

3 January 2012

LGPS Pension Arrangements

Thank you for registering an interest in converting to Academy status. There are now over 1,400 Academies across England with many more schools, both secondary and primary, wishing to convert.

We would like to encourage all schools to consider Academy conversion. We believe Academies are central to improving education: they promote innovation and diversity in the schools system, and give power and freedom back to heads and teachers and raise school standards by encouraging the highest performing institutions to help the weakest to improve.

We want all schools to be free to make their own choices about whether the Academy route is right for them and their pupils. We know that some schools are concerned about the potential impact on their Local Government Pension Scheme (LGPS) arrangements should they convert. Many Academies make similar LGPS employer contributions after conversion as they did as maintained schools, but in some cases pension schemes are charging Academies higher contributions than before. We do not want you to be put off Academy conversion because of the perceived risk of higher LGPS contributions. DfE officials have been working with officials from the Department for Communities and Local Government (DCLG), who lead on LGPS policy, as well as representatives from the Local Government Association to resolve the issue.

You may find it helpful to know that the Secretaries of State for Education and for Communities and Local Government have written to local authorities and LGPS Funds clarifying Ministers' views of how Academies should be treated within the scheme and setting out their preferred approach: that where an Academy wishes to be pooled with the local authority for LGPS pension purposes, rather than being treated as a standalone employer within the fund, the fund should allow this to happen. This would mean the Academy continues to pay the same employer contributions as it did as a maintained school.

DfE is developing detailed guidance to support the Secretaries of State's letter which will be available in the new year. DfE and DCLG will review the situation over the next few months and the Secretaries of State have signalled they will consider other steps, including regulation change, if there are instances of funds charging higher contributions.

Our key message remains that it is important for all schools considering conversion to Academy status to make contact with their local LGPS pension fund at an early stage to allow sufficient time to discuss the LGPS implications. As a result of the clarification detailed above, converting schools can request to stay pooled with their local authority in the LGPS rather than being treated as a standalone employer within the fund.

We hope this will reassure any school that has delayed the decision to convert to Academy status on the basis of a perceived risk of increased LGPS contributions.

If you have any difficulty in making progress on this issue please contact your named Project Lead at DfE who will be able to support you through the process, or if you do not yet have a named Project Lead please email academy.conversion@education.gsi.gov.uk.

Yours sincerely

A handwritten signature in black ink that reads "Henry Watson". The signature is written in a cursive style with a large initial 'H'.

Henry Watson
Deputy Director
Academies Delivery