

**Agenda Item No 4(c)**

**DERBYSHIRE COUNTY COUNCIL  
PENSIONS AND INVESTMENTS COMMITTEE**

**3 August 2016**

**Report of the Director of Finance**

**ANNUAL REVIEW OF THE DERBYSHIRE PENSION FUND PENSIONS  
ADMINISTRATION STRATEGY**

**1 Purpose of the Report**

To ask the Committee to approve minor changes to the Derbyshire Pension Fund Pensions Administration Strategy further to its annual review.

**2 Information and Analysis**

The aim of the Pensions Administration Strategy (Appendix A) is to ensure that both the administering authority and the employing authorities are fully aware of their responsibilities under the Scheme regulations and to identify acceptable levels of performance. It is not a regulatory requirement to publish a Pensions Administration Strategy; however it does represent best practice. The LGPS Regulations require that where a Pensions Administration Strategy is in place, it is reviewed annually.

The 2016-17 review has been carried out and the changes proposed are as follows:

- (a) Updates to reflect the increases to the numbers of member records held and the number of employing authorities in the Fund (page 5), and
- (b) an update to one of the employer performance targets described in Paragraph 9.1 Benefits Administration for leavers with immediate entitlement to benefits (page 10).

The target previously stated:

*‘Complete leaver details to be provided 15 working days prior to member’s last day of employment. Where salary revision required, revised information to be provided within 15 working days of end of payroll period to which revision applies’.*

This change is in response to feedback from employers who find that it is more efficient to wait for a leaver's gross monthly pay in their final month to be determined before submitting a final pay figure, in cases where pay tends to vary. Employers will continue to endeavour to provide full leaver information 15 days in advance of a leaver's last day of service, where the gross monthly pay is regular and predictable.

### **3 Other Considerations**

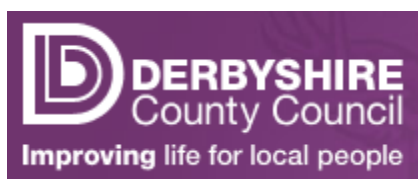
In preparing this report the relevance of the following factors has been considered – financial, legal, human resources, equality and diversity, health, environmental, transport, property, social value and prevention of crime and disorder considerations.

### **4 Officer's Recommendation**

That the Committee approves the proposed updates to the Derbyshire Pension Fund Pensions Administration Strategy

PETER HANDFORD

Director of Finance



# Derbyshire Pension Fund

## Pension Administration Strategy

---

Version V1.1

# 1 Document History

## 1.1 Review History

<b>Reviewed by: (Name)</b>	<b>Role</b>	<b>Version</b>	<b>Signature</b>	<b>Date</b>
Nigel Dowey	Pensions Manager	V1.0		
Richard Appleby		V1.0		
Peter Handford		V1.0		

## 1.2 Revisions History

<b>Title</b>	<b>Date</b>	<b>Version</b>	<b>Detail Changed</b>	<b>Review Due Date</b>
Nigel Dowey	Pensions Manager	V1.1		April 2017

## Contents

1	Document History .....	2
2	Introduction .....	4
3	Background .....	4
4	Implementation .....	4
5	Liaison and Communications with Scheme Employers .....	5
6	Data submission and processing.....	5
7	Service Level Agreement targets .....	7
8	Measuring against the targets .....	7
9	Employer Targets .....	8
10	Administering Authority Targets.....	11

## 2 Introduction

- 2.1 This document details the Pensions Administration Strategy of the Derbyshire Pension Fund (“the Fund”) administered by Derbyshire County Council (“the administering authority”). It details the procedures for liaison and communication with scheme employers within the Fund and the relationship between the scheme employers and the administering authority.
- 2.2 This aim of this strategy is to set out the quality and performance standards expected of all scheme employers within the Fund. It also provides details on how performance levels will be monitored and the action that may be taken where performance levels fall below the expected standards. It seeks to promote good working relationships, improve efficiency and enforce quality between scheme employers and the administering authority.
- 2.3 This strategy has regulatory backing in the form of the Local Government Pension Scheme (LGPS) Regulations 2013, Part 2 – Administration, regulation 59. The regulations are available at [http://www.legislation.gov.uk/ukxi/2013/2356/pdfs/ukxi\\_20132356\\_en.pdf](http://www.legislation.gov.uk/ukxi/2013/2356/pdfs/ukxi_20132356_en.pdf).

## 3 Background

- 3.1 The LGPS represents a significant benefit to scheme members. Much of the success in promoting the scheme amongst scheme members and ensuring a high quality service delivery depends upon the relationship between the administering authority and scheme employers in the day to day administration of the scheme. Good quality administration can also help in the overall promotion of the scheme and remind or alert employees to the value of the LGPS, thereby helping with recruitment, retention and motivation of employees.
- 3.2 The Derbyshire Pension Fund is one of 89 LGPS administering authorities in England and Wales and comprises over 174 scheme employers with active members, and approximately 90,000 scheme member records. The efficient delivery of the benefits of the LGPS is dependent on sound administrative procedures being in place between a number of parties, including the administering authority and scheme employers.

## 4 Implementation

- 4.1 The scheme employers who participate in the Derbyshire Pension Fund are included in Appendix A of this document. Furthermore, this Strategy applies to all new employers admitted to the fund following the date stated below. It is effective from 1st April 2015, with annual reviews.

## 5 Liaison and Communications with Scheme Employers

- 5.1 The administering authority takes responsibility for ensuring that all employers have access to current administration procedures and will communicate with employers when these, or this strategy changes.
- 5.2 Detailed current procedures, training initiatives and information can be found in the Employers Administration Guide on the administering authority's website at: [http://www.derbyshire.gov.uk/working\\_for\\_us/pensions/employers/default.asp](http://www.derbyshire.gov.uk/working_for_us/pensions/employers/default.asp). The administering authority takes responsibility for ensuring that this and accompanying forms are kept up to date and that all employers are informed of any changes.
- 5.3 Further support for scheme employers is provided by the Local Government Association (LGA) in the form of an HR Guide to the 2014 Scheme <http://www.lgpsregs.org/index.php/guides/hr-guide-to-the-2014-scheme>, and a Payroll Guide to the 2014 Scheme <http://www.lgpsregs.org/index.php/guides/payroll-guide-to-the-2014-scheme>. This reflects the increased responsibility placed upon scheme employers by LGPS 2014.
- 5.4 In order that all employers receive generic updates or requests specifically for them, we will require employers to nominate 'authorised signatories' as formal points of contact for all method of the fund's communications. The nominated authorised signatories will be responsible for passing all pensions information to the relevant members of staff within their organisation.
- 5.5 Where an employer is unsure of any element of data the fund requires, or anything else regarding their responsibilities they should contact Derbyshire Pension Fund by phone on 01629 538900 or email, [pensions@derbyshire.gov.uk](mailto:pensions@derbyshire.gov.uk), for support.
- 5.6 Full details of the administering authority's communication strategy is available on the administering authority's website.

## 6 Data submission and processing

### 6.1 Internal Standards

The administering authority and scheme employers will ensure that all functions/tasks are carried out to agreed quality standards. In this respect the standards to be met are:

- ❖ Compliance with all the requirements set out within the employer administration guide
- ❖ Work to be completed in the required format and/or on the appropriate forms as referred to within the employer administration guide
- ❖ Information to be accurate and provided within the set timeframes
- ❖ Communications to be in plain English
- ❖ Requests for information to be provided within the set timeframes

- ❖ Information provided to be checked for accuracy by an appropriate qualified member of staff where necessary
- ❖ Documents and forms to be completed and signed by nominated authorised signatory as notified to administering authority

## 6.2 Overriding legislation

In carrying out their roles and responsibilities in relation to the administration of the LGPS, the administering authority and scheme employers will, as a minimum, comply with the overriding legislation, including:

The Local Government Pension Scheme Regulations 2013, including subsequent amendments and saved provisions

Finance Act 2004 and subsequent relevant Finance Act legislation

Pensions Act 1995, subsequent amendments and associated disclosure legislation

Freedom of Information Act 2000

Age discrimination Act 2006

Data Protection Act 1998

Disability Discrimination Act 1995

The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013

Equality Act 2010

Civil Partnership Act 2004

Transfer of Undertakings (Protection of Employment) Regulations 2006

Health and Safety Legislation

Workplace Pensions (Auto Enrolment) Legislation

- ## 6.3
- The administering authority's standards cover all aspects of the administration of the scheme, where appropriate, going beyond the overriding legislation requirements as required by the LGPS regulatory body, the (Department for) Communities and Local Government (CLG). These standards and how they are measured are set out and explained in greater depth in section 0.



## 7 Service Level Agreement targets

- 7.1 The use of time and accuracy based targets are vital in ensuring that the mutual goals of the administering authority and scheme employers of a high level and cost effective service delivery are Specific, Measurable, Achievable, Relevant and Time specific.
- 7.2 The administering authority has taken time to consult internally and with employers to ensure that these targets provide an acceptable balance allowing for each other's priorities and work pressures and the minimum turnaround times required to ensure that the administering authority's pension system is as up to date and accurate as possible. By keeping the system up to date the authority aims to significantly reduce pension related workloads and queries by avoiding the follow-on issues which can arise when information is not up to date. This also serves to improve the service to our members.
- 7.3 Targets will apply to all employers, although the administering authority may only publish performance against the targets for our larger employers (and itself) in respect of benefit administration on a regular basis.
- 7.4 Data for employers with fewer scheme members would be made available to an appropriate individual upon request. For these employers, and for areas outside of benefit administration, the amount of data available would typically not be statistically meaningful.
- 7.5 Where an employer consistently under performs against the performance targets appropriate action will be taken where necessary and in accordance with the LGPS Regulations in force at that time.

## 8 Measuring against the targets

- 8.1 In order to avoid misleading statistics through ad-hoc anomalies (such as a form being received several years after the qualifying event) the Fund will measure performance in two different ways
  - ❖ Average of all relevant data within the period
  - ❖ Percentage of events that meet the stated target
- 8.2 All measurements will be in 'working days' from the qualifying date (i.e. start date for new joiner and last day of employment for leaver/retiree), unless otherwise stated. Where a form/notification is received early a negative number of working days will be registered (which will improve that employer's average).

### 8.3 Terms Used

Term	Definition
<b>Complete</b>	For the terms of this strategy 'Complete' is defined as when we receive a notification / form with no gaps in mandatory areas of data, where the information provided is not contradictory or inconsistent with previous information provided and has been signed by an appropriate person within that employer and one that is an authorised signatory as registered with the administering authority.
<b>Date of the Event</b>	The date of the event refers to the date the member joined the pension scheme in the case of a new starter, the date of leaving employment or the effective date of change in respect of a change to the member's personal or contractual data
<b>The Fund</b>	The Derbyshire Pension Fund
<b>Administering Authority</b>	Derbyshire County Council in its' capacity as the Administering Authority

## 9 Employer Targets

### 9.1 Benefits Administration

Function/Task	Performance Target
<b>New Starter</b> Administering Authority to receive complete data required to achieve active membership	Within 6 weeks of member's contractual, auto-enrolment or re-enrolment date
<b>New Starter</b> Employer to provide new member with Membership Information Form and any other pensions related new starter information as defined by the Administering Authority	Within 1 calendar month of the new member's first day in the scheme
<b>Leaver without immediate entitlement to benefits</b> Administering Authority to receive complete data required to calculate member's benefit and comply with disclosure regulations	Within 20 working days of member's last day of employment or within 20 working days of last day of scheme membership
<b>Leaver with immediate entitlement to benefits</b> Administering Authority to receive complete data required to calculate and pay member's benefits	Complete leaver details to be provided 15 working days prior to member's last day of employment, where no change in gross monthly salary is anticipated. Where pay is subject to monthly change, aim to provide data within 20 working days of member's last day of employment or within 20 working days of last day of scheme membership.
<b>III-Health Retirement</b> Completed Certificate to be provided to Administering Authority	To be provided with complete leaver data within 15 working days prior to member's last day of employment
<b>Change of details (personal and contractual):</b> Complete data to be provided to Administering Authority	Within 1 calendar month of effective date of change (or notification of personal details change by member to Employer)
<b>Data queries</b>	To fully answer all enquiries from the

Queries related to data submissions / member records	Administering Authority within 10 working days of receipt of the query.  For Death in Service and Retirement related queries, to fully answer all enquiries within 3 working days of receipt of query Within 15 days of its receipt
<b>Scheme member information</b> Distribute any information provided by Administering Authority to scheme members/potential scheme members	
<b>Material changes to workforce</b> Notification to the Administering Authority (so they can liaise with actuary) of material changes to workforce/assumption related areas (e.g. restructurings/pay reviews/employer going to cease/ contracting out of services)	No later than 10 working days after material change / formal employer agreement on assumption related areas
<b>Member dismissal</b> Where employer wishes to recover sums from member's pension benefit as a result of member's gross misconduct and loss to employer	Dismissal form and details of recovery amount to be provided with leaver information. Recovery is not possible once benefits information has been provided to member.

## 9.2 Financial Administration

Function/Task	Performance Target
<b>Payment of contributions</b> Remit and provide schedule of member/employer contributions, including additional contributions	By the 19 <sup>th</sup> calendar day of the following month to which contributions were deducted
<b>In-house Additional Voluntary Contributions deducted from member's salary</b> Remit to AVC Provider	By the 19th calendar day of the following month to which contributions were deducted
<b>Costs arising in respect of early retirement of member with employer consent</b> Early retirement costs (shortfall payments)	To be paid within 30 days of the date of invoice issued by the Administering Authority
<b>Recharge arrangements (if applicable)</b> Recharge payments in respect of pension members –for example Compensatory Added Years	To be paid within 30 days of the date of invoice issued by the Administering Authority
<b>Financial Reporting</b> Payments in respect of FRS17 and IAS19 work carried out on behalf of Employers by the Fund's Actuary	To be paid within 30 days of the date of invoice issued by the Administering Authority
<b>Actuarial Advice/Work</b> Payments in respect of all other work carried out on behalf of the Employer by the Fund's Actuary	To be paid within 30 days of the date of invoice issued by the Administering Authority
<b>Under performance</b> Ensure payment of additional costs to the Administering Authority associated with the poor performance of the scheme employer	Within 30 working days of receipt of invoice issued by the Administering Authority
<b>Pension Contributions</b> Arrange for the correct deduction of employee contributions from a scheme members pensionable pay on becoming a scheme member	Immediately on joining the scheme, opting in or change in circumstances
<b>Pension Contributions</b>	Immediately upon commencing scheme

Ensure correct employee contribution rate is applied and arrange for reassessment of employee contribution rate in line with employer's policy	membership, reviewed as per policy
<b>Pension Contributions</b> Ensure correct rate of employer contribution is applied	Immediately following confirmation from the administering authority of appropriate employer contribution rate
<b>Pension Contributions</b> Ensure correct deduction of pension contributions during any period of child related leave, trade dispute or other forms of leave of absence from duty	Immediately, as determined by the fund legislation or following receipt of election from scheme member to make the necessary pension contributions
<b>Pension Contributions</b> Commence/amend/cease deductions of additional contributions	Commence/amend in month following election to pay contributions or notification received from administering authority, cease immediately following receipt of election from scheme member
<b>Pension Contributions</b> Refund any employee contributions when employees opts out of the pension scheme before 3 months	In the month following the month of receipt of opt out notification
<b>Pension Contributions</b> Cease deduction of employee contributions where a scheme member opts to leave the scheme	In the month following the month of receipt of opt out notification, or within one month of date of specified by member if later

### 9.3 Fund Administration

Function/Task	Performance Target
<b>End of Year Returns</b> Provide complete breakdown per employee of contribution, pay and service related data to enable production of annual pension statements and calculation of annual allowance for members	By the 1 <sup>st</sup> of May of each year to cover the financial year ending on 31 <sup>st</sup> March of that same year.
<b>TUPE Transfers (if they occur)</b> Inform the Administering Authority of all cases where a prospective new employer or admitted body may request to join the Fund as a result of re-organisation or TUPE transfer	3 calendar months prior to the date of re-organisation or Transfer
<b>Authorised Signatories</b> To provide updated list of Employer's staff authorised to receive or provide information in respect of Pensions related details	On an annual basis within 30 working days of request from the Administering Authority, or where Employer staff changes occur on ad-hoc basis to ensure signatories up to date
<b>Employers Discretion Policy</b> Formulate Publish and Update (as necessary) an Employer Discretion Policy in accordance with the LGPS Regulations.	Within 30 days of policy being agreed by the appropriate officers AND No later than 3 calendar months after being informed of changes within the LGPS Regulations by the Administering Authority
<b>Employer appointments</b> Appoint an independent medical practitioner qualified in occupational health medicine or arrange contract with third party, in order to	Within one month of commencing participation in the scheme or date of resignation of existing medical adviser

consider all ill health retirement applications and agree appointment with Administering Authority	
<b>Employer appointments</b>	Within 30 working days following the resignation of the current “appointed person”
Appoint person for stage 1 of the pension dispute process and provide full details to the administering authority	

## 10 Administering Authority Targets

### 10.1 Liaison and Communication

Function/Task	Performance Target
<b>Administration Strategy:</b> Publish and keep under review the Fund’s administration strategy	Review annually and publish within one calendar month of changes being agreed with scheme employers
<b>Employer Guides</b> Issue and keep up to date web based employer guides	Within 1 calendar month from date of change / amendment
<b>Member Guides</b> Issue and keep up to date scheme guide and all other literature for issue to scheme members	Within 1 calendar month from date of change / amendment
<b>Forms</b> Issue and keep up to date all forms required for completion by either scheme members, prospective scheme members or scheme employers	Within 1 calendar month from date of change / amendment
<b>Discretion Policies</b> Formulate and publish policies in relation to all areas where the administering authority may exercise a discretion within the scheme	Within 1 calendar month from date of agreement by Pensions and Investments Committee
<b>Employer Training</b> Deliver training sessions for scheme employers	Upon request from scheme employers, or as required
<b>Legislation Changes</b> Notify scheme employers and scheme members of changes to the scheme rules	Provide prior notification where possible and at latest within 1 calendar month from date of changes coming into effect
<b>Poor Performance</b> Notify scheme employer of issues relating to scheme employer’s poor performance (including arranging meeting if required)	Within 10 working days of performance issue becoming apparent
<b>Poor Performance</b> Notify scheme employer of decision to recover additional costs associated with the scheme employer’s poor performance (including any interest that may be due)	Within 10 working days of scheme employer failure to improve performance, as agreed
<b>Pension Statements</b> Issue annual benefit statements to deferred benefit members as at Pension Increase date each year	By the following 31 <sup>st</sup> August
<b>Pension Statements</b> Issue annual benefit statements to active members as at 31 March each year	By the following 31 <sup>st</sup> August

## 10.2 Fund Administration

Function/Task	Performance Target
<b>Fund Valuation</b> Issue formal valuation results (including individual employer details)	Within 10 working days from receipt of results from fund actuary (but in any event no later than 31 March following the valuation date)
<b>Cessation Valuation</b> Carry out interim valuation exercise on cessation of admission agreements or scheme employer ceasing participation in the Fund.	Upon each cessation or occasion where a scheme employer ceases participation within the Fund.
<b>Admission Agreements</b> Arrange for the setting up of separate admission agreement funds, where required (including the allocation of assets and notification to the Secretary of State)	Within 3 months of agreement to set up such funds where all necessary information has been received to complete the agreement
<b>Admission Agreements</b> Arrange for all new prospective admitted bodies to undertake, to the satisfaction of the Fund, a risk assessment of the level or bond required in order to protect other scheme employers participating in the Fund	To be completed before the body can be admitted to the Fund
<b>Indemnity / Bonds</b> Undertake a review of the level of bond or indemnity required to protect the other scheme employers participating in the Fund	Annually, or 3 months prior to bond expiry as necessary
<b>Governance Policy Statement</b> Publish, and keep under review, the fund's governance policy statement	Within 1 calendar month of the strategy being agreed by the Pensions and Investments Committee
<b>Funding Strategy Statement</b> Publish and keep under review the Pension Fund's funding strategy statement	To be reviewed at each triennial valuation, following consultation with scheme employers and the fund's actuary. Revised statement to be issued with the final valuation report
<b>Annual Report</b> Publish the Pension Fund annual report and any report from the auditor	By 1st December following the year end

## 10.3 Scheme Administration

Function/Task	Performance Target
<b>Member service Aggregation/Interfund</b> Make all necessary decisions in relation to a scheme member and issue combined statutory notification to new scheme member (including aggregation of previous LGPS membership)	10 working days of receipt of all necessary information
<b>Response to member enquiry</b> Provide responses to scheme members/scheme employers/personal representatives/dependents and other authorised persons	10 working days from receipt of enquiry
<b>Transfer Quotation</b> Provide transfer quote to scheme member / member's representative	10 working days of receipt of the estimated transfer value
<b>Transfer Payment</b> Confirm transfer-in payment and membership change to scheme member	10 working days of receipt of payment of transfer of value

