

The Pensions Line

Keeping you on track with all the LGPS news



DfE announcement on academies in the Local Government Pension Scheme

On 2 July 2013, the Secretary of State for Education, Michael Gove, presented a Written Ministerial Statement and laid a Parliamentary Minute in the House of Commons and Lords setting out details of a guarantee that any outstanding Local Government Pension Scheme liabilities on academy closure can be met by the Department for Education.

Mr Gove also asked that Administering Authorities review academy risk assessments and treat academies equitably when setting employer contribution rates. Following due Parliamentary process the guarantee will come into force on 18 July.

You will need to share this information with academies and, importantly, maintained schools which are considering converting to academy status, as this positive step by DfE will inform the dialogue between pension administrators and employers, a dialogue that should also be informed by the Department for Work and Pensions and the Pensions Regulator's approach that private sector pension schemes should not set employers' contribution rates that adversely impact on the operational viability of employers.

This continues a theme discussed at both the Policy Review Group and meetings with actuaries and treasurers of how to manage pension costs in the LGPS in an environment of reduced budgets, where setting contribution rates that could bankrupt non-statutory LGPS employers and simply increase rather than decrease funding shortfalls.

DCLG is in the process of discussing with LGPS Actuaries and treasurers to discuss the potential impacts of the DfE guarantee.

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