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Dear Mr Ellis,

## **Pooling arrangements for Academies within the Local Government Pension Scheme**

Thank you for the opportunity to respond to the above consultation. We have structured our response around the questions posed.

### **The practical considerations of a pool**

- 1. The proposal for this consultation is that stability of a converted Academy's scheme employer contributions will be best achieved by pooling the scheme arrangements of Academies and the ceding local authority. Is this the best way to achieve the stability needed? And, if not, what are the other solutions?**

Academies should be pooled together with each other, but not with the ceding local authority in order to provide stability of a converted academy's employer contributions. See question 2 for further comment.

- 2. What bodies should be included in the pool: Academies and local authorities, Academies and local authority maintained schools, or only Academies? Please say what other arrangements would achieve this aim.**

The pool should only include academies. This is logical in that schools have sought to become academies in order to free themselves from local authority control. It therefore makes sense to treat them separately from the ceding local authority. However assessing each academy separately would give rise to greater volatility in contribution rates and could mean that some individual academies might face significantly higher contribution rates. Therefore pooling of the academies with each other would result in a more stable and fairer arrangement without the need to shackle the academies to the local authority rate. Similarly it would not be logical to separate out local authority maintained schools from the local authority.

# Item 4

- 3. If pooling regulations are introduced, should an organisation have a choice about membership of the pool, and should this choice be permanent?**

A pool will not work if there is a choice about membership. Those who would gain an advantage from not being in the pool would opt out, resulting in a poorer outcome for those remaining in the pool.

- 4. Should actuarial assumptions used for all employers in the pool be agreed at local level with expert advice from the fund actuary? Or should expert guidance be developed for use by each fund?**

We agree that actuarial assumptions used for all employers within the pool should be agreed at local level with expert advice from the fund actuary. This will ensure consistency in the treatment of academies with all other employers in the Fund. The Department of Education's Guarantee should ensure that academies are treated on a level playing field with other employers and the local authority in terms of recovery periods.

## **Effect of introducing a pooling regulation when many maintained schools have already converted to an Academy**

- 5. What provisions might be needed to avoid any additional costs where transfers of assets and liabilities have already been made as a result of academy conversions?**

We favour the approach that within an academy pool the fund actuary should determine the assets and liabilities as if the pool was a single employer and assets and liabilities should be apportioned between the different employers so that each has a proportionate share. This approach would avoid any significant additional costs.

- 6. If any administering authority has satisfactory arrangements already in place, or is in the process of implementing solutions that satisfy all parties, please could you provide a brief description of them? It is not the intention to disrupt successful local solutions, but rather to encourage the sharing of best practise which might best meet Ministers' aims of similar and stable employer rates when a maintained school converts to academy arrangements.**

The approach outlined in answer to questions 1-4 above is essentially the approach that the Devon Fund's actuary has adopted.

## **Conclusion**

The Devon Fund supports the proposal to pool academies with each other, but not with the ceding local authority. Consistency of assumptions should ensure a fair treatment of academies whilst following the logic of not treating them as if they were still local authority maintained schools. Creating an academy pool will ensure stability of contribution rates going forward.

Yours Sincerely

Mary Davis  
County Treasurer