Information for Town and Parish Councils when deciding to join employee(s) to the LGPS

Town and Parish Councils are able to use the LGPS as a pension scheme for their employees but they do not have to do so. Under the LGPS regulations they are known as designating employers which means they can choose whether or not to use the LGPS as a pension scheme for their staff and who they will agree to allow to join the scheme.

Admitting an employee in the scheme

In order for a Town or Parish Council to admit someone into the Hampshire Pension Fund, they would need to pass a resolution to this affect and send a copy of the resolution to the Fund. The resolution can name individual employees or group of employees, name specific roles that they will allow to join the scheme or allow all employees to join the scheme.

Before completing a starter form for any new employee, the Town or Parish Council will need to either:

- Check that they have already passed a resolution to join any employee to the scheme and that Pensions Services hold a copy of the resolution.
- Check that they have a resolution to join a named employee to the scheme and send a copy of the resolution to Pensions Services.

Employer contribution rate

The employer rate a Town or Parish Council pays is currently 16.9% of the employee(s) pensionable pay. This rate will be reviewed at the next tri-annual valuation (31 March 2019) and it may vary from this amount. This rate applies to the Council as a new employer in the Fund and to whom no ‘deficiency contributions’ have been allocated. The Council should be clear however that deficiency contributions are likely to apply from 2020 and these currently equate to around 6.5% of payroll for Fund employers in addition to the 16.9% already mentioned.

Employee contribution rate

The amount that the employee will contribute will depend on their annual salary. The information about member contribution rates can be found on [member contribution rates](#).
Exiting the Fund
The Council should also be aware that, should it resolve to no longer offer the LGPS to its employees or when there are no active members in the scheme, it may find itself responsible for a ‘termination deficit’ which effectively means that the contributions paid have proved insufficient to cover the liabilities built up over the period of participation. This ‘termination valuation’ is carried out by the Fund actuary and is a regulatory requirement. Any deficit identified must be made good by the employer concerned. In addition, any legal or actuary costs incurred by the termination will be passed to the Parish Council.

However, it is possible to defer the termination if the last member leaves the scheme but the Town or Parish Council is intending to offer the scheme to a new employee. This will be in agreement with the Hampshire Pension Fund and any deficit payments due by the Town or Parish Council must continue to be paid during the suspension period.

Employer responsibilities
The LGPS is a statutory pension scheme and the regulatory regime is complex and carries responsibilities on the employer to comply with these statutory rules. Employers must maintain proper records and inform Pensions Services of any changes to employee information. They must pay pension contributions to the Fund within a given timeframe and must provide Pensions Services with data every April for the year end process.

Training and Support
We do offer training and support to new employers. There is information on our webpages including an employer manual. The employer area also contains all the forms that will be needed. The area is password protected and new employers will be sent the logon details with their welcome email.

We also provide training and ongoing support to all employers. We regularly run sessions run in Winchester which is aimed at new employers. The session aims to let you know some of the basic information you need to know as an employer in the LGPS such as how to work out pensionable pay.