

LGA survey of local authorities' role in the administration of the Teachers' Pension Scheme



REPORT OF THE LGA SURVEY OF LOCAL AUTHORITIES' ROLE IN THE ADMINISTRATION OF THE TEACHERS' PENSION SCHEME

SUMMARY

- Just under 10,000 schools are maintained by the respondent local authorities.
- In 58 of the local authorities, all maintained schools use the authority's payroll service.
- In the remaining 43 local authorities providing information, just over 1,000 schools have outsourced their payroll function from the local authority.
- 38 of the 43 local authorities reported problems obtaining Teachers' Pensions (TP) data from schools with outsourced payroll. The most common issues were:
 - Chasing for information
 - Missing DfE numbers
 - Lack of TPS knowledge and understanding
- 72 local authorities provide payroll services for over 2,200 academies.

INTRODUCTION

The survey was conducted by the Local Government Association's Research and Information team between 5th March and 30th August 2018 in order to inform ongoing discussions between TP stakeholders and TP about the flow of pensions data between pensions administrators and TP. It updates a survey conducted in 2016 which highlighted that although the percentage of maintained schools with outsourced payroll was relatively low, there were common issues raised about obtaining pensions data from maintained schools with outsourced payroll providers.

The survey was sent to all 174 counties and single-tier local authorities in England and Wales. The response rate was 61 per cent¹ as shown in the table below. Respondents covered a total of 10,073 maintained schools (based on data at January 2018).

Type of authority	Number of responses	Response rate
Counties	18	67%
London boroughs	14	42%
Metropolitan districts	23	64%
Unitaries	51	65%
Total	106	61%

General notes

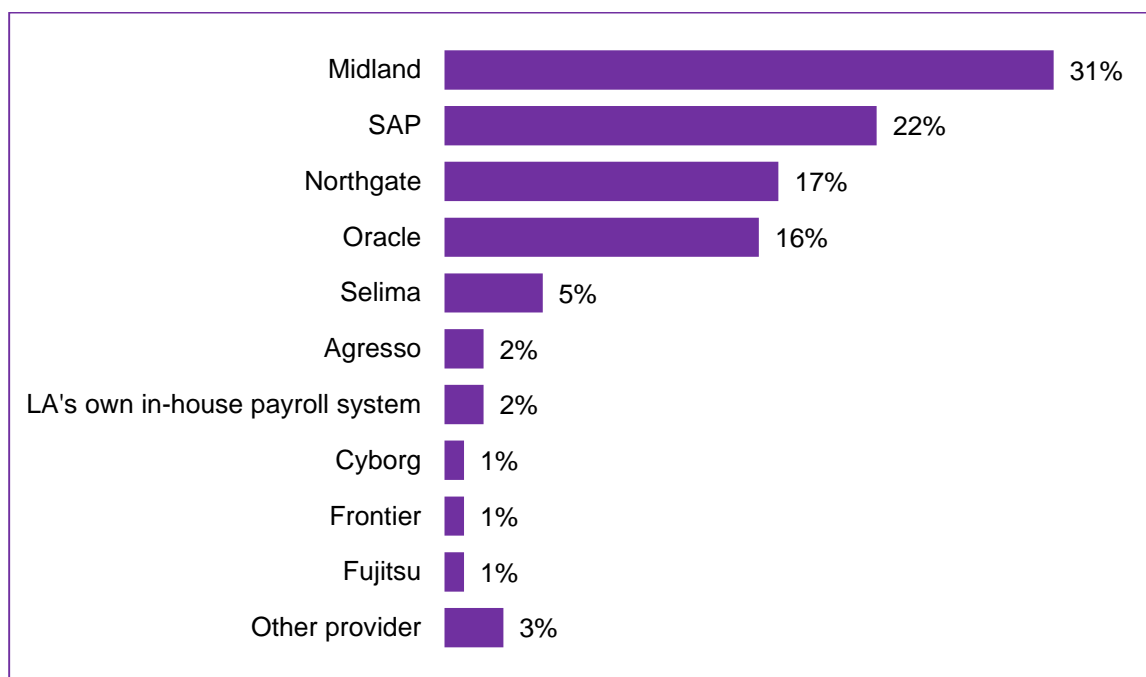
- Given the response rate of around 60 per cent, the results should be taken to be reasonably representative of local authorities as a whole. Response rates were reasonably uniform across the different types of authority as shown above, excepting London, and also across regions (varying between 39 per cent and 86 per cent).
- There is some evidence that the picture in London is different to elsewhere and the lower response in London should be viewed in this context. 34 per cent of maintained schools in London had outsourced payroll, compared to 13 per cent in counties, 9 per cent in unitaries, and 3 per cent in metropolitan districts. This might suggest that the survey, if anything, understates the true number of outsourced schools.
- Further to the first note, not all users answered, or were required to answer, every question, so the response to individual questions varies so the number of responses to individual questions varies.

¹ A total of 103 responses were received, covering in total 106 authorities as one return covered four authorities. The tables in this report are based on 103 responses.

SURVEY FINDINGS

Local authorities' payroll software providers

The most common were Midland, SAP, Northgate and Oracle, which together accounted for 85 per cent of respondents.



Base: 103 responses.

The findings are broadly in line with those of the 2016 survey carried out by the LGA, which found the same four providers to be the most common.

Numbers of maintained schools outsourcing their payroll function and no longer using authorities' payroll

A total of 10,073 schools were maintained by the 103 respondent local authorities. (Two authorities were excluded from further analyses as they did not provide relevant information.)

Of the remaining 101 respondents, 58 local authorities reported no schools with outsourced payroll.

In the other 43 local authorities, 1,052 maintained schools had outsourced their payroll function from the local authority; this represents 11 per cent of all maintained schools across all 101 respondents. Two authorities accounted for 44 per cent of the total, the highest number in a single authority being 262.

Comparison with the 2016 survey

The findings of the survey can be compared with the LGA's 2016 survey by comparing the 92 local authorities which responded to both:

- Across all 92, the total number of maintained schools (11,638 to 9,287) and the total number of outsourced schools (1,244 to 997) fell by 20 per cent.
- Outsourced schools represented 11 per cent of all maintained schools in the 92 authorities in both surveys.

Payroll providers

The 43 respondents who indicated that at least one school had outsourced their payroll function were asked to provide details of payroll providers, the number of schools covered by each, and any problems encountered in obtaining data for TP purposes.

Outsourced schools used 45 different payroll providers, the main providers were Capita, Strictly Education and EPM, together accounting for more than 60 per cent of the total number of schools. A full list of all 45 providers recorded can be found in the [Appendix](#).

The LGA's 2016 survey found Strictly Education, EPM, Dataplan and Selima to be the main providers.

Payroll provider	Number of authorities	Number of schools using provider
Capita	5	265
Strictly Education	21	171
EPM	11	97
Dataplan	13	74
Financial Services for Schools	2	52
Liberata	1	37
In-house	5	12
Armstrong Watson	1	9
Working with Schools	2	9
Other	11	145
Total	43	871

Note: the total of 871 differs from the total of 1,052 referred to on page 3 because not all authorities provided a breakdown of schools by provider.

Problems obtaining TP data

38 of the 43 local authorities with maintained schools that had outsourced their payroll function had experienced problems obtaining data for TP purposes from at least one provider over the previous twelve months. (Two of the remaining five did not indicate whether they had had problems.)

These 38 authorities reported a total of 74 problems obtaining data. The latter number is higher because 22 authorities had experienced problems with more than one provider.

The nature of the problem(s) encountered are reported below.

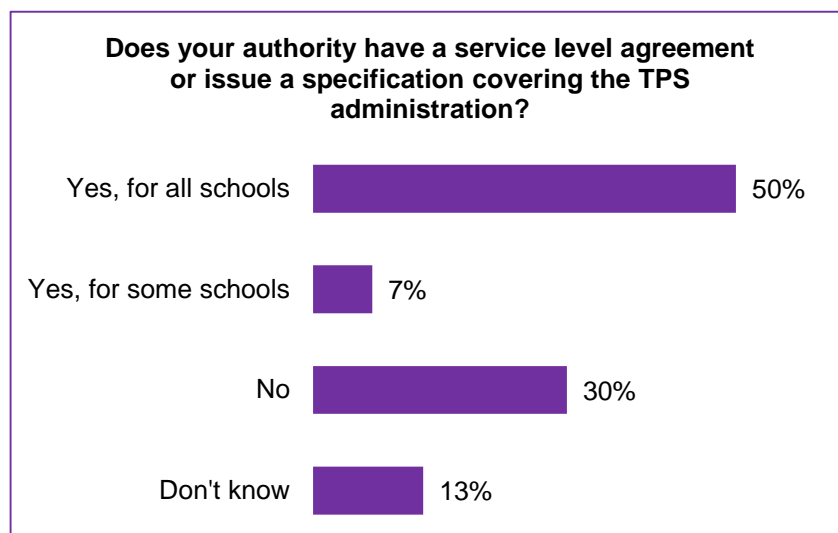
Problems encountered	Number of authorities	Percentage of all reporting problems
Accuracy		
Missing DfE numbers	18	47%
Missing data	12	32%
Incorrect DfE numbers	10	26%
Incorrect data - part timers	10	26%
Incorrect personal data	9	24%
Incorrect data - calculating contributions	9	24%
Incorrect data - provided for EOYC	4	11%
Incorrect data - other	2	5%
Other	2	5%

Timeliness		
Miss deadlines - monthly contributions	12	32%
Miss deadlines - responding to queries	11	29%
Miss deadlines - correcting errors	10	26%
Other	3	8%
Admin burden		
Have to chase for information	20	53%
Lack of TPS knowledge and understanding	16	42%
Data provided in different formats	9	24%
Historic data not available	9	24%
Other	2	5%
Not known	4	11%
Total	38	100%

The most common problems encountered were having to chase for information (53 per cent of respondents reporting problems), missing DfE numbers (47 per cent) and lack of TPS knowledge and understanding (42 per cent).

Service level agreements (SLA) for TPS administration

A half of respondents reported that they had an SLA or a specification covering TPS administration for all schools, and a further 7 per cent had an arrangement for some schools. Just under a third (30 per cent) did not have any such arrangements in place, and 13 per cent were unable to say.

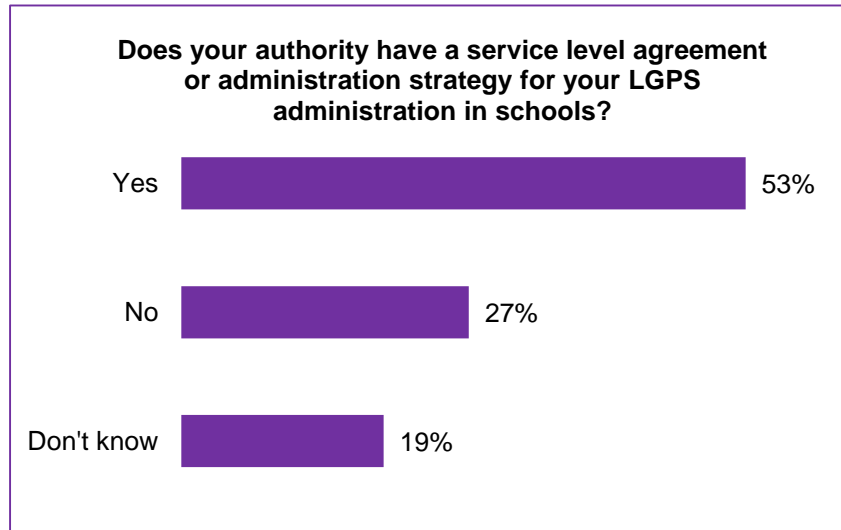


Base: 103 responses.

The 57 per cent of local authorities who had an SLA or specification for some or all schools were asked if they charged a fee for TPS administration: 51 per cent charged, 29 per cent did not, and 20 per cent did not answer.

Service level agreements for LGPS administration

Just over a half of respondents (53 per cent) reported that they had an SLA or administration strategy for their LGPS administration in schools. Just over a quarter (27 per cent) did not, and 19 per cent were unable to say.

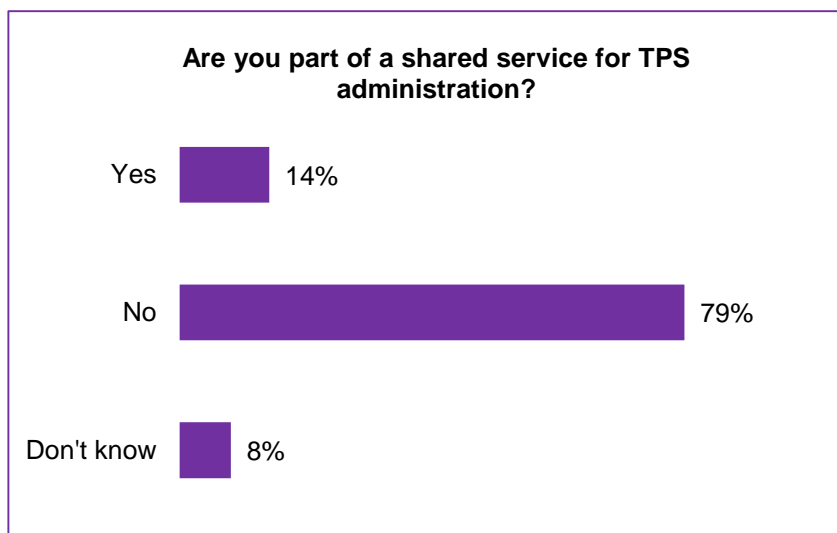


Base: 103 responses.

Local authorities who had SLAs for LGPS administration were asked if they set out charging structures for recovering additional costs, where incurred, in the administration of the LGPS for support staff in schools: 27 per cent reported that they did, 55 per cent reported that they did not set out such a charging structure, and 18 per cent were unable to say.

Shared services

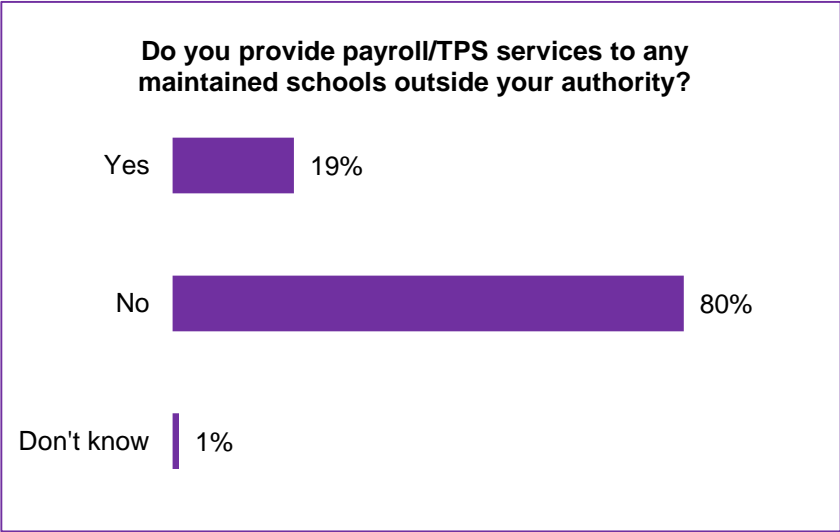
A total of 14 local authorities (14 per cent of respondents) were part of a shared service for TPS administration.



Base: 103 responses.

Services to schools outside the authority

Overall, 20 local authorities (19 per cent of respondents) provided payroll and/or TPS services to maintained schools outside their authority.

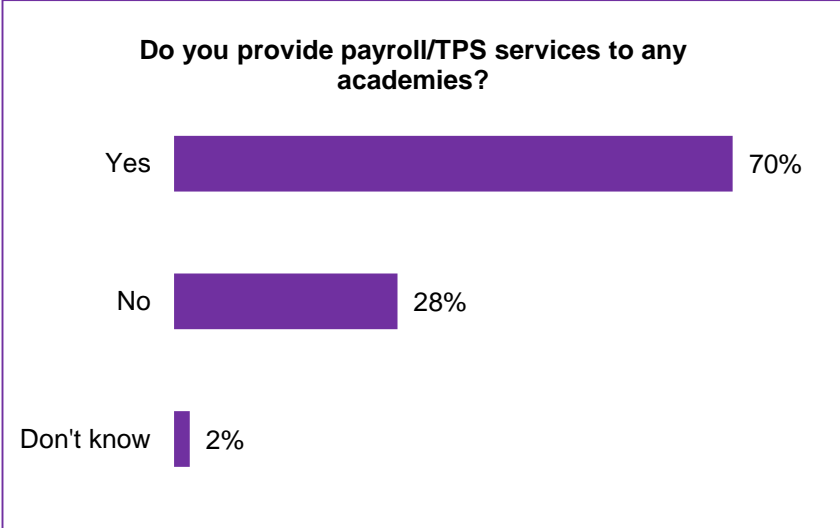


Base: 103 responses.

In all, 18 of the 20 local authorities providing services to schools outside their area indicated the relevant number of schools: the total number was 98, with a median average of 2.

Service to academies

A total of 72 local authorities (70 per cent of respondents) provided payroll and/or TPS services to academies.

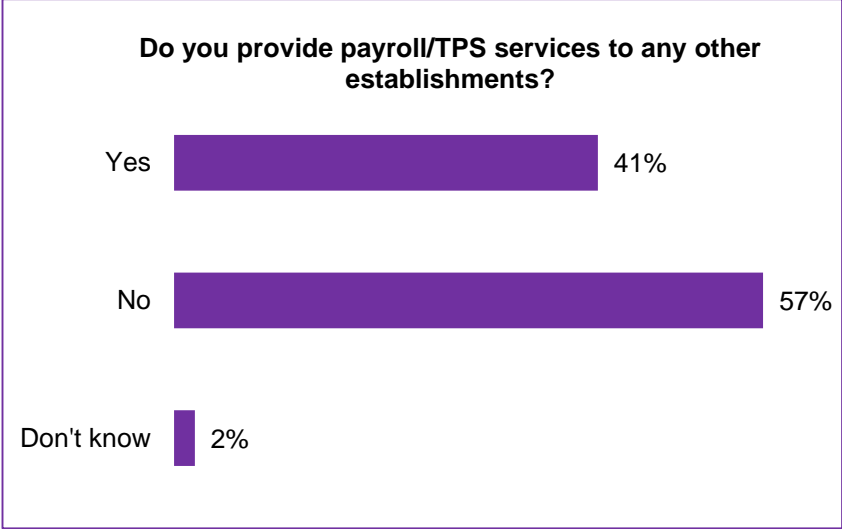


Base: 103 responses.

A total of 69 of the 72 local authorities providing services to academies indicated the number of academies: the total number was 2,237, with a median average of 18.

Services to other establishments

A total of 42 respondents (41 per cent) indicated that they provided payroll and/or TPS services to other establishments.



Base: 103 responses.

Overall, 12 local authorities provided services to FE colleges, 6 to sixth form colleges, 5 to independent schools, 1 to a university. 17 indicated that they were providing services to other bodies including free schools, charities, adult learning establishments and leisure trusts.

APPENDIX - List of outsourced payroll providers

Provider	Number of authorities	Number of schools
Armstrong Watson	1	9
Babcock	1	2
Baxter	3	3
Bedford Council	1	25
Capita	5	265
Dallam Academy	1	2
Dataplan	13	74
David Allen	1	5
Derbyshire County Council	1	Not known
Douglass Grange	1	1
EPM	11	97
Financial Services for Schools	2	52
Gail Escolme	2	3
In House Payroll	1	3
In-house	5	12
Integra (South Gloucestershire Council)	1	3
Judicium	3	5
Liberata	1	37
Luton Council	1	12
Mazars	2	3
Moorepay	2	2
One Education	1	6
Payplus	1	1
People and Pay Services	1	19
PGR Accountants	1	1
Prospect	1	1
PW Payroll	1	2
SAAF	1	3
SAFS	1	3
Schools (unspecified)	1	9
Schools First	1	1
School's own system	1	1
Selima	1	1
SGW	1	1
South Lakes Rural Partnership Limited	1	3
Strictly Education	21	171
Teeside	3	5
Thomas Brisco and Co	1	1
Virtual Business Source	1	1
Virtual Pay	1	2
Walney School	1	1
Working with Schools	2	9
Xentrall (Stockton-on-Tees)	1	12
Other (unspecified)	1	1
Other local authority (unspecified)	1	1
Total	43	871



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