



Staffordshire Pension Fund Pensions Administration Strategy

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Staffordshire Pension Fund

Pensions Administration Strategy

Introduction

This is the Pensions Administration Strategy (the 'Strategy') for the Staffordshire Pension Fund, which is administered by Staffordshire County Council.

Background

This Strategy sets out the requirements of Employers which will enable them and Staffordshire Pension Fund to meet their legal obligations in respect of the Local Government Pension Scheme (LGPS) Regulations and regulatory standards required by the Pensions Regulator (tPR).

Compliance

Developed in consultation with Employers within the Fund, this Strategy seeks to promote good working relationships, improve efficiency and ensure agreed standards of quality in delivery of the pensions administration service amongst the Employers and the Fund.

A copy of this Strategy can be found on the Fund's website at:

<https://www.staffspf.org.uk/Governance/Policies.aspx>

In no circumstances does this strategy override any provision or requirements of the LGPS Regulations.

Review

The Fund will review this Strategy annually and make revisions as appropriate following a material change in policy in relation to any matters contained in the Strategy.

When preparing, reviewing or making revisions, the Fund will consult Employers and other persons it considers appropriate.

Legislation

The Local Government Pension Scheme Regulations require an administering authority to prepare a written statement of the Authority's policies in relation to the following:

- Procedures for liaison and communication with participating Employers;
- The establishment of levels of performance which the administering authority and its participating Employers are expected to achieve in carrying out their scheme functions;
- Procedures which aim to ensure that the administering authority and its participating Employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;

- Procedures for improving communication of information relating to those functions by an administering authority and its participating Employers;
- The circumstances in which an administering authority may consider giving notice to any of its participating Employers because of that Employer's unsatisfactory performance in carrying out its scheme functions; and
- Such other matters that appear to an administering authority to be suitable for inclusion in the Strategy.

Aims and Objectives

The aim of this Strategy is to detail requirements for liaison and communication between Employers and the Staffordshire Pension Fund thus ensuring regulatory compliance is achieved and best value service standards are delivered to scheme members and other parties to meet their statutory obligations.

This is achieved by:

- Clearly defining the respective roles of the Administering Authority and Scheme Employers as set out in the LGPS Regulations and other relevant legislation;
- Setting clear service standards and service levels to be delivered by respective parties, to enable efficient administration of functions;
- Clarifying procedures for effective communications and information exchange between Employers and the Administering Authority;
- Establishing a basis for monitoring service delivery and identifying opportunities for improvement and added value; and
- Providing a framework for monitoring compliance with regulatory requirements and where necessary, for formal reporting of breaches of the law, in accordance with the Pensions Regulator's Code of Practice No 14 (Governance and Administration of Public Sector Pension Schemes).

Monitoring Service Standards and Managing Compliance

The Pensions Services Team at Staffordshire Pension Fund will monitor the performance of the Administering Authority and Employers against the targets and standards set out in this strategy and will share monitoring outcomes and any issues arising with:

- The Pensions Committee;
- The Local Pensions Board;
- The Employer Focus Peer Group;
- Individual Employers; and
- The Pensions Regulator (where appropriate).

Where performance issues arise, the aim in the first instance will be to resolve issues informally between parties, and to identify appropriate action to address any underlying issues, through training, coaching, process improvements or better communications. This is covered in more detail on page 14.

Breaches

Please note, where there is a clear breach of LGPS Regulations or agreed performance, for instance, where an Employer fails to pay the monthly contribution income to the Fund in line with regulatory guidelines or where the Fund fails to issue the statutory communications (such as the Annual Benefit Statements) to Members within statutory deadlines, the Fund is duty bound to capture this on its Breaches Log. All such breaches will be investigated and if deemed material will be reported to the Pensions Regulator.

Employer Signatories

Each Employer must ensure that all documents or instructions to the Fund are signed by authorised and trained representatives. This is because they are not just signing a document, they are confirming that the information being provided is accurate and correct.

Employer Designated Pensions Contacts

To ensure that joint working is effective, each Employer must designate a named individual to act as the main point of contact about any aspect of administering the LGPS.

Their key responsibilities will be:

- To ensure that the standards and level of service set out in the Pensions Administration Strategy are delivered and regulatory responsibility is complied with;
- To act as a conduit for communications to appropriate staff within the Employer, for example Human Resources, Payroll Departments, Director of Finance;
- To inform the Fund of any outsourcing, TUPE transfers or alternative service delivery arrangements that may be under consideration; and
- To liaise with and assist the Administering Authority in the identification explanation, reporting and resolution of statutory breaches, as required by the Pensions Regulator's Code of Practice No 14.

Employer Responsibilities

This section outlines the role and responsibilities of all Employers in the Fund and the performance standards Employers are expected to meet, to enable the Fund to deliver an efficient, quality and value for money service. The Employer role is divided into two key areas:

- Scheme Governance and Administration
- Scheme Membership and Employer Administration

Scheme Governance and Administration

Employer Responsibility	Action Required by Employer	Timescale for Employer to Act Service Level Agreement
Nominated Contact	Confirm a nominated person to receive information from the Fund and to take responsibility for disseminating it within the organisation.	Within 30 days of Employer joining the Fund or change of nominated contact.
Pensions Discretions	Formulate and publish policies in relation to all areas where the Employer may exercise a discretion within the LGPS (including providing a copy of the policy document to the Fund).	To be kept under review and a revised statement published within one month of any changes and no later than 6 months after being informed by the Fund of any relevant changes.
Enquires	Respond to enquiries from the Fund.	Within 10 days from receipt of enquiry.
Employee and Employer Pension Contributions	Remit Employer and Scheme Member contributions to the Fund and provide schedule of payments in the format stipulated by the Fund.	Cleared Funds to be received by 19th calendar day of the month after deduction.
Employer Contribution Rate	Implement changes to Employer contribution rate as instructed by the Fund.	At date specified on the actuarial advice received by the Fund.
Year-end Information	Provide accurate year-end information required by the Fund in the format stipulated in the instructions issued by the Fund.	By 30th April following the year-end or earlier date specified by the Fund e.g. earlier submission in a valuation year.
Website	Refer new /prospective scheme	Within 10 days of

	members to the Fund's website.	commencement of employment or change in contractual conditions.
Contracting Services	Notify the Fund if contracting out services which will involve a TUPE transfer of staff to another organisation.	At the time of deciding to tender so that pension costs can be included in the tender decision-making process.
Admission Agreement	Work with the Fund to arrange for an Admission Agreement to be put in place when contracting out a service and assist in ensuring it is complied with.	Admission Agreement to be put in place no later than two months after the date the contract commenced.
Admission Agreement (potential cessation)	Notify the Fund if the Employer ceases to admit new scheme members or is considering terminating membership of the Fund.	As soon as the decision is made, so that the Fund can assess the impact and instruct the Actuary to carry out calculations, if applicable.
Retirement Costs (strain)	Make additional Fund payments in relation to early payment of benefits from flexible retirement, redundancy or business efficiency retirement or where a member retires early with Employers' consent.	Within 30 days of receipt of invoice from the Fund.
Additional Costs / Sanctions	Pay any fines / costs incurred because of non-performance / non-compliance with this Pensions Administration Strategy or those charged by the Pensions Regulator, as a result of a direct breach of the LGPS Regulations.	Within 30 days of receipt of invoice from the Fund.
Payment of Invoices	Prompt payment of invoices issued by the Fund for specific services provided.	Within 30 days of receipt of invoice from the Fund.
Breaches	Respond to enquiries from the Fund relating to Breaches of the Law.	Within 5 days of the request.

Scheme Membership and Employer Administration

Employer Responsibility	Action Required by Employer	Timescale for Employer to Act Service Level Agreement
New Starter	Notify the Fund of new starters to the LGPS.	Within 4 weeks of scheme member joining or such shorter periods as required by auto-enrolment obligations.
Scheme Member Contributions	Arrange for the correct deduction of Scheme Member contributions from a Member's pensionable pay.	Immediately on joining the scheme, opting in or a change in circumstances.
Scheme Member Contribution Rate	Ensure the correct Scheme Member contribution rate is applied.	Immediately on commencing scheme membership and in line with the Employers' policy on banding changes and, as a minimum, in each April payroll thereafter.
Change of Personal Circumstances	Notify the Fund of any material changes in Scheme Members' circumstances (e.g. marital or civil partnership status) using the method stipulated by the Fund.	Within 4 weeks of notification by the Scheme Member of a change in circumstances.
Scheme Members Leave of Absence	Notify the Fund of leaves of absence (industrial dispute, child related leave, authorised absence and unauthorised absence) Notify Scheme Member of options regarding any unpaid authorised absence (Additional Pensions Contributions (APC) to cover breaks) Inform the Fund of APP for relevant periods of absence.	Monthly submissions / notifications.
Additional Pension Contributions (APC's)	Commence / Cease deduction of APC; or amend such deductions, as appropriate.	Month following election to pay additional pension contributions.
Additional Voluntary Contributions	Arrange for deduction of AVC's and payment over of contributions to AVC provider(s).	Commence deduction of AVC's in the month following the month of election.

(AVC's)		Pay over contributions to the AVC provider (s) by the 19th of the month following the deduction.
Scheme Member Leaves Employment	Notify the Fund when the Scheme Member leaves employment including an accurate assessment of final pay using the method stipulated by the Fund.	By the end of the next month after the date of leaving.
Scheme Member due to Retire	Notify the Fund when a Scheme Member is due to retire including an accurate assessment of pay and confirmation of reason for leaving using the method stipulated by the Fund.	As soon as practicable, but no later than 4 weeks following the members retirement date.
Ill-Health	The Employer to notify the Fund of Ill-Health award and the Tier awarded.	Within 10 working days of decision being made
Tier 3 Review	Employer to review Tier 3 Ill-Health pension at 18 months and, if required at the 3rd year after payment commenced.	In line with regulations and advice of Independent Registered Medical Practitioner (IRMP) Notify the Fund with 10 days of decision taken to uplift to Tier 2 or cease payment of Tier 3.
Ill-Health Deferred Pensioner	The Employer to notify the Fund of Ill-Health award.	Within 10 working days of decision being made.
Death of a Scheme Member	Notify the Fund of the death of a Scheme Member using the method stipulated by the Fund.	As soon as practicable, but within 10 working days of being notified of the death.
Internal Dispute Resolution Procedure (IDRP)	Appoint person for Stage 1 of the IDRP and provide full details to the Fund.	Within 30 days of becoming a Scheme Employer or following the resignation of the current adjudicator.

Administering Authority Responsibilities

This section outlines the key responsibilities of Staffordshire Pension Fund and the performance standards Employers and Scheme Members should expect. It is

focused on the key activities which involve interaction with Employers and /or Scheme Members and should not be viewed as an exhaustive list.

Scheme Governance

Administering Authority Responsibility	Action Required by the Administering Authority	Timescale for Administering Authority to Act Service Level Agreement
Pensions Administration Strategy	To publish and keep under review the Strategy.	To consult with Employers and the Employer Focus Peer Group and publish on the Fund's website.
Forms	Publish and keep up to date all forms required for completion by Scheme Members, prospective Scheme Members or Employers.	Within 30 days of any revision
Scheme Rules	Notify Employers and Scheme Members of changes to the scheme rules.	Within three months of the changes coming into effect.
Employer / Fund Meetings	Host an Annual General Meeting (AGM) which all Employers are invited to attend. Plus, ad -hoc Employers meetings as required.	Once per year (or as required).
New Employer Pack	Provide New Employer Pack.	All new Employers provided with information pack on joining the Fund.
On-going training	Provide rolling programme of refresher or 'hot topic' training for Employers.	Once per year, or as required, on request.
Bespoke Meetings / Training	Provide bespoke meetings / training for Scheme Members/Employers.	As required – individual Employers will be charged for this service on a cost recovery basis.
Employer Focus Newsletter	Provision of a newsletter / briefing note to Employers.	Monthly or less frequent if no pensions news to report.
Standards	Notify an Employer of issues relating to the Employer's non-compliance with performance standards.	Within 30 days of a performance issue becoming apparent.
Costs	Notify an Employer of decisions to recover additional costs associated with the Employer's poor performance (including any	Within 30 days of Employer's failure to improve performance, as agreed.

	interest that may be due).	
Annual Benefit Statements (ABS)	Issue annual benefit statements to Scheme Members and Deferred Members as at 31 March each year.	By 31 August following the year-end.
Valuation Results	Issue formal valuation results (including individual Employer details).	No later than the 1 March following the valuation date.
Cessation Valuations	Carry out valuation assessment on cessation of admission agreements or Employer ceasing participation in the Fund.	Within one month of agreed timescales.
New Employer Admissions	Process admissions into the Fund including signed admission agreement (where required). notification of contribution rate, allocation of assets and notification to the Secretary of State.	Within two months of date joining the Fund provided prospective Employer provides full data requirements within prescribed timescales.
Governance Compliance Statement	Publish and keep under review, the Fund's Governance Compliance Statement.	By 30 September following the year-end as part of the Fund's Annual Report and Accounts or within 30 days of the policy being agreed / amended by the Pensions Committee.
Funding Strategy Statement (FSS)	Publish and keep under review, the Fund's Funding Strategy Statement.	To be reviewed at each triennial valuation (or whenever there is a material change to the FSS policy or the Statement of Investment Principles) following consultation with Employers and the Fund's Actuary. Revised statement to be published by 31 March following the valuation date.
Annual Report and Accounts	Publish the Fund's Annual Report and Accounts.	By 30 September following the financial year-end.
Communications Strategy	Publish and keep under review, the Fund's Communication Strategy.	By 30 September following the financial year-end as part of the Fund's Annual

		Report and Accounts or within 30 days of the policy being agreed by the Pensions Committee.
Admission Policy Statement	Publish and keep under review, the Fund's Admission Policy Statement.	Within 30 days of any changes being made to the policy.
Administering Authority Pension Discretions	Formulate and publish policies in relation to areas where the administering authority may exercise a discretion within the scheme the LGPS regulations and keep under review.	Any changes to be published within one month.

The following table details the Administering Authority functions which specifically relate to the administration and processing of Scheme Member benefits from the LGPS.

The Fund's objective against which it will benchmark itself is to deliver 90% (or better) of its services within the published service standards. Any reference to a day is a working day.

Scheme Administration

Administering Authority Responsibility	Action Required by the Administering Authority	Timescale for Administering Authority to Act Service Level Agreement
New Starter	Set up a new starter and provide statutory notification to the Scheme Member.	Within 40 working days from receipt of correctly completed starter form or monthly interface from Employer.
Transfer In	Process a transfer in request.	Within 20 working days from receipt of request from Scheme Member.
Transfer Out Quotations	Transfer out quotations processed.	Within 20 working days of receipt of all necessary information.
Transfer Out Payments	Transfer out payments processed and notify Scheme Member.	Within 10 working days of receipt of all necessary information.
Divorce Quotes	Estimates for divorce quotes.	Within 10 working days of receipt of all necessary information.

Pensions Estimates	Provide requested estimates of benefits to Scheme Members/ Employers including any additional retirement cost in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency retirement.	Within 20 working days from date of request. Note: bulk requests of more than 10 estimates per month will be subject to prior agreement between the Fund and the Employer.
Retirement Letters	Provision of new retirement letters detailing Scheme Member options.	Within 10 working days from receipt of all necessary information.
Retirement Benefit Payments	Process of retirement benefits for payment following receipt of election.	Within 5 working days of receipt of all necessary documentation. First pension payment on next available run.
Deferred Benefit Calculations	Deferred benefits calculated.	Within 40 working days from receipt of all necessary information.
Refund Payments	Process Refund payments.	Within 5 working days from receipt of all necessary Information
Death Notifications	Notification of death acknowledged.	Within 5 working days of receipt of all information
Death Grant Payments	Process of death grant for payment.	Within 5 working days of receipt of all information
Dependants' Pensions	Process of dependents' pension for payment.	Within 5 working days of receipt of all information
Pensioner Payslip	Provide pensioner payslip to Scheme Members in receipt of a pension.	Once a year in paper format and if monthly pension changes by £1 net. (N.B. Over the next 18 months we will be moving to payslips been available to view on line via a secure portal on the Fund's website).
IDRP	Process all Stage 2 pension internal dispute resolution applications.	Within two months of receipt of the application or such longer time as is required to process the application where further information or clarification is required.
Scheme Enquiry	Provide an answer or acknowledgement to Scheme	Within 10 working days of enquiry.

	Members / Employer / personal representative/ dependants and other authorised persons.	
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Recovering Costs / Sanctions / Fines

Where persistent and on-going failure occurs, and no improvement is demonstrated by an Employer (and or unwillingness is shown to resolve the issues identified) the Fund may under Regulation 70 (1) of the LGPS Regulations 2014 recover costs from an Employer, where costs have been incurred because of that Employer's level of performance in carrying out its functions under these Regulations.

Any costs, sanctions or fines imposed by the Fund will be recovered from the Employer and not the third-party company appointed by the Employer to provide pensions services e.g. a third-party payroll provider.

Circumstances where additional costs may be recovered

The circumstances where additional costs may be recovered from the Employer are:

- persistent failure to provide relevant information to the administering authority, Scheme Member, or any other interested party in accordance with specified performance targets (either relating to the timeliness of delivery or the quality of information);
- instances where performance by the Employer results in a loss to the Pension Fund, e.g. any overpayment resulting from inaccurate information supplied by the Employer, costs associated with the assessment of benefits, interest on late payment of benefits, scheme tax charges, etc;
- failure to deduct and pay over correct Employee and Employer contributions within the standard timescales;
- failure to pay any other amounts due to the Pension Fund, e.g., actuarial strain payments;
- instances where the performance of the Employer results in fines being levied against the administering authority by the courts, the Pensions Regulator, the Pensions Ombudsman or any other regulatory body.

Approach to seeking additional administration costs as a result of failure to meet performance targets or financial failure.

The approach taken by Staffordshire County Council as the administering authority of the Staffordshire Pension Fund in the case of circumstances outlined previously will be to consider seeking additional administration costs where persistent failure occurs and no improvement is demonstrated by an Employer once all the opportunities to resolve any issues identified have been exhausted. In these circumstances the administering authority would:

- write to the Employer, setting out the area(s) of poor performance;
- meet with the Employer to discuss area(s) of poor performance and how these can be addressed;
- issue formal written notice, where no improvement is demonstrated by the Employer, setting out the areas of poor performance that have been identified, the steps taken to resolve the area(s) of poor performance, and that the additional costs will now be reclaimed;
- clearly set out the calculations of any loss resulting to the Pension Fund or administering authority, or additional costs, considering the time spent and resources used in resolving the specific area of poor performance.

Penalties for Failure by Employers to Meet their Statutory Obligation

Administration fees shown below will be charged at the discretion of the Head of Treasury and Pensions of the Staffordshire Pension Fund and will only be invoked if an Employer has consistently failed to meet its obligations and an **Improvement Notice** has been issued and not complied with.

Regulatory Task	Administration Fee / Charge
Late payment of Employer and / or Scheme Member contributions. Plus, any statutory charges.	£150 per occurrence plus interest as defined in the LGPS Regulations.
Late provision of year end contributions returns in prescribed format*	£1,000 per occurrence plus £100 for each week plus part week of continued non-provision.
Late provision of starter information, per case.	£50 initial charge plus £50 per month or part month of continued non-provision.
Late provision of leaver information, per case.	£50 initial charge plus £50 per month or part month of continued non-provision.
Charges for persistent incorrect and incomplete information provided by the Employer to the Fund (where the case has to be returned for incorrect information on more than 2 occasions).	£50 per case
**Fine from the Pensions Regulator.	Amount requested by the Pensions Regulator.
**Fine from the Pensions Ombudsman.	Amount requested by the Pensions Ombudsman.
**Delay causing unauthorised payments.	Cost of tax from the HMRC and or reimbursement of charges imposed by HMRC on the Staffordshire Pension Fund.
Fines from any other Statutory Body incurred as a result of the Employers actions.	As levied.

*Due to the serious impact of this requirement, a penalty charge will apply for late submission and will only be waived in exceptional circumstances, as agreed by the Head of Treasury and Pensions of the Staffordshire Pension Fund.

**Fines or charges imposed by the Pensions Ombudsman, Pension Regulator and the HMRC for non-compliance will be recharged in full to the Employer.

Apart from the requirement above, these fees and charges will only be made in exceptional circumstances and Staffordshire Pension Fund will do everything possible to support Employers to avoid them.

To Contact Us or For Further Information

In writing or in person at:

Staffordshire Pension Fund

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2 Staffordshire Place

Tipping Street

Stafford

ST16 2DH

Email us: pensions.enquires@staffordshire.gov.uk

Telephone us: on 01785 278222. You can also visit our website at: www.staffspf.org.uk