

Pension Administration Strategy



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Regulatory framework and purpose

1. The regulations

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

The shared service, managed by West Yorkshire Pension Fund has produced a joint Pensions Administration Strategy document in line with these regulations covering the service for Lincolnshire Pension Fund (LPF), West Yorkshire Pension Fund (WYPF), Hounslow Pension Fund (HPF) and Barnett Pension Fund (BPF). As required, employers have been consulted on the strategy, and a copy has been sent to the secretary of state.

1.1. Purpose

This LPF strategy is based on the shared service strategy but has been made specific to LPF. Within this document the shared service administration (based in Bradford with a satellite office in Lincoln), will be referred to as 'the administrator'.

This strategy outlines the processes and procedures to allow the shared service partners 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.

Where there is a conflict between the shared administration strategy and the fund's stand-alone policy, the individual fund's policy will prevail.

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 an 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.

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

Employers are welcome to discuss any aspect of this strategy with the administrator at any time and may make suggestions for 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:

- a strategic contact for valuation, scheme consultation, discretionary statements and IDRs
- an administration contact for the day-to-day administration of the scheme, completing forms and responding to queries, and
- a finance contact for completion and submission of monthly postings and co-ordination of exception reports

If they wish, employers may also nominate additional contacts by completing an authorised user list. If a third-party organisation provides services for the employer they too can be added as an authorised contact. Overall responsibility for pension administration remains with the employer regardless of the services they outsource and proactive contract management of third-party providers is expected.

All contacts will receive a 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 form, and sign the administrator's user agreement for the secure administration facility.

The three main contacts are responsible for ensuring that contacts are maintained by notifying the administrator when one leaves and registering new contacts where necessary.

3.2. Liaison and communication with employers

The administrator 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 dedicated contact centre for member queries

In addition to this, the administrator 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	Virtual meetings/face-to-face/telephone/e-mail
Website	Constant	Web
Fact card	1 per year	Mail
Fact sheets	Constant	Web
Employer guide	Constant	Web/electronic document
Ad hoc training	As and when required	Virtual meetings
Update sessions	Up to 2 per year	Meeting
Annual meeting	1 per year	Meeting
Manuals/toolkits	Constant	Web/electronic document
Pension Matters and round-up	12 per year and as and when required	Wordpress blog and gov.direct bulk mail
Social media	Constant	Web
Ad hoc meetings	As and when required	Virtual meeting/face-to-face
Employer webcasts	1 per week	Virtual meeting

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

4.1.1. Employers should be able to provide the following information in relation to their employees in the Fund

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 were deducted	100% compliance of compliance of returns received in target
New starters	Monthly return		Notified via the monthly return, the administrator will process the data within two weeks following monthly return submission	100% compliance or better
Change of hours, name, payroll number or job title	Monthly return (exception report)	Web form	Notified via monthly returns, the administrator will process the data within two weeks following monthly submission. For exception report output from the monthly return, change data response must be provided to the administrator within two weeks of receipt of the exception report. If the employer isn't using monthly return then information is due within six weeks of change event.	90% compliance or better
50/50 and main scheme elections	Monthly return		Notified by the employer via monthly return, the administrator will process the data within two weeks following monthly data submission.	90% compliance or better
Service breaks/absences	Web form		Within six weeks of the date of the absence commencing	90% compliance or better
Under three-month optouts	Monthly return		Notified by the employer via monthly return, the administrator will process the data within two weeks following monthly data submission.	90% compliance or better
Leavers	Monthly return Web form		Notified by the employer via monthly return, the administrator will process the	90% compliance or better

	Monthly returns (exception reports)	data within two weeks following monthly data submission, else within six weeks of leaving. For exception reports, leaver forms must be provided within two months of receipt of the exception report.	
Retirement notifications	Web form	10 days before the member is due to retire unless the reason for retirement is ill health or redundancy	100% compliance
Death in service notifications	Web form	Within three days of the date of notification	100% compliance

4.1.2. Notifiable events

Employers should also provide information on any circumstances which might affect their future participation in the Fund or their ability to make contributions to the Fund "notifiable events". These include the following:

- A decision which will restrict the employer's active membership in the Fund in future**
 Examples include: ceasing to admit new members under an admission agreement; ceasing to designate a material proportion of posts for membership; setting up a wholly owned company whose staff will not all be eligible for Fund membership; outsourcing a service which will lead to a transfer of staff
- Any restructuring or other event which could materially affect the employer's membership**
 Examples include: a Multi-Academy Trust re-structuring so there is change in constituent academies, the employer merging with another employer (regardless of whether or not that employer participates in the Fund), a material redundancy exercise, significant salary awards being granted, a material number of ill health retirements, large number of employees leaving voluntarily before retirement or the loss of a significant contract or income stream
- A change in the employer's legal status or constitution which may jeopardise its participation in the Fund**
 Examples include the employer ceasing business (whether on insolvency, winding up, receivership or liquidation), loss of charitable status, loss of contracts or other change which means the employer no longer qualifies as an employer in the Fund
- If the employer has been judged to have been involved in wrongful trading**
- If any senior personnel, e.g. directors, owners or senior officers have been convicted for an offence involving dishonesty, particularly where related to the employer's business**
- Where the employer has, or expects to be, in breach of its banking covenant**
- Details of any improvement notice (or equivalent) served by the appropriate regulator, e.g. Education Funding and Skills Agency, Office for Students, Charity**

Commission, Regulator for Social Housing etc, or S114 notice for local authorities

Employers should provide this information in advance of the event occurring (where possible) or as soon as practicable thereafter.

4.2. Responsibilities

Employers are responsible for ensuring that member and employer contributions are deducted at the correct rate, including any additional contributions. Organisations with third-party providers can't delegate responsibility for this even if day-to-day tasks are carried out by that provider.

The administrator 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 the administrator 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

Employers are responsible for keeping the Administering Authority informed of all events or decisions which might affect their participation in the Scheme, including the 'notifiable events' as set out in 4.1.2 above. In such circumstances the Administering Authority may increase an employer's contribution as set out in the Funding Strategy Statement. Any increase may be backdated where the employer has failed to provide information to the Administering Authority in a timely manner.

4.3. Discretionary powers

Employers are responsible for exercising the discretionary powers given to employers by the regulations. The employer is also responsible for compiling, reviewing and publishing its policy to employees in respect of the key discretions as required by the regulations. A copy of these discretions must be sent to the administrator.

4.4. Member contribution bands

Employers are responsible for assessing and reassessing the contribution band that is allocated to a member at least once a year in April or more frequently if required in their policy. 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

Employers will make all payments required under the LGPS regulations, and any related legislations, promptly to the relevant pension fund and /or its additional voluntary contribution (AVC) providers (Prudential/Scottish Widows/Standard Life) 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 however they must be paid to the relevant fund by the 19th day of the month following the month in which the deductions were made. The monthly posting submission should be uploaded to the administrator by the same deadline and the data should reconcile to the payment made to the relevant fund.

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

Employers can be reported to The Pensions Regulator where contributions are received late in accordance with the regulator's code of practice. If a matching monthly posting submission is not provided with a contribution payment by the deadline this will also be recorded as a late payment because the relevant pension fund will not be able to correctly allocate the payment received.

5.5. Awards of additional pension

Where an employer awards a member an additional pension all augmentation costs must be paid in full in one payment.

5.6. Early retirement costs

Employers should pay the full amount of the cost of any early retirements.

LPF employers must pay this within the payment term stated on the invoice. If employers have concerns about their ability to pay in that timeframe, they should contact the Head of Pensions at their earliest opportunity. Interest may be charged where early retirement costs are not paid in a timely manner, at a rate agreed with the Fund Actuary.

5.7. Interest on late payment

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

5.8. Employer contributions

Employers' contributions 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 sufficiently funded to meet its liabilities.

5.9. Actuarial valuation

An actuarial valuation of the fund is undertaken every three years by the fund actuary. The actuary balances the fund's assets and liabilities in respect of each employer and assesses the appropriate contribution rate and any secondary payment, if appropriate, for each employer for the subsequent three years. Any pass through or pooled arrangements are considered at each valuation.

5.10 Administration charges

The cost of running the administrator is charged directly to the shared service partners; the actuary takes these costs into account in assessing employers' contribution rates.

6. Administering authority duties and responsibilities

When carrying out their functions the administrator will have regard to the current version of the strategy.

6.1. Scheme administration

The administrator will ensure that training sessions 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
- Pre-retirement courses
- New starters induction courses
- Employer training webcasts (replacing workshops)
- Bite size training videos

6.2. Responsibilities

The administrator will ensure the following functions are carried out.

- 6.2.1. Provide a helpdesk facility for enquiries, available during normal office hours, providing a single point of access for information relating to the schemes being administered.
- 6.2.2. Create a member record for all new starters admitted to the scheme.
- 6.2.3. Collect and reconcile employer and employee contributions.
- 6.2.4. Maintain and update members' records for any changes received by the administrator.
- 6.2.5. At each actuarial valuation the administrator will forward the required data in respect of each member and provide statistical information over the valuation period to the relevant fund so that their actuary can determine the assets and liabilities for each employer.
- 6.2.6. Each fund will communicate the results of the actuarial valuation to the relevant employers.

- 6.2.7. Produce a benefit statement each year for every active, deferred and pension credit member.
- 6.2.8. Provide estimate of retirement benefits on request by the employer.
- 6.2.9. Calculate and pay retirement benefits, deferred benefits and death in service benefits in accordance with LGPS rules, members' options and statutory limits.
- 6.2.10. Comply with HMRC legislation.

6.3. Decisions

The administrator will ensure that members are notified of any decisions made under the scheme regulations in relation to their benefits 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

The administering authorities with support from the administrator will ensure the appropriate policies are formulated, reviewed and publicised in accordance with the scheme regulations.

6.5. Internal dispute resolution procedure (IDRP)

The administrator will deal with employer appeals at stage two of the IDRP for LPF.

An adjudicator will be nominated to deal with appeals at stage one and stage two of the IDRP where the appeal is against a decision the administrator has made or is responsible for making. For LPF, the decision maker in these stage one appeals is the Head of Pensions.

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	95%
4. Calculate and action incoming transfer values	35	85%
5. Deferred benefit – payment of lumps sums	3	90%
6. Provide details of deferred benefit entitlement	10	85%
7. Refund of contributions – notification of entitlement	5	85%
8. Refund of contributions - payment	5	90%
9. Pay transfers out on receipt of acceptance	35	85%
10. Provide estimate of retirement benefits	10	75%
11. Retirement benefits – payment of lump sum	3	90%
12. Retirement benefits – calculation of pension/lump sum	10	85%

13. Calculation and payment of death benefits on receipt of all necessary information	5	90%
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 entitlement to pensions for children over the age of 17		100%

7. Unsatisfactory performance

7.1. Measuring performance

Both employer and administrator targets will be measured on a quarterly basis using the Civica document management system. Administrator performance levels will be published on a monthly basis to the shared service pension funds and fire authorities. Overall administrator performance will be published by the funds in their Report and Accounts.

7.2. Unsatisfactory performance

Where an employer materially fails to operate in accordance with the standards described in this strategy, and this 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 users

Main contact registration form



Main contact registration form

Employer name and location code
Employer address

Important: please read the guidance note on **Managing your 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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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).
2. Contributions to be paid anytime but latest date by 19 th of month (weekends and bank holidays on the last working day before 19 th)	Due by 19 th of the month – late receipt of funds, plus cost of additional time spent chasing payment.	Number of days late interest charged at base rate plus 1%.
3. Monthly return due anytime but latest by 19 th of the month, errors on return, i.e. employer/employee rate deducted incorrectly, exception reporting errors to be resolved within two months.	Due by 19 th of the 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 Officers level II).
4. Change in member detail	If submitted via monthly data, the administrator will process data within 2 weeks following monthly data submission. For exception reports output from monthly returns, change data response must be provided to the administrator within 2 weeks of receipt of the exception report.	Failure to provide appropriate information, resulting in significant work will result in admin charge (at Pensions Officer level I).
5. Early leavers information	If submitted via monthly data, the administrator 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 officers level I).
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 officers level II).
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).
8. AVC deducted from pay to be paid anytime but latest date by 19 th of the month (weekends and bank holidays on the last working day before 19 th).	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 pension officers level I).

9. Re-issue of invoices	Charge based on number of request.	Additional work caused by reproducing invoices will result in admin charge (at pension officer level I).
10. Authorised officers list not updated – Pension Liaison Officers, monthly contributions responsible officers	Costs of additional work resulting from employer's failure to notify the administrator 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).
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).
12. Pension sharing order	For pension sharing order work, each party will be charged according to the instruction in the court order.	The charge is £350 + VAT for this work.
Miscellaneous items: <ul style="list-style-type: none"> Benefit recalculation Member file search and record prints 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. Where the member has more than one known record, the charge is for each record.

Appendix C – Charging Levels

Charges will be made on half a day basis, but for less than a quarter day no charge will be made and for more than half a day a full-day charge will be made. Any part or all of these charges may be waived at head of service discretion.

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 Pensions Manager level

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