



# PENSIONS ADMINISTRATION **STRATEGY 2013**



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# Revision History

## 24 June 2013 - Summary of major changes

As a result of the introduction of both the LGPS Miscellaneous Regulations 2012 and Automatic Enrolment Legislation, the procedures involved in the admission of employees into the Local Government Pension Scheme (LGPS) have been amended.

All new employees with contracts of at least three months should be contractually enrolled into the Scheme from their first day of employment. Employees with a contact of employment for less than three months are entitled to actively elect to join the Scheme and pay contributions.

Employers are no longer permitted to issue 'opt-out' forms to employees who wish to stop pension saving. To stop contributing to the LGPS, employees must now obtain the relevant form directly from the Fund; complete the required information and return the form to their employer for processing.

Section	Revision	Page
Service Standards	Additional section on Contractual Enrolment responsibilities as a result of the Miscellaneous Regulations 2012	5
Service Standards	Additional section on the general requirements of employers in regard Automatic Enrolment Legislation.	6
Service Standards	Renamed 'New Starters' section to 'New Scheme Members'	7
Service Standards	Changes to Members Choosing to opt-out of the Scheme	11

The Fund must provide a 'Pension Saving Statement' to member's who exceed tax thresholds within the Scheme. This threshold is referred to as the Annual Allowance and is the amount by which a member's overall pension savings may increase in any one year without having to pay a tax charge.

The Government has substantially reduced the Annual Allowance threshold, to the point that many more members within the Fund will require assessment and subsequently receive a 'Pension Saving Statement' and possibly a personal tax charge. From April 2014, the improvement to the accrual rate will further increase the number of members who will be affected. An addition has been made to detail the necessary liaison work required between the Fund and employers in meeting this obligation.

Section	Revision	Page
Service Standards	Additional of Pension Saving Statements	9

The LGPS Miscellaneous Regulations 2012 introduced a statutory deadline for the distribution of Annual Benefit Statements to members of the LGPS – this is six months from the end of the previous tax year which is effectively **5 October**.

In order to meet this deadline, the Fund requires employers to submit their Year end contribution returns by the **30 April** or the next working day every year. Previously this date was only applicable in a valuation year and the 26 May was acceptable in the other two years.

Section	Revision	Page
Service Standards	Deadline date added to Annual Benefit Statements	9
Standards of data	Year end contribution returns	17

# 1. Introduction

Merseyside Pension Fund ("the Fund") is responsible for the administration of the Local Government Pension Scheme ("the Scheme") within the geographical area of Merseyside. The Fund also administers the Scheme on behalf of a number of qualifying employers who are not situated within the Merseyside area. The service is carried out by Wirral Council ("the administering authority") on behalf of qualifying employers and ultimately the Scheme members.

This document is the Pensions Administration Strategy statement outlining the policies and performance standards towards providing a cost-effective, inclusive and high quality pensions administration service. Delivery of such an administration service is not the responsibility of one person or one organisation, but is rather the joint working of a number of different stakeholders which between them are responsible for delivering the pensions administration service to meet the diverse needs of the membership.

# 2. Compliance

Developed in consultation with employers within the Fund, this statement seeks to promote good working relationships, improve efficiency and ensure agreed standards of quality in delivery of the pension administration service amongst the employers and the Fund. A copy of this strategy is issued to each of the relevant employers as well as to the Secretary of State.

In no circumstances does this strategy override any provision or requirement of the Regulations set out below nor is it intended to replace the more extensive commentary provided by the employers' website for day-to-day operations.

# 3. Review

The Fund will review this policy statement and make revisions as appropriate following a material change in its policies in relation to any of the matters contained in the strategy. Employers will be consulted and informed of the changes and a revised statement will be supplied to the Secretary of State.

# 4. Regulatory Framework

Regulation 65(1) of the LGPS (Administration) Regulations 2008 enables an LGPS administering authority to prepare a document ("the pension administration strategy") detailing administrative standards, performance measures, data flows and communication with employers - a full transcript of this and other related regulations are in Appendix One.

In addition, Regulation 43 of the (Administration) Regulations 2008 allows an administering authority to recover additional costs from an employing authority where, in its opinion, they are directly related to the poor performance of that employing authority.

## 5. Liaison & Communication

The delivery of a high quality, cost effective administration service is not the responsibility of just the administering authority, but depends on the joint working of the administering authority with a number of individuals in different organisations to ensure Scheme members, and other interested parties, receive the appropriate level of service and ensure that statutory requirements are met.

Each Employing authority will designate a named individual to act as a **Pensions Liaison Officer**; being the main contact with regard to any aspect of administering the LGPS. A sample recommended "job description" is attached at Appendix Two

Key responsibilities of a Pensions Liaison Officer are:

- to act as a conduit for communications to appropriate staff within the employer – for example, Human Resources, Payroll teams, Directors of Finance;
- to ensure that standards and levels of service are maintained;
- to ensure that details of all nominated representatives and authorised signatures are correct, and to notify the Fund of any changes immediately;
- to arrange distribution of communications literature such as Scheme guides, packs, newsletters and promotional material as and when required;
- to inform the Fund of any alternative service arrangements required to ensure equitable member access, addressing the diverse needs of the membership;
- to assure data quality and ensure the timely submission of data to the Fund; and
- to assist and liaise with the Fund on promotional activities to increase, where appropriate, the Scheme membership and to existing members the overall benefits of the Scheme.

### Employers' website

The Fund has a dedicated, private website for all employers. Each Pension Liaison Officer receives a unique username and password to access the site.

This employers' website is the main communication tool between employers and the Fund – it contains the procedural guide for administering the LGPS within Merseyside, copies of forms, a means to submit data securely and information on courses run by the Fund.

Important information is sent out on email to the Pension Liaison Officer, as a **News Alert**, but regular logging in and review of the website news areas is advised.

Additional usernames and passwords can be requested by the Pension Liaison Officer as appropriate.

## Practitioner training

The Fund will publish an annual timetable of training days for employing authority staff tasked with administering the LGPS locally. Where resources allow, the Fund will respond to staff development requests from employers, these may be co-ordinated with published training days.

## Employers' conference

The Fund holds an annual conference for employers, where officers of the Fund deliver a report on the Financial Statements, Investment Performance and also Administration Performance.

Attendance by Pension Liaison Officers and Senior Management within the employing authority is actively encouraged.

## Policy discretions

Each employer is required to produce, publish and maintain a statement of policy regarding the exercise of certain discretionary functions available to them within the LGPS regulations. The policy statement must be kept under review and where revisions are made; the revised policy statement must be sent to the Fund and made readily available to all employees within the employing authority within one month of the effective date. Further information on applicable employer discretions is given in Section 11.

## Notification of employees' rights

Any decisions made by an employing authority affecting an employee's rights to membership or entitlement to benefits must be notified to the employee in writing.

## Internal Disputes Resolution Procedures (IDRP)

Each employing authority is required to nominate and name the person to whom applications under Stage 1 of the Internal Disputes Resolution Procedures should be made. The name, job title and contact details of this nominated person must be kept up-to-date with the Fund.

## Online links to the Fund IT Systems

The Fund can provide secure online access to large employers, in order for staff to enquire on their employees' record of membership. This is provided to aid employers in the regular reconciliation of member data with their Payroll & HR Systems.

As there are system and resource costs associated with granting online access, the Fund reserves the right to only agree online employer access where there is a mutual benefit in managing data quality and overall administration costs.

The Fund will ensure that the IT system is available for use during normal office hours (Mon-Fri, 9am to 5pm) with the exception of any necessary scheduled maintenance of the system as notified by email to the Pensions Liaison Officer.

The Fund will, where resources permit, make the computer system available outside of normal office hours provided sufficient notice is given. Any additional costs to provide such availability will be rechargeable to the employing authority.

## 6. Service standards to Scheme members

Prospective employees	
Employers' Responsibility	Fund's Responsibility
To provide all prospective employees with a <b>pensions promotional leaflet</b> prior to interview.	Make available on the employers' website the latest pensions promotional leaflet and provide sufficient stock within five weeks of request by employer.

New Employees - Contractual Enrolment
Employers must ensure that all new employees, with a contract of at least three months, are contractually enrolled into the Scheme from their date of appointment.
Employers to issue a 'postponement notice' to new employees with a contract of less than three months, making them aware that they can actively join the Scheme.  At such time where the employee has their contract extended to last 3 months or more, they must be 'contractually enrolled' into the Scheme, however membership should not be backdated.
To ensure that pensions information is included as part of any induction process. The Fund can provide appropriate materials and presentations.

## Existing Employees - Automatic Enrolment

[ only applicable from an employer's individual staging date ]

Employers' Responsibility	Fund's Responsibility
<p>Employers must comply with the Automatic Enrolment legislation at their individual staging date - as notified by 'The Pensions Regulator'.</p> <p>Employers should consider whether they wish to make use of the 'Transitional Delay Period' within the legislation.</p>	<p>Make available on the employers' website the detailed guidance on the delivery of Automatic Enrolment for the LGPS.</p> <p>To inform employers of any changes announced by the Pensions Regulator/LGA in respect of Automatic Enrolment.</p>
<p>Employers must write to all their employees at their staging date, making use of the appropriate template letters within the LGPC Automatic Enrolment Guide.</p>	<p>To provide relevant contact details for insertion in the template letters.</p>
<p>At each pay-reference period, monitor employees who are not members of the Scheme in regards compliance with Automatic Enrolment legislation.</p>	<p>To accept new members into the Scheme.</p>
<p>On the employer's re-enrolment date the employer must fulfil the obligations of the Automatic Enrolment legislation.</p>	<p>To accept new members into the Scheme.</p>

For more information on employer obligations in regard Automatic Enrolment:

**<http://mpfemployers.org.uk/content/automatic-enrolment-guide-lgps-employers>**



## New Scheme Members

Employers' Responsibility	Fund's Responsibility
<p>An <b>LGP1</b> form should be completed for all enrolled employees and submitted to the Fund within four weeks of membership starting, regardless of whether they have had any pension contribution deducted from pay.</p> <p>Where there is more than one contract of employment with the same employer, each membership shall be maintained separately and the Fund notified via an additional <b>LGP1</b>.</p> <p>LGP1 information can be electronically submitted with prior agreement of format and data security protocols.</p>	<p>To accurately record and update member records on pension administration systems within four weeks of receipt of documents.</p> <p>To produce <b>Certificates of Membership</b> and forward to the member's home address, within thirteen weeks of joining the Scheme.</p>
<p>To store a copy of the <b>Certificate of Membership</b> within their records for that employee.</p>	<p>To provide the employer with a copy of the member's Certificate of Membership.</p>
<p>To provide each new employee with a <b>pension information pack</b>, either with the letter of appointment or within two weeks of joining the Scheme.</p>	<p>Make available on the employers' website the latest components of the Fund's pension information packs updated in accordance with regulatory changes and provide sufficient stock within five weeks of request by employer.</p>
<p>To assist the Fund in ensuring that all new members are aware of the importance in completing forms <b>LGP2</b> and <b>LGP25</b> contained in the information packs.</p>	<p>To apply for Transfer Value details within two weeks of receiving an <b>LGP2</b> form where relevant.</p>

## Changes in circumstances for active members

Employers' Responsibility	Fund's Responsibility
<p>To ensure that the Fund is informed of any changes in the circumstances of employees on approved forms or by agreed electronic templates within four weeks of the change.</p>	<p>To provide forms for recording any key change in circumstances and/or provide a template for the secure submission of data electronically.</p>
<p>Status:</p> <ul style="list-style-type: none"> <li>Change of Name</li> <li>Marital Status</li> <li>National Insurance number</li> <li>National Insurance category</li> </ul> <p>Conditions of service:</p> <ul style="list-style-type: none"> <li>Contractual Hours</li> <li>Remuneration</li> <li>Contribution Rate</li> <li>Department &amp; Payroll Number</li> <li>Membership Start Date (if adjusted)</li> </ul> <p>Absence:</p> <ul style="list-style-type: none"> <li>Maternity &amp; Paternity leave</li> <li>Paid &amp; Unpaid leave of absence (including details of contributions paid)</li> <li>Industrial Action (strikes)</li> <li>Any other material period of absence</li> </ul>	<p>To accurately record and update member records on pension administration systems within four weeks of notification or any shorter period as requested by employer with regard to specific requirements.</p>

Annual Benefit Statements	
Employers' Responsibility	Fund's Responsibility
To provide a year end contribution return and ensure all errors and additional information are resolved within four weeks.	To process employer year end contribution returns within two months of receipt. To provide consolidated and grouped error reports for action by employers.
To provide an initial point of contact (Pension Liaison Officer or helpline number) for handling queries – this will be printed on the annual benefit statements sent to members.	To produce annual benefit statements for all active members and post to member's home address, no later than 5 <sup>th</sup> October.

Pension Saving Statements	
Employers' Responsibility	Fund's Responsibility
To consider as part of workforce planning, the potential impact of a member with significant LGPS membership receiving a substantial pay award or promotion.	To respond to employer enquiries on the likelihood that a member may exceed the Annual Allowance threshold.
To respond to queries from the Fund in regard the assessment of members and the Annual Allowance threshold.	To assess from the year end contribution return, those members who are approaching or have exceeded the Annual Allowance threshold.
Provide the Fund with the required information and accurate pay amounts no later than ten days from the request.	To produce a further request for information and pay amounts for the identified cohort of members in order to ensure accuracy of the 'Pension Saving Statement'
To provide a point of contact at the employer to be quoted on the 'Pension Saving Statement'.  This person must be able to respond to pay related queries from the member.	To produce 'Pension Saving Statements' for affected members and post to that member's home address, no later than 5 <sup>th</sup> October.

Additional benefits (AVCs)	
Employers' Responsibility	Fund's Responsibility
To collect contributions from employee payroll, and to arrange their prompt payment directly to the appropriate provider according to the published schedule.	<p>To provide information and offer alternative Scheme negotiated providers which offer a portfolio of additional voluntary contribution (AVC) options.</p> <p>To review provision to ensure services offered are reasonable.</p>

Additional benefits (ARCs)	
Employers' Responsibility	Fund's Responsibility
To collect contributions from employee payroll, and to arrange their payment to the Fund as part of the main contribution submission.	To provide information and quotations to a Scheme member on the option of making Additional Regular Contributions (ARCs)

Retirement estimates	
Employers' Responsibility	Fund's Responsibility
To submit request form <b>LGP88</b> for estimates to the Fund no later than four months before retirement.	To produce retirement estimates to be returned to employers within two weeks of receiving all the necessary information.
To verify correctness of benefit estimate and distribute to the Scheme member.	Appropriately large employers, with online links to the Fund IT Systems, can be provided with the facility to produce retirement estimates for the purposes of work planning.

Retirement packs (information related to retirement)	
Employers' Responsibility	Fund's Responsibility
To provide members retiring with form <b>LGP1b</b> and a <b>retirement pack</b> at least three months before retirement.	Make available on the employers' website the latest components of the Fund's retirement packs and provide sufficient stock within five weeks of request by employer.
To provide, on request, a <b>retirement pack</b> to those members attaining age 58 in any given year.	

Members choosing to opt-out of the Scheme	
Employers' Responsibility	Fund's Responsibility
<p><b>Within three months</b> of joining the Scheme, employers should direct employees wishing to opt-out of pension saving to contact the Membership team at the Fund or to the Fund's website to request a form (LGP9a).</p> <p>To process any completed <b>LGP9a's</b> received from eligible employees, who choose not to remain in the Scheme <b>within their first three months of membership</b>.</p> <p>To arrange a payroll refund of contributions to the employee with appropriate adjustments for tax and National Insurance.</p> <p>To store a copy of the <b>LGP9a</b> within their records for that employee and to forward a copy to the Fund for their records along with a completed <b>LGP1</b> starter form, if not previously submitted.</p>	<p>To make the <b>LGP9a</b> 'opt-out form' available on the Fund's website.</p> <p>To respond to phone calls from members, and provide information on the:</p> <ul style="list-style-type: none"> <li>benefits to be relinquished;</li> <li>tax and national insurance implications</li> </ul> <p>The Fund will provide an <b>LGP9a</b> for completion by the member, following their continued wish to leave the Scheme.</p> <p>To accurately record and update member records on pension administration systems within four weeks of receipt of document.</p>
<p><b>After three months membership</b> in the Scheme, employers will direct employees to contact the Operations team at the Fund.</p>	<p>To respond to phone calls from members and provide information on the:</p> <ul style="list-style-type: none"> <li>benefits to be relinquished;</li> <li>tax and national insurance implications;</li> <li>nature of a deferred pension and when it will come into payment;</li> <li>need to inform the Fund of future home address changes.</li> </ul>

	The Fund will provide an <b>LGP9</b> for completion by the member, following their continued wish to leave the Scheme.
<p>Upon receipt of a completed and signed <b>LGP9</b> form from the employee, to accurately update members payroll records to ensure further contributions are not collected and tax and National Insurance obligations are adjusted accordingly from the next appropriate pay date.</p> <p>To store a copy of the <b>LGP9</b> within their records for that employee.</p> <p>To complete an <b>LGP1a</b> and forward this form together with the <b>LGP9</b> to the Fund. On leaving employment, an <b>LGP1c</b> is required for the former member and this should be forwarded to the Fund.</p>	<p>To accurately record and update member records on pension administration systems.</p> <p>To inform member of their deferred benefit entitlements in writing within two months of notification by employer.</p>
To inform the Fund within four weeks of any changes affecting former employees, especially re-employment and retrospective pay awards.	To accurately record and update member records on pension administration systems within two months of notification by employer.

Members leaving employment	
Employers' Responsibility	Fund's Responsibility
To notify the Fund of an employee's date and reason for cessation of membership and all other relevant information, on approved forms, within four weeks of the event.	<p>To accurately record and update member records on pension administration systems.</p> <p>To inform members who leave the Scheme, who are not entitled to immediate payment of benefits, the options available and deferred benefit entitlement within two months of receiving all relevant information.</p>
If benefits are to be brought into payment on the member leaving their employment (i.e. retirement, including flexible retirement) the employer is to notify the Fund ideally in advance of the leave date but <b>no later</b> than four weeks following the actual date of leaving to enable payments to be made promptly.	To pay Scheme benefits within seven working days of receiving all relevant information.

Former members with deferred benefits	
Employers' Responsibility	Fund's Responsibility
<p>To keep adequate records of the following for members who leave the Scheme with deferred benefits:</p> <ul style="list-style-type: none"> <li>Name &amp; Last known address</li> <li>National Insurance Number</li> <li>Payroll Number</li> <li>Date of Birth</li> <li>Last job <b>including</b> job specification</li> <li>Salary details (ten years if available)</li> <li>Date and reason for leaving</li> </ul> <p>To determine whether or not former employees are eligible for early payment on ill health grounds after seeking a suitable medical opinion. To determine whether benefits should be released early and whether any early retirement reduction should be waived.</p>	<p>To accurately record and update member records on pension administration systems.</p> <p>To provide former members, where possible, an annual benefit statement of their deferred benefits updated by accrued annual pensions increase awards.</p> <p>To provide estimates of benefits that may be payable and any resulting employer costs.</p>
<p>To provide information on former employees as required by the Fund, within four weeks.</p>	<p>To request from former employers historical information that will inform the process crystallising a deferred benefit – for example, immediate payment on the basis of ill health where the last known job specification would be required for any medical assessment.</p>

Death in Service & Terminal Illness	
Employers' Responsibility	Fund's Responsibility
<p>To inform the Fund immediately on the death of an employee, and when a member is suffering from a potentially terminal illness.</p>	<p>To assist employers, employees and their Next of Kin in ensuring the pension options are made available and that the payment of benefits are expedited in an appropriate and caring manner.</p>

## III Health Retirements

Employers' Responsibility	Fund's Responsibility
<p>To arrange, appoint and inform the Fund of their named, independent occupational medical officer on form <b>LGP200</b> in accordance with regulatory requirements.</p> <p>To be satisfied that the occupational medical officers appointed to make retirement decisions are suitably qualified in occupational health medicine and independent.</p> <p>To notify the Fund of any changes in occupational medical officer.</p>	<p>To check the details, approve and hold on record and confirm in writing the details submitted by the employers in regard to their nominated, suitably qualified and independent occupational medical officer.</p> <p>To provide relevant documentation and guidance to employers and for medical practitioners.</p>
<p>To determine based on medical opinion and advice whether an ill health award is to be made and determine which tier 1, 2 or 3.</p> <p>Arrange for the completion of the appropriate <b>LGP12</b> form and then submit to the Fund with all signatures.</p>	<p>To calculate and pay required benefits.</p>
<p>To keep a record of all Tier 3 ill health retirements, particularly in regard the 18 month review of their gainful employment and any subsequent appointment with an occupational medical officer for a further medical certificate.</p> <p>To recover any overpayments of pension benefits following subsequent re-employment and notify the Fund</p>	<p>To assist the employer in performing their legislative responsibility to review Tier 3 ill health cases at 18 months.</p>
<p>To review all Tier 3 ill health retirement cases prior to discontinuance at three years.</p> <p>Arrange for the completion of the appropriate <b>LGP12</b> form and then submit to the Fund with all signatures.</p>	<p>To notify employers three months prior to scheduled discontinuation of benefit payments and before updating the members records to reflect them becoming a "pensioner member with deferred benefits" from the date of the suspension.</p>



## 7. Financial obligations

### Contributions

Each employing authority must pay the Fund all employee and employer contributions (not including AVCs), no later than the 22<sup>nd</sup> of the month following deduction from payroll, provided the payment is made electronically. Conversely, if payment to the Fund is made by cheque it should be received by the 19<sup>th</sup> of the month.

If an employer has a number of payroll services in respect of its employees, a consolidated monthly return is required on an **LGP41**, duly signed as accurate by an appropriate authorised signatory of the employing authority.

The correct employee contribution rate is to be determined each year at the 1 April by the employing authority in line with the appropriate contribution banding table. Changes to the employee contribution rates at all other times must be in line with the employers' published discretionary policy on adjusting employee contribution rates.

Interest will be charged for late payment as detailed in Regulation 44(4) of the LGPS (Administration) Regulations 2008 – a copy of which is at Appendix One.

### AVCs

Each employing authority must pay all AVC related deductions from its employees (plus any employer contributions if a shared cost AVC arrangement) to the appropriate provider according to the published schedule.

### Recharges

The Fund will provide employers with a detailed report and/or schedule of any recharge items as they become due. Each employing authority must ensure that all rechargeable items are paid to the Fund within four weeks of invoice.

Interest will be charged for late payment as detailed in Regulation 44(4) of the LGPS (Administration) Regulations 2008 – a copy of which is in Appendix One.

## 8. Standards of data & timeliness

### Overriding legislation

In performing the role of administering the LGPS, the Fund and Employers will comply with overriding legislation, including:

- the Occupational Pensions Schemes (Disclosure of Information) Regulations 1996;
- the Pensions Act 1995, 2004 & 2008;
- the Finance Act 2004 & 2006;
- the Data Protection Act 1998;
- the Freedom of Information Act 2000;
- the Equality Act 2010; and
- Health & Safety legislation.

and any future amendments to the above legislation.

### Data quality

The Fund and employers will ensure that all functions and tasks are carried out to agreed quality standards, which are:

- compliance with all the procedural requirements as set out on the employers website;
- work to be completed on the approved forms or in an agreed electronic template;
- information to be legible and accurate;
- information provided to be checked for accuracy by an appropriately qualified member of staff; and
- information provided to be authorised by an agreed signatory.

### Timeliness

Overriding legislation dictates minimum standards that Pension Schemes should meet in providing certain pieces of information to the various associated parties – not least of which the Scheme member. The LGPS Regulations also identifies a number of requirements for the Fund and Employers. These performance standards are held within the contents of this Pensions Administration Strategy particularly within this section and the sections titled **Service standards to Scheme members** and **Standards of financial obligations**.

## Secure data transfers

The Fund provides a secure email facility for the encrypted transfer of person identifiable data between a Pension Liaison Officer (or a nominated, authorised individual) and the Fund. Access to this provision is coordinated by the Employers' website.

## Year end contribution returns

The employer shall provide the Fund with year-end information to 31 March each year in an approved format no later than **30 April** or the next working day.

If an employer has a number of payroll services in respect of its employees, a consolidated contribution return is required. If the payroll is contracted out to a bureau or another third-party organisation, then it remains the responsibility of the employing authority to ensure a complete and accurate data submission to the Fund within timescale.

Such information should be accompanied by a final statement (**LGP40**), duly signed by an authorised officer of the employing authority, balancing the amounts paid during the year with the total amounts on the year end return data file – certifying that the amounts reflect the contributions deducted from employees during the year.

## Triennial and Interim Valuations

The Fund has to be re-valued every three years by the Fund Actuary to determine employers' contributions rates. Interim valuations happen within the triennial cycle and are used to monitor, progressively, including the incidence and prevalence of ill health and early retirements.

Valuations	
Employers' Responsibility	Fund's Responsibility
To provide the Fund with up to date and correct information on members working hours, breaks in service and pensionable pay in accordance with agreed timescales.	To provide data to the Fund Actuary and Government Actuary's Department to enable employer contribution rates to be accurately determined and any cost sharing arrangements applied.
To ensure that all errors highlighted from the annual contribution posting exercise are responded to and corrective action taken promptly.	To provide a copy of the valuation report and contributions certificate to each employer and answer any questions arising.

## 9. Fund administration performance

### Measures

Performance measure	Target (working days)
1. Payment of retirement benefits	7 days
2. Payment of monthly pensions	100%
3. Payment of transfer values	7 days
4. Provision of inward transfer quotes	10 days
5. Notification of deferred benefits	22 days
6. Provide valuation in divorce cases	10 days
7. Respond to members enquiries	10 days

All of these measures start from the date of receipt of all relevant information. The annual figures for the Fund performance measures are reported in the Annual Report and Accounts.

### Audit

The Fund is subject to an annual audit of its processes and internal controls. Employers are expected to fully comply with any requests for information from both internal and approved external auditors. Any subsequent recommendations will be considered and where appropriate implemented with Employing authority cooperation.

### Benchmarking

The Fund will regularly monitor its costs and service performance by benchmarking with other administering authorities by using benchmarking clubs and other available comparators. Details of costs of administration, quality measures and standards of performance will be published in the Annual Report and Accounts.

### Customer satisfaction

The Fund has an established programme of customer satisfaction surveys, and the results of which are to be published on the Employers website and where appropriate the main public website of the Fund.

## 10. Employer performance

### Reporting

The Fund works with employers on reporting on the service standards set out in Section 6 of this document where there is reduction in service level to Scheme Members. This approach to reporting facilitates early engagement with employers and also provides a mechanism for service level review and recognition of best practice.

### Poor performance

The Fund will seek, at the earliest opportunity, to work closely with employers in identifying areas of poor performance, provide the necessary training and development to put in place appropriate processes to improve the level of service into the future.

In the event of continued poor performance and a lack of any evidence of any measures being taken to achieve improvement by an employing authority the Fund will seek to recover any additional costs arising.

Any third party costs or regulatory fines incurred by the Fund as a consequence of administrative failures or poor performance by an employing authority will be recovered from the employer. These may include fines imposed by the Courts or the Pensions Ombudsman and additional charges in respect of actuarial fees, third party computer charges and additional printing and distribution costs.

In dealing with poor performance the Fund will:

- write to the employer setting out the area(s) of poor performance;
- meet with the employing authority, to discuss area(s) of poor performance and how these can be addressed;
- issue formal written notice, where no improvement is demonstrated by the employing authority or where there has been a failure to take agreed action by the employing authority;
- make claim for cost recovery, taking account of time and resources in resolving the specific area(s) of poor performance – please see section on Cost Recovery; and
- will report any claim for cost recovery to the Pensions Committee at the next available meeting and may form part of the administrative report in the Fund's published Annual Report and Accounts.

## Cost recovery

Any additional costs to Merseyside Pension Fund in the administration of the LGPS that are incurred as a direct result of an employer's poor performance will be recovered from the Employing authority. The circumstances where such additional costs will be recovered from the employing authority are:

- persistent failure to provide relevant information to the administering authority, scheme member or other interested party in accordance with service standards and performance measures (either as a result of timeliness, delivery or quality of information);
- failure to pass relevant information to the Scheme member or potential members;
- failure to deduct, and pay Merseyside Pension Fund, the correct employee and employer contributions within the stated timescales;
- instances where the performance of the employing authority results in fines being levied against the administering authority by the Pension Regulator, Pensions Ombudsman or other regulatory body; and
- additional costs incurred in providing expert third party advice in administering the Scheme on behalf of the employer, including but not exclusive to actuarial services, occupational medical practitioner services and legal services.

Where Merseyside Pension Fund determines cost recovery is appropriate, written notice will be given to the employing authority stating:

- the reasons in their opinion that the Employing authority's poor performance resulted in the additional cost;
- the amount of the additional cost incurred;
- the basis on how the additional cost was calculated; and
- the provision within the Pension Administration Strategy relevant to the decision to give notice.

# 11. Associated policy statements & discretions

## Communications policy

This statement outlines the Fund's policy on:

- Information to members, representatives and employers;
- The format, frequency and method of distributing such information;
- The promotion of the Scheme to prospective members and their employing authorities.

The Fund website has the latest copy of this policy which can be found at:

**<http://mpfemployers.org.uk/content/communicating-employers>**

## Governance policy

Wirral Metropolitan Borough Council is the Administering Authority for Merseyside Pension Fund. The Council has delegated to the Pensions Committee various powers and duties in respect of its administration of the Fund.

This statement sets out the scheme of delegation and the terms of reference, structure and operational procedures of the delegation and can be found on the Fund website at:

**<http://mpfemployers.org.uk/content/governance-fund>**

## Employer discretions

Since 1997, the LGPS Regulations have required every employing authority to:

- issue a written policy statement on how it will exercise the various discretions provided by the Scheme;
- keep it under review;
- revise it as necessary.

A list of employer discretions can be found on the Employers website at:

**<http://mpfemployers.org.uk/content/employer-discretionary-policies>**

## 12. Appendix One

### Local Government Pension Scheme (Administration) Regulations 2008 Regulation excerpts related to Pensions Administration Strategy Documents

#### Exchange of information by authorities

**64.**—(1) An employing authority which is not an administering authority must—

- (a) inform the appropriate administering authority of all decisions made by the employer under Part 6 or this Part concerning members; and
- (b) give that authority such other information as it requires for discharging its Scheme functions.

(2) If—

- (a) an administering authority makes any decision under Part 6 or this Part about a person for whom it is not the employing authority; and
- (b) information about the decision is required by his employing authority for discharging that employer's Scheme functions,

that authority must give that employer that information.

#### Pension administration strategy

**65.**—(1) An administering authority may prepare a written statement of the authority's policies in relation to such of the matters mentioned in paragraph (2) as it considers appropriate ("its pension administration strategy") and, where it does so, paragraphs (3) to (7) apply.

(2) The matters are—

- (a) procedures for liaison and communication with employers in relation to which it is the administering authority ("its employers");
- (b) the establishment of levels of performance which the administering authority and its employers are expected to achieve in carrying out their Scheme functions by—
  - (i) the setting of performance targets,
  - (ii) the making of agreements about levels of performance and associated matters, or
  - (iii) such other means as the administering authority considers appropriate;
- (c) procedures which aim to secure that the administering authority and its employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;
- (d) procedures for improving the communication by the administering authority and its employers to each other of information relating to those functions;
- (e) the circumstances in which the administering authority may consider giving written notice to any of its employers under regulation 43(2) on account of that authority's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);
- (f) the publication by the administering authority of annual reports dealing with—
  - (i) the extent to which that authority and its employers have achieved the levels of performance established under sub-paragraph (b), and
  - (ii) such other matters arising from its pension administration strategy as it considers appropriate; and
- (g) such other matters as appear to the administering authority, after consulting its employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

(3) An administering authority must—

- (a) keep its pension administration strategy under review; and
- (b) make such revisions as are appropriate following a material change in its policies in relation to any of the matters contained in the strategy.

(4) In preparing or reviewing and making revisions to its pension administration strategy, an administering authority must consult its employers and such other persons as it considers appropriate.



(5) An administering authority must publish—

- (a) its pension administration strategy; and
- (b) where revisions are made to it, the strategy as revised.

(6) When an administering authority publishes its pension administration strategy, or that strategy as revised, it must send a copy of it to each of its employers and to the Secretary of State.

(7) An administering authority and its employers must have regard to the current version of any pension administration strategy when carrying out their Scheme functions.

(8) In this regulation references to the functions of an administering authority include, where applicable, its functions as an employing authority.

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### **Additional costs arising from employing authority's level of performance**

**43.**—(1) This regulation applies where, in the opinion of the appropriate administering authority, it has incurred additional costs which should be recovered from an employing authority because of that employing authority's level of performance in carrying out its functions under these Regulations or the Benefits Regulations.

(2) The administering authority may give written notice to the employing authority stating—

- (a) the administering authority's reasons for forming the opinion mentioned in paragraph (1);
- (b) the authority's opinion that the employing authority's contribution under regulation 42(1)(d) should include an amount specified in the notice in respect of the additional costs attributable to that authority's level of performance;
- (c) the basis on which the specified amount is calculated; and
- (d) where the administering authority has prepared a pension administration strategy under regulation 65, the provisions of the strategy which are relevant to the decision to give the notice and to the matters in subparagraph (a), (b) or (c).

### **Interest**

**44.**—(1) An administering authority may require an administering or employing authority from which payment of any amount due under regulations 39 to 42 (employers' contributions or payments) or regulation 86 (changes of fund) is overdue to pay interest on that amount.

(2) The date on which any amount due under regulations 39 to 41 is overdue is the date one month from the date specified by the administering authority for payment.

(3) The date on which any amount due under regulation 42 (other than any extra charge payable under regulation 40 or 41 and referred to in regulation 42(1)(c)) is overdue is the day after the date when that payment is due.

(4) Interest due under paragraph (1) or payable to a person under regulation 45(5) (deduction and recovery of member's contributions), 46(2) (rights to return of contributions) or 51 (interest on late payment of certain benefits) must be calculated at one per cent. above base rate on a day to day basis from the due date to the date of payment and compounded with three-monthly rests.

(5) Interest on any amount due in respect of regulation 86 shall be calculated in accordance with guidance issued by the Government Actuary.

## 13. Appendix Two

### Example job description for a Pensions Liaison Officer

1. To act as the primary link for communication between the Administering Authority (AA) and the organisation and to ensure that systems are in place to disseminate information and collect it from all relevant staff.
2. To identify any pension training needs within the organisation and to ensure with the assistance of the AA that these are met.
3. To be aware of governance arrangements and ensure that all relevant personnel are aware of opportunities for participation in decision making processes.
4. To inform the Fund of any alternative service requirements to ensure equitable access, addressing the diverse needs of the membership.
5. To ensure that the organisation discharges its duties and responsibilities under the Pensions Administration Strategy (PAS), the LGPS regulations and other relevant legislation and specifically determines relevant matters:
  - the appropriate contribution rate based on earnings;
  - whether the employee is whole time, part time, variable time or a casual worker;
  - the date an employee starts and leaves;
  - the reason for leaving;
  - entitlement to benefit;
  - pensionable pay and final pensionable pay.
6. That the employer ensures that:
7. Contributions deducted from payroll are forwarded to the AA and any Additional Voluntary Contributions (AVCs) to the relevant providers on time and in the appropriate form.
8. The AA is informed of any material changes regarding the position of its employees within the deadlines laid down (Hours changes, marital status, breaks in service, certificates of protection, maternity, strikes, etc).
9. All employees are informed of their pension rights and options, whether pensionable or not within the statutory deadlines, including ensuring transfer values and pensions sharing on divorce/dissolution of Civil Partnerships are dealt within timescales prescribed.
10. Procedures are administered as laid down in the Employers Guide and the Pensions Administration Strategy document.
11. To provide information to the AA to enable an annual benefit statement to be issued to all employees.
12. To issue relevant promotional information on the pension scheme to all eligible employees and to obtain required information and pass it promptly to the AA.
13. To cooperate with the AA to ensure that members receive essential pension option information at induction, mid-life, pre retirement and other ad hoc events as necessary.

14. To ensure that employees are able to obtain estimates of benefits and information on any options available them to maximise their benefits including Additional Regular Contributions (ARCs), AVCs, purchase of strikes etc.
15. To ensure required employer policies on discretionary decisions are made and maintained and publicised.
16. To ensure that appropriate arrangements are in place to deal with medical decisions required under the regulations including:
  - Ill health retirement from active status including terminal illness cases,
  - Review and recovery of overpayments of pension in cases of Tier 3 benefits, and
  - Applications for payment of deferred benefits on ill health grounds
17. To ensure that arrangements are in place to operate the Internal Dispute resolution procedures at stage 1 and stage 2 as required by the Regulations.

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Merseyside Pension Fund  
Castle Chambers, 43 Castle Street  
Liverpool, L2 9SH

Telephone: 0151 242 1390  
Fax: 0151 236 3520

Web: [mpfmembers.org.uk](http://mpfmembers.org.uk)  
[mpfemployers.org.uk](http://mpfemployers.org.uk)  
E-mail: [mpfadmin@wirral.gov.uk](mailto:mpfadmin@wirral.gov.uk)

