Licensing and General Purposes Committee

AGENDA (SPECIAL)

DATE: Tuesday 10 July 2012

TIME: 7.30 pm

VENUE: Committee Room 3,
Harrow Civic Centre

MEMBERSHIP (Quorum 4)

Chairman: Councillor Mano Dharmarajah

Councillors:

Mrinal Choudhury	Husain Akhtar
Kairul Kareema Marikar	Ramji Chauhan
Ajay Maru (VC)	Susan Hall
Phillip O'Dell	Manji Kara
Varsha Parmar	Amir Moshenson
William Stoodley	John Nickolay
Krishna Suresh	Anthony Seymour

Reserve Members:

1. Mrs Rekha Shah	1. Mrs Camilla Bath
2. Ben Wealthy	2. Stephen Wright
3. Raj Ray	3. Kam Chana
4. Ann Gate	4. Stephen Greek
5. Sue Anderson	5. Lynda Seymour
6. Krishna James	6. Yogesh Teli
7. Bill Phillips	7. Chris Mote
8. Sachin Shah	

Contact: Pauline Ferris, Democratic & Electoral Services Manager
Tel: 020 8424 1269 **E-mail:** pauline.ferris@harrow.gov.uk

Harrow COUNCIL
LONDON

AGENDA - PART I

1. ATTENDANCE BY RESERVE MEMBERS

To note the attendance at this meeting of any duly appointed Reserve Members.

Reserve Members may attend meetings:-

(i) to take the place of an ordinary Member for whom they are a reserve;
(ii) where the ordinary Member will be absent for the whole of the meeting; and
(iii) the meeting notes at the start of the meeting at the item 'Reserves' that the Reserve Member is or will be attending as a reserve;
(iv) if a Reserve Member whose intention to attend has been noted arrives after the commencement of the meeting, then that Reserve Member can only act as a Member from the start of the next item of business on the agenda after his/her arrival.

2. DECLARATIONS OF INTEREST

To receive declarations of personal or prejudicial interests, arising from business to be transacted at this meeting, from:

(a) all Members of the Committee;
(b) all other Members present.

3. DEPUTATIONS

To receive deputations (if any) under the provisions of Committee Procedure Rule 16 (Part 4B) of the Constitution.

4. ACADEMIES - EMPLOYER CONTRIBUTION RATES (Pages 1 - 38)

Report of the Corporate Director of Resources.

AGENDA - PART II

REPORT FOR:	**Licensing & General Purposes Committee**
Date of Meeting:	10th July 2012
Subject:	Academies – Employer Contribution Rates
Responsible Officer:	Julie Alderson, Corporate Director of Resources
Exempt:	No
Enclosures:	Appendix 1: Minutes of the PFIP and L&GPC meetings Appendix 2: DfE Briefing note Appendix 3: Joint letter from DfE and CLG

Section 1 – Summary and Recommendations

The next 12 months may see the introduction of at least four Harrow schools converting to academy status and a newly formed free school in the borough. As the trend of schools converting to academy status is likely to increase it is important for Harrow to establish a common approach in setting Local Government Pension Scheme (LGPS) employer contribution rates for each academy or free school.

Recommendations:

The Committee is invited to consider the information contained within this report and agree the following recommendation:

1. That the calculation of employer contribution rates for all Harrow Schools converting to academy status and newly formed free schools follows the approach applied by the Council to the seven high schools that converted to academy status on 1 August 2011, (as detailed in 2.6 below).

Harrow COUNCIL
LONDON

Section 2 – Report

2.1 Background

2.2 In August 2011 seven of Harrow's high schools converted to academy status under the Academies Act 2010 and as a result became separate employers (Scheduled Bodies) of the London Borough of Harrow Pension Fund in accordance with LGPS Regulations.

2.3 This new status required each academy to be set an employer contribution rate and hence the approach in calculating these rates had to be determined by Harrow Council as the administering authority of the Fund.

2.4 Significant consideration was given to this issue, initially at the PFIP meeting on 5th April 2011 and subsequently at L&GPC meetings held on 11th April, 19th April and 17th May 2011 (Appendix 1 – minutes of these meetings). Members considerations essentially focused on three main elements;

- the implications of including any newly formed academy within Harrow Council's pension fund pool,
- the basis of calculating the share of deficit to be transferred to each academy, and
- the deficit recovery period to be used to recover the share of deficit allocated to each academy.

2.5 Members received extensive information from various sources which included a DfE Briefing note (Appendix 2) and presentations by Hymans Robertson representatives at the meetings on the 5th April, 11th April and 17th May 2011.

2.6 This led to the final determination at the L&GPC meeting on the 17th May 2011 as detailed below;

1. Schools that apply for academy status will not be pooled with Harrow Council.
2. A separate employer contribution rate for each academy be established.
3. No stabilisation of contributions to be applied.
4. A deficit recovery period of 20 years to be used to recover the share of deficit allocated to each academy.
5. The 20 year recovery period to only be applicable for as long as the academy or DfE did not give notice of exiting its status.
6. On receiving 7 years notice of exiting academy status, the outstanding deficit be spread over the remainder of the notice period and the contribution rate be recalculated with effect from the start of the following financial year.
7. The Committee to reserve its position regarding the actuarial basis to be used for the recalculation.

8. The share of the deficit to be transferred to the schools be calculated based on the liabilities of current LGPS staff who transfer to the academy and the estimated liability for deferred and pensioner members formally employed by the former maintained school.
9. The cost of calculating academy specific contribution rates to be charged to each school (academy).

2.7 Current Situation

2.8 The Council are currently aware of four schools considering whether to convert to academy status and one free school being established within the borough, namely;

- Salvatorian College
- Chrishna Avanti
- Avanti House Free School
- Grange F&M
- Grimsdyke

2.9 As the number of schools seeking to convert to academy status is likely to increase over the coming years Members are asked to consider establishing a common approach when calculating employer contribution rates for each academy or free school.

2.10 It is therefore recommended that the approach applied by the Council to the seven high schools that converted to academy status on 1 August 2011 be applied to all Harrow Schools converting to academy status and newly formed free schools.

2.11 This will enable a consistent approach that provides a reasonable balance between protecting the Fund and ensuring the contribution rate payable by each academy is affordable.

2.12 Joint letter from DfE and CLG

2.13 The Officer recommendation is to adopt the approach as set out above. However, Members should be aware of a joint letter that was issued by DfE and CLG setting out their opinion on how they believe academies should be treated (Appendix 3). This letter represents guidance only and is not legally binding.

2.14 In short, the letter makes the following comments;

- Academies should be viewed in the same way as maintained schools.
- A strong recommendation that administering authorities positively consider pooling an academy with the local authority if the academy expresses a wish to do so.
- The Government would be bound to consider all available options for dealing with an academy's pension liabilities should the academy fail.

- The aim is for a consistency of approach across administering authorities so that academies are treated in the same way throughout the country.
- The Government will consider making regulatory changes, following discussion with LGPS experts, if it is found that inconsistencies or high employer contribution rates remain.

2.15 On the surface, this may appear to be compelling grounds to shift to DfE/CLG recommendations for both current and future academies. However, for the reasons set out below this could be considered as an imprudent approach.

- Although publicly funded, academies are independent schools by virtue of the Academies Act 2010, completely autonomous from Local Government control and assume responsibility for managing their own finances unlike a maintained school. It is therefore reasonable that separate employer contribution rates should be set.
- Each academy is responsible for its own decisions with regards to the release of early retirements and the application of its discretionary policies which could generate a cost to the Fund. This would have a negative impact across other employers if in a pooled arrangement.
- The letter states that the Government would be bound to consider all available options for dealing with an academy's liabilities should the academy fail. However in the absence of a clear guarantee from Government that any underfunding will be met, administering authorities should continue to seek to protect other employers in the Fund from inheriting any potential underfunding deficit.
- It is assumed that pooling with a local authority will always result in the academy paying a lower contribution rate which may not necessarily be the case. There is the potential that over time the funding position of a pooled employer could improve to the extent that it would be more attractive to 'opt out' of the pool for that period and then perhaps opt back in when the situation again reverses. This of course would be an unsatisfactory arrangement as it will destabilise the funding position for the other employers in the pool.

2.16 In view of the above the Government will need to give serious consideration before imposing legislative changes to LGPS regulations in an attempt to enforce pooling across Funds as this may inadvertently compromise the overall health of Pension Funds in addition to undermining the integrity of administering authorities in their role as quasi trustees.

2.17 Financial Implications

2.18 Contained within the body of the report and presentation.

2.19 Risk Management Implications

2.20 Risk included on Directorate risk register? No

2.21 Separate risk register in place? No

2.22 Corporate Priorities

2.23 NA

Section 3 - Statutory Officer Clearance

Name: Julie Alderson Date: 21 June 2012	√	Chief Financial Officer
Name: Sarah Wilson Date: 20 June 2012	√	on behalf of the Monitoring Officer

Section 4 - Contact Details and Background Papers

Contact: Linda D'Souza (Service Manager – Shared Services), Te: 020 8424 1426, Email: linda.d'souza@harrow.gov.uk

Background Papers:

Licensing and General Purposes Committee Report 17th May 2011

If appropriate, does the report include the following considerations?

1.	Consultation	YES
2.	Corporate Priorities	NA

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PENSION FUND INVESTMENTS PANEL

MINUTES

5 APRIL 2011

Chairman:	* Councillor Mano Dharmarajah	
Councillors:	* Tony Ferrari * Thaya Idaikkadar	* Richard Romain
Co-optee (Non-voting):	* Howard Bluston	

[Note: Other Attendance: (1) Robert Thomas attended in an observer role, as the representative of Harrow UNISON;

(2) Stephen Brooks attended in an observer role, as a representative of GMB;

(3) Mr Bryan Chalmers and Lorna Turner of Hymans Robertson attended in an advisory role, as the Council's Actuary/Adviser.]

* Denotes Member present

68. Attendance by Reserve Members

RESOLVED: To note that there were no Reserve Members in attendance at this meeting.

69. Declarations of Interest

RESOLVED: To note that the following interest was declared:

Agenda Item 9 – Academies – Employer Contribution Rates

Councillor Tony Ferrari declared a personal interest in that he was a PGC student teacher at Rooks Heath College for Business and Enterprise. He would remain in the room whilst the matter was considered and voted upon.

70. Minutes

RESOLVED: That the minutes of the meeting held on 17 January 2011 be taken as read and signed as a correct record.

71. Public Questions, Petitions and Deputations

RESOLVED: To note that no public questions were put, or petitions or deputations received at this meeting.

RECOMMENDED ITEMS

72. Academies - Employer Contribution Rates

An officer introduced the report and explained that there were currently 7 schools within the borough who were investigating becoming an academy. Schools that wished to become academies would be deemed as a separate scheme employer under the Local Government Pension Scheme (LGPS) Regulations. However a formal request had been made for all academies to participate in the current employer pool, which would result in a shared employer contribution rate and pension fund deficit.

The officer reported that the recommendations in the report focused on separating employer contribution rates for each academy. Stabilisation of the contributions was not considered to be necessary. Additionally the deficit recovery period of 20 years proposed, would allow academies to pay a reasonable contribution rate. A proposal was also included for the costs of calculating academy specific contributions to be charged to each academy.

The officer explained that having conducted some research, it appeared that the majority of local authorities were establishing separate Employer Contribution Rates. It was considered that the recommendations before the panel were reasonable and not detrimental to academies.

As part of the discussion on the item, representatives from Hymans Robertson provided information to the Panel on general issues relating to Academies and the LGPS. The representatives reported that

- the Department for Education (DfE) had produced a briefing note which provided useful guidance on academies and the LGPS and recommended that academies had their own employer contribution rate;

- the DfE had recommended individual rates for academies and for academies to have responsibility for their share of the pension fund deficit. The calculation of this deficit would have to be determined by the Council;

- the DfE had indicated that the pension deficit should be allocated at the outset but no guidance had been given to the calculation of the allocated deficit. Two possible options to calculate the deficit had been provided by Hymans Robertson. This included a deficit based on actives only and a deficit including deferreds and pensioners;

- the deficit including an allocation for deferreds and pensioners was considered to be a more extreme model and took into account deficits incurred as a result of staff on pensions and those who had left employment. This model could also impose difficult administrative problems in identifying relevant deficits relating to such staff. For these reasons the deficit based on actives only was considered to be a better, fairer and more reasonable model to calculate pension deficit;

- using the example of a specific school in the borough, if the first model was used, this would result in a funding deficit of £400,000 compared with £1.01million if the second model was used. Therefore for the first model, the contribution rate would be 18.8% over 20 years compared with 21.8% for the second model.

During the discussion on this item, Members raised a number of issues which were responded to by officers as follows:

- it was for the Pension Fund Administering Authority to determine whether academies could participate in the current employer pool;

- there was a statutory right for non-teaching staff within the academy to remain in the LGPS;

- officers had approached the subject and formulated recommendations by looking objectively to protect the pension fund;

- Academies were aware of the proposed recommendations submitted to the Panel and had communicated that they in fact wished to pool its membership profile with the Council to result in a shared employer contribution rate and pension fund deficit;

- historically staff from some colleges within the borough had been pooled into the Council's pension fund. This may have occurred due to administrative arrangements and the relative size of the fund. However all other groups of staff, other than Council staff, who had been incorporated into the LGPS, had not been pooled. Reflecting on and analysing the current situation, it was recommended that no pooling be applied in this current situation;

- it was possible for a separate contribution rate to be paid by academies and for the funds to be pooled, if desired;

- the Panel had to ensure that potential risk to the pension fund was considered and balanced. If an academy encountered difficulties in the future in terms of funding, there could possibly be implications for the pension fund for which the Council would have to deal with;

- there would be cost issues if a fidelity bond with the academies was pursued. It was considered not to be appropriate given the funding streams for academies were not yet confirmed;

- each Academy would pay their own employer contribution rate. This would be funded by the Academy's themselves;

- it was anticipated that academy specific contribution rates would be within the range of 18% to 20% under the proposed approach.

During the discussion on this item, Members of the Panel made a number of comments including:

- the Members of the Licensing and General Purposes Committee had a different remit to members of the Panel, who were essentially trustees of the fund. Having regard to this, it would be wise to have a representative of Hymans Robertson at the meeting of the Committee on 11 April 2011 to answer any queries;

- Academies had lobbied Members to not agree the recommendations presented to them;

- Academies were working together to minimise costs in a number of areas. For example they had employed a single legal framework lawyer to deal with the transition to becoming an academy.

In concluding the item a Member of the Panel raised concerns with using a deficit recovery period of 20 years to calculate the deficit contribution. Academies had been guaranteed funding for 7 years and therefore this should be the period to calculate the deficit contribution. The representatives from Hymans Robertson commented that this was a decision for the Panel to make, however it was not expected that academies would close after 7 years due to a number of political and social factors. Other Members of the Panel commented that the Panel had a responsibility to take sensible and prudent balance of risks when making decisions relating to the pension fund. The right decisions had to be made to ensure it was fully funded. Therefore 20 years was reasonable.

A Member of the Panel also queried whether stabilisation should be applied for an initial 3 year period. This would provide a level of stability for the academies and in any event, officers had reported that this occurred in any event. Other Members of the Panel disagreed with the view stating that further information was required from the government on funding streams before stabilisation could be applied. Additionally if the deficit recovery period was set at 7 years, this could potentially mean the deficit would be higher for the remaining 4 years.

A Member of the Panel wished it to be recorded that there was a discussion between Members of the Panel on the issue of stabilisation and deficit recovery period and that in his view stabilisation should be applied to employer contributions for three years and a deficit recovery period of 7 years be used to calculate the deficit contribution.

Resolved to RECOMMEND: (to the Licensing and General Purposes Committee) That

(1) schools that apply for academy status will not be able to pool with Harrow Council;

(2) a separate employer contribution rate for each academy be established;

(3) no stabilisation of contributions to be applied;

(4) a deficit recovery period of 20 years to be used to calculate the deficit contribution;

(5) the Harrow Council ongoing funding level as at the date of transfer to be applied to the liabilities of transferred actives to determine the initial assets to be allocated to each academy;

(6) the actuarial liabilities and deficit contributions for pensioners and deferred members remain with Harrow Council;

(7) the cost of calculating academy specific contribution rates be charged to each academy.

RESOLVED ITEMS

73. Review of the Statement of Investment Principles

Officers reported to the Panel that this item had been formally withdrawn from the agenda. The item would be presented to a future meeting of the Panel.

RESOLVED: That the withdrawal of this item be noted.

74. Review of the Funding Strategy Statement

Officers reported to the Panel that this item had been formally withdrawn from the agenda. The item would be presented to a future meeting of the Panel.

RESOLVED: That the withdrawal of this item be noted.

75. Presentation of the Valuation Report by the Actuary

Members agreed that consideration of this item would be deferred to a future meeting of the Panel.

RESOLVED: That the item be deferred, to be considered at a future meeting of the Panel.

76. INFORMATION REPORT - Update Report and Action Points from Previous Meetings

Members agreed that consideration of this item would be deferred to a future meeting of the Panel.

RESOLVED: That the item be deferred, to be considered at a future meeting of the Panel.

77. Exclusion of the Press and Public

RESOLVED: That the press and public be excluded from the meeting for the following item for the reasons set out below:

Item	Title	Reason
14.	Tender for Actuarial and Investment Consulting Services.	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information).
15.	Information Report – Performance of Fund Manager – Quarter Ended 31 December 2010.	
16.	Appendix to Agenda Item 13 – Information Report – Update Report and Action Points from Previous Meetings	

78. Tender for Actuarial and Investment Consulting Services

The Panel received a presentation from representatives of Aon Hewitt, in which they detailed their Investment Advisory Services and how this would be of benefit to the Council. During the presentation the representatives reported:

- that the team from Aon Hewitt that would support the Council, would contain the necessary expertise and experience;
- Aon Hewitt were focused on achieving success for investments and would provide the appropriate and necessary support;
- that they were clear about their current views on main asset classes, and this was contained within the report.

During the discussion on this item, Members of the Panel raised a number of issues which the representatives responded to as follows:

- there were a range of measures which Aon Hewitt implemented to standardise their approach;

- it was happy to provide assistance to the Panel and through discussions with officers;

- the organisation was happy to implement an ethical investment policy.

Members of the Panel expressed that they wished to defer the decision on whether to appoint Aon Hewitt as an Investment Advisor to a future meeting of the Panel. The reason for this was that further discussion was required between the Panel.

RESOLVED: That the item be deferred, to be considered at a future meeting of the Panel.

79. INFORMATION REPORT - Performance of Fund Managers - Quarter Ended 31 December 2010

Members agreed that consideration of this item would be deferred to a future meeting of the Panel.

RESOLVED: That the item be deferred, to be considered at a future meeting of the Panel.

80. Appendix 1 to Agenda Item 13 - INFORMATION REPORT - Update Report and Action Points from Previous Meetings

Members agreed that consideration of this item would be deferred to a future meeting of the Panel.

RESOLVED: That the item be deferred, to be considered at a future meeting of the Panel.

81. Termination of Meeting

RESOLVED: At 9.58 pm to continue until 10.30 pm, in accordance with the provisions of Committee Procedure Rule 14 (Part 4B of the Constitution).

(Note: The meeting, having commenced at 6.30 pm, closed at 10.05 pm).

(Signed) COUNCILLOR MANO DHARMARAJAH
Chairman

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LICENSING AND GENERAL PURPOSES COMMITTEE (SPECIAL)

MINUTES

11 APRIL 2011

Chairman:	* Councillor Mano Dharmarajah		
Councillors:	* Husain Akhtar	* Ajay Maru	
	* Mrinal Choudhury	* Raj Ray	
	* David Gawn	* Stanley Sheinwald	
	* Susan Hall	Krishna Suresh	
	* Thaya Idaikkadar	* Simon Williams	
	* Krishna James	* Stephen Wright (2)	
	* Manji Kara		
In attendance: (Councillors)	* Barry Macleod-Cullinane	Minute 39	
	* Richard Romain	Minutes 39 and 42	

* Denotes Member present
(2) Denotes category of Reserve Member

37. Tribute to Councillor John Cowan

The Committee stood for one minute in silent tribute to Councillor John Cowan, who had died on Thursday 7 April 2011.

38. Attendance by Reserve Members

RESOLVED: To note the attendance at this meeting of the following duly appointed Reserve Member:-

Ordinary Member	Reserve Member
Councillor John Nickolay	Councillor Stephen Wright

39. Declarations of Interest

RESOLVED: To note that the following interests were declared:

Agenda Item 4: Academies – Employer Contribution Rates
Councillors Mrinal Choudhury and David Gawn declared personal interests in that they were governors at Harrow schools. They would remain in the room whilst the matter was considered and voted upon.

Councillor Barry Macleod-Cullinane, who was not a member of the Committee, declared a personal interest in that his sister was a teacher at Hatch End High School. He would remain in the room whilst the matter was considered and voted upon.

Councillor Ajay Maru declared personal interests in that his wife was employed by Harrow Council as a teacher and he was a governor at Priestmead School. He would remain in the room whilst the matter was considered and voted upon.

Councillor Thaya Idaikkadar declared a personal interest in that he was a governor at Welldon Park School. He would remain in the room whilst the matter was considered and voted upon.

Councillor Richard Romain, who was not a member of the Committee, declared a personal interest in that he was a governor at Kingsley High School. He would remain in the room whilst the matter was considered and voted upon.

Councillor Stephen Wright declared a personal interest in that his wife was employed by Harrow Council as a teacher, and a prejudicial interest in that he was a governor at Canons High School, one of the schools seeking Academy status. He left the meeting at that point and took no further part in proceedings.

40. Right of Members to Speak

RESOLVED: That, in accordance with Committee Procedure Rule 4.1, the following Councillor, who was not a Member of the Committee, be allowed to speak on the agenda item indicated:

Councillor	Agenda Item
Richard Romain	4. Academies – Employer Contribution Rates

41. Deputations

RESOLVED: To note that no deputations were received at the meeting under the provisions of Committee Procedure Rule 16.

RESOLVED ITEMS

42. Academies - Employer Contribution Rates

The Committee considered a report of the Assistant Chief Executive, which set out the implications of including any schools which converted to Academy status within Harrow Council's pension fund pool. Members also received a recommendation from the Pension Fund Investment Panel, which had considered the matter on 5 April 2011.

It was reported that seven schools within the borough were investigating Academy status, and any that did so would become separate employers under the Local Government Pension Scheme (LGPS) Regulations. The schools had, however, requested participation in the current employer pool, which would result in a shared employer contribution rate and pension fund deficit.

Members received a presentation from a representative of Hymans Robertson, the Council's Actuary. The presentation set out the background to the introduction of Academies and the advice received from the Department for Education (DfE) on how Academies should be treated in the LGPS, and then explored the issues around each of the decisions that needed to be made by the Committee, of which the main ones were:

- whether Academies should be included in the Council pool;
- how the initial deficit should be calculated; and
- what deficit spread period should be used.

Members considered each of the recommendations before the Committee in turn. It was agreed that schools that applied for Academy status should not be pooled with the Council, that a separate employer contribution rate for each Academy should be established, and that no stabilisation of contributions should be applied. With regard to the period over which the deficit should be recovered, however, some Members did not agree with the officer and Pension Fund Investment Panel recommendation that this should be over 20 years. They were of the view that, in order to safeguard the pension fund, the deficit should be recovered over 7 years instead, as this was the period for which funding for Academies was guaranteed.

In response, officers stated that it was highly unlikely that after 7 years funding for Academies would be withdrawn and the Academies would close. In addition, the DfE advice was based on a 20 year spread for deficit recovery and most other Authorities were setting a deficit recovery period of 20 years.

At this point, the Conservative Group members of the Committee had to leave the meeting to attend a pre-arranged Group meeting. As the Committee had not reached agreement on the deficit recovery period or the outstanding recommendations, the remaining Members therefore agreed that the meeting be adjourned and that the Committee reconvene on 19 or 20 April, subject to consultation with the Conservative Group members.

RESOLVED: That

(1) schools that apply for Academy status not be pooled with Harrow Council;

(2) a separate employer contribution rate for each Academy be established;

(3) no stabilisation of contributions be applied; and

(4) the meeting be adjourned to 19 or 20 April, following consultation with Members.

(Note: The meeting, having commenced at 6.05 pm, adjourned at 7.18 pm).

(Signed) COUNCILLOR MANO DHARMARAJAH
Chairman

LICENSING AND GENERAL PURPOSES COMMITTEE

MINUTES

19 APRIL 2011

Chairman: * Councillor Mano Dharmarajah

Councillors:

* * Husain Akhtar
* * Mrinal Choudhury
* * David Gawn
* * Susan Hall
* * Thaya Idaikkadar
* * Krishna James
* * Manji Kara
* * Ajay Maru
* * John Nickolay
* * Raj Ray
* † Stanley Sheinwald
* * Krishna Suresh
* † Simon Williams

* Denotes Member present
† Denotes apologies received

43. Attendance by Reserve Members

RESOLVED: To note that there were no Reserve Members in attendance at this meeting.

44. Procedure at Re-convened Meeting

It was noted that at the Special meeting of the Licensing and General Purposed Committee on 11 April 2011, Members had not had sufficient time to fully consider the report entitled "Academies – Employer Contribution Rates". Members had therefore requested that the meeting be reconvened so that the report could be considered in full.

The Members in attendance at the meeting on the 11 April were:

Councillor Mano Dharmarajah (Chairman)
Councillor Husain Akhtar
Councillor Mrinal Choudhury

Councillor David Gawn
Councillor Susan Hall
Councillor Thaya Idaikkadar
Councillor Krishna James
Councillor Manji Kara
Councillor Ajay Maru
Councillor Raj Ray
Councillor Stanley Sheinwald
Councillor Simon Williams
Councillor Stephen Wright

Other Councillors in attendance:

Councillor Barry Macleod-Cullinane
Councillor Richard Romain

The Chairman stated that recommendations 1, 2 and 3 of the report were approved on 11 April and that Members need only consider recommendations 4, 5, 6 and 7.

He requested that any Member that had not been in attendance for the first part of the Special meeting on 11 April 2011 carefully consider whether they had enough information to make an informed decision on any of the remaining recommendations. If any Member felt they had insufficient information, he encouraged them to refrain from voting.

45. Declarations of Interest

It was noted that although most of the Members present held governor positions at Harrow Schools, these were on whole at primary and middle schools. Furthermore, none of the Members present were governors at any of the 7 high schools seeking academy status.

RESOLVED: To note that there were no declarations of interests made.

RECOMMENDED ITEMS

46. Academies - Employer Contribution Rates

An officer stated that the report concerning Employer Contribution Rates for Academies had been considered at the meeting of the Pension Fund Investment Panel on 5 April 2011 and Members had agreed the officer recommendations. The recommendations had subsequently been presented to the Licensing and General Purposes Committee on 11 April 2011 for consideration.

The officer advised that at the meeting on the 11 April 2011, a representative from Hymans Robertson also delivered a presentation on the issues relating to Academies and the pension fund highlighting the decisions and the implications that needed to be considered.

For the benefit of Members that had not been in attendance on 11 April 2011, the officer provided a brief summary of recommendations 1, 2 and 3. In doing so, the officer made the following points:

- 7 High schools in Harrow were seeking academy status which would have implications for the Local Government Pension Scheme (LGPS). Upon achieving academy status, each school would be deemed a separate scheme employer (a Scheduled Body) and would have individual pension contribution rates;

- the schools were seeking to become part of the Council's current employer pool which would result in a shared employer contribution rate. However it was agreed at the previous meeting on 11 April 2011 that academies will not be able to pool with the Council;

- teaching staff could not join the LGPS but were part of a separate scheme for teachers and only non-teaching staff were part of the LGPS, therefore any changes would apply to the employers' contribution rate in respect of the LGPS and not the Teachers' Pensions Scheme.

An officer went on to discuss the remaining recommendations:

- Members should consider that recommendation 6 be amended to read: "The actuarial liabilities and deficit contributions for pensioners and deferred members are transferred to the Academies";

- the officer recommendation was amended to require academy schools to contribute towards a share of the deficit in respect of former scheme members. Information relating to previous employees at schools was not readily available and therefore a notional actuarial calculation would be carried out to determine the share of deficit;

- if academy schools were asked to contribute to the deficit in the pension fund in terms of only their active workforce, then this could have implications for Council tax payers especially if at some point in the future all Harrow schools chose to convert to academies;

- the 20 year deficit recovery period recommended by officers was deemed to be a realistic period. However, it was acknowledged that a shorter period of 7 years might be preferable as the levels of risk and liability for the Council would be reduced albeit the risk was very low in the officer's opinion and hence the 20 year deficit recovery period recommendation. The implications of higher costs for the academy should not influence the Committee's decision-making who were there in their capacity as Trustees of the pension fund. Furthermore, the period chosen would not impact on the size of the deficit;

- if the 7 year model was chosen, the schools would pay a higher rate for the first 7 years. The 20 year model was considered to offer fairness and consistency to both the schools and the Council, as any risks would be mitigated.

A Member stated that with regard to recommendation 6 of the report, a share of actuarial liabilities and deficit contribution for pensioners and deferred members should be transferred to academies, otherwise, this may set a precedent as increasing numbers of Harrow schools might decide to adopt Academy status. She stated that Members of the Committee may be conflicted as the recommendations had been approved by PFIP and Members of L&GP should have regard for both the pension fund and school children affected by the changeover to academy status. She considered that the 20 year deficit recovery period would be best for schoolchildren.

A Member stated that this was a highly technical and complex issue and Members of the Committee were looking to officers and actuaries for sound advice in order to make informed decisions. It was fortunate that officers had reconsidered their advice concerning recommendations 5 and 6 in the light of the discussions at the meeting on 11 April.

The officer explained that although the actuaries had put forward a number of options, the officers' recommendations had not been based purely on the advice of actuaries. She added that some local authorities had chosen the 20 year deficit recovery period model, whilst others had opted for 7 years. Also some authorities would be passing a share of liabilities for "actives", pensioners and deferred members on to their academies and others for "actives" only.

A Member expressed her view that both the "actives" and "deferreds and pensioners" should be transferred to the academies. Members of the Committee should have regard for both the LGPS and Harrow's school children and she felt that the amended recommendation 6 was preferable and would personally opt for the 20 year model, as this would benefit the school children at the academies.

The officer emphasised that Members of L&GP should above all be conscious of their responsibility as trustees of the Council's pension fund when making their decision. She added that whilst the Pension Fund Investment Panel had made the recommendations to the Committee for decision, the decision making power rested with Members of L&GP.

It was noted that the government had guaranteed funding for academies for 7 years and it was considered to be highly unlikely that any academy would be allowed to become insolvent.

An officer stated that the Council could ask the DfE if they were prepared to guarantee the deficit as the changeover to academy status sought by 7 of Harrow's schools would be as a direct result of government legislation. The officer added that some local authorities had raised similar issues with the DfE. However, pension scheme regulations did not permit local authorities to require a guarantee bond or indemnity from a 'Scheduled Body'.

A Member expressed the view that the estimated 30% contribution that Academies would be liable to pay under the 7 year model would be a significant sum for Academy schools to pay but supported the amendment to Recommendation 6. An officer responded that the Committee should focus on the best option of the Council and the Pension Fund.

An officer conceded that although the 7 year model posed a lower risk to the Council, and the likelihood of that risk manifesting was also low, were the risk to arise, it could have significant repercussions for the Council.

The Chairman requested Committee Members to vote on each recommendation. Members were given the option to vote on either the 7 year or 20 year model with regard to Recommendation 4 which recommended the 20 year model.

RESOLVED: That

(1) a deficit recovery period of 7 years to be used to calculate the deficit contribution;

(2) the Harrow Council ongoing funding level as at the date of transfer to be applied to the liabilities of transferred actives, to determine the initial assets to be allocated to each academy;

(3) the actuarial liabilities and deficit contributions for pensioners and deferred members are transferred to the Academies;

(4) the cost of calculating academy specific contribution rates to be charged to each school (Academy).

(Note: The meeting, having commenced at 7.33 pm, closed at 8.47 pm).

(Signed) COUNCILLOR MANO DHARMARAJAH
Chairman

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LICENSING AND GENERAL PURPOSES COMMITTEE

MINUTES

17 MAY 2011

Chairman:	*	Councillor Mano Dharmarajah		
Councillors:	*	Husain Akhtar	†	Chris Mote
	†	Ramji Chauhan	*	John Nickolay
	*	David Gawn	*	Varsha Parmar
	*	Susan Hall	*	Bill Phillips (7)
	*	Krishna James (8)	*	William Stoodley
	†	Manji Kara	*	Yogesh Teli
	*	Ajay Maru	*	Ben Wealthy

* Denotes Member present
(7) and (8) Denote category of Reserve Members
† Denotes apologies received

50. Attendance by Reserve Members

RESOLVED: To note the attendance at this meeting of the following duly appointed Reserve Members:-

Ordinary Member	Reserve Member
Councillor Thaya Idaikkadar	Councillor Bill Phillips
Councillor Krishna Suresh	Councillor Krishna James

51. Declarations of Interest

RESOLVED: To note that the following interests were declared:

<u>Agenda Item 4 – Academies - Employer Contribution Rates</u>
Councillor Bill Phillips declared a prejudicial interest in that he was a governor at Harrow High School. He would leave the room whilst the matter was considered and voted upon.

Councillor John Nickolay declared a personal interest in that he was a member of the Aldgate Homes Association. He would remain in the room whilst the matter was considered and voted upon.

52. Deputations

RESOLVED: To note that no deputations were received.

RESOLVED ITEMS

53. Academies - Employer Contribution Rates

The Committee received a report of the Assistant Chief Executive which requested that Members consider the implications of the decision made in respect of Academies at the special Licensing and General Purposes Committees held on 11 and 19 April 2011. In particular, the Committee was asked to reconsider the decision made in relation to the deficit recovery period and the way in which the deficit would be calculated.

The Chairman informed Members that headteachers had contacted the Council following the meetings in April and had raised concerns that the decision taken by the Committee would limit the ability of schools to achieve academy status. The headteachers were particularly concerned that the Committee had decided upon a seven year deficit recovery period and the inclusion of deferred and current pensioners, as well as active members, in the calculation of employer contribution rates.

The Council's Principal Laywer stated that the seven schools seeking academy status had formally requested that the Committee reconsider its decision and that the Chairman had agreed to this request. She stated that the Committee now had access to new information and that a representative of the Council's actuary, Hymans Robertson, was in attendance to help Members better understand the financial implications of any potential decision.

The Interim Director of Finance stated that the Committee had previously been concerned that the Secretary of State would only guarantee academy funding for 7 years. However, it was now understood that the funding agreement with the Department for Education (DfE) was a rolling contract, with a 7 year notice termination clause.

Members agreed that it would be beneficial for the representative of Hymans Robertson to outline the key issues. The representative outlined the following key points:

- the concept of academies had been introduced by the coalition government and subsequently set out in the Academies Act (2010). Unlike community schools, academies were financially autonomous and not subject to local authority control. Significantly, academies were responsible for their own pension arrangements;

- teaching staff were not covered by the Local Government Pension Scheme (LGPS) and therefore any decision made in relation to the deficit recovery period or calculation of employer contribution rates for academies was only applicable to non-teaching staff;

- the DfE briefing note had stated that each academy would have a separate employer contribution rate set by the administrating pension authority and would have responsibility for a share of the LGPS deficit, however it did not state how this share should be calculated;

- when calculating employer contribution rates, actuaries had to take into account both accrued benefits and future service rates;

- there were two different approaches that could be used to determine the share of the deficit contribution. The first approach was to make academies only responsible for a share of the deficit that applied to LGPS staff that transferred to the academy. The second approach was to make the academies responsible for a share of the whole Council deficit and attributable to deferred and pensioner members;

- the current officer recommendation was to utilise the second approach and apply a share of the whole Council deficit to academies. Due to the fact that a proportion of the Council's employer contribution rate went towards payments of current and future liabilities for deferred and pensioner members, it was reasonable to allocate a share of these liabilities to the academies. This approach recognised that the Council would lose funding in respect of the provision of education services but would remain responsible for the pension liabilities of former education staff whose benefits would not transfer to an academy.

Following questions from Members, the Hymans Robertson representative clarified the following points:

- when a member of the LGPS died, death benefits would be paid to the surviving family. Up until 1 August 2011, all ex-employee benefits would remain the responsibility of the Council. If an employee died after this date, these benefits would be the responsibility of the academy;

- assets were valued using market rates;

- whilst external economic and political factors had the potential to impact on the actuarial calculations, spreading the deficit repayments over a 20 year period would help smooth out any variances. Whilst the private sector normally used a spread period of 7 or 8 years, public sector organisations would continue to exist in some form and there was therefore less risk of spreading repayments over a longer period. A spread period of 20 years was therefore common. There would be a revaluation of the fund every 3 years to reassess the size of the deficit and performance of the fund;

- contribution rate to be set by the Committee related to the employer's contribution only. Employee contribution rates were set out in regulations and would not be affected by any decision;

- if an academy or the DfE instigated the 7 year termination clause, the Council could reassess the contribution rate and shorten the deficit recovery period, thereby increasing the contribution rate. Although unlikely, if an academy simply ceased to operate the Council would have to absorb any outstanding deficit. However, before this occurred, it was likely that the Secretary of State would attempt to address any management deficiencies to prevent a financial collapse. If the academy was taken over by another operator, the new operator would take over responsibility for payment of the deficit.

A Member stated that it was unlikely that the schools would dissolve, he thanked the actuary for a very comprehensive presentation and stated that a 20 year spread period seemed to be a good proposition. A Member stated that academies were likely to find the first few years quite challenging and that the Council had a duty to ensure they were supported. Spreading the deficit recovery period over 20 years would give new academies the opportunity to develop their business model without added financial pressure.

The Hymans Robertson representative clarified the impact on the Council if all schools decided to convert to academies. If only active members' liabilities were used to calculate the deficit share, the Council's theoretical employer contribution rate would increase by 0.25% of pay. However, if all schools converted on this basis, this rate would increase to 1% of pay. The Hymans Robertson representative stated that, for the sake of consistency, it might be prudent to consider this impact now.

The Interim Director of Finance referred to each of the points raised in the letter from the schools and the responses addressed in the report. In particular, she referred to the additional information Members had in relation to affordability, the reasons for including deferred and pensioner liabilities in the calculation of the share of the deficit and the justification for a 7 or 20 year spread period.

RESOLVED: That

(1) a deficit recovery period of 20 years be used to recover the share of deficit allocated to each academy;

(2) the 20 year recovery period only be applicable for as long as the academy or DfE does not give notice of exiting its status;

(3) on receiving 7 years notice of exiting academy status, the outstanding deficit be spread over the remainder of the notice period and the contribution rate be recalculated with effect from the start of the following financial year;

(4) the Committee reserve its position regarding the actuarial basis to be used for the recalculation;

(5) the share of the deficit to be transferred to the schools be calculated based on the liabilities of current LGPS staff who transfer to the academy and the estimated liability for deferred and pensioner members formally employed by the former maintained school;

(6) resolutions 1, 2, 3 and 7 from the previous Licensing and General Purposes Committee meeting held on 11 and 19 April remain the same.

(Note: The meeting, having commenced at 7.30 pm, closed at 8.50 pm).

(Signed) COUNCILLOR MANO DHARMARAJAH
Chairman

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Local Government Pensions Scheme – DfE briefing note

1. Non-teaching staff in a maintained school converting to academy status are likely to belong to the Local Government Pension Scheme (LGPS) and have their pension dealt with by the administering authority applicable to schools in that Local Authority (LA). The pensions authority is sometimes the same local authority as that maintaining the school, but in London there is a separate pensions authority, and in areas affected by local government reorganisation there is often a lead authority which acts as pensions authority for several LAs. When a school is about to convert to academy status, the relevant pensions authority should be contacted at the earliest possible stage.

2. Academies are separate scheme employers under the LGPS. Academies are 'scheduled body' employers, being listed in Part 1 of Schedule 2 to the LGPS Administration Regulations 2008 [SI2008/239] (as amended). They are not 'admitted bodies'.

3. Academies' funding agreements require them to offer LGPS membership to all non-teaching staff. Where maintained schools apply to convert to Academies under section 3 of the Academies Act 2010 and an Academy order is made under section 4, those existing staff who are already members of the LGPS by virtue of the Administration Regulations would not be affected by the conversion. Their membership of the LGPS would continue unaffected. After conversion, new non-teaching staff will be eligible to join the LGPS and will be automatically enrolled in the Scheme when employed, but will have the option to opt out of the Scheme if he or she gives notice within three months. It is also open to an Academy to pay contributions into private pension schemes, but this normally happens only if an academy was previously an independent school and some staff wish to remain in the private scheme.

4. The pensions authority should be asked for a calculation of the employer contribution rate for the academy. The actuarial assessment will be done by the LGPS administering authority's fund actuary but the school may wish to have their own assessment performed by an independent actuary. The employer contribution rate will be calculated on the basis of the academy's staff profile and relates only to the academy, whereas nearly all maintained schools in an LA pay the same pooled rate. This means the rate can be higher than the rate which applied to the school when maintained. There is likely to be a charge for the actuarial calculation.

5. Unlike the Teachers Pension Scheme (TPS), LGPS is a funded scheme and can be in surplus or deficit according to investment performance. Most pension funds are currently managing a deficit, and the deficit in respect of pensionable service prior to conversion transfers from the LA to the academy through the transfer agreement signed prior to conversion. The actuarial calculation of the employer contribution rate will take into account the amount needed to pay off any past service deficit and meet future accruals over a specified period, which is normally taken to be 20 years for Academies, although it is for the actuary to take a view on this.

6. Whatever arrangements apply currently for remitting contributions as a maintained school, the academy will itself be responsible for remitting employer and employee contributions to the pensions authority, although a payroll provider may do this on its behalf. The LA may itself be the payroll provider if the academy decides to use its services.

7. If there is a deficit in the relevant pension fund, the Charities Statement of Recommended Practice (SORP) requires that the academy's statutory accounts show the deficit as a liability in the balance sheet. The total deficit can be substantial. However, the Charity Commission has advised that this liability, even if it exceeds the academy's assets, does not mean that the academy is trading while insolvent, because the deficit is being reduced by the contributions made, using the grant payable to the academy. See the advice at

http://www.charitycommission.gov.uk/Charity_requirements_guidance/Charity_governance/Managing_resources/pensions.aspx#2

especially paragraphs 2 and 3.

Conclusion

8. When a school is converting, it is therefore vital to obtain details of the pension authority contacts as quickly as possible (usually from the HR/pay department of the maintaining LA), to ensure that staffing information required by the pension authority's actuary can be supplied by the school or the maintaining authority, and to ensure that the implications for the academy have been fully discussed with the pensions authority.

DfE
August 2010

Department for
Education

Communities and Local Government

A note from the Secretaries of State for Education and Communities and Local Government

To Local Authority Leaders and Chief Executives in England

copied: Local Government Pension Scheme administering authorities

Academies and the Local Government Pension Scheme (LGPS).

Academies in all their forms are central to improving education. They promote innovation and diversity in the school system, give power and freedom back to heads and teachers and raise school standards across the board. The Academy conversion programme ensures that the highest performing institutions help the weakest to improve. Where maintained schools are performing poorly the Government is encouraging their conversion to Academy status with the help of an outstanding school or experienced sponsor. The Government is committed to expanding the Academy programme. There are now 1,463 Academies across England, with many more schools wishing to convert. In addition, the first Free Schools opened in September 2011 and the range and choice of education provision is changing rapidly across the country. Free Schools, University Technical Colleges (UTCs) and Studio Schools are being opened as Academies in direct response to parental demand and will drive up standards in the communities they serve.

We are, therefore, writing to set out in further detail an approach to pooling that we recommend be adopted. The clear aim is that there is a consistency of approach across Local Government Pension Scheme (LGPS) administering authorities so that an Academy in one part of the country is not treated in a different manner to one in another and no Academy pays unjustifiably higher employer pension contributions to the LGPS compared to maintained schools in the local area. This applies to existing Academies as well as those yet to convert or open, including Free Schools, University Technical Colleges and Studio Schools.

Many LGPS administering authorities have worked hard to help those schools becoming Academies resolve issues but we know that some administering authorities have been uncertain about how to treat Academies in their fund with some Academies being set employer pension contributions significantly more than maintained schools in the local area. Where a maintained school converts to Academy status it is Government's intention that the overall costs for the Academy as a participant in the Scheme should not increase. Like maintained schools, all forms of Academy continue to receive their funding from the public purse and, consequently, should not be treated in the LGPS less favourably than maintained schools.

Some converting Academies have been discussing with their LGPS administering authority the wish to be pooled with the local authority that formerly maintained the school.

Pooling arrangements between employers are permissible within the LGPS regulatory framework and we strongly recommend that where an Academy wishes to be pooled, administering authorities positively consider this. Academies would then pay the same LGPS employer contribution rate as maintained schools in the local area which includes an element for accrued past service liabilities. If it is found that inconsistencies or unjustifiably high employer pension contributions to the LGPS remain, consideration will be given to what other steps, including regulatory changes, would be needed.

MICHAEL GOVE

ERIC PICKLES

December 2011

Academy arrangements and the Local Government Pension Scheme - pooling of Academy arrangements with local authorities

Legal and financial status of Academy arrangements

1. Academies set up under the Academies Act 2010 are independent schools but they are publicly funded. Governance arrangements are agreed with the Department for Education and the Funding Agreement entered into with the Secretary of State sets out clear and robust financial and accounting requirements. Under the Funding Agreement the Academy Trust (the legal entity that runs the Academy Trust), has to ensure that its accounts are audited annually by independent auditors and it must allow access by the Secretary of State to its accounts and related records.

2. Section 1 of the Academies Act 2010 contains provisions that allow for the Secretary of State for Education to enter into an Academy arrangement with any person to establish and maintain and to carry on, or provide for the carrying on of, an Academy. The Act enables existing maintained schools to convert to Academy status and for Academy arrangements to be entered into with an Academy Trust that is replacing a maintained school. Additionally, the Act allows the creation of new schools (i.e. schools that do not replace a converting or closing maintained school), including Free Schools, University Technical Colleges and Studio Schools. These new schools are also Academies set up under Academy arrangements under Section 1 of the Academies Act 2010.

3. Funding Agreements made between the Secretary of State for Education and the Academy Trust are not signed for a set or limited period of time, rather they are open-ended.

The Local Government Pension Scheme and pooling Academy arrangements with the relevant local authority

4. A proprietor of an Academy[1] who has entered into Academy arrangements, is a Scheme employer in the Local Government Pension Scheme (LGPS) and is listed in paragraph 21 of Part 1 of Schedule 2 to the LGPS (Administration) Regulations 2008 (as amended). This means that the non-teaching staff employed by Academies are automatically eligible for membership of the Scheme and existing members in a maintained school retain eligibility when a school becomes an Academy. The change in legal status, when a former maintained school is replaced by an Academy, means that the Academy Trust becomes an LGPS employing authority in its own right. Academy Trusts for new provision, such as Free Schools, Studio Schools and UTCs will also be LGPS employers.

5. While there is no express regulatory provision in the LGPS for the pooling of employers in the Scheme, Regulation 36 of the LGPS (Administration) Regulations 2008 is considered a sufficiently broad power to enable employers (if they wish) to enter into joint arrangements with the Scheme funds, as already happens in some cases, that will

[1] Commonly referred to as an "Academy Trust": A qualifying Academy Trust proprietor is a charity under section 12 of the Academies Act 2010. This includes Academies that opened prior to the 2010 Act.

facilitate the setting of harmonised employer contribution rates under pooled arrangements.

6. Where an Academy pools with the local authority it is intended that this should result in the Academy Trust having the same employer contribution rate as the local authority would have in respect of its maintained schools. This is because the assumptions used to set the rate will be common to the Academy and local authority. Actuarial assumptions are shared across the pool and all participants in the pool are responsible for meeting the cost of the full past service deficit relating to those in the pool and share the same deficit recovery period.

7. It is recognised that consideration has to be given about the risk to the fund should a school or Academy fail. Should a maintained school ever be wound up it will be the function of the local authority to transfer pupils to another educational institution. Pension liabilities would be managed within the local authority's employer contribution rate.

8. Equally, if the Secretary of State for Education considered that an Academy was performing poorly, he would review the position, broker support and, where necessary, take steps either to replace the Academy Trust sponsors (the members of the Academy Trust) or the Academy Trust. If either party to the Academy arrangements ever decided that those arrangements should be brought to an end, it would have to give notice to the other party. The education provision for the affected children and young people would need to continue in an appropriate educational establishment.

9. The Government would be bound to consider all available options for dealing with an Academy's outstanding LGPS pension liabilities including, but not limited to, the assignment of assets and liabilities to a new or an existing educational establishment where this was the desired outcome.

10. This note is intended to clarify the position regarding Academy funding and the Secretary of State for Education's role should there be any question about the performance or continued operation of an Academy. This clarification has been provided to remove the uncertainty for administering authorities about the treatment of Academies in their fund and also allow requests, from an Academy to be pooled with the local authority for LGPS purposes, to be positively considered. The clear aim is that there is a consistency of approach across LGPS administering authorities so that an Academy in one part of the country is not treated in a different manner to one in another and no Academy pays unjustifiably high employer pension contributions to the LGPS compared to maintained schools in the local area. If it is found that inconsistencies or high employer pension contributions remain, consideration will be given to what other steps, including regulatory changes, would be needed following discussions with LGPS experts, including Scheme actuaries.

11. The preferred approach in this note is recommended to apply to all Academies, including existing Academies as well as those yet to convert or open, including Free Schools, University Technical Colleges and Studio Schools.

12. To help practitioners in both educational establishments and LGPS administering authorities, supporting guidance is being developed and will be issued shortly covering

Academy arrangements and the LGPS both for existing Academies and those schools considering conversion to Academy status. It will also cover how to manage an existing Academy's employer contributions for those who wish to join a pooling arrangement but have not been treated this way previously.

13. Communications about this note should be addressed to either:

Department for Education
Claire de Charmant
Academies Policy & School Organisation Group
Sanctuary Buildings
Great Smith Street
London SW!P 3BT

Department for Communications and Local Government
Robert Ellis
Workforce, Pay & Pensions
Local Government Finance Directorate
5/F5
Eland House
Bressenden Place
London
SW1E 5DU

From: the Department for Education and Department for Communities and Local Government

Date: December 2011

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