

Open Report on behalf of Pete Moore, Executive Director of Finance and Public Protection

Report to:	Pensions Committee
Date:	5 October 2017
Subject:	Pensions Administration Strategy

Summary:

This is a report by the Fund's pension administrator, West Yorkshire Pension Fund on the Pensions Administration Strategy (PAS).

Yunus Gajra, the Business Development Manager from WYPF, will update the committee on the content of the PAS.

Recommendation(s):

That the Committee note the report.

Background

1.0 Pensions Administration Strategy

1.1 As part of the LGPS Regulations 2013 regulations, WYPF prepare a written statement of the authority's policies in relation to such matters as it considers appropriate in relation to procedures for liaison and communication with scheme employers and the levels of performance which the employers and WYPF are expected to achieve.

1.2 The Administration Strategy contains the following:

- Regulatory framework and purpose
- Review of the strategy
- Liaison and communication
- Employer duties and responsibilities
- Payments and charges
- Administering authority duties and responsibilities
- Unsatisfactory performance
- Appendices
 - Authorised contacts form
 - Schedule of charges
 - Charging levels

Conclusion

- 2.0 WYPF produce an Administration Strategy which is distributed to all Lincolnshire Pension Fund employers, setting out their requirements and responsibilities.

Consultation

- a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	Pensions Administration Strategy

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Yunus Gajra, who can be contacted on 01274 432343 or yunus.gajra@wypg.org.uk.



Pension Administration Strategy

Contents

1. Regulatory framework and purpose
2. Review of the strategy
3. Liaison and communication
4. Employer duties and responsibilities
5. Payments and charges
6. Administering authority duties and responsibilities
7. Unsatisfactory performance
8. Appendices
 - a) Authorised contacts form
 - b) Schedule of charges
 - c) Charging levels

1. Regulatory framework and purpose

1.1 The regulations

This strategy is made under Regulation 59 of The Local Government Pension Scheme Regulations (LGPS) 2013.

In line with these regulations West Yorkshire Pension Fund (WYPF) employers have been consulted on the strategy, and a copy has been sent to the Secretary of State.

1.2 Purpose

This strategy outlines the processes and procedures that allow WYPF and employers to work together in a cost effective way to administer the LGPS whilst maintaining an excellent level of service to members. It recognises that working co-operatively and collaboratively will be key to achieving these aims.

2. Review of the strategy

This strategy will be reviewed as soon as reasonably possible following any changes to the regulations, processes or procedures that affect the strategy, or on a tri-annual basis if this occurs sooner.

Changes to this strategy will be made following consultation with employers, and a copy of the updated strategy will be sent to the secretary of state.

WYPF will constantly seek to improve communications between itself and the employers.

Employers are welcome to discuss any aspect of this strategy with WYPF at any time and suggest improvement to the strategy.

3. Liaison and communication

3.1 Authorised contacts for employers

Each employer will nominate a contact to administer the three main areas of the LGPS and in addition can nominate a main third-party payroll contact who will be either:

- a **Strategic contact** for valuation, scheme consultation, discretionary statements and IDRP
- An **Administration contact** for day-to-day WYPF administration, form completion and responding to queries
- A **Finance contact** for completion and submission of monthly postings and co-ordination of exception reports, or
- A **Nominated Payroll contact** who will be the responsible third-party contact who can maintain a **Payroll authorised user list**.

If they wish, employers may also nominate additional contacts via an **Employer authorised user** list.

All contacts will receive an individual login name and password that allows them to access the Civica Employer Portal for online administration and the combined remittance and monthly return.

When registering, each contact should complete a **Main contact registration form** and **Authorised user list** and sign WYPF's user agreement for the secure administration facility.

The three main contacts are responsible for maintaining contacts by notifying WYPF when one leaves and registering new contacts where necessary.

3.2 Liaison and communication with employers

WYPF will provide the following contact information for employers and their members.

- A named **Pension Fund Representative** for regulatory or administration queries, training, advice and guidance
- A named **Finance business partner** to assist with the monthly returns process
- A **contact centre** for member queries

In addition to this WYPF takes a multi-channel approach to communication with its employers.

Format of communication	Frequency	Method of distribution
Pension Fund Representatives	8.30am to 4.30pm Monday to Friday	Face-to-face Telephone E-mail
Website	Constant	Web
Fact card	1 per year	Mail/face-to-face
Fact sheets	Constant	Web
Employer guide	Constant	Web/electronic document
<i>Ad hoc</i> training	As and when required	Face-to-face
Update sessions	2 per year	Meeting
Annual meeting	1 per year	Meeting
Manuals/toolkits	Constant	Web/electronic document
<i>Pension Matters</i> blog monthly round-up	12 per year and as and when required	Wordpress blog
Social media	Constant	Web

<i>Ad hoc</i> meetings	As and when required	Face-to-face
Workshops	10 per year	Face-to-face

4. Employer duties and responsibilities

When carrying out their functions employers must have regard to the current version of this strategy.

4.1 Events for notification

Event	Preferred method of notification	Other methods available	Target	Acceptable performance
Monthly Postings (submitted via secure portal)	Approved spreadsheet	None	19th day of the month following the month in which contributions was deducted.	100% compliance of returns received in target
New starters	Monthly return		Notified via the monthly return, WYPF will process the data within 2 weeks following monthly return submission.	90% compliance or better
Change of hours, name, address, payroll number, or job title	Monthly return (exception report)	Web form	<p>Notified via monthly returns, WYPF will process the data within 2 weeks following monthly return submission.</p> <p>For exception report output from the monthly return, change data response must be provided to WYPF within 2 weeks of receipt of the exception report.</p> <p>If the employer is not</p>	90% compliance or better

			using the monthly return, then information is due within 6 weeks of change event.	
50/50 & Main scheme elections	Monthly Return		Notified by the employer via monthly return, WYPF will process the data within 2 weeks following monthly data submission.	90% compliance or better
Service breaks/absence	Web form		Within 6 weeks of the date of the absence commencing	90% compliance or better
Under 3 month opt-outs	Monthly return		Notified by the employer via monthly return, WYPF will process the data within 2 weeks following monthly data submission.	90% compliance or better
Leavers	Monthly return Web form Monthly returns (exception reports)		Notified by the employer via monthly return, WYPF will process the data within 2 weeks following monthly data submission, else within 6 weeks of leaving. For exception reports leaver forms must be provided to WYPF within 2 months of receipt of the exception report.	90% compliance or better
Retirement notifications	Web form		10 days before the member is due to retire unless the	90% compliance

			reason for retirement is ill health or redundancy.	
Death in service notifications	Web form		Within 3 days of the date of notification.	100% compliance

4.2 Responsibilities

Employers are responsible for ensuring that member and employer contributions are deducted at the correct rate, including any additional contributions.

WYPF is not responsible for verifying the accuracy of any information provided by the employer for the purpose of calculating benefits under the provisions of the Local Government Pension Scheme. That responsibility rests with the employer.

Any over-payment as a result of inaccurate information being supplied by the employer shall be recovered from that employer.

In the event of WYPF being fined by The Pensions Regulator, this fine will be passed on to the relevant employer where that employer's actions or inaction caused the fine.

4.3 Discretionary powers

The employer is responsible for exercising the discretionary powers given to employers by the regulations. The employer is also responsible for compiling, reviewing and publishing its policy in respect of the key discretions as required by the regulations to its employees.

4.4 Member contribution bands

Employers are responsible for assessing and reassessing the contribution band that is allocated to a member. The employer must also inform the member of the band that they have been allocated on joining the scheme and when they have been reallocated to a different band.

4.5 Internal Dispute Resolution Procedure (IDRP)

Employers must nominate an adjudicator to deal with appeals at stage one of the IDRP where the dispute is against a decision the employer has made or is responsible for making. Employers are responsible for providing details of the IDRP and the adjudicator in writing to members when informing them of decisions they have made.

5. Payments and charges

5.1 Payments by employing authorities

Employing authorities will make all payments required under the LGPS regulations, and any related legislation, promptly to WYPF and/or its Additional Voluntary Contribution (AVC) providers (Prudential/Scottish Widows) as appropriate.

5.2 Paying contributions

Member and employer contributions can be paid over at any time and should be accompanied by a monthly postings submission. The latest date contributions can be paid is the 19th day of the month following the month in which the deductions were made. Where the 19th falls on a weekend or Bank Holiday, the due date becomes the last working day prior to the 19th.

5.3 AVC deductions

Employers will pay AVCs to the relevant provider within one week of them being deducted.

5.4 Late payment

The employer is reported to The Pensions Regulator when contributions are received late in accordance with the Regulator's code of practice.

5.5 Payment method

Contributions (but not AVCs) should be paid by BACS payment direct to WYPF's bank account.

5.6 Early retirement and augmentation costs

Employers have the option to pay the full early retirement cost or pay by instalments over 5 years or less at the discretion of the Pension Fund the employer is a participating employer of, depending on their ability to pay. Interest is charged if the option to pay by instalment is taken; the annual interest used is the Bank of England Base Rate +1%.

All augmentation cost must be paid in full in one payment.

5.7 Interest on late payment

In accordance with the LGPS regulations interest will be charged on any amount overdue from an employing authority by more than one month.

5.8 Employer contributions

Employer contribution rates are not fixed and employers are required to pay whatever is necessary to ensure that the portion of the fund relating to their organisation is sufficient to meet its liabilities.

5.9 Actuarial valuation

An actuarial valuation of the fund is undertaken every three years by the fund's actuary. The actuary balances the fund's assets and liabilities in respect of each employer and for each employer assesses the appropriate contribution rate, and deficit payment if appropriate, for the subsequent three years.

5.10 Administration charges

The cost of running WYPF is charged directly to the fund and the actuary takes these costs into account when assessing employer contribution rates.

6. Administering authority duties and responsibilities

When carrying out its functions WYPF will have regard to the current version of the strategy.

6.1 Scheme administration

WYPF will ensure that workshops and annual meetings are held on a regular basis and actively seek to promote the Local Government Pension Scheme via the following events.

- Employer annual meeting
- Member annual Meeting
- Pre-retirement courses organised by employers or through strategic relationships with third parties, for example Affinity Connect and Unison
- New starter induction courses
- 'Complete guide to administration'
- 'Your responsibilities'
- 'Monthly contributions'
- 'Ill-health retirement'

6.2 Responsibilities

WYPF will ensure the following functions are carried out.

- Provide a helpdesk facility for enquiries, available during normal office hours, with a single access point for information about the LGPS
- Create a member record for all new starters admitted to the LGPS
- Collect and reconcile employer and employee contributions
- Maintain and update member records for any changes received by WYPF
- At each actuarial valuation, forward the required data in respect of each member and provide statistical information over the valuation period to the fund's actuary so that he or she can determine the assets and liabilities for each employer
- Communicate the results of the actuarial valuation to each employer
- Provide every active, deferred and pension credit member with a benefit statement each year
- Provide an estimate of retirement benefits on request whether by the employer or member

- Calculate and pay retirement benefits, deferred benefits and death in service benefits in accordance with LGPS rules, member options and statutory limits
- Comply with HMRC legislation

6.3 Decisions

WYPF will ensure that members are notified of any decisions made in relation to their benefits under the scheme regulations within 10 working days of the decision being made and will ensure the member is informed of their right of appeal.

6.4 Discretionary powers

WYPF will ensure the appropriate policies are formulated, reviewed and publicised in accordance with the scheme regulations.

6.5 Internal Dispute Resolution Procedure (IDRP)

WYPF will deal with employer appeals at stage two of the IDRP.

WYPF will nominate an adjudicator to deal with appeals at stage one and stage two of the IDRP where the appeal is against a decision WYPF has made or is responsible for making.

6.6 Fund performance levels

The minimum performance targets are shown below:

Service	Days	Minimum target
1. New member records created	10	85%
2. Update personal records	10	85%
3. Posting monthly contributions to member records	10	90%
4. Calculate and action incoming transfer values	2 months	100%
5. Deferred benefits – payment of lump sums	3	85%
6. Provide details of deferred benefit entitlement	10	85%
7. Refund of contributions – notification of entitlement	5	85%
8. Refund of contributions – payment	5	85%
9. Action agreed transfers out on receipt of acceptance	10	85%
10. Provide estimate of retirement benefits	10	85%
11. Retirement benefits – payment of lump sum	3	85%
12. Retirement benefits – recalculation of pension/lump sum	10	85%
13. Calculation and payment of death benefits on receipt of all necessary information	5	85%

14.	Make death grant payment to the member's nomination (provided all relevant information is received)	1 month	100%
15.	Percentage of telephone calls answered within 20 seconds		90%
16.	Annual benefit statements issued to deferred members by		31 May
17.	Annual benefit statements issued to active members by		31 August
18.	Make payment of pensions on the due date		100%
19.	Issue P60s to pensioners within statutory deadlines		100%
20.	Provide information on request in respect of pension share on divorce within legislative timescales		100%
21.	Implement pension share orders within legislative timescales		100%
22.	Undertake annual reviews to establish continuing entitlements to pensions for children over the age of 17		100%
23.	Implement changes in pensioner circumstances for the next available pensioner payroll		100%

7. Unsatisfactory performance

7.1 Measuring performance

Both employer and WYPF targets will be measured on a quarterly basis using the Civica document management system. Employers will be notified of their performance level each quarter.

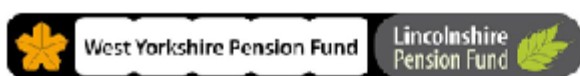
WYPF performance levels will be published on a quarterly basis in the employer newsletter.

Overall employer and WYPF performance will be published by WYPF in the Annual Report.

7.2 Unsatisfactory performance

When an employer materially fails to operate in accordance with the standards described in this strategy and it leads to extra costs being incurred by the administering authority, the administering authority may issue a written notice to the employer requiring that these extra costs be met by the employer. A schedule of charges is detailed in Appendix B.

APPENDIX A – MAIN CONTACT REGISTRATION AND AUTHORISED USER LIST



main contact registration oct 2016

Main contact registration form

Employer name and location code
Employer address

Important: please read the guidance note on Managing your WYPF contacts before you complete this form.

Strategic contact

Name	Address if different from above
Job title	
Phone	Specimen signature
Email	

Administration contact

Name	Address if different from above
Job title	
Phone	Specimen signature
Email	

Finance contact

Name	Address if different from above
Job title	
Phone	Specimen signature
Email	

Contact at third-party payroll provider (if applicable and not listed above)

Name	Company name and address
Job title	
Phone	Specimen signature
Email	

Date signatures valid from	Signed (by current authorised signatory)
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Please give the full name, phone number and email address of the additional people you authorise to submit information for you. We will give them a secure administration account.

[illegible]

Please give the full name, phone number and email address of the additional people you authorise to submit information for you. We will give them a secure administration account.

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WYPF secure administration User agreement

1. Overview and purpose	
1.1.	West Yorkshire Pension Fund (WYPF) uses the <i>Civica Employer Portal</i> and the <i>combined monthly return and remittance</i> advice to provide the <i>WYPF secure administration</i> facility. This allows employers to view and amend data and submit monthly contribution returns securely and remotely, via an Internet browser.
1.2.	This document outlines the policy adopted by WYPF for the acceptable use of the <i>WYPF secure administration</i> facility. Employer users are subject to appropriate permissions, granted by WYPF to access these secure administration facilities.
1.3.	This policy applies to all authorised users of <i>WYPF secure administration</i> and should be read in conjunction with the terms & conditions and any policy and procedures within your Employer's ICT Security Policy.
2. Acceptable use	
2.1	Logging in to <i>WYPF secure administration</i> - when accessing <i>WYPF secure administration</i> via the Internet further authentication is required.
2.1.1	A unique login name and password are issued to each user
2.1.2	Each user must initially log in to the <i>Civica Employer Portal</i> using their unique login and password. The user will then be prompted to change their initial password. Passwords must comply with the guidelines in the terms & conditions.
2.2	Personal identifiable data printed or saved locally on the computer used to access <i>WYPF secure administration</i> must be treated confidentially, securely and in accordance with the Data Protection Act 1998. Measures must be taken to ensure that this data is not accessed by, or disclosed to, unauthorised persons, as stipulated by the Employer's own ICT Security Policy.
2.3	Users must completely log out of <i>WYPF secure administration</i> when they have finished.
3. Prohibited use	
3.1	Users must not disclose their Login names, Passwords or Security Questions or visibly record them on or near the computer providing access to <i>WYPF secure administration</i> .
3.2	The use of another person's Login name or password is not permitted.
3.3	Any use of the facility except as directed by your employer.

APPENDIX B – SCHEDULE OF CHARGES

Performance areas	Reason for charge	Basis of charge
1. Any overpayment made to a member due to inaccurate information provided by an employer will be recovered from employer, if the total overpaid is more than £50.	If the overpaid amount is the result of the employer's error, and the amount is over £50, then as such it will be recharged to the employer, plus costs of resolving and recovering the overpayment. If the overpayment is recovered from the member, then the amount recovered will be passed back to the employer, less any cost of overpayment recovery actions.	Actual amount overpaid + admin charge (admin charge will be based on managerial input at level III), minimum half day charge of £110 + vat + cost of recovery actions (court and legal fees). Any part or all of this charge may be waived at head of service discretion.
2. Contributions to be paid anytime but latest date by 19th month. (weekends and bank holidays on the last working day before 19th)	Due by 19th month – late receipt of funds, plus cost of additional time spent chasing payment.	Number of days late interest charged at Bank of England Base Rate plus 1%
3. Monthly return due anytime but latest by 19th month, errors on return, i.e. employer/employee rate deducted incorrectly, or exception reporting errors to be resolved within 2 months.	Due by 19th month, any additional work caused by late receipt of information incorrect information, incorrect contributions.	Failure to provide appropriate information, resulting in significant work will result in admin charge (at Senior Pensions Officer level II) at £136 + vat a day. This may be waived at head of service discretion.
4. Change in member detail	If submitted via monthly data, WYPF will process data within 2 weeks following monthly data submission. For exception reports output from monthly returns, change data response must be	Failure to provide appropriate information, resulting in significant work will result in admin charge (at Pensions Officer level I) at £96 + vat a day. This may be waived at head of service discretion.

	provided to WYPF within 2 weeks of receipt of the exception report.	
5. Early leavers information	If submitted via monthly data, WYPF will process data within 2 weeks following monthly data submission, else within 6 weeks of date of leaving. For exception reports leaver forms provided to WYPF within two months of receipt of the exception report	Failure to provide appropriate information, resulting in significant work will result in admin charge (at Pension Officer level I) at £96 + vat a day. This may be waived at head of service discretion.
6. Retirement notifications	Due 10 working days before last day of employment unless the reason for retirement is ill health or redundancy - additional work caused by late receipt of information.	Failure to provide appropriate information, resulting in significant work will result in admin charge (at Senior Pension Officer level II) at £136 + vat a day. This may be waived at head of service discretion.
7. Death in membership	Due within 3 working days of the notification – additional work caused by late receipt of information.	Failure to provide appropriate information, resulting in significant work will result in admin charge (at Pension Manager level III) at £220 + vat a day. This may be waived at head of service discretion.
8. AVCs deducted from pay to be paid anytime but latest date by 19th month. (weekends and bank holidays on the last working day before 19th)	Additional investigative work caused through lack of compliance by employer.	Failure to comply by employer, causing additional work for WYPF will result in admin charge (at Pensions Officer level I) at £96 + vat a day. This may be waived at head of service discretion.

9. Re-issue of invoices	Charge based on number of request.	Additional work caused by reproducing invoices will result in admin charge (at Pensions Officer level I) at £96 + vat a day. This may be waived at head of service discretion.
10. Authorised officers list not updated – Pension liaison officers, monthly contributions responsible officers	Costs of additional work resulting from employer's failure to notify WYPF of change in authorised officers list.	Failure to comply by employer, causing additional work for WYPF will result in admin charge (at Pensions Officer level I) at £96 + vat a day. This may be waived at head of service discretion.
11. Security breach on system re data protection	Recharge employers any fines imposed on us in this event	Actual amount fine imposed + admin charge (admin charge will be based on managerial input at level III) at £220 + vat a day. This charge may be waived at head of service discretion.
12. Member requests estimate	The first estimate provided in each financial year is free, then subsequent estimates are chargeable.	1 st request in each financial year is free. Additional request is charged at a notional charge of £50 + vat is made. This charge is for each members record folder reference.
13. Pension sharing order	For pension sharing order work, each party will be charged according to the instruction in the Court Order.	The charge is £250 + vat for this work.
14. Miscellaneous items: a. Benefit recalculation b. Member file searches and record prints c. Supplementary information requests	Where information is requested by members that is in addition to routine information.	A notional charge of £50 + vat will be levied. This charge is for each member's record folder reference.

15. Employer workshop late cancellations	To cover the administration cost of providing free training workshops	Cancellation within 2 weeks – £50 charge levied. A log of cancellations and attendances to be maintained.
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APPENDIX C – CHARGING LEVELS

Charges will be made on half a day basis, less than quarter a day no charge will be made and more than half a day a full day charge will be made.

Charge Levels	I	II	III
Daily charge	£ 96	£ 136	£ 220
Half day charge	£ 48	£ 68	£ 110

Level I – Work at Pensions Officer Level

Level II – Work at Senior Pensions Officer Level

Level III – Work at Pension Manager Level