

Suffolk Pension Fund Academies and Free School's Policy 2025-26



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This policy sets out the Suffolk Pension Fund's funding principles for all academies (including free and studio schools) within the Fund.

Existing academies will be operating within one of the following structures:

1. as a single academy trust (a "SAT"); or
2. as one of multiple academies within the Fund who are part of a multi-academy trust (a "MAT"); or
3. as a standalone employer who are the only academy within the Fund, who are a part of a MAT (and the other academies in the MAT do not participate within the Suffolk Pension Fund).

New academies, upon joining the Suffolk Pension Fund, will fall into one of the above categories.

Objective

The objective of the academies policy is to set a standardised approach for:

- The treatment and valuation of assets and liabilities of a new academy on conversion from a local maintained school.
- The treatment and valuation of assets and liabilities of an academy on joining or leaving a MAT.
- Setting contribution rates.
- The treatment of third-party contractors providing services to an academy and the responsibilities of the academy when outsourcing.

Principles

The principles of the academies policy are:

- The Fund will seek to apply a consistent approach to funding that achieves fairness to the ceding local authority and the academies.
- Under 1 and 3 above, the academy will have an individually tracked funding position (assets and liabilities) within the Fund and its own assessed contribution rate.
- Under 2 above, the MAT will have a pooled tracked funding position (consisting of assets and liabilities of all its constituent academies), a single shared funding level, and a pooled MAT contribution rate.
- Outsourced contractors will be operated via a closed to new entrants pass-through admission arrangement. Active contractor admissions (and historic



contractor admissions where orphaned members have fallen back to the academy) will be included in the relevant funding pool of the academy, which may be under 1-3.

Policy

The funding policy for academies is at the Fund's discretion however guidance on how the Fund will apply these discretions is set out within this policy.

Admission to the Fund

Academies (on conversion from locally maintained school)

Academies are Scheduled Scheme employers in the LGPS. This means that all non-teaching staff employed by an academy on conversion or afterwards are entitled to membership of the scheme.

On conversion, the Fund's actuary will carry out an assessment to determine the school's notional allocation of assets (investments held by the Fund) and liabilities (immediate and projected benefits owed to scheme members).

If the academy joins an existing MAT in the Fund (i.e. 2 above), the assessed assets and liabilities are added to the MAT funding pool and the academy will pay the MAT contribution rate.

If the academy is a SAT or standalone employer (i.e. 1 or 3 above), then the actuary will also need to calculate the contribution rate to be paid on conversion.



The Fund actuary's fees in respect of the above assessment(s) will need to be paid by the academy. The support grant given by the DfE to help with the costs of converting to academy status can be used to cover these.

Newly set up academies (including free schools and studio schools)

A newly set-up academy is also a Scheduled Scheme employer in the LGPS. This means any non-teaching staff employed by the academy are entitled to membership of the scheme.

- If the academy joins an existing MAT in the Fund, it becomes part of the MAT funding pool and will pay the MAT contribution rate.
- If the academy is sponsored by another employer within the Fund, it becomes part of the sponsoring employer's funding pool and will pay the sponsoring employer's contribution rate.

- If the academy is standalone, the academy will pay the in-force Suffolk County Council contribution rate. The academy rate will be re-assessed as part of the next triennial funding valuation exercise, alongside all other Fund employers.

An existing academy joining a MAT

Where an existing academy joins an existing MAT in the Fund, all of the academy's active, deferred and pensioner members with all assets and liabilities are added to the new MAT funding pool (and if applicable removed from any prior MAT funding pool the academy operated within) and the academy will change to paying the new MAT contribution rate going forward.

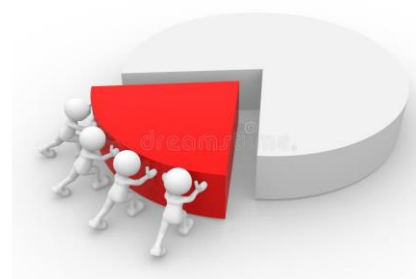
Circumstances where a further contribution rate assessment may be carried out

New academy significantly changes the funding profile of an existing MAT

As noted above, if an academy joins an existing MAT in the Fund, it becomes part of the MAT funding pool and will pay the MAT contribution rate.

However, at the Fund's discretion, the MAT contribution rate may need to be reassessed in cases where the new academy (or academies) significantly changes the funding profile of the existing MAT.

The MAT may also request that a revised valuation contribution rate review is carried out in line with the requirements under the Local Government Pension Scheme Regulations 2013 64 A (1) (b) (iii).



The MAT will need to pay for the actuarial costs of a reassessed contribution rate calculation or review.

Merging of MATs

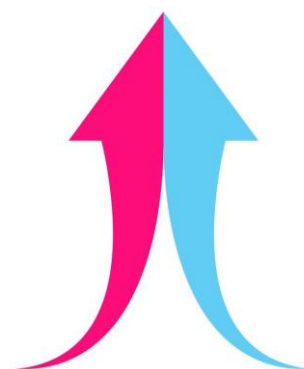
If one MAT merges with another MAT operating within the Fund, all the assets and liabilities would become part of a new larger combined MAT funding pool and a new MAT contribution rate would need to be calculated.

The MAT will need to pay for the actuarial costs of calculating the new MAT contribution rate.

MAT consolidations (across different LGPS Funds)

If an academy or MAT is seeking to merge with another MAT outside of the Suffolk Pension Fund and consolidate all their liabilities (and assets) into one LGPS Fund, the MAT would need to seek approval from the Secretary of State.

The fund would be able to provide the necessary administrative assistance to academies seeking to consolidate into the Fund or out to another LGPS fund,



however the academy (or MAT) would be fully liable for all actuarial, professional and administrative costs incurred.

Cessation event

A cessation event occurs if a SAT, MAT or standalone academy (as per 1-3 above) ceases to exist as an entity or as a participating active employer in the Fund.

A cessation valuation would be carried out in line with the Fund's Cessation Policy and the academy will need to pay for the actuarial costs incurred.

Contracts outsourced by an academy

Outsourced contracts such as catering and cleaning contracts will be set up as a new admitted body in the Fund with a closed to new entrants pass-through arrangement. This means if the TUPE'd employees leave before the contract ends, new employees cannot be admitted into the Fund by the contractor.

It is critical for any academy (or MAT) considering any outsourcing to contact the Fund initially to fully understand the administrative and funding implications. The academy should also read and fully understand the Fund's admissions policy.

The contractor will pay the same contribution rate as the academy who awarded the contract and the assets and liabilities will revert to the academy on termination of the contract.

The academy is required to confirm with the Fund that all the arrangements between the academy and the contractor comply with the requirements set out in the DfE Academy Trust LGPS Guarantee Policy.

Under a pass-through contract the pension risks largely remain with, or pass back to, the academy, removing a large element of uncertainty and associated costs for potential contractors. The Education and Skills Funding Agency (ESFA) 2023 policy paper states that pension liabilities associated with a pass-through contract are automatically guaranteed by the DfE for certain staff in limited scenarios:

- Staff currently working for an Academy who then transfer to an outsourced contractor under TUPE.
- Staff who transferred to an outsourced contractor under TUPE before the Academy converted (i.e. when it was still a maintained school) and the outsourced contract passes to the Academy on conversion.
- Staff who currently work for the local authority which is providing services to the Academy under a contract, but the contract is then awarded to another third-party contractor and the staff transfer to the new contractor under TUPE.

As long as the pass-through arrangement meets one or more of the criteria outlined above, then the Academy or Free School may proceed without ESFA approval. If the circumstances of a pass-through arrangement do not match the criteria outlined above, then the trust will need to contact ESFA using the ESFA customer help portal and provide further information regarding the proposed arrangement.

If confirmation is not provided the Fund will require security to be provided as a condition of admission.

Sources of Further Information

Suffolk Pension Fund Website

www.suffolkpensionfund.org

- Funding Strategy Statement
- Administration Strategy

[Local Government Pension Scheme \(LGPS\) - GOV.UK](http://gov.uk)

The Local Government Pension Scheme (Administration)
Regulations 2008

Education and Skills Funding Agency (ESFA) 2023 Policy paper

