

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
 - d. Key performance indicators

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), Lincolnshire Pension Fund (LPF), Hounslow Pension Fund (HPF) and Barnet Pension Fund (BPF) employers have been consulted on the strategy, and a copy has been sent to the secretary of state.

1.1. Purpose

This strategy covers West Yorkshire, Lincolnshire, Hounslow and Barnet Pension Funds, administered under a collaboration agreement. 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 WYPF, LPF, HPF, BPF and employers to work together in a cost-effective way to administer the LGPS whilst maintaining an excellent level of service to members and employers. It recognises that working co-operatively and collaboratively will be key to achieving these aims.

Each of the funds that make up WYPF's shared service arrangement also manage and maintain separate stand-alone fund policies which are available under the relevant fund's 'policies' area on the shared service website or on their own internally managed websites. Where there is a conflict between the shared administration strategy and a 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 Employer 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
Employer 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	Web
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 GovDelivery bulk email
Social media	Constant	Web
Ad hoc meetings	As and when required	Virtual meeting/face-to-face
Employer webcasts	Weekly series (min 20 a year)	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 provide the following information in relation to their employees in the Fund

Event	Preferred method of notification	Other methods available	Target
Monthly postings (submitted via secure portal)	Approved spreadsheet	None	19th day of the month following the month in which contributions were deducted
New starters	Monthly return		Notified via the monthly return, the administrator will process the data within two weeks following monthly return submission
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. Exception reports should be actioned by the employer within 2 weeks of receipt. Failure to action exception reports is captured and monitored via several other administration tasks including outstanding leaver list management and membership audits.
50/50 and main scheme elections	Monthly return		Notified by the employer via monthly return in the month of change as actioned on the employer's payroll.
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.
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.
Retirement notifications	Web form		10 working days before the member is due to retire unless the reason for retirement is ill health or redundancy
Death in service notifications	Web form		Administrator notified by the employer within 5 working days of being informed of the death

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 known as "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. Where work is required by an Actuary or Legal Services, these costs will be recharged to employers where appropriate.

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 up to the deadline of 19th of the month following the month in which the deductions were made, and should be accompanied by a monthly postings submission. 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.

WYPF employers must pay this within the 30-day payment term stated on the invoice. In exceptional circumstances, WYPF may agree to payment by monthly instalments over a maximum period of 12 months and agreed in writing. Interest will be charged at a rate of one per cent above base rate in accordance with Regulation 71 of the LGPS Regulations 2013.

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 Lincolnshire Pension Fund at their earliest opportunity. Interest may be charged where early retirement costs are not paid in a timely manner, and will be charged at a rate of one per cent above base rate in accordance with Regulation 71 of the LGPS Regulations 2013.

BPF and HPF will invoice their respective funds' employers and will have their own payment terms that should be discussed with them if the need arises.

5.7. Interest on late payment of other invoices

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.

5.10 Administrator charges

The cost of running pension administration is charged directly to the pension fund accounts, the actuary takes these costs into account in assessing employers' contribution rates. This is

after recharging each shared service partners their share of the cost of providing shared service pension administration.

Shared service recharged to each service partner is based on the actual cost of pension administration in each financial year divided by the total member number at the end of the financial year to calculate a unit cost per member. The recharge of actual cost to each shared service partner is the unit cost per member multiplied by the total count of members for each partner at the end of the financial year.

5.11 Recharging of fees

Employers should provide this information in advance of an event occurring (where possible) or as soon as practicable thereafter. Where work is required by an Actuary or Legal Services, these costs will be recharged to employers where appropriate.

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
- Member annual meeting where appropriate
- 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 WYPF, HPF and LPF. The Pension Manager of London Borough of Barnet Pension Fund will undertake this role for BPF.

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 stage one appeals is the Head of Lincolnshire Pension Fund.

6.6. Fund performance levels

The minimum Shared Service performance targets are shown below. The targets are measured and reported in the respective funds' Annual Report and Accounts in line with the CIPFA guidance.

Additionally, further detailed key performance indicators (KPI) are reported on a monthly and quarterly basis to the funds and relevant Boards and Committees. A detailed list of these KPIs can be found in appendix D.

Work type	Target days	Minimum target percent
Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5 days	85%
Communication issued confirming the amount of dependents pension	10 days	90%
Communication issued to deferred member with pension and lump sum options (quotation)	15 days	85%
Communication issued to active member with pension and lump sum options (quotation)	15 days	85%
Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15 days	90%

Communication issued to active member with confirmation of pension and lump sum options (actual)	15 days	90%
Payment of lump sum (both actives and deferred)	15 days	90%
Communication issued with deferred benefit options	30 days	85%
Communication issued to scheme member with completion of transfer in	15 days	85%
Communication issued to scheme member with completion of transfer out	15 days	85%
Payment of refund	10 days	90%
Divorce quotation	45 days	85%
Communication issued following actual divorce proceedings i.e. application of a Pension Sharing Order	80 days	100%
Communication issued to new starters	10 days	85%
Member estimates requested by scheme member and employer	15 days	90%

7. Unsatisfactory performance

7.1. Measuring performance

Both employer and administrator targets will be measured and reported periodically throughout the year using the administration system and other records held by funds. Administrator performance levels will be published monthly 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 and C.

Appendix A – Main contact registration and authorised user list

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)
-----------------------------------	---



Employer name

[illegible]

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 £250.	If the overpaid amount is the result of the employer's error, and the amount is over £250, 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 by 19 th of month following payroll (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.	WYPF, LBB and LBH: An admin charge of £100 and interest will also be charged daily at Bank of England base rate +1% from date due to date paid, per Regulation 71 of LGPS Regulations 2013 LPF: If employer payments or submissions are late in three out of six months on a rolling basis a fine will be imposed (see appendix C LPF schedule).
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.	WYPF, LBB and LBH: Failure to provide appropriate information, resulting in significant work will result in admin charge of £100. LPF: If employer payment or submissions are late in three out of six months on a rolling basis a fine will be imposed (see appendix C LPF schedule).
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 level I, II or III).
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).

7. Death in membership	Due within 5 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 following payroll (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 Officer level I).
9. Re-issue of invoices (or delay to purchase order provision)	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 £55 + VAT will be levied. Where the member has more than one known record, the charge is for each record.

Appendix C – Charging Levels

Shared Service Administrator Charges

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	£100	£150	£200
Half day charge	£50	£75	£100

- Level I – work at Pensions Officer level
- Level II – work at Senior Pensions Officer level
- Level III – work at Pensions Manager level

Lincolnshire Pension Fund specific charges

1. If an employer makes contribution payments or submits monthly returns late in three out of six months on a rolling basis, they will receive a fine, unless they are able to offer extenuating circumstances. The Fund believes three months is sufficient time for an employer to rectify issues. This fine is currently set at a minimum of £225.
2. Employers may be charged for additional work incurred by the Fund on a half day/full day basis. Half day and full day rates are set out below:

Charge levels	I	II	III
Daily charge	£106	£240	£500
Half day charge	£53	£120	£250

- Level I – work at Finance Technician level
- Level II – work at Principal Accounting, Investment and Governance Officer level
- Level III – work at Pension Fund Senior Management level

Appendix D – Key performance indicators

Detailed key performance indicators (KPI) are reported on a monthly and quarterly basis to the funds' and relevant boards and committees.

Work type	Target days	Target days percent
Age 55 Increase to Pension	20	85
AVC In-house (General)	20	85
Beneficiary To Update non payroll	10	85
Change of Address	20	85
Change of Bank Details	20	85
Communication issued to new starters	10	85
Death Grant to Set Up	10	85
Death In Retirement	10	85
Death In Service	10	85
Death on Deferred	10	85
Deferred Benefit Recalc	20	85
Deferred Benefits Into Payment Actual	15	90
Deferred Benefits Into Payment Quote	15	85
Deferred Benefits Set Up on Leaving	30	85
Dependant Pension To Set Up	10	90
Divorce Quote	45	85
Divorce Settlement Pension Sharing order Implemented	80	100
DWP request for Information	20	85
Estimates for Deferred Benefits into Payment	10	90
General Payroll Changes	20	85
Initial letter Death in Retirement	5	85
Initial Letter Death in Service	5	85
Initial letter Death on Deferred	5	85
Interfund Linking In Actual	15	85
Interfund Linking In Quote	35	85
Interfund Out Actual	15	85
Interfund Out Quote	35	85
Life Certificate	10	85
Monthly Posting	10	95
NI adjustment to Pension at State Pension Age	20	85
Payment of Lump sums (active & deferred)	15	90
Pension Estimate	15	90
Pension Saving Statement	36	100
Phone Call Received	3	95
Refund Actual	10	90
Refund Quote	35	85
Retirement Actual	15	90
Retirement Quote	15	85

Transfer In Actual	15	85
Transfer In Quote	35	85
Transfer Out Payment	15	85
Transfer Out Quote	35	85
Update Member Details	20	100