



**London Borough
of Hounslow**

The London Borough of Hounslow Pension Fund

Pension Administration Strategy

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1. Introduction and regulatory framework

This is the Pensions Administration Strategy (the Strategy) for the London Borough of Hounslow Pension Fund (the Fund). The Strategy is made under Regulation 59 of The Local Government Pension Scheme Regulations (LGPS) 2013, which enables the London Borough of Hounslow, as the Administering Authority of the Fund, to prepare a written statement of policies in relation to such matters it considers appropriate.

The Local Government Pension Scheme (LGPS) is one of the largest public sector pension schemes in the UK. The London Borough of Hounslow is part of the LGPS and is responsible for the administration of the Fund. Operationally, the Fund's administration is undertaken by the West Yorkshire Pension Fund (WYPF) in a shared service which also includes the Lincolnshire Pension Fund and the London Borough of Barnet.

1.1 Purpose

This Strategy is based on the shared service strategy but has been made specific to the Fund. Within this document the shared service administration 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. 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 this, the Fund's stand-alone Strategy, the Fund's Strategy will prevail.

In line with the regulations all relevant stakeholders, including the scheme employers, have been consulted on the content of this Strategy and in line with the Fund's governance arrangements the Strategy has been approved by the Administering Authority's Pension Fund Panel.

This Strategy will be reviewed as soon as reasonably possible following any changes to the regulations or processes or procedures that affect the Strategy. Changes to the Strategy will be made following consultation with employers. Employers are welcome to discuss any aspect of this Strategy at any time.

Any enquiries in relation to the Strategy should be addressed to:

The Strategic Pensions Manager
The London Borough of Hounslow Pension Fund
Hounslow House
7 Bath Road
Hounslow
TW3 3DN

Tel: 020 8583 5635 Email: pensions@hounslow.gov.uk

2. Liaison and communication

2.1 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 IDRP
- 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.

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.

2.2 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 the Fund's 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
Fact sheets	Constant	Web
Employer guide	Constant	Web/electronic document
<i>Ad hoc</i> training	As and when required	Face-to-face
Update sessions	Up to 2 per year	Meeting
Annual meeting	1 per year	Meeting

Format of communication	Frequency	Method of distribution
Manuals/toolkits	Constant	Web/electronic document
<i>Pension Matters</i> and <i>round-up</i>	12 per year and as and when required	Wordpress blog and gov.direct bulk mail
Social media	Constant	Web
<i>Ad hoc</i> meetings	As and when required	Face-to-face
Employer webcasts	1 per week	Cloud hosted live webinar

3. Employer duties and responsibilities

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

3.1 Events for notification

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	<p>Notified via monthly returns, the administrator will process the data within two weeks following monthly submission.</p> <p>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.</p> <p>If the employer isn't using monthly return then information is due within six weeks of</p>	90% compliance or better

Event	Preferred method of notification	Other methods available	Target	Acceptable performance
			change event.	
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 Monthly returns (exception reports)		Notified by the employer via monthly return, the administrator will process the 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.	90% compliance or better
Retirement notifications	Web form		10 days before the member is due to retire unless the reason for	100% compliance

Event	Preferred method of notification	Other methods available	Target	Acceptable performance
			retirement is ill health or redundancy	
Death in service notifications	Web form		Within three days of the date of notification	100% compliance

3.2 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.

3.3 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 cannot delegate responsibility for this even if day-to-day tasks are carried out by that provider. It is

strongly recommended that sufficient and appropriate controls and monitoring is put in to place to allow employers to be confident their service providers are carrying out their tasks correctly.

Neither the administrator nor the Administering Authority are 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 may 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 above. In such circumstances the Administering Authority may increase an employer's contribution. Any increase may be backdated where the employer has failed to provide information to the Administering Authority in a timely manner.

3.4 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 to employees in respect of the key discretions as required by the regulations. A copy of these discretions should be sent to the administrator and the administering authority.

3.5 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.

3.6 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.

4. Payments and charges

4.1 Payments by employing authorities

Employers will make all payments required under the LGPS regulations, and any related legislations, promptly to the Fund and /or its additional voluntary contribution (AVC) providers as appropriate.

4.2 Paying contributions

Member and employer contributions can be paid over at any time and should be accompanied by a monthly postings submission must be paid to the 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.

4.3 AVC deductions

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

4.4 Late payment

The employer 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 Fund will not be able to correctly allocate the payment received.

Late payments are a breach of a statutory requirement and as such each late payment is recorded, at employer level, on the Fund's breach register. These are reported to the Administering Authority's Pension Fund Panel and Local Pension Board.

Employers will be issued with a written warning for three breaches and five breaches in a rolling 12-month period. A formal report to the Pensions Regulator will be made where seven breaches occur in a rolling 12-month period.

Any payment or monthly posting submission that is late by 5 or more days will be subject to a late payment charge.

4.5 Early retirement costs.

Employers must pay this within the 30-day payment term stated on the invoice. Depending on the ability to pay, the Administering Authority may agree to payment by monthly instalments over a maximum period of 12 months. Interest may be charged at Bank of England base rate plus 1% if this option is agreed.

4.6 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.

4.7 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.

4.8 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.

5. Administering authority duties and responsibilities

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

5.1 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
- Member annual meeting where appropriate
- Pre retirement courses
- New starters induction courses
- Employer training webcasts (replacing workshops)
- Bite size training videos

5.2 Responsibilities

The administrator will ensure the following functions are carried out.

- 5.2.1 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
- 5.2.2 Create a member record for all new starters admitted to the scheme
- 5.2.3 Collect and reconcile employer and employee contributions
- 5.2.4 Maintain and update members' records for any changes received by the administrator
- 5.2.5 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
- 5.2.6 Each fund will communicate the results of the actuarial valuation to the relevant employers
- 5.2.7 Produce a benefit statement each year for every active, deferred and pension credit member
- 5.2.8 Provide estimate of retirement benefits on request by the employer
- 5.2.9 Calculate and pay retirement benefits, deferred benefits and death in service benefits in accordance with LGPS rules, members' options and statutory limits.
- 5.2.10 Comply with HMRC legislation

5.3 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.

5.4 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.

5.5 Internal dispute resolution procedure (IDRP)

WYPF will offer to deal with employer appeals at stages one and 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.

5.6 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%

5.7 Administering authority contacts

Employers are provided with a dedicated contact in the Administering Authority who will provide a phone and email advisory service for up to 2 hours per annum. Additional advice will be charged at the prevailing Officer rates.

6. Unsatisfactory performance

6.1. 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.

6.2. 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 A.

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.

Appendix A – Schedule of charges

Performance areas	Reason for charge	Basis of charge
1. Contributions due by 19th of month.	Statutory breach. Late receipt of funds by 5 or more days, plus cost of additional time spent chasing where applicable	Administering Authority charge. £50 per instance plus officer rates
2. Monthly return due by the 19th of the month	Statutory breach. Late receipt of the return by 5 or more days, plus cost of additional time spent chasing where applicable	Administering Authority charge. £50 per instance plus officer rates
3. 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.	Administrator charge. Actual amount overpaid plus admin charge based on managerial input at level III.
4. Monthly return due anytime but latest by 19th month, errors on return, i.e. employer/employee rate deducted incorrectly, exception reporting errors to be resolved within two months.	Due by 19th month, any additional work caused by late receipt of information, incorrect information, incorrect contributions.	Administrator charge. Failure to provide appropriate information, resulting in significant work will result in admin charge at Senior Pensions Officers level II.
5. 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.	Administrator charge. Failure to provide appropriate information, resulting in significant work will result in admin charge at Pensions Officer level I.
6. 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.	Administrator charge. Failure to provide appropriate information, resulting in significant work will result in admin charge at pension officers level I.
7. 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.	Administrator charge. Failure to provide appropriate information, resulting in significant work will result in admin charge at senior pension officers level II.

8.	Death in membership	Due within 3 working days of the notification – additional work caused by late receipt of information.	Administrator charge. Failure to provide appropriate information, resulting in significant work will result in admin charge at pension manager level III.
9.	Re-issue of invoices	Charge based on number of request.	Administrator charge. 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.	Administrator and Administering Authority charge. Failure to comply by employer, causing additional work will result in admin charge at Pensions Officer level I or Administering Authority Officer rates.
11.	Security breach on system re data protection	Recharge employers any fines imposed on us in this event	Administrator and Administering Authority charge. Actual amount fine imposed plus admin charge based on managerial input at level III or Administering Authority Officer rates.

Appendix B – Charging levels

Administering authority

Employers are provided with a dedicated contact in the Administering Authority who will provide a phone and email advisory service for up to two hours per annum. Additional advice will be charged at the prevailing Officer rates.

Administrator

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

Appendix C – Statement of scheme employer costs

The general administration costs of the Administering Authority are shared by all scheme employers according to their size and reflected in their employer contribution rate. Additional administration costs are recharged to the scheme employer by the Administering Authority. This document formalises the conditions under which scheme employers are recharged for these additional administration costs.

Where a scheme employer is outsourcing services, the ceding employer must determine who is responsible for payment of additional administration costs. Scheme employers will be recharged costs on and will be invoiced by the Administering Authority.

This statement of charges does not include costs incurred by the scheme employer for failing performance measures as laid out in the PAS Service level agreement.

Outline of additional administration charges

Activity	Description	Indicative charge
New scheme employer report	This report is produced by the fund actuary and confirms the employer contribution rate and risk/bond value of the admission.	According to the prevailing rates of the Administering Authority actuary
Re-assessment of the bond value of the new scheme employer	The Administering Authority will re-assess bond values in line with the conditions laid out in the admissions agreement	According to the prevailing rates of the Administering Authority actuary
Accounting reports for scheme employers (FRS/IAS)	The Administering Authority will complete a pension data report required for scheme employer FRS/IAS accounting returns.	According to the prevailing rates of the Administering Authority actuary
General actuarial queries	Additional actuarial queries in relation to the scheme employer	According to the prevailing rates of the Administering Authority actuary
Pension strain costs	Where a cost has been incurred to allow an early retirement because of an employer decision and/or discretion such as a redundancy or the waiving of actuarial reductions.	The Administering Authority will calculate the strain cost. Payment will be due as a lump-sum within 30 days of being invoiced.
Costs of awarding additional pension	The scheme employer may elect to award additional pension to a member. This will incur a charge.	The Administering Authority will calculate the cost. Payment will be due as a lump-sum within 30 days of being invoiced.
General legal queries	Additional legal queries in relation to the scheme employer	According to the prevailing rates of the Administering Authority legal advisers

Appendix D – Admissions policy for admitted bodies

1. The objectives of the admissions policy for admission bodies

This policy should be read in conjunction with the London Borough of Hounslow Funding Strategy Statement, the London Borough of Hounslow Pension Administration Strategy and relevant legislation, such as the Local Government Pension Scheme Regulations 2013.

The objectives of the admissions policy for Admissions Bodies are:

- To minimise the risk to the Admission Body of meeting its obligations to meet the pension rights of transferring employees;
- To ensure that sufficient protections are in place to minimise the funding risk to the Admission Body and the Administering Authority;
- To ensure that the Admission Body is aware of and follows the LGPS Regulations, Statutory legislation and Fair Deal guidance;
- To maintain the affordability of the fund to Admission Bodies over the long term.

The officers of the Administering Authority will be responsible for ensuring accordance with this policy. Any deviation from this policy is permitted only with the prior agreement of the Director of Finance & Corporate Services/S151 Officer.

The Administering Authority may review this policy at its discretion.

2. Entry conditions & indemnity requirements of admission bodies

- The Admissions Body should meet the requirements as laid out in the LGPS Regulations
- The London Borough of Hounslow reserves the right to prohibit the admission of a contractor as an Admission Body should it refuse to meet the requirements of the LGPS Regulations
- The London Borough of Hounslow shall only enter into an admission agreement with a body that provides services linked to a scheme employer as prescribed by the LGPS regulations
- Admission agreements may be 'open' or 'closed' to new employees at the ultimate discretion of the Administering Authority.
- The terms in the Administering Authority admissions agreement will be non-negotiable.
- The Admission Body shall carry out, to the satisfaction of the Administering Authority, an assessment, taking into account actuarial advice, of the level of risk arising on the premature termination of the provision of services or assets by reasons of insolvency, winding up or liquidation, of the Admission Body.

Under the terms of the LGPS Regulations, a termination valuation is carried out at the point of cessation of the Admission Body in order to ascertain the final payment due relating to any deficit.

The Administering Authority assumes that on termination the Admission Body will have a 'clean break' and that all liabilities of the terminating Admissions Body will be extinguished on payment of a cessation deficit, calculated by the Pension Fund actuary of the day.

Where the Admission Body is unable to meet the outstanding termination payment, the payment must be collected from:

- any insurer or person providing an indemnity or bond on behalf of that body (this might include a guarantor, such as a sponsoring employer or central government department)

Where this is not possible, and after exploring all other methods of recovery including legal action:

- from each other scheme employer within the fund.

The Administering Authority has a preference for a bond or indemnity to be provided by the Admission Body, but, this is not a mandatory requirement as the awarding employer is in effect a guarantor already under the terms of the LGPS Regulations. The awarding employer will be required to confirm in writing the approach it wishes to take. In all circumstances where a bond or indemnity is provided, the bond or indemnity will be reviewed at the discretion of the Administering Authority and at least in line with the formal triennial valuation.

3. Approval process

The Administering Authority will be responsible for ensuring that any bodies meet the Entry Conditions & Indemnity Requirements of Admission Bodies, having regard to the appropriate legal and actuarial advice. All applications will be acceptable if these conditions are met.

The London Borough of Hounslow admission agreements will be drawn up on the advice of the Administering Authority actuary and legal advisors.

All applications will be subject to approval by the Director of Finance & Corporate Services /S151 officer on an individual basis.

4. Risk sharing

In order to avoid the Administering Authority becoming involved in any disputes relating to risk sharing and to protect the other participating scheme employers, the Administering Authority will not be party to any risk sharing agreement between any awarding employer and contractor. Accordingly, any such arrangements will not be detailed in the admission agreement and the Admission Body will be required to follow the principles of agreement as if no such risk sharing was in place.

The only exception to this is if the Administering Authority is willing to accept payment of any deficit on termination from the awarding employer, rather than the Admission Body. The Administering Authority may permit this in acknowledgment that the awarding employer is ultimately the guarantor under the terms of the LGPS Regulations.

5. Funding basis & termination

On initial admission, Admission Bodies will be notionally allocated 100% of the value of past service liability assets. Any deficit in relation to the past service will be retained by the awarding authority at the point of initial admission.

Thereafter the Admission Body's assets and liabilities will be tracked and if necessary, employer contributions adjusted at each formal triennial valuation with a view to achieving solvency at the end of the contract period.

On the termination of the Admissions Body a 'cessation' valuation shall be carried out by the Administering Authority to ensure that the assets of the terminating Admissions Body are equal to its liabilities. The resulting exit deficit or surplus will be dealt with in accordance with the Funding Strategy Statement.

Appendix E – Administering authority academy pooling

1. Background

The London Borough of Hounslow Pension Scheme is part of the Local Government Pension Scheme (LGPS) and is a funded, defined benefit public service pension scheme. The London Borough of Hounslow Pension Scheme is administered by the London Borough of Hounslow (the Administering Authority).

As a funded scheme the London Borough of Hounslow Pension Scheme receives contributions from employers and active members to match the pension promises for current and past members of the scheme.

Any fluctuation in the cost of providing pension promises are funded by the employer, as employee contributions are fixed in statute. As a consequence, employer contributions can be volatile.

Academy schools who have converted from the Council and new academies or free schools are classified as scheduled bodies under Schedule 2, part 1 of the LGPS Regulations 2013.

The designation of scheduled body means that all non-teaching staff of the academy, that are eligible for membership of the LGPS, should be automatically, contractually enrolled in to the London Borough of Hounslow Pension Scheme from their start date with or the conversion date of the academy.

2. Academies/free schools in the London Borough of Hounslow Pension Scheme

Academies and free schools in the London Borough of Hounslow Pension Scheme are currently removed from the Council pool and paying an employer contribution rate specific to their non-teaching staff profile.

These pension arrangements create the following risks of academies/free schools:

- Fluctuations in academy/free school contribution rates due to the age and gender profile of their non-teaching staff;
- Fluctuations in academy/free school contribution rates due to unique events; e.g. ill-health retirements;

As a consequence of these risk factors the Administering Authority has revised its pooling policy with effect from 1 April 2014. The revised pooling arrangement involved the creation of an Academy pool to include academies and free schools.

The objectives of creating an academy pool are to spread pension risks across employers with a common staff profile and also reduce the impact on an individual employer of unique events, such as ill-health retirement or death in service, which can have a destabilising effect on contribution rates.

3. Participation in the London Borough of Hounslow Pension fund academy pool

London Borough of Hounslow academies, free schools and university technical colleges will be members of the Administering Authority 'Academy Pool'.

4. Aims of the academy pool

The main aims of the London Borough of Hounslow Pension Fund Academy Pool are to:

- Create a pension pool with membership restricted to academies and free schools who have a non-teaching staff profile with common characteristics;
- To better manage volatility of pension contributions for academies and free schools;
- To smooth out the costs of unique events such as ill-health retirements and death in service
- To provide a pooling arrangement that matches the different liability exposure of existing and new academies and free schools

5. The makeup of pension contributions for academies and free schools in the London Borough of Hounslow Pension Scheme

Employer contributions in to the Administering Authority are split in to two areas:

- Deficit of active members: deficit relating to the accrued benefits of active members
- Deficit of past members and deferred members: deficit relating to the liabilities of past employees
- On conversion to an academy the London Borough of Hounslow Pension Scheme will only transfer liabilities to the academy in relation to the deficit attributable to active members.

The academy will be granted a share of assets in the Administering Authority equivalent to the Council's funding level proportionate to those liabilities. All of the deferred and pensioner liabilities remain with the Council Pool. This approach balances the interests of the Administering Authority, the Council and the academy.

6. Apportionment of the academy pool

The Academy Pool will be made up from the following employers in the fund:

- Converting academies
- New academies
- New free schools

The Academy Pool will have the following sub-pools to reflect the alternative historical deficit experience of differing education establishments:

- A pool for future service costs across all education establishments, including event risk costs (ill-health/death in service) to produce a common future service contribution rate for the Academy Pool;
- A pool for past service costs broken in to two sub pools:
 - i) A pool for converted academies with liabilities inherited from the Council
 - ii) A pool for new academies or free schools who do not have liabilities inherited from the Council.

This approach fairly reflects the inherited liabilities of each academy or free school.

7. Deficit recovery period

Deficits in the Administering Authority are recovered over a period as determined by the Administering Authority. The deficit recovery period for the Academy Pool will be aligned to the deficit recovery period of the Council Pool.

In aligning the deficit recovery period of the Academy Pool with that of the Council Pool the Administering Authority recognises the following:

- The stable basis of education funding, the funding following the child
- The Written Ministerial Statement from the Secretary of State for Education of July 2013 in which the Department for Education provides a guarantee to meet pension liabilities should an academy close
- The aims of the Secretary of State for Education and the Secretary of State for Communities and Local Government to reduce the disparity in contribution rates between maintained schools and academy/free schools.

8. The calculation and review of the academy pool contribution rate

The Academy Pool contribution rate will be effective from the start of each actuarial valuation cycle and reviewed at each subsequent triennial valuation.

In the case of a new converting academy or the establishment of a free school, there may be the need to establish the opening funding position. In such cases the Administering Authority will recharge the academy/free school for any actuarial fees applicable.

9. Outsourcing of services involving the TUPE transfer of staff

As scheme employers if the LGPS, academies and schools have a responsibility to protect the pension rights of staff that are TUPE transferred as part of outsourcing services.

If the contractor elects to provide continued access to the LGPS for transferred staff, they must seek admission to the London Borough of Hounslow Pension Fund. The terms of this admission to the London Borough of Hounslow Pension Fund will be contained in the Admissions Agreement.

Appendix F – Administering authority overpayments policy

1. Introduction

This is the Overpayments Policy for the London Borough of Hounslow Pension Fund (“The Fund”). Overpayments of pension can occur for a variety of reasons. It is important that the Fund has a clear policy on how incorrect payments of pension are managed once they are identified. The Fund recognises the need to take a pro-active approach to identifying potentially fraudulent activity and incorrect payments.

2. Policy objectives

The policy objectives aim to ensure the Fund:

- Has robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies, and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance
- Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund’s stakeholders, particularly the scheme members and employers
- Ensures benefits are paid to, and income collected from, the right people at the right time in the right amount
- Identifies errors as soon as possible
- Rectifies incorrect payments with the cooperation of the individual
- Avoids the Internal Dispute Resolution Procedure (IDRP), where possible, by managing the process effectively

3. Purpose of the policy

The policy is designed to provide assurance to the Fund’s stakeholders that:

- All incorrect payments are treated in a fair and equitable manner
- The Fund seeks to recover overpayments that have occurred, but, acknowledges that there may be legal reasons and/or other circumstances which mean that an overpayment may not, in practice be able to be recovered (in whole or in part)
- Has steps in place to prevent and investigate potentially fraudulent activity

4. Scope

The policy applies to;

- All members and former members, which in this policy includes survivor and pension credit members of the Fund who have received one or more payments from that Fund
- Executors of the Estates of deceased Fund members
- Beneficiaries of Fund members where those beneficiaries have received one or more payments from that Fund; and
- Administrators of the scheme

5. Managing overpayments of pension

The Fund will generally seek to recover any overpayments wherever possible, unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part). This could include the age, health or death of a pensioner. In essence each case will be considered on its own merits.

The most common type of overpayments occur following a late notification of the death of a pensioner. Such a notification does not always happen immediately and as such it is not always possible to stop payment of the pension after a point in the payroll month and so an overpayment can occur. It can also occur if a change in a child's circumstances is not reported and they are no longer eligible to receive a pension.

Should such an overpayment occur, and there are on-going monies to be paid (for example a spouse's pension or a death grant), then the Fund will generally seek to recover any overpayments, unless in the reasonable opinion of the Fund there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered, in whole or in part.

The overpayment may be recovered by delaying the start of the spouse's pension (when applicable), or being deducted from the death grant, if there is no ongoing pension.

Should an overpayment of pension occur, and there are no on-going monies to be paid, the Fund will generally seek to recover overpayments that are greater than £250 in value unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part). An overpayment with the value of less than £250 has been deemed by the Fund as uneconomical or unreasonable to pursue. This value matches guidance issued by HMRC in their Pensions Tax Manual. In such circumstances, The Fund's approach will be that the sum is written off and is treated as a liability against the scheme member's former employer.

If there is an ongoing pension, a letter will be issued to the member setting out the overpayment and proposed terms of recovery. The amount will be recovered from the pension as this allows for the appropriate adjustment for tax. The pension will also be reduced to the correct level as soon as possible after being identified and notifying the member.

The Fund will generally seek to only recover overpayments that have been discovered within the last six years, in accordance with the Limitation Act 1980. It is anticipated this will allow for a full recovery in all overpayment cases.

The Fund will allow a pension overpayment to be recovered over the same amount of time as the overpayment occurred. For example, if overpayments were made for a 3 month period, the recovery period to repay the overpayment will be 3 months. However, The Fund can, at its discretion, allow repayment over a longer, or shorter, period dependent on the individual's circumstances.

In the event of a larger overpayment then the following process applies:

If there is an ongoing pension, Officers will contact the pensioner and advise that the Fund will seek to recover the overpayment. Every effort is made to speak to the pensioner first, before a written

notification is sent. Where possible, a repayment plan will be agreed. This would typically involve repayment by instalments taken directly from the revised pension amount.

In the event that agreement cannot be reached, Officers may propose a partial repayment and write off a proportion of the overpayment.

Where required, for example if the member does not engage with the Fund to agree a repayment arrangement, legal advice will be sought and action may be taken against the member.

If there is no ongoing pension and/or after consideration of the case including seeking full or part recovery from representatives and legal advice, the amount may be written off per below:

The Executive Director of Finance & Resources/s151 Officer is responsible for the approval of the write-off of individual overpayments up to £10,000. The write-off of individual debts in excess of £10,000 should be approved by the Executive Director of Finance & Resources/s151 Officer in consultation with the Lead Member for Finance.

All overpayment write offs above £10,000 will be included in the Fund's Annual Report and reported to the Pension Board and Pension Fund Panel.

Where an employer is being recharged the pension that has been overpaid, the case will be referred back to the employer for a decision on writing off the overpayment.

6. Prevention

The Fund has in place processes to minimise the risk of overpayments occurring.

- a) Monthly reconciliations of all pension fund payments including refunds of contributions, pensions paid, retirement grants, death grants and lump sums.
- b) Action promptly all bacs return including payroll and non-payroll bacs return.
- c) Ensure that all calculations are checked by Senior Pension Officers before processing for payment.
- d) Ensure that monthly pensioners payroll runs are checked and signed off.
- e) Suspend a scheme member's pension payment where correspondence is returned and there is a reasonable cause for doing so. This allows officers time to investigate fully to ensure that overpayment does not occur; for example, mail may be returned where the scheme member has died.
- f) The Fund is signed up to the Tell Us Once service. This allows a bereaved person to inform central and local government services of a death at one time instead of having to contact each service individual.
- g) The National Fraud Initiative is conducted twice a year; it compares files of pensioners with the Department for Work and Pensions database of the deceased and highlights matches for investigation.
- h) The Fund participates in overseas life existence checks, by regularly requiring pensioners to provide independently verified proof to ensure that only legitimate pensions are being paid and to reduce the likelihood of fraudulent activity.

- i) Reminders are included in all newsletters must be advised of changes in circumstances, or of the death of a scheme member.

7. Underpayments

The Fund will make good any underpayments and pay arrears of pension benefits plus interest where applicable.