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Academy Trust and Local Government Pension Update

Statement made on 21 July 2022

Statement UIN HCWS261

Statement made by

	James Cleverly The Secretary of State for Education Conservative	Commons
	Braintree	

Statement

In 2013, we introduced a guarantee to Local Government Pensions Scheme (LGPS) administering authorities that in the event of the closure of an academy trust any outstanding LGPS liabilities will not revert to the fund.

Although there is no end date to the Guarantee, we committed to undertake assessments at regular intervals to determine whether the guarantee remains affordable and is being fully recognised by LGPS Administering Authorities in their risk assessments of academy schools and the subsequent setting of employer contribution rates.

I can today confirm that we will continue to provide a guarantee to LGPS administering authorities with a new increased annual ceiling of £20m, and a Parliamentary Minute, which sets out the detail of the Guarantee, has been laid in both Houses.


When we first introduced the Guarantee, we agreed annual limits for each financial year based on estimates. We have reviewed all payments the Department has made under the Guarantee policy since 2013 and have set a new annual limit of £20m per annum.

In the three most recent financial years the amounts requested and paid under the Guarantee policy were as follows: 2021/22: £3m, 2020/21: £4m, 2019/20: £11m. Since the Guarantee was introduced, the Department has never reached the set annual limit.

We expect administering authorities to recognise the direct Government backing provided by the Guarantee and continue to treat academies equitably with Local Authority maintained schools when setting employer contribution rates and deficit recovery periods.

The Guarantee provides academy trusts with direct Government backing for certain pension costs which will enable LGPS administering authorities, and I ask you to ensure that this is reflected in this year's scheme valuation, both in the setting of the employer contribution rates and the length of the deficit recovery period.

Statement from

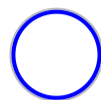
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The Parliamentary Under Secretary of State for the School System

Conservative, Life peer

Statement made 21 July 2022

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