



Admissions to the Lancashire County Pension Fund

Procedure and Timescales

February 2024

Background

Admission bodies, a specific type of employer under the Regulations that govern the Local Government Pension Scheme (LGPS), do not automatically qualify for admission and must instead satisfy certain criteria as set out in the Regulations. They need a written admission agreement (AA) to be admitted and participate in the LGPS.

Each admission application in the Lancashire County Pension Fund ('The Fund') is unique and as a result, the timeframe for completion can vary. The standard process can be broken down into 5 main stages and from start to finish, the admission process can take around 3 months from application process to approval of the AA. Various parties can be involved in the process. This procedure breaks down the key stages of the admission process and the expected timescales for completion. The timescales quoted in this procedure are a guide only as the process might be longer or shorter.

The Lancashire County Pension Fund has an Admission and Termination Policy which governs admissions of employers to the scheme and describes the types of bodies which can be permitted. This policy can be found here [Publications - Pension Fund \(lancashirecountypensionfund.org.uk\)](https://www.lancashirecountypensionfund.org.uk/publications-pension-fund)

The vast majority of admissions to the Lancashire County Pension Fund occur when an existing Scheme employer outsources a contract, and the contracting employer is required to offer pension protection to the transferring employees and chooses to do this through the LGPS. This falls under Schedule 2 Part 3 Paragraph 1(d)(i) of [The Local Government Pension Scheme Regulations 2013](#), and it is the procedure of this type of admission that is covered in this document.

There will be three parties to the legal AA document - the outsourcing scheme employer, the Admitted Body(AB), and Lancashire County Council as the administering authority. Their roles in the admission process are described in this document.

Admitted Body Process

The admission process will usually commence when the Fund is informed of the prospective employer's intention to apply for admitted body status. The Fund may be informed by the prospective employer or the outsourcing employer.

1. Outsourcing and application for admitted body status

The prospective employer completes the admission application and sends this over with an employee list. The Fund review the application and employee list and request any further information if required.

2. Draft admission agreement and risk assessment undertaken

If eligibility is determined, the Fund will draft an AA and will share a copy with the prospective employer and the scheme employer. The Fund will also require completion of a risk assessment that will be shared with the scheme employer and the Head of Fund. At this stage we seek to establish the terms of the admission, any reference to risk sharing between the scheme employer and prospective employer and acceptance of the fees payable.

3. Final admission agreement approval and execution

Once both parties have agreed to the draft AA template, the AA is finalised, and a copy is shared with both parties to sign the document. The prospective employer will also be asked to provide any outstanding information required to set them up as a scheme employer. Once both parties have signed the agreement, the document is sealed by Lancashire CC as administering authority, which formally admits the prospective employer into the Fund. If required, the Fund will liaise with the Fund Actuary at this stage to calculate the Future Service Rate (FSR) (employer's contribution rate) that will apply, which will attract an additional fee.

4. New employer set up as a scheme employer within the Fund.

The executed AA is shared with the outsourcing scheme employer and the newly admitted employer, and the Fund facilitates the setup of the new employer with our third-party pension administrator LPPA. The new employer 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.

5. New employer established and fulfilling obligations as a scheme employer

The Fund will ensure the new employer 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 arrange any training. The admission is now complete.

Admissions procedure and timescales

Admitted Body ('AB')	Outsourcing Employer	Lancashire County Pension Fund (LCPF)/Lancashire County Council (LCC)	LPPA	Target maximum completion time frame (working days)
Enquiry into application for AB status. Contact made with LCPF				As soon as contract awarded
		Send initial email signposting AB to website and guidance		5
Complete and return Application and list of transferring members				10
		AB checks, request any additional information required.	*Pension Strain calculation provided for risk assessment	5/*10
		Draft AA Draft risk assessment template Share with AB		
Review draft AA. Complete and return risk assessment				10

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Admitted Body ('AB')	Outsourcing Employer	Lancashire County Pension Fund (LCPF)/Lancashire County Council (LCC)	LPPA	Target maximum completion time frame (working days)
		Share draft AA and completed risk assessment with the outsourcing employer		5
	Review draft AA and terms of admission. Consider if additional security is required			10
		Finalise AA and refer to Head of Fund for approval		5
		AA Approval given		10
		<i>*Future Service Rate calculation obtained from actuary</i>	<i>*Employee Data file provided</i>	<i>*20</i>
		Final AA sent for signature to AB and Guarantor Employer administrative responsibilities highlighted and signposted to forms required for set up.		5
Signature page returned Completed forms returned	Signature page returned			10

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Admitted Body ('AB')	Outsourcing Employer	Lancashire County Pension Fund (LCPF)/Lancashire County Council (LCC)	LPPA	Target maximum completion time frame (working days)
		Sealing of final AA		10
		Sealed AA shared with AB and Guarantor Welcome email to AB with actions and responsibilities outlined		5
		AB set up and contacted regarding contributions remittance Invoice issued	AB 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
				125/*150

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Things to note.

Open/Closed Agreement

Normally the AA will reflect that the admitted body is fully funded from the start of the agreement and will only allow scheme membership for those employees who transfer to the admitted body to work on the outsourced contract.

Future Service Rate (FSR)/Employer Contribution Rate

Every employer in the LGPS will pay an employer contribution rate normally calculated by the Pension Fund Actuary. This rate is allocated at the start of the AA and is adjusted at the triennial valuation of the Fund (the next valuation date is 31 March 2025 which will determine rates payable from 1 April 2026). At each valuation the actuary assesses the liabilities of pension fund members and the assets held by each employer and determines whether the employer has a surplus or deficit funding position. Sometimes the admitted body will pay the FSR or "Primary Rate" of the outsourcing employer (see the Small Contractor Policy section below).

Exiting the Fund

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 below).

Responsibility for the exit payment can depend on whether there is pensions risk-sharing in the commercial contract between the outsourcing employer and the AB. This is covered in more detail in the Fund's [Admission and Termination Policy](#).

The outsourcing scheme employer is the ultimate guarantor for the pension fund liabilities of the AB and will take on the ongoing assets and liabilities following exit.

Security

The outsourcing scheme employer and/or Lancashire County Council as the administering authority may, after considering a risk assessment, decide that additional security needs to be provided by the Admitted Body to be used in the event that the admitted body cannot make any required payments to the Fund. This might for example be in the form of a bond. If this applies, the admitted body will be informed during the admission process.

Small Contractor Policy

As part of the admission process the Fund will consider whether the Small Contractor Policy is met (see the Fund's [Admission and Termination Policy](#) for more details). Where this policy is in place, the admitted body will pay the Future Service Rate or "Primary Rate" of the outsourcing employer, and no exit payment is payable. The "Primary Rate" for the outsourcing employer can be found in the Actuarial Valuation report and will be notified to the admitted body by the Fund.

Employee Contributions

The contractor is required to collect the employee's monthly pension contributions and hold this money in a secure account until the AA has been completed. The most recent employee

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contribution bands can be found here [Contributions • Local Pensions Partnership Administration \(lppapensions.co.uk\)](https://www.lppapensions.co.uk)

Any 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 TUPE transfer. The admitted body 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 via the member contact form (found at <https://www.lppapensions.co.uk/contact/>) requesting that contributions are continued under the new contractor.

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

Fees

There is an administrative fee for setting up the AA of £1,000 plus VAT payable to the Fund.

There may also be a fee for the calculation of the FSR by the Fund Actuary, where applicable, which will be in the region of £400 plus VAT.

These fees will normally be paid by the AB. There may be additional fees if a Bond or additional security is required, or if there are delays or additional workload by the Fund involved in finalising the agreement.

Induction as a new Scheme Employer

Once the Admission is finalised, the third-party administrator of the Lancashire LGPS will contact the admitted body 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

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

Engagement@localpensionspartnership.org.uk

[lancashirecountypensionfund.org.uk](https://www.lancashirecountypensionfund.org.uk)