Admission and Termination Policy](#)

FRS101/102

Following your conversion to Academy status, you will need to arrange the provision of pension figures for your accounts. We undertake an exercise each year for the provision of accounting schedules by the Fund Actuary, Mercer. If you do not wish to use Mercer, you will need to let us know. Please ensure that you include appropriate finance contacts when submitting the contacts form, and we will contact you directly each July.

Please note the Actuary's fees for the provision of this information will be forwarded on to the Academy. The cost of the first report can be up to approximately £1,000 + VAT and subsequent reports approximately £135 + VAT (at current rates). An administration fee of £200 + VAT is also payable to the Fund.

Fees

There is an administrative fee for setting up the admission agreement of £350 plus VAT payable to the Fund.

There may also be a fee for the calculation of the employer by the Fund Actuary, where applicable, which will be in the region of £400 plus VAT (this is not normally needed).

Induction as a new Scheme Employer

Once the Admission is finalised, the third-party administrator of the Lancashire LGPS will contact the AB to provide Information and guidance on employer responsibilities.

Contacts

The Fund's Employer Risk Team will co-ordinate the admission process, you can contact them at-

PensionsEmployerRisk@lancashire.gov.uk

lancashirecountypensionfund.org.uk

The Pension Fund Finance Team will co-ordinate the FRS101/102 exercise, you can contact them at-

PensionsFinance@lancashire.gov.uk

Local Pensions Partnership Administrator are the third party administrator of the scheme, you can contact them at-

Engagement@localpensionspartnership.org.uk

lancashirecountypensionfund.org.uk

Lancashire County Council as administering authority of Lancashire County Pension Fund