

Scheme Advisory Board

Options for academies in the LGPS

Proposal for assistance

Introduction

The LGPS Scheme Advisory Board (SAB) is established under the Public Service Pensions Act 2013 to advise the Secretary of State for Communities and Local Government on the development of the Local Government Pension Scheme.

In support of the Board's work plan for 2016-17, it is inviting proposals from interested parties to assist it in developing options with regard to the plan to convert all schools to academies and what this will mean for LGPS pension funds and their host authorities. This outcome of this initial work will be for consideration by the SAB prior to potentially making recommendations to the Secretary of State.

The work

The work required is to investigate the implications for the LGPS of a significant increase in academy employers and to develop options to manage those implications for consideration by the Board.

The successful organisation will be required to produce a comprehensive report which should cover the administrative, actuarial, legal and investment issues relating to the implications identified and options proposed.

Budget

The Board is working within a fixed budget set by the Department with a wide and varied work plan to complete. Bidders should be aware that the value of bids will be an important element in the selection of the successful organisation.

Proposals

Proposals from interested parties should consist of the following elements with each element restricted to no more than 1 side of A4. Further information may be provided as annexes however standard marketing material should not be included. Proposals should be returned no later than 17.00pm on Friday 15th July 2016 to liam.robson@local.gov.uk copied to jeff.houston@local.gov.uk.

Elements required

1. **Introduction** - set out the approach you would take to the work and your objectives, in particular how you would work with members of the Board and how you would manage confidentiality issues.
2. **Your pitch** - set out what sets you apart from others who may bid for this work in particular the experience and expertise you bring.
3. **Fee structure** - state the cost of the work either as a fixed fee or as a daily rate. If the latter specify the number of days included in your bid.

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4. **Expertise of team** - set out the names, job titles and experience of members of your organisation who would be involved in delivering this work. Also specify a named lead member for the team who would be responsible for the co-ordination and delivery of the work.
5. **Input from Board organisations and other stakeholders** - set out the input you will require from organisations involved in the scheme and state if that input will be in the form of face to face meetings or written material.
6. **Timescale** - potential bidders should set out the timescale required to complete the work together with important milestones.

Board secretariat
June 2016

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Background information

The Current Position - converting all schools into academies

During his budget speech on 16th March 2016, the Chancellor announced the government's plan to providing extra funding so that by 2020 every primary and secondary school in England will be, or be in the process of becoming, an academy:

<https://www.gov.uk/government/speeches/budget-2016-george-osbornes-speech>

This was followed, on 17th March 2016 by a white paper setting out a vision for schools in England:

<https://www.gov.uk/government/publications/educational-excellence-everywhere>

Since launching the proposals in the education white paper, the government listened to feedback from MPs, teachers, school leaders and parents.

As a result of these conversations, the government decided, while reaffirming a continued determination to see all schools to become academies in the next 6 years, that it was not necessary to bring legislation to bring about blanket conversion of all schools to achieve this goal. This was detailed in the next steps announcement on 6th May 2016

<https://www.gov.uk/government/news/next-steps-to-spread-educational-excellence-everywhere-announced>

The LGPS

The LGPS in England¹ is one scheme, it is comprised 78 different administering authorities (and 78 pension funds) that include education employers. The size of the funds varies widely, as do the arrangements for fund management and administration.

Each Administering Authority (as defined in Part 1 of Schedule 3 of the LGPS Regulations 2013) is responsible for managing and administering the LGPS in relation to any person for which it is the appropriate administering authority under the Regulations. The Administering Authority is responsible for maintaining and investing its own Fund for the LGPS.

There are diverse approaches to how each LGPS Fund operates. In some instances, two or more Administering Authorities may share their administration function, for example through a shared service arrangement, or in other ways. Outsourced third party administration is not uncommon.

¹ Plans announced by ministers in Westminster do not apply to Scotland, Wales and Northern Ireland, where education policy is devolved, and where academies do not exist.

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Schools and academies

Under the Local Government Pension Scheme regulations employees of maintained schools are LGPS members by reason of their inclusion in the staffing of the local authority. Academies are separate scheme employers in their own right

The Department for Education maintains a database (Edubase) <http://www.education.gov.uk/edubase/home.xhtml> . A monthly extract containing details of all state-funded and independent schools in England is published by the department on the [GOV.UK website](http://www.gov.uk). This shows among other details, the breakdown of type of schools (more schools are converting to academies each month); the number of schools that will convert to academies is over 16,000.

The performance of all schools (inspected by Ofsted) is also published: <https://www.compare-school-performance.service.gov.uk/>

The white paper sets out how, by the end of 2020, all remaining maintained schools will be academies or in the process of conversion. The government will take new powers to direct schools to become academies in local authority areas which are underperforming or where the local authority no longer has capacity to maintain its schools; or where schools have not started the process of becoming an academy by 2020. This process will be complete by the end of 2022, by which point local authorities will no longer maintain any schools.

In summary, the policy will add over 16,000 employers across 152 local authorities (78 pension funds) and impact on over half a million members of the LGPS. This represents about 30% of the total membership of the scheme by headcount and involve an estimated potential movement of over £33b in liabilities.

Further details on the number and status of schools within funds will be provided as background information to the successful bidder.