

**Manchester City Council  
Report for Resolution**

**Report to:** **Schools Forum**

**Subject:** **Local Authority Pension Administration Duties and Charges**

**Report of:** **Directorate Finance Lead – Children’s and Schools**

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**Summary**

The Local Authority (LA) reported to Schools Forum in January 2020 regarding charging maintained schools an annual pension administrative fee and pension fines incurred as a result of non-compliance with the pension scheme. Schools Forum fed back that the fee for the annual pension administration should be proportional to size of individual schools rather than a fixed amount per school.

**Recommendation**

Schools Forum members (maintained school members) are asked to note the annual charge for pension administrative fee to maintained schools will be based on a rate per employee eligible to be a member of the teachers’ pension scheme.

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**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

**Previous Reports:**

<b>20 January 2020</b>	<b>Schools Forum - Local Authority Payroll and On-going Pension Duties</b>
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## **1. INTRODUCTION**

- 1.1 Under the regulations of the Teachers' Pension scheme local authorities are responsible for the provision of data and contributions to the Teachers' Pensions Scheme, and for ensuring compliance with the disclosure and Auto Enrolment regulations. The Council retains these responsibilities even where a school chooses to use a different payroll provider.
- 1.2 All maintained schools will incur a charge for statutory pensions work carried out by the Council. For schools purchasing the Council's Payroll & Pensions SLA the cost is included within the SLA. For schools who use payroll providers other than the Council there will be an annual charge to these schools from April 2020, in the financial year 2020/21 it will be £30 per employee eligible to be a member of the teachers' pension scheme.

## **2. PENSION ADMINISTRATION CHANGE FROM APRIL 2020**

- 2.1 All maintained schools will incur a charge for the pensions work carried out by the Council. For schools purchasing the Council's Payroll & Pensions SLA the cost is included within the SLA. The Schools Forum report in January detailed the reasons for the Council's intention to charge schools who use payroll providers other than the Council an annual fee of £3k. Forum commented that the charge should reflect the size of the school to ensure fairness and affordability.
- 2.2 Following Schools Forum, shared services carried out a further detailed analysis of the charges in the payroll SLA along with benchmarking with other North West Authorities and Core Cities that have implemented this charge. The outcome was a charge per employee eligible to be a member of the teachers' pension scheme rather than a fixed fee, for 2020/21 the rate has been set at £30 per eligible employee for teachers' pension scheme.
- 2.3 The impact of the review of the pension administration charges means the charge will reflect the size of the school, and will be lower for most schools than the original fixed £3k charge. Schools purchasing the Council's Payroll & Pensions SLA the cost is included within the SLA. Schools who use payroll providers other than the Council will be charged a rate per employee eligible to be a member of the teachers' pension scheme.

## **3. RECOMMENDATIONS**

- 3.1 Schools Forum members (maintained school members) are asked to note the change in the charge for pension administrative fees to maintained schools from a fixed charge to a rate per employee eligible to be a member of the teachers' pension scheme.