

- Part 2 – ‘Designation’ bodies – these are employers that can make the LGPS available to all or some of their employees. Such as parish and Town Councils.
- Part 3 – ‘Admission’ bodies – those employers participating in the LGPS through an admission agreement which will specify which employees are eligible for membership. Such as charities or companies working on service contracts for Schedule bodies.

- 4.2** Admission Bodies fall into two types: referred to in previous regulations as community admission bodies and transferee admission bodies. This report will use this terminology. ‘Community admission bodies’ (CAB) these are bodies defined under Schedule 2 part 1 of the LGPS Regulations 2013 and are “not for profit” organisations that normally have a community of interest with local government employers. To allow a CAB entry to the Shropshire Fund the Pension Committee has for many years required these to be guaranteed by a body with tax raising powers or to provide a Bond.
- 4.3** An Admission Agreement arising in respect of a contract for services was formerly referred to as a ‘Transferee Admission Bodies’ (TAB) and these bodies are now defined under Schedule 2 part 3d of the LGPS Regulations 2013. There are certain obligations under the LGPS regulations on the body letting the contract to provide a contractual protection for certain aspects of the transferring employees’ pension provision. Regulation 64(3)(a) is where a New Admission Body is not able to pay for the liabilities it has accrued at the date of termination of the admission agreement therefore, the shortfall attributable to the New Admission Body will revert back to the Transferor Scheme Employer. This includes the commitment to maintain all liabilities relating to deferred and retired members whose pension payments will continue to be made long after the termination of the admission agreement.
- 4.4** Admitted Body status allows scheme members who are transferred under TUPE from their Local Government employment to an external provider, for the delivery of a contract for services, to remain in the LGPS for so long as they are employed in connection with the delivery of the outsourced contract.
- 4.5** Any organisation which now applies to become an admission body in the Fund under either of the above two regulations must either have a guarantor or provide a bond. This means that, if the employer fails or is unable to meet its pension obligations, the Fund can revert to the guarantor or bond provider to protect all other Scheme Employers from having to pick up the debt.
- 4.6** As at 31 March 2016 the Fund had 4 Admission Bodies that do not have a Guarantee given by a Scheduled Body within the Fund. 3 have Bonds in place. The deficit of the 1 with no cover was £3.6million.

5 Academies

- 5.1** Academy schools (including free schools) are Scheduled Bodies under the LGPS regulations. This means the non-teaching employees of an Academy have an automatic right to join the scheme, or remain in it following conversion from a maintained school.
- 5.2** On conversion, an Academy becomes a stand-alone employer in the Fund, with an individual funding position. When a maintained school converts to Academy status, existing staff who are already members of the LGPS will not have their pension benefits impacted by the conversion. Their membership of the LGPS will continue unaffected through the continuing participation of the Academy employer in the LGPS.
- 5.3** The Department for Education (DfE) has provided a Departmental guarantee to all LGPS administering authorities in England that in the event of the closure of an academy trust (AT) or multi-academy trust (MAT) any outstanding LGPS liabilities that cannot be met by the trust's assets will be met by the DfE and will not revert to the fund. Academies therefore present no greater risk to funds than local authorities and should not be treated as higher risk employers. The guarantee applies also to sixth form colleges that have changed their status to become an academy.
- 5.4** In the guarantee the DfE commits to ensuring that where an AT or MAT closes, the closure is effectively managed. Normally the liabilities will be met from the trust's assets on closure, but the Secretary of State has the power to determine how the assets of a trust are disposed. Any remaining outstanding LGPS deficit would then be met by the DfE in full.
- 5.4** The Parliamentary Minute states that the DfE and HM Treasury reserve the right to withdraw the guarantee. This is a standard condition for all government guarantees where there is no specific end date; there is absolutely no expectation that the guarantee would be withdrawn. Before any withdrawal of the guarantee the DfE would consult all relevant parties and give reasonable notice to allow funds to undertake new risk assessments.
- 5.5** The guarantee is not time bound. The liabilities set out in the parliamentary minute have been projected over a seven-year period and the DfE will continue to project future academy numbers and assess potential liabilities on a rolling programme.

6 Designating Bodies

- 6.1** These were previously called Resolution Bodies and are also listed in Local Government Pension Scheme Regulations 2013. They include

Town and Parish Councils and entities under the control of Scheduled Bodies (this includes Local Authority Companies).

- 6.2** Designated Bodies can 'designate' an employee, or a class of employees, as being eligible to join the LGPS. If an employee is covered by the employer's published admission policy or, where there is no admission policy, if their employer designates them as a member, they must be brought into the LGPS automatically, unless they have opted out.
- 6.3** Designated Bodies in the Fund have tax raising powers and are backed by Statute.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

N/A

Cabinet Member (Portfolio Holder)

N/A

Local Member

N/A

Appendices

N/A