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Version 2

Admitted Body Status and the LGPS

This is a guide explain the process of gaining admitted body status within the Shropshire County Pension Fund

Contents

Introduction

Who is this guide for?

- Current scheme employers outsourcing a contract
- A contractor entering into the Fund via an 'admission agreement'

This document is Shropshire County Pension Fund's guide on how admitted body status is granted to a new employer. It covers Local Government Pension Scheme (LGPS) protection for transferring staff working on a contract. The guide is aimed at both parties involved in the letting of the service; the scheme employer who are outsourcing the service and the new employer. Failure to follow this guidance could delay the new employer getting admitted body status and affect scheme members' access to the LGPS.

The regulations

The LGPS is a statutory pension scheme, meaning that the rules of the scheme are set out by law. The scheme is a 'national scheme' and the same regulations apply across England & Wales. Shropshire Council is the administering authority for the Shropshire County Pension Fund (the ''fund'').

The current regulations, applying from 1 April 2014, are the Local Government Pension Scheme Regulations 2013. They are simply called 'the regulations' in this guide. The LGPS regulations set out the requirements for the admissions agreement including the criteria which sets out if an organisation can participate in the LGPS. The full regulations and scheme can be found at www.lgpsregs.org/

Providing pension protection

Providing transferring employees (or former employees on a re-tender) with continued access to the LGPS is usually a legal requirement. The LGPS regulations allow new contractors, to offer transferring staff continued eligibility for the LGPS during the contract by entering into an admission agreement with the fund. Part 3 of the LGPS regulations 2013 sets out the bodies which can enter into an admission agreement with the fund. Typically, an admission agreement is set up with a body providing or who will be providing a service (or assets) in connection with the function of a contracting authority. This is resulting from a transfer or services (or assets) by means of a contract or other arrangement such as an outsourcing contract.

Best Value Transfer (Pensions) Direction 2007

Providing transferring employees with the same pension scheme or a broadly comparable scheme is a legal requirement for the transferor scheme employer covered by the Best Value Transfer (Pensions) Direction 2007. 'Best value authorities' are those listed in section 1 of the Local Government Act 1999.

If the transferor scheme employer is a 'best value authority', it must meet the terms of this direction when entering into a new outsourcing contract (or re-tendering an existing contract where the original transferred employees are still employed by the current contractor).

The direction states that the transferring protected employees must be offered pension benefits which are the same as, or broadly comparable to or better than the benefits they had in the LGPS as employees of the transferor scheme employer. This means that the new employer must either keep transferring employees in the LGPS under an admission agreement or give the employees membership of an occupational pension scheme that has been independently certified as being broadly comparable to the LGPS.

Fair deal guidance

If a transferor employer is not a 'best value authority', then the Best Value Transfer (Pensions) Direction 2007 will not apply. However, the transferor scheme employer may still come under guidance that requires similar levels of pension protection.

On 4 October 2013, HM Treasury published guidance on a reformed fair deal policy. It sets out how pension issues are to be dealt with when staff are compulsorily transferred from the public sector to independent providers delivering public services.

The guidance can be found here:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/262490/PU1571_Fair_Deal_for_staf_pensions.pdf

The fair deal guidance applies directly to central government departments, agencies, the NHS, maintained schools (including academies) and any other parts of the public sector under the control of government ministers where staff are eligible to be members of a public service pension scheme.

This fair deal guidance states that when employees, who are members of a public service pension scheme such as the LGPS, move from the public sector to an independent contractor by way of a TUPE transfer and who remain continuously employed on the delivery of the outsourced service or function, the employees must remain eligible to be members of their public service pension scheme. The fair deal policy does not apply to other staff of the independent contractor, including any staff employed to deliver the outsourced service or function who were not compulsorily transferred from the public sector.

Under this guidance the new employing contractor must keep the transferring employees in the LGPS and enter into an admission agreement with the fund.

TUPE and pension protection regulations

Where a transferor scheme employer does not come under the best value direction or fair deal (for example further and higher education corporations), they may still choose to give equivalent protection. Where no special pension protection is to be applied, certain minimum statutory protection will apply under either TUPE (in respect of membership of a personal pension scheme) or under The Transfer of Employment (Pension Protection)

Regulations 2005 (in respect of membership of an occupational pension scheme such as the LGPS). However, in the case of the LGPS, this statutory protection is less than that given under the best value direction or new fair deal and allows the LGPS to be replaced by a defined contribution pension scheme where the contractor only must match employee contributions up to 6% of basic pay.

Early engagement with the fund

It is important that a transferor employer discusses the pensions implications of any proposed procurement with the fund as early as possible in the process. If you are looking into outsourcing a service or function, before you do anything you need to check if any employees, currently working on that service have a right to transfer under either Best Value (Pensions)Transfer Directive (2007) or under fair deal guidance. Advice must be sought about possible costs before putting the service out to tender. If this is not done and pension protection is not covered, the transfer cannot go ahead.

Failure to engage with the fund at an early stage is likely to lead to problems and delays during the procurement process.

Section one: The process to follow when letting a contract

The following steps must be taken by a transferor scheme employer. They cover the information needed by the pensions team and explain the decisions to be made before beginning procurement.

Step 1 – Scheme employer outsources a service

The transferor scheme employer must tell the pensions team when deciding to outsource a service. This should happen before the procurement exercise begins.

Step 2 – Request for information

The pensions team will give the transferor scheme employer an instruction form and a data request template for completion.

There are two versions of the instruction form depending on the procurement approach. The first version of the form is ‘application form to join Shropshire County Pension Fund as an admission body’ and is given where the new admission body is already known by the transferor scheme employer as a ‘preferred bidder’. The second version of the form is ‘instruction to Shropshire County Pension Fund to get a pension contribution rate to be included in an invitation to tender (ITT) or pre-qualification questionnaire (PQQ) including a staff TUPE transfer’. This form is given where the transferor scheme employer is letting a contract, but the new admission body has not yet been chosen or there is no preferred bidder.

The data request template asks for information about all scheme members currently paying in to the LGPS. Employees not currently paying in to the scheme but who are eligible for membership, must also be included. The transferor scheme employer’s current payroll provider should be able to give this information.

Step 3 – Data check

Once the ‘new employer data request template’ is returned by the transferor scheme employer, the pension fund checks this information against their database. Any questions about the data are raised with the transferor scheme employer. This is to make sure all records are accurate and up to date. These checks should take at least two weeks.

Step 4 – Actuary report
Once the data has been checked, the pension fund sends this information to the actuary, asking for a report. This report sets out a valuation of liabilities for the employees concerned, the employer contribution rate and an assessment of risk. This is the risk that accepting a new admission body will have for the pension fund and its other employers. This will be laid out as a bond or indemnity, the value of which must be considered as part of the admission agreement process. A period of six weeks should be given for the actuary to complete this report.

If the decision is made not to include the actuary assessment in the tender specification, this must be brought to the attention of the bidders in the documentation. An assessment must be made before any following admission after the contract is awarded.

Step 5 – Sharing the actuary's report
The pension fund shares the actuary report with the transferor scheme employer. This should be included in the tender specification. Without this information, potential bidders will find it difficult to decide whether to go ahead with the tender.

Step 6 – Working out pension liabilities
The transferor scheme employer must decide how to fund the pension liabilities shown in the actuary's report. The successful contract bidder could provide a bond or indemnity for the value. Or, the transferor scheme employer could choose to act as a guarantor to the pension fund. In either case, the decision taken must be set out in the final admission agreement.

The transferor scheme employer and new admission body also need to decide if the admission agreement will be open of closed[1].

In a tender specification a draft admission agreement and bond agreement should be attached. The latest versions can be requested from the pensions team.

Step 7 – Award of contract
Once the transferor scheme employer awards the contract to their preferred bidder, they must tell the pension fund. This confirmation must include the name and contact details of the successful bidder. The start date and length of the contract must also be given. The 'new employer data request template' should be filled in and returned along with this information.

Step 8 – Update of scheme liabilities
If the transferor scheme employer gives an updated staff TUPE list to the pension fund, the fund will repeat the data checks and ask the actuary for a new report. This will set out the revised liabilities and updated risk assessment if there has been a measurable change.

Step 9 – Pro-forma admission agreement
The pension fund sends a draft admission agreement to the transferor scheme employer and the new admission body. The admission agreement **must** be signed and sealed by all three parties involved before the contract start date. They are: the transferor scheme

[1] Both open and closed admission agreements allow employees at the date of transfer to keep their membership of the LGPS (or eligibility for membership of the scheme if not currently contributing) if they are employed in connection with the outsourced service. A closed agreement limits membership of the LGPS to individuals employed at the contract start date. An open agreement allows access to the LGPS for future individuals employed with providing the service.

employer, the new admission body and Shropshire Council.

A copy of the draft admission agreement must be given to the legal team of each party. For the agreement to be completed on time, changes made should be minimal. If the agreement is not completed on time, there could be repercussions for the transferor scheme employer, the new admission body and the outsourced employees. Please read section two for more information.

Step 10 – Completion of admission agreement and administration

Once the admission agreement has been accepted by all parties, the records of the scheme members involved in the TUPE transfer are moved to a new employer code and cost center. Information about how to make contribution payments to the fund are given, along with administration guidance for new scheme employers.

Section two: The admission agreement and the importance of signing on time.

Scheme regulations require an admission agreement in place before the contract start date. There are three parties to any admission agreement:

1. The transferor scheme employer;
2. The new admission body;
3. The administering authority to the Shropshire County Pension Fund (i.e. Shropshire Council)

The three parties need to sign off the admission agreement before the contract start date. Shropshire Council is the final party to complete the signing and sealing process.

The admission agreement must cover the requirements mentioned in 3 to 12 of schedule 2 of part 3 of ‘the regulations’.

The key requirements are:

- The date the admission agreement begins;
- An overview of the service contract covered in the agreement;
- Details of eligibility for membership of the LGPS. This includes confirmation of individuals at the effective date who are either paying in to the LGPS or who are eligible to pay in to the LGPS at the effective date;
- A declaration that the eligible employees are employed by the new admission body in connection with providing the service contract;
- Information about the employer contribution rate as actuarially assessed and how the rate may change following future assessments;
- Details of the new admission body’s liability to meet potential additional costs. These costs could be from a decision to release benefits early to scheme members or any liabilities from termination of the admission agreement;
- Details of a bond or indemnity to the value as actuarially assessed to the satisfaction of both the transferor scheme employer and Shropshire Council. Or, if an indemnity is not needed, confirmation of a guarantor;
- To review the value of the bond or indemnity where needed and as actuarially assessed;
- The new admission body’s responsibility to administer the scheme in line with ‘the

regulations'. Service level agreements and guidance from the administering authority should also be followed;
- The new admission body's responsibility to produce and review an employer discretions policy statement;
- Provisions for termination of the admission agreement. This includes early termination of the agreement due to insolvency, winding up or liquidation of the new admission body;
- Three copies of the final admission agreement must be produced. Each one must be signed and sealed by the three parties to the agreement. A copy is to be kept by each of the parties.

Preparing the document
To prepare the documentation the following information is needed before signing:

- Date of agreement
- Name and address of transferor scheme employer
- Name, registered office and registered number of the new admission body
- Date agreement is made
- Commencement date of the transfer of the service to the new admission body
- Details of the service to be provided under the contract
- Whether the admission is to be open or closed to new employees
- Value of the bond or indemnity (even where a bond/indemnity is not initially needed
- Name of guarantor where a bond/indemnity is not needed
- A separate list of transferring active employees and transferring non-active
- employees
- Name, job title and contact details of the pension lead officer(s)

Potential consequences if signing the admission agreement is delayed
If an admission agreement is not completed on time, this could have consequences for the transferor scheme employer, the new admission body and the outsourced employees. It is important that all parties affected by the delay are kept informed and that the delay is resolved as soon as possible.

- **Backdating an admission agreement**

If the admission agreement is not signed before the contract start date, the regulations allow the agreement to be backdated with the permission of the fund. However, if the admission agreement is not signed and there is a long delay, the pension fund may not agree to backdate it. If the fund does not agree to backdating the agreement, it would then start the month the admission agreement has been signed. This would mean the employees would not have continued membership in the LGPS and would need pension protection for this membership break.

- **Interest on contributions**

Contributions should still be taken during the delay. Once the admission agreement has been signed, outstanding pension contributions covering any backdated period are due immediately for payment. All pension contributions for both employee and employers must be made by the 19th of the month following the month in which they have been deducted. Interest is due on any late payment at the rate of 1% above the bank base rate. For any backdated contributions, interest will be worked out up to the date the payment is received.

Any late contributions are recorded as a breach by the pension fund. Repeated breaches could result in the scheme employer being reported to The Pensions Regulator.

- **Deaths and retirements during a delay**

If the contract began before an admission agreement was in place and a member covered by the admission and therefore affected by the transfer subsequently died, the death in service benefits due may be affected. In this situation, the member would have stopped being an active member of the LGPS on the day the outsourcing contract started and is not treated as an active member until the admission agreement has been signed. Therefore, their dependents may not get the tax-free cash lump sum death grant payments and survivors' pensions which would otherwise have been paid if the member had died as an active member.

Under the Best Value Direction Order, transferring employees have a legally enforceable right to pension protection against the transferor scheme employer.

Section three: Actuarial assessment

Calculation of a new employer contribution rate

The amount a new admission body will pay in employer pension contributions is worked out by an actuarial assessment before the start of the service contract. This is described in section one: tender specification (steps 2 to 4).

Whilst employee contributions are set under regulation 9 or 10 of 'the regulations', employer contributions can vary. It is important the new admission body is aware that employer rates can increase as well as decrease. Every three years the pension fund undergoes an actuarial valuation where employer contribution rates are set for the next three years. The actuary works out a 'common' rate for the fund and then adjusts this rate for each scheme employer based on their membership profile.

The actuary uses a funding method and set of assumptions agreed with the administering authority to work out what the employer contribution rates should be. When setting the rates, the actuary looks at the cost of providing future benefits as well as making sure past liabilities can be met. These are known as the 'future service rate' and the 'past adjustment rate'. The past service rate is shown as an annual cash amount which is not related to the admission body's payroll.

Any new scheme employer needs to be aware of and able to accept the ongoing financial responsibility of becoming an admission body. A new admission body usually starts with a funding level of 100%. This means the assets are the same as the liabilities passed to the new admission body for the eligible employees transferring to their employment. However, this is not guaranteed and is decided by the transferor scheme employer.

The initial employer contribution rate, set as a percentage of pensionable payroll, is worked out by looking at the pension benefits that will build up during the contract period. This will be reviewed as part of the triennial actuarial valuation process, or a shorter period if needed. Ultimately, any surplus or deficit arising will be spread over a period agreed by the administering authority.

The new admission body must understand that upon admission to the pension fund it becomes financially liable for

- Future benefits built up for contributing scheme members transferred to the new admission body at the admission agreement start date;
- Past benefits built up for contributing scheme members transferred to the new admission body at the admission agreement start date;
- Future pension benefits for each non-contributing scheme member transferred to

the new admission body from the transferor scheme employer at the admission agreement start date, built up from the date they choose to join the scheme;

- Pension benefits built up for future employees joining the LGPS if the admission agreement is open;
- Additional benefits because of a transfer in of former pension rights from other pension schemes on behalf of any scheme member they employ;
- The ongoing deferred and retired member benefits due to former active members in their employ. This is until those members die or their surviving dependants die.[2]

The initial actuary report defines what these liabilities are and explains the methodology behind how the liabilities are worked out. The pension fund's funding strategy statement found on our website gives more information about how this affects the fund.

Consideration should also be given to the impact a closed scheme has on future costs. This also includes where a previously open agreement becomes closed to new members. It may seem savings can be made by closing the scheme, but there are implications to be considered that can increase pension fund costs. These are:

- **The average age profile of scheme members.** - As time passes, the average employee age will increase. The future service rate would therefore increase as the average age of the scheme members increases.
- **Scheme members leaving the employer.** - As members leave the employer, the contributions paid to the fund will decrease as payments out of the fund for benefits will increase. Whilst employer contributions for past service liability are due as cash amounts and are not affected by any reduction in the pensionable payroll, the gradual shift from mostly active members to mostly deferred or pensioner members will affect the funding position. This is because the active lifetime of the remaining members, where no new 'younger' employees are joining the scheme, mean that any past service deficit is due over a shorter period.
- **Termination of admission agreement.** - A closed scheme could bring forward the date the admission agreement ends. This is the point where a closing valuation is undertaken by the fund actuary and the date any termination cost would be due.

Any new admission body thinking about closing an existing open agreement should contact the pension fund straight away. The actuary must carry out an assessment of the funding position of the admission body. An adjustment may also be needed to the employer contribution rate.

Protecting the pension fund

When a scheme employer outsources a service to a private contractor who wants to become a new admission body in the pension fund, the fund must make sure this decision does not negatively affect the funding level of scheme benefits for the employees involved in the transfer. It must also make sure this decision does not disadvantage other fund employers.

To protect the fund against any identified risk, the new admission body must provide a bond or indemnity to the value as actuarially assessed. Or, they can give details of a guarantor (usually the transferor scheme employer). Both the transferor scheme employer and the new admission body must consider and decide whether to provide a bond, or if the transferor scheme employer will act as a guarantor to the pension fund.

[2] If a scheme member dies before their spouse, civil partner or nominated co-habiting partner, a proportion of the pension becomes due for the lifetime of the dependent. Pensions can also be paid to children of the deceased up to the age of 18, to the age of 23 is in full time education or training, or for the life of life where the eligible child cannot engage in gainful employment because of physical or mental impairment.

The amount of the bond could affect the contract price negotiated between the transferor scheme employer and the new admission body. It is therefore important this information is available early in the tendering process. This should be included in the 'instruction form' mentioned in step 2 of the 'process to follow when letting a contract'. Under regulation 64(3)(a), where a new admission body is not able to pay for the liabilities it has built up at the date of termination of the admission agreement, the shortfall returns to the transferor scheme employer. This includes the commitment to maintain all liabilities for deferred and retired members whose pension payments will continue to be made long after the admission agreement is terminated.

As well as assessing the risk of early termination of the admission agreement, the value of the bond or indemnity also consider:

- The risk to the pension fund of the new admission body retiring their pension scheme members before their expected or normal retirement date.[3] This creates a strain cost for the pension fund as benefits are paid earlier than anticipated and therefore over a longer period. As those benefits cannot be reduced to compensate for their early release, this results in a shortfall in funding. The employer must make a capital payment to the pension fund to make sure there are enough funds to pay those benefits over a longer period than expected. It is important that before making a decision that could result in a strain cost, the new admission body contacts the pension scheme administrators to discuss the potential costs involved.
- Discretionary awards of additional benefits in line with the employer's policy statement. More information about these discretions can be found on the pension fund website – www.shropshirecountypensionfund.co.uk.
- Funding shortfall because of a difference between actuarial assumptions and actual experience. For example, the investment returns of the pension fund were less than expected, or a change in regulations increased the cost of providing benefits under the scheme.

Where the decision is taken to supply a bond, paragraph 7 of Part 3 to schedule 2 of 'the regulations explain the conditions under which a bond must be provided. The value of the bond must be kept under review by both the transferor scheme employer and the pension fund. The new admission body is responsible for the costs of providing and maintaining the bond (unless an alternative agreement has been agreed between the transferor scheme employer and the new admission body).

Impact on the transferor scheme employer

Dependent on getting appropriate legal advice and as part of the main contract negotiations between the transferor scheme employer and the new admission body, it is possible for alternative arrangements to be considered and agreed between the two parties. For example, 'pass through' is where the cost of offering a defined benefit contribution scheme like the LGPS is shared between the transferor scheme employer and new admission body.

The transferor scheme employer may consider a fixed employer contribution rate for the new admission body for the length of the contract, with any excess being paid by the transferor scheme employer. Or, the transferor scheme employer and new admission body may agree an upper or lower employer contribution rate, providing the rate worked out by

[3] This may be because of redundancy (compulsory or voluntary), business efficiency, flexible retirement, early retirement with employer consent or possibly even ill-health retirement. 'The regulations' state that where a scheme member who is aged 55 or over is made redundant (including business efficiency) the member is entitled to the immediate release of their benefits without reduction.

the actuary falls within the range agreed, the new admission body pays all the contributions. However, where the actuarial rate is either side of the range, an adjustment is made to the cost of the service provided by the new admission body to the transferor scheme employer.

Any arrangement made between the transferor scheme employer and the new admission body will affect the pension fund liabilities identified by the actuary and must be included in the main service contract. The pension fund will not be party to the arrangements and this will not be included as any part of the pension admission agreement. If other options are needed, the pensions team can give more information.

Section four: Pensions administration and employer duties

The role of scheme employers in administering the LGPS cannot be under-estimated. Much of the information held by the pensions team is supplied by the scheme employer, normally by their payroll and human resource departments.

To uphold performance standards and make sure scheme members receive an efficient service, every scheme employer must give information to the pensions team in a set format. This includes:

- Notice of employees joining the LGPS;
- Notice of contract changes throughout an employee's employment;
- Notice of employees leaving the LGPS;
- Payment of employee and employer contributions by the 19th day of the month following deduction;
- Supplying year end data by the 30th of April each year;
- Responding to enquiries made by the pension administration team within set deadlines;
- Providing details of pensionable pay and assumed pensionable pay;
- Administering and enforcing auto-enrolment law as it applies to the LGPS.

This is by no means a full list, but it shows many of the responsibilities a new admission body takes on when the admission agreement is complete.

Communications

Shropshire County Pension Fund has an administration strategy and communications policy. As part of the admission process, a new admission body must give details of who will be the main contract for pension issues. Additional contacts need to be given at a later stage. They include a finance contact, HR contact and payroll contact.

In addition, the new admission body must identify a person to deal with any complaints arising under stage one of the internal dispute resolution procedure (IDRP). The IDRP is a two-stage complaints procedure and can be used by a scheme member where they feel a decision taken about their pension rights is wrong. Stage one of the process is undertaken by the scheme member's employer, stage two by Shropshire Council as the administering authority to the Shropshire County Pension Fund.

Employer policy statement

Within the scheme rules there are several employer discretions as to how the scheme rules might be applied. Each scheme employer must create, produce, publish and keep under review a policy statement as to how it intends to use those discretions.

As part of the admission process a new admission body must produce such a policy statement. It may be that the new admission body is happy to take on the policies of the transferor scheme employer however, the new admission body must make its own policy document.

Section five: Exiting from the fund

An employer becomes an exiting employer under the regulations when the last active member leaves, or the admission agreement is terminated. The fund monitors employers with a small number of members and expected end dates of admission agreements, to make sure exits from the fund are managed with reasonable notice before the termination date. It is also expected that scheme employers bring any changes in circumstances which may affect the admission agreement and therefore an exit, to the attention of the fund.

Once an exit date has been agreed, the fund must get an actuarial valuation of that employer's assets and liabilities for the benefits of the exiting employer's current and former employees, along with a termination contribution certificate.

It is the fund's policy that an actuarial valuation will be obtained for all cases, unless there are exceptional circumstances when one is not needed. In all cases where this valuation is carried out, regardless of if the assessment reveals a deficit or a surplus, a termination contribution certificate will be issued by the fund actuary. It is the fund's policy to make sure each employer is held responsible for its own funding experience. By making sure the fund is made aware as early as possible that a scheme employer will be ceasing membership, means an assessment can be made as to the level of employer contribution needed of the scheme employer to end any identified liability before the scheme employer leaves the fund.

In the assessment, the approaches to be used by the fund actuary are outlined in the 'Employer Events Policy'. Generally, the approach will be based on the most recent actuarial valuation assumptions, updated to the cessation date, and adjusted for the specific circumstances. There are specific differences in treatment between certain groups of employers (usually admission bodies) depending on when the admission was made, whether a guarantee has been in place throughout the contract period and taking into consideration any separate contractual agreements such as risk sharing provisions.

Where a shortfall exists at the termination date, the pension fund will pursue the scheme employer or any insurer providing a bond or any guarantor as appropriate. However, the transferor scheme employer will ultimately become liable for any outstanding costs in line with regulation 64(3)(a) of 'the regulations'.

It is important a transferor scheme employer is clear about their potential risk exposure from the beginning. They should put in place whatever mechanisms they consider appropriate to protect themselves against potential risks. Shropshire County Pension Fund's 'Employer Events Policy' should be referred to for full details on how exits from the fund will be treated.

If an admission body becomes insolvent, is wound up or goes into liquidation, the fund must act quickly to safeguard itself and other scheme employers contributing to the fund. A scheme employer must tell the pension fund as soon as it knows the admission agreement is likely to be terminated early. In this way the pension fund can act quickly to get an actuarial valuation of the liabilities belonging to the employer and for a revised rates and adjustment certificate to be issued setting out the amended employer contribution rate needed of the employer.

Section six: More information

Shropshire County Pension Fund website

Our website contains information about the LGPS for both scheme employers and scheme members and can be found at:
www.shropshirecountypensionfund.co.uk

The website is updated on regularly with information and guidance on LGPS matters.

Pensions administration strategy statement

The administration strategy statement tells both the administering authority (Shropshire Council) and its employers of their responsibilities under the LGPS regulations. In addition, it also sets expected performance levels. The administration strategy statement can be found on our website.

The website also directs users to further information on other websites such as www.lgpsregs.org.uk

Glossary

Actuary- A professional body which looks at and analyses risk. An actuary weighs up the possibility of different scenarios and mathematically works out different outcomes using data about life expectancy, retirement age, and other information. The actuary is appointed by the administering authority to value the pension fund and set contribution rates.

Administering authority- The local authority responsible for running a Local Government Pension Fund. For Shropshire County Pension Fund this is Shropshire Council.

Broadly comparable scheme- The TUPE regulations 2006 set out the definition for any alternative pension arrangement to be considered as 'broadly comparable' to the LGPS it does not need to offer identical benefits. However, it must offer the same range of benefits, with the same (or greater) overall value.[4]

Bond or indemnity- The level of risk to the pension fund connected with an admission body ending an admission agreement early. This value is worked out by the actuary.

Closed agreement- An admission agreement giving continuing LGPS access to employees of a new admission body. These employees must have been contributing to the LGPS (or able to contribute) at the date of transfer from the transferor scheme employer.

Discretion- A 'power' which either the employer or administering authority has under the LGPS rules.

Employed in connection with the provision of service or assets- Employees of the new admission body must be working on the service contract outsourced by the transferor

[4] Where an employer is providing a broadly comparable scheme, that scheme must be certified against the LGPS as it applies at the point of staff transfer. Any broadly comparable certification prior to this are ineffective.

scheme employer for at least 50% of their normal working hours at any time.

Employee contributions- The amount of money an employee must pay to be a member of the LGPS.

Employer contributions- The amount of money an employer must pay towards the pensions of its employees. To begin with, this is worked out by an initial calculation be the fund's actuary during the academy conversion process. Going forwards, this rate is updated by the actuary every three years during valuation.

New admission body- The contractor appointed by the transferor scheme employer to provide the services being outsourced and which is seeking admission to the pension fund.

Open agreement- An admission agreement giving access to the LGPS for not only those employees of the new admission body, who were contributing to the scheme, or who were eligible to contribute to the scheme but for whatever reasons were not, at the date of transfer from the transferor scheme employer but also to new future employees appointed by the new admission body to work on the service contract.

'The regulations'- The Local Government Pension Scheme Regulations 2013 (and any further amendments).

Transferor scheme- The scheme employer outsourcing a service to a private contractor.

How to contact pension services
Write to: Shropshire County Pension Fund, Shirehall, Abbey Foregate, Shrewsbury, SY2 6ND
Phone: 01743 252130
Email: pensions@shropshire.gov.uk