

Becoming a Fund employer

This document contains general information on:

- becoming a Fund employer
- important changes to employer status that we need to be told
- employer's exiting the LGPS

Become a Fund employer

The Local Government Pension Scheme is a statutory pension scheme. The rules of the Scheme are set out in law, including which employers can join. The different types of employer able to participate in the LGPS is set out in [Schedule 2 of the LGPS Regulations 2013](#).

Section of regulations	Known as	LGPS participation
Schedule 2, part 1	Scheduled bodies	Automatic right to participate in the in the LGPS and must offer the LGPS to all qualifying staff.
Schedule 2, part 2	Designated (or resolution) bodies	Entitled to join the LGPS, but they do not have to. They must pass a resolution stating which employees they will offer the LGPS to.
Schedule 2, part 3	Admitted bodies	Able to participate in the scheme through a written agreement known as an admission agreement.
Schedule 2, part 4	Bodies deemed part of a LGPS Fund employer such a governing body or a school maintained by a local authority.	These employers are not considered the Fund employer for the purpose of the LGPS regulations, but they must offer the LGPS to all qualifying staff.

Your employer responsibilities

Employers must ensure that they meet the employer responsibilities set out in the regulations. These duties are in addition to your [auto-enrolment responsibilities](#) and include, but are not limited to:

- providing us with accurate pension information
- deduct pension contributions in line with processes and timelines
- issue Scheme guidance to members of the Scheme
- processing ill-health cases
- dealing with [IDRPs \(Internal Dispute Resolution Procedures\)](#)
- meeting employers' costs

To support employers, East Sussex Pension Fund have produced an employer toolkit, designed to provide you with the tools you need to perform your role.



[Explore Employer Toolkit](#)

Included within the toolkit is a document which details employer responsibilities.

[Employer Toolkit - Employer Responsibilities](#)

The cost to employers

When employers join the Scheme, they take on the responsibility of funding employee's pension benefits which are referred to as liabilities.

A valuation will be carried out by our Fund actuary when employers first join the Scheme to assess their individual employer contribution rate. The contribution rate is determined based on covenant strength and the estimated cost of employer liabilities.

Employer and employee contributions must be paid monthly to the Fund. You may have a payroll department who will do this for you. The pension contributions should be transferred to us by the 19th of each month.

All employers (including i-Connect users) must complete a monthly contribution return using an LGPS31 form. There are two versions:

- Standard PDF - to print, complete and send – [access form here](#)
- Editable form - complete online and send by email – [access editable form here](#).

To help support employers we have produced an LGPS31 guide which gives instructions for completing the form – [access LGPS31 guide here](#).

Each month we need your member and payroll data uploaded through the i-Connect portal. This includes pay information, new starters, leavers, and other key factors that need to be recorded on pension records. This should be uploaded at the agreed submission date.

Please see the '[i-Connect](#)' module of the employer toolkit for further information.

Your contribution rate is likely to change every three years. This is because we have an actuarial valuation conducted by the scheme actuary.

[Explore more about triennial valuations](#)

Other costs an LGPS employer is liable to pay include, but are not limited to:

- ill-health assessment costs
- pension strain costs (for example in the case of redundancies)
- Actuary/administrative/legal costs for non-standard work
- exit costs
- outsourcing/TUPE associated costs

You should also be aware that employers may be charged in accordance with the [Pensions Administration Strategy](#) if you fail to meet your responsibilities.

Access to support

The Fund provides support to Employers to help you fulfil your duties. These include:

- Two dedicated Employer Engagement Officers to answer your queries, offer support with difficult cases, or provide one to one training. They can be contacted at: employer.engagement@eastsussex.gov.uk
- Published resources available here: [Forms and publications](#)

These include:

- [HR Guide](#)... This guide sets out the requirements for Human Resource (HR) departments of employers who provide the Local Government Pension Scheme (LGPS).
- [Payroll Guide](#)... This guide sets out the requirements for payrolls in respect of the Local Government Pension Scheme.
- [Ill Health Retirement Guide](#)... A guide to help employers understand what constitutes ill health retirement within the Local Government Pension Scheme regulations and details their role in supporting members through the process.
- A dedicated employer page on our website which will also house the employer newsletters – designed to keep you up to speed with all things LGPS. This includes a link to the Employer toolkit and information and guides on i-Connect.

[Employers | East Sussex Pension Fund](#)

- Member training – we offer courses throughout the year to support members of the Fund.
[Free Pension Training | East Sussex Pension Fund](#)
- Employer Forum - Every year The East Sussex Pension Fund run an Employer Forum to help employers find out about the Fund, to meet key fund personnel and to understand some of the major pension issues that lie ahead.

Outsourcing/TUPE

If you are an LGPS Fund employer considering outsourcing a service, you need to ensure you are considering pension issues during the procurement phase and especially when the tender specifications are drawn up.

When staff TUPE transfer to a new contractor, there are specific pension requirements any prospective contractor will need to meet and checks that you will need to carry out in regard to pensions before you can proceed. There are also costs involved that you need to be aware of. Due to the nature of the process, it can take some time to approve a new employer for admitted body status. You should ensure you have allowed for this.

To support your members going through the process we have produced the following document:

[Transfer of your job to another employer \(LGPS\)](#)

Applying for admitted body status

The LGPS is a defined benefit pension scheme for local government workers or those employed by organisations that work for or with local government. Admitted bodies listed in Schedule 2, part 3, can be a community of interest group, but most commonly a body is admitted to the LGPS where local authority service is outsourced.

Admitted bodies can participate in the Fund through an admission agreement.

The key features of participation of an admission body are summarised below:

- Method of Participation– Admission Agreement, subject to approval of East Sussex Pension Fund.
- Indemnity Requirements– Guarantor, bond or indemnity.
- Ongoing Participation– Participation continues unless organisation elects to terminate admission agreement, last active member leaves or contract expires.
- Entry to LGPS– Employer discretion on who can become a member and if they require an open/closed/nominated/ pass through arrangement.

If you believe that your organisation meets any of the admission body definitions, then please contact the Employer Engagement team - employer.engagement@eastsussex.gov.uk

Academy conversions and multi-academy trusts

Academies are scheduled bodies listed in Schedule 2, part 1 and therefore must enrol all employees who are not eligible for another public sector pension scheme (for example Teachers Pension Scheme) in the LGPS. If you are converting to academy status or are a multi-academy trust taking on a new academy, you should inform us as soon as possible, so that we can explain the process and advise you of the costs involved.

While all academies in a multi-academy trust, pool their assets, each individual academy will require its own valuation report and will therefore be liable for the cost of this. You will be required to present this report when you first join a multi-academy Trust, and if you decide to change Trusts, you may be asked to obtain a revised valuation report by the new Trust before you are admitted.

Local authority-maintained schools

If you are a local authority-maintained school considering outsourcing, the first thing you need to do is contact the local authority. As the local authority is considered the employer under the Scheme regulations, they will need to approve any outsourcing decision. You

should be aware that the local authority is unlikely to act as a guarantor and that any new contractor will need to be willing to put a bond in place and meet any associated costs.

Change of payroll provider

If you are considering changing your payroll provider, you should ensure that you have read our 'appointing a payroll provider' guide. You will find out responsibilities you can delegate and what you need to tell us when appointing a payroll provider.

[Appointing a payroll provider](#)

Discretions

There are discretionary elements within the Local Government Pension Scheme (LGPS) for which a scheme employer is required to have both decided and published its policy. These discretions are important as they allow employers to state how, when, and in what circumstances, it will exercise its discretion. Employers must formulate, publish, and keep under review a policy statement in relation to the exercise of a number of discretions under the LGPS.

[Explore more about discretions](#)

Exiting the LGPS

You become an exiting employer if:

- you are a designated body (Schedule 2, part 2) and your last active LGPS member leaves your employ or retires, and you decide to offer an alternative pension provision to your employees in the future.
- you are an admitted body (Schedule 2, part 3) and your last active member leaves your employ or retires, or your contract comes to an end.
- you are a Fund employer (Schedule 2, part 1, 2, 3 or 4) who becomes insolvent.

If any of these circumstances apply, we'll need to carry out a cessation valuation to assess the cost of any remaining liabilities you have to the Fund. There is a charge for carrying out the cessation valuation which you will be liable for. Contact us for the current fees.

The cessations valuation will reveal whether you have a deficit and therefore owe a payment to the Fund (exit payment), or whether you are in surplus, in which case the Fund may consider paying an exit credit. Funds exercise discretion over who and in which circumstances an exit credit can be made.

If you do not have any active members left in the Scheme, but you expect that you may offer the LGPS to employees within 3 years of becoming an exiting employer, we may be able to issue a 'suspension notice'.

More information can be found in your admission agreement (if you are an admitted body) as well as the [Funding Strategy Statement](#).

The circumstances where the Fund would consider an alternative arrangement to a lump sum payment to meet employer exit payments are set out in the [Deferred debt and debt spreading policies](#) document.

It's important that you inform us as soon as you are aware that you may exit the Scheme so that we can start preparing and inform the Fund Actuary.

If you require any information about leaving or joining the Scheme, or you need to discuss anything in this document, contact us at employer.engagement@eastsussex.gov.uk