

## **Pension Fund Investment Board**

**21 May 2012**

### **Academies and the Local Government Pension Scheme**

#### **Recommendation**

That the Board note the update concerning academies in the Warwickshire Pension Fund.

#### **1.0 Introduction**

- 1.1 Following the Investment Board meeting of 13 February 2012, the Treasury and Pensions Group wrote to all the academies in Warwickshire to confirm the Fund's approach of not pooling academies with maintained schools.
- 1.2 Two academies responded with the raising of objections to the policy and these have been resolved by the Treasury and Pensions Group. Emphasis has been made to the objectors that it is not currently Board policy to apply varying assumptions to the actuarial calculations to reflect the greater risk associated with academies, a stance that differs from the approach adopted by other administering authorities elsewhere in the country.

#### **2.0 Warwickshire Academies**

- 2.1 There are currently 20 academies and one free school with admitted body membership status in the Warwickshire Fund. Two of these academies have merged as part of the Midlands Academy Trust.
- 2.2 The average employer rate for academies in the Fund is 17.4% and ranges from 16.2% to 21.9%. The Priors Free School contributes 15.0%, representing a future accrual rate only.
- 2.3 Currently, 966 LGPS individual members have transferred from the County Council to academies within the Warwickshire Fund.
- 2.4 The Treasury and Pensions Group has been informed that there are currently a further five schools considering a switch to academy status later this year.

### 3.0 Further Considerations

- 3.1 The Secretary of State for the Department for Communities and Local Government has yet to issue any further advice following his joint letter with the Secretary of State for Education and their proposal that academies should be treated as pooled with maintained schools for actuarial purposes.

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