

**WIRRAL COUNCIL**  
**PENSION COMMITTEE**

**13 NOVEMBER 2017**

<b>SUBJECT:</b>	<b>PENSIONS ADMINISTRATION STRATEGY</b>
<b>WARD/S AFFECTED:</b>	<b>NONE</b>
<b>REPORT OF:</b>	<b>MANAGING DIRECTOR, DELIVERY</b>
<b>KEY DECISION?</b>	<b>NO</b>

**1.0 EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to outline and recommend the proposed revisions to the Pensions Administration Strategy (PAS), following completion of the consultation period with employers on 2 October 2017.
- 1.2 The proposed revisions have undergone due consideration by the Pension Board as to the reasonableness of the amendments and the impact on policy objectives.
- 1.3 The revised draft PAS is attached as Appendix One and Appendix Two contains a synopsis of the consultation feedback.

**2.0 BACKGROUND AND KEY ISSUES**

- 2.1 Under the LGPS Regulations, the Fund may produce and publish a PAS and ensure it is reviewed and revised as appropriate. The PAS sets out a framework for assessing Fund and employer performance standards in ensuring a cost-effective, high quality pension administration service.
- 2.2 The Fund published the latest version of its PAS in 2013 and committee considered the rationale for a radical overhaul of the policy at its meeting on 17 July 2017 (minute 13 refers).
- 2.3 Predominantly the PAS has been updated to reflect the Fund's strategic business plan, to conduct more operational processes and stakeholder

communications using online systems and secure portals for the exchange of electronic data.

2.4 The primary aims of the PAS are to:

- provide a high quality pension service to the membership;
- set out the quality and performance standards expected of the Fund and its scheme employers;
- promote good working relationships and improve the efficiency of information exchange between the Fund and its scheme employers;
- remove the cross-subsidy of costs resulting from any inequitable allocation of resources, by introducing an extended charging policy in circumstances of persistent employer failure or for the provision of non-statutory casework and bespoke administration tasks.

## **2.5 CHANGES TO THE STRATEGY AND OUTCOME OF THE EMPLOYER CONSULTATION**

2.6 As part of the internal review process a mandatory consultation for the proposed PAS was opened to all participating employers on 3 August 2017 and closed on 2 October 2017.

The Fund received 6 responses from participating employers, raising queries relating to the practical application of service standards, performance monitoring, the impact of Fund non-compliance with its own performance target and the basis of the escalation policy, including financial charges.

A synopsis of the employers' feedback and the associated Fund response is attached as Appendix Two.

2.7 The Fund has reviewed the comments and updated the PAS with the following key revisions:

- Clarification that the charges for multiple retirement estimates is an employer only charge;
- Refinement of the timescales specified to ensure a balance between administering the scheme in-line with the regulations and the efficient delivery of information against the practical constraints of employer systems and processes;

- The charging structure has been revised to increase transparency as to whether costs will be levied against the employer or direct to the member.

## **2.8 IMPLEMENTATION OF THE PAS**

The PAS will be applicable from 1 April 2018 and will be issued to employers and uploaded onto the Fund's secure employers' website following approval by Pension Committee.

## **3.0 RELEVANT RISKS**

3.1 The Fund has a legal duty to comply with legislation and statutory best practice, failure to do so will result in challenge from scheme members, the Pensions Regulator, and the Scheme Advisory Board.

3.2 The measures within the revised PAS reduce the risk of holding inaccurate data as the objective is to deliver operational efficiencies, rationalise resources and to secure improvements in data quality as a core business function.

## **4.0 OTHER OPTIONS CONSIDERED**

4.1 Not relevant for this report.

## **5.0 CONSULTATION**

5.1 The PAS has been subject to a two month consultation period with the Fund's participating employers as detailed within the report.

## **6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

6.1 None associated with the subject matter.

## **7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

7.1 There are none arising from this report.

## **8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

8.1 There are financial implications associated with this report in that the PAS includes the Fund's approach to the application of charges in the event of non-compliance with key performance standards set out for participating employers.

8.2 Employers are charged for the cost of administration of the Fund by an allowance of 0.5% included within their pension contribution rate. This is a flat-rate amount and takes no account of the actual allocation of Fund resources between each employer or any additional non-statutory casework undertaken by the Administration Team.

8.3 The PAS will allow the Fund to make an additional monetary charge to employers to cover its costs where the amount of administrative work carried out is disproportionate to other employers.

## **9.0 LEGAL IMPLICATIONS**

9.1 The Council's Section 151 Officer has had the opportunity to comment on the PAS as to whether the charging structure conflicts with the Administering Authority's statutory responsibilities in carrying out its function in accordance with Local Government Act 1989 or any overriding primary legislation.

9.2 Following due consideration by the statutory officer it has been authorised for publication.

## **10.0 EQUALITIES IMPLICATIONS**

10.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

No equality impact assessment is required

## **11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS**

11.1 There are none arising from this report

## **12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

12.1 There are none arising from this report

## **13.0 RECOMMENDATION**

13.1 That Committee approve the revised Pension Administration Strategy and charging schedule, subsequent to the Pension Board's agreement following the consultation with scheme employers.

## **14.0 REASON/S FOR RECOMMENDATION/S**

14.1 There is a statutory requirement to update the Pensions Administration Strategy to reflect material change to the operational policy.

**REPORT  
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**APPENDIX ONE** - Pensions Administration Strategy – April 2018

**APPENDIX TWO** - Consultation Responses