

Sixty second summary

“A level” understanding of academies in the LGPS



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In this subject it feels we are collectively moving from basic examinations and testing, into a more rounded and in-depth “A level” understanding. This is only to be welcomed.

Heading for a win-win solution

Just as the word “academisation” was introduced to the English language within the last few years, so academy school employers have introduced their own issues into the English Local Government Pension Scheme Funds. No-one can doubt the amount of discussions with various parties, added workload for pension officers, steep learning curve for academy representatives, and required governance time with Councillors.

Much of this has arisen because the DfE, DCLG, Funds and academies have all come at the issue from different angles, with different priorities. It is therefore heartening to see the Scheme Advisory Board (SAB) try to grab the bull by the horns, and commission a report ([click here](#)) on the topic. The SAB has announced that it intends to resolve the identified issues internally within the LGPS, rather than going outside the LGPS. If internal solutions are not found to be effective, external solutions may be sought.

Overall this “crash revision” report is a comprehensive and balanced piece of work, albeit doesn’t say much we didn’t know already. However its main value is that it provides a third party perspective on this issue, which recognises three key principles which we’ve always said:

(1) There are conflicting stakeholder requirements, so some form of balance is needed...

Who pays for non-teaching staff’s pensions? Everyone agrees that somebody should (it is a funded scheme after all), but Funds think academies should, academies think the Councils and/or DfE should (in part at least), and DfE seems a bit bemused about why the discussion is taking place at all.

There’s clearly some history here among the various parties, which has largely arisen from the age-old problem that pensions is about the last thing to be considered, if at all, when major changes are being planned. However, that history seems to be smoothing out because...

(2) ... different stakeholders’ perspectives have changed over time as the academies have become embedded into the LGPS...

Once upon a time there were frequent academy complaints that they were being asked to pay much higher contributions than their ceding council. That issue has largely gone away, in our experience of advising nearly half the Funds affected, and the report agrees with that perspective.

The DfE has a better handle now on this whole issue, the Funds are generally even-handed and transparent in contribution-setting, and academies are benefitting from greater engagement with the LGPS. Overall, it seems that the stakeholders are coming out of previously entrenched positions, and are beginning to appreciate that...

(3) ... a suitably balanced approach can be achieved within the LGPS, without the disadvantages of regulation or forced consolidation

There are two important points here: firstly, that a balanced solution won't give everyone everything they'd ideally want, but it will give something to everyone. In other words it's a potential "win-win", not a "zero-sum game" where there must be a loser for every winner.

Secondly, the SAB report details how different approaches can deal with many of the issues, and importantly that most of this can be done with the lightest touch approach. The LGPS has had its fill of regulations in recent years, so it's good to see a reflection that sensible solutions can be found which avoid the inevitable cost, uncertainty and delays of regulatory approaches.

What else does the report say?

It highlights:

- continuing issues due to the lack of pensions knowledge or awareness by the academies: no doubt the DfE can do more here, but this is an example of something which is less of a problem than it used to be, in our experience;
- Problems arising from academies moving between Multi Academy Trusts, and the associated operation of the DfE guarantee: the funding issues this creates could be simplified by the use of academy/MAT pools, which we are seeing more of;
- Complications caused by contracting exercises: the costs and complexity around these can be largely removed by the use of online self-service tools and/or pass-through arrangements which Funds may make available. Online tools can allow cost-effective calculations where such exercises involve only a handful of members, thus simplifying and speeding up the process;
- Academy funding can be disadvantaged if there is a high proportion of non-teaching staff and hence LGPS costs: this is a DfE issue which the LGPS itself cannot address, but it is good for Funds to be aware of.

Conclusion

It feels like everyone has moved on from the initial testing period for this complex topic. From the earliest study periods, then on to more formal examination... and we are all now entering an "A level phase" of knowledge and application: this can only be welcomed.

This also avoids the extreme action of removing the academy membership from their local LGPS fund to the considerable detriment of all parties. We know that the intention is to protect members, Funds and other employers, whilst improving efficiencies for the academies.

Our view is that there is little to be gained by trawling through the history, neither will we succeed by attempting to "win" against other stakeholders. A genuinely balanced and acceptable solution can be found, within the existing LGPS framework, if everyone pulls together on this.