



West Yorkshire Pension Fund

# Pension Administration Strategy

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## Regulatory framework and purpose

### 1. The regulations

This strategy is made under Regulation 59 of The Local Government Pension Scheme Regulations (LGPS) 2013.

In line with these regulations West Yorkshire Pension Fund (WYPF), Lincolnshire Pension Fund (LPF) and Hounslow Pension Fund (HPF) employers have been consulted on the strategy, and a copy has been sent to the secretary of state.

#### 1.1 Purpose

This strategy covers both West Yorkshire Pension Fund, Lincolnshire Pension Fund and Hounslow Pension Fund, administered under a collaboration agreement. Within this document the shared service administration, based in Bradford with a satellite office in Lincoln), will be referred to as 'the administrator'.

This strategy outlines the processes and procedures to allow WYPF, LPF, HPF and employers to work together in a cost-effective way to administer the LGPS whilst maintaining an excellent level of service to members. It recognises that working co-operatively and collaboratively will be key to achieving these aims.

### 2. Review of the strategy

This strategy will be reviewed as soon as reasonably possible following any changes to the regulations, processes or procedures that affect the strategy or on a tri-annual basis if this occurs sooner.

Changes to this strategy will be made following consultation with employers and a copy of the updated strategy will be sent to the secretary of state.

WYPF will constantly seek to improve communications between itself and the employers.

Employers are welcome to discuss any aspect of this strategy with the administrator at any time and may make suggestions for improvement to the strategy.

### 3. Liaison and communication

#### 3.1 Authorised contacts for employers

Each employer will nominate a contact to administer the three main areas of the LGPS:

- a strategic contact for valuation, scheme consultation, discretionary statements and IDRPs
- an administration contact for the day-to-day administration of the scheme, completing forms and responding to queries, and
- a finance contact for completion and submission of monthly postings and co-ordination of exception reports

If they wish, employers may also nominate additional contacts.

All contacts will receive a login name and password that allows them to access the Civica employer portal for online administration and the combined remittance and monthly return.

When registering, each contact should complete a **Main contact registration** form and **Authorised user list** form, and sign the administrator's user agreement for the secure administration facility.

The three main contacts are responsible for ensuring that contacts are maintained by notifying the administrator when one leaves and registering new contacts where necessary.

## 3.2 Liaison and communication with employers

The administrator will provide the following contact information for employers and their members:

- A named Pension Fund Representative for regulatory or administration queries, training, advice and guidance.
- A named finance business partner to assist with the monthly returns process
- A dedicated contact centre for member queries

In addition to this, the administrator takes a multi-channel approach to communication with its employers.

Format of communication	Frequency	Method of distribution
Pension Fund Representatives	8.30am to 4.30pm Monday to Friday	Face-to-face/telephone/e-mail
Website	Constant	Web
Fact card	1 per year	Mail
Fact sheets	Constant	Web
Employer guide	Constant	Web/electronic document
<i>Ad hoc</i> training	As and when required	Face-to-face
Update sessions	2 per year	Meeting
Annual meeting	1 per year	Meeting
Manuals/toolkits	Constant	Web/electronic document
<i>Pension Matters</i> and <i>round-up</i>	12 per year and as and when required	Wordpress blog and e-mail
Social media	Constant	Web
<i>Ad hoc</i> meetings	As and when required	Face-to-face
Workshops	10 per year	Face-to-face

## 4. Employer duties and responsibilities

When carrying out their functions employers must have regard to the current version of this strategy.

### 4.1 Events for notification

Event	Preferred method of notification	Other methods available	Target	Acceptable performance
<b>Monthly postings (submitted via secure portal)</b>	Approved spreadsheet	None	19th day of the month following the month in which contributions were deducted	100% compliance of returns received in target
<b>New starters</b>	Monthly return		Notified via the monthly return, the administrator will process the data within 2 weeks following monthly return submission	90% compliance or better

Event	Preferred method of notification	Other methods available	Target	Acceptable performance
<b>Change of hours, name, payroll number, or job title</b>	Monthly return (exception report)	Web form	Notified via monthly returns, the administrator will process the data within 2 weeks following monthly return submission  For exception report output from the monthly return, change data response must be provided to the administrator within 2 weeks of receipt of the exception report  If the employer is not using monthly return, then information is due within 6 weeks of change event	90% compliance or better
<b>50/50 &amp; main scheme elections</b>	Monthly return		Notified by the employer via monthly return, the administrator will process the data within 2 weeks following monthly data submission	90% compliance or better
<b>Service breaks/absence</b>	Web form		Within 6 weeks of the date of the absence commencing	90% compliance or better
<b>Under 3 month opt-outs</b>	Monthly return		Notified by the employer via monthly return, the administrator will process the data within 2 weeks following monthly data submission	90% compliance or better
<b>Leavers</b>	Monthly return Web form Monthly returns (exception reports)		Notified by the employer via monthly return, the administrator will process the data within 2 weeks following monthly data submission, else within 6 weeks of leaving  For exception reports leaver forms must be provided within 2 months of receipt of the exception report	90% compliance or better
<b>Retirement notifications</b>	Web form		10 days before the member is due to retire unless the reason for retirement is ill health or redundancy	90% compliance
<b>Death in service notifications</b>	Web form		Within 3 days of the date of notification	100% compliance

## 4.2 Responsibilities

Employers are responsible for ensuring that member and employer contributions are deducted at the correct rate, including any additional contributions.

The administrator is not responsible for verifying the accuracy of any information provided by the employer for the purpose of calculating benefits under the provisions of the Local Government Pension Scheme. That responsibility rests with the employer.

Any over-payment as a result of inaccurate information being supplied by the employer shall be recovered from that employer.

In the event of the administrator being fined by The Pensions Regulator, this fine will be passed on to the relevant employer where that employer's actions or inaction caused the fine.

## 4.3 Discretionary powers

The employer is responsible for exercising the discretionary powers given to employers by the regulations. The employer is also responsible for compiling, reviewing and publishing its policy to employees in respect of the key discretions as required by the regulations.

## 4.4 Member contribution bands

Employers are responsible for assessing and reassessing the contribution band that is allocated to a member. The employer must also inform the member of the band that they have been allocated on joining the scheme and when they have been reallocated to a different band.

## 4.5 Internal dispute resolution procedure (IDRP)

Employers must nominate an adjudicator to deal with appeals at stage one of the IDRP where the dispute is against a decision the employer has made or is responsible for making. Employers are responsible for providing details of the IDRP and the adjudicator in writing to members when informing them of decisions they have made.

## 5. Payments and charges

### 5.1 Payments by employing authorities

Employing authorities will make all payments required under the LGPS regulations, and any related legislations, promptly to WYPF and /or its Additional voluntary contribution (AVC) providers (Prudential/Scottish Widows) as appropriate.

### 5.2 Paying contributions

Member and employer contributions can be paid over at any time and should be accompanied by a monthly postings submission, the latest date contributions can be paid is the 19th day of the month following the month in which the deductions were made.

Where the 19th falls on a weekend or bank holiday, the due date becomes the last working day prior to the 19th.

### 5.3 AVC deductions

Employers will pay AVCs to the relevant provider within one week of them being deducted.

### 5.4 Late payment

The employer is reported to The Pensions Regulator where contributions are received late in accordance with the regulator's code of practice.

## 5.5 Payment method

Contributions (but not AVCs) should be paid to the administrator by BACS payment direct to WYPF, LPF or HPF's bank account.

## 5.6 Early retirement and augmentation costs

Employers have the option to pay the full early retirement cost or pay by instalments over 5 years, depending on their ability to pay. Interest is charged if the option to pay by instalments is taken, and the annual interest used Base Rate + 1%.

All augmentation cost must be paid in full in one payment.

## 5.7 Interest on late payment

In accordance with the LGPS regulations, interest will be charged on any amount overdue from an employing authority by more than one month.

## 5.8 Employer contributions

Employers' contributions rates are not fixed and employers are required to pay whatever is necessary to ensure that the portion of the fund relating to their organisation is sufficient to meet its liabilities.

## 5.9 Actuarial valuation

An actuarial valuation of the fund is undertaken every three years by the fund actuary. The actuary balances the fund's assets and liabilities in respect of each employer and assesses the appropriate contribution rate and deficit payment if appropriate for each employer for the subsequent three years.

## 5.10 Administration charges

The cost of running the administrator is charged directly to the fund; the actuary takes these costs into account in assessing employers' contribution rates.

## 6. Administering authority duties and responsibilities

When carrying out their functions the administrator will have regard to the current version of the strategy.

### 6.1 Scheme administration

the administrator will ensure that workshops and annual meetings are held on a regular basis and actively seek to promote the Local Government Pension Scheme via the following events.

- Employer annual meeting
- Member annual meeting
- Pre retirement courses
- New starters induction courses
- Complete guide to administration
- Your responsibilities
- Monthly contributions
- Ill Health retirement

## 6.2 Responsibilities

The administrator will ensure the following functions are carried out.

- 6.2.1 Provide a helpdesk facility for enquiries, available during normal office hours, providing a single point of access for information relating to the LGPS
- 6.2.2 Create a member record for all new starters admitted to the LGPS
- 6.2.3 Collect and reconcile employer and employee contributions
- 6.2.4 Maintain and update members' records for any changes received by the administrator
- 6.2.5 At each actuarial valuation the administrator will forward the required data in respect of each member and provide statistical information over the valuation period to the fund actuary so that they can determine the assets and liabilities for each employer
- 6.2.6 Communicate the results of the actuarial valuation of the fund to each employer
- 3.2.7 Provide every active, deferred and pension credit member with a benefit statement each year
- 6.2.8 Provide estimate of retirement benefits on request by the Employer
- 6.2.9 Calculate and pay retirement benefits, deferred benefits and death in service benefits in accordance with LGPS rules, members' options and statutory limits.
- 6.2.10 Comply with HMRC legislation

## 6.3 Decisions

The administrator will ensure that members are notified of any decisions made under the scheme regulations in relation to their benefits within 10 working days of the decision being made and will ensure the member is informed of their right of appeal.

## 6.4 Discretionary powers

The administrator will ensure the appropriate policies are formulated, reviewed and publicised in accordance with the scheme regulations.

## 6.5 Internal dispute resolution procedure (IDRP)

The administrator will deal with employer appeals at stage two of the IDRP for WYPF and LPF. A nominated officer of the London Borough of Hounslow will undertake this role for HPF.

The administrator will nominate an adjudicator to deal with appeals at stage one and stage two of the IDRP where the appeal is against a decision the administrator has made or is responsible for making.

## 6.6 Fund performance levels

The minimum performance targets are shown below.

Service	Days	Minimum target
1. New member records created	10	75%
2. Update personal records	10	75%
3. Posting monthly contributions to member records	10	90%
4. Calculate and action incoming transfer values	2 months	100%
5. Deferred benefits – payment of lump sums	3	75%
6. Provide details of deferred benefit entitlement	10	75%
7. Refund of contributions – notification of entitlement	5	75%
8. Refund of contributions – payment	5	75%

Service	Days	Minimum target
9. Action agreed transfers out on receipt of acceptance	10	75%
10. Provide estimate of retirement benefits	10	75%
11. Retirement benefits – payment of lump sum	3	75%
12. Retirement benefits – recalculation of pension/lump sum	10	75%
13. Calculation and payment death benefits on receipt of all necessary information	5	75%
14. Make death grant payment to themember’s nomination (provided all relevant information is received)	1 month	100%
15. Percentage of telephone calls answered within 20 seconds		90%
16. Annual benefit statements issued to deferred members by		31 May
17. Annual benefit statements issued to active members by		31 August
18. Make payment of pensions on the due date		100%
19. Issue P60s to pensioners within statutory deadlines		100%
20. Provide information on request in respect of pension share on divorce within legislative timescales		100%
21. Implement Pension Share Orders within legislative timescales		100%
22. Undertake annual reviews to establish continuing entitlements to pensions for children over the age of 17		100%
23. Implement changes in pensioner circumstances for the next available pensioner payroll		100%

## 7. Unsatisfactory performance

### 7.1 Measuring performance

Both employer and WYPF targets will be measured on a quarterly basis using the Civica document management system. Employers will be notified of their performance level each quarter.

WYPF performance levels will be published on a quarterly basis in the employer newsletter.

Overall employer and WYPF performance will be published by WYPF in the Report and Accounts.

### 7.2 Unsatisfactory performance

Where an employer materially fails to operate in accordance with the standards described in this strategy, and this leads to extra costs being incurred by the administering authority, the administering authority may issue a written notice to the employer requiring that these extra costs be met by the employer. A schedule of charges is detailed in Appendix B.

## Appendix A – Main contact registration and authorised user list

### Main contact registration form

	<b>West Yorkshire Pension Fund</b>		<small>main contact registration oct 2016</small>
<h3 style="margin: 0;">Main contact registration form</h3>			
<b>Employer name and location code</b>			
<b>Employer address</b>			
<b>Important:</b> please read the guidance note on <b>Managing your WYPF contacts</b> before you complete this form.			
<b>Strategic contact</b>			
Name	Address if different from above		
Job title			
Phone	Specimen signature		
Email			
<b>Administration contact</b>			
Name	Address if different from above		
Job title			
Phone	Specimen signature		
Email			
<b>Finance contact</b>			
Name	Address if different from above		
Job title			
Phone	Specimen signature		
Email			
<b>Contact at third-party payroll provider (if applicable and not listed above)</b>			
Name	Company name and address		
Job title			
Phone	Specimen signature		
Email			
<b>Date signatures valid from</b>	<b>Signed (by current authorised signatory)</b>		



## Appendix B – Schedule of charges

Performance areas	Reason for charge	Basis of charge
1. Any overpayment made to a member due to inaccurate information provided by an employer will be recovered from employer, if the total overpaid is more than £50.	If the overpaid amount is the result of the employer's error, and the amount is over £50, then as such it will be recharged to the employer, plus costs of resolving and recovering the overpayment. If the overpayment is recovered from the member, then the amount recovered will be passed back to the employer, less any cost of overpayment recovery actions.	Actual amount overpaid + admin charge (admin charge will be based on managerial input at level III), minimum half day charge of £110 + VAT + cost of recovery actions (court and legal fees). Any part or all of this charge may be waived at head of service discretion.
2. Contributions to be paid anytime but latest date by 19th of month (weekends and bank holidays on the last working day before 19th)	Due by 19th month – late receipt of funds, plus cost of additional time spent chasing payment.	Number of days late interest charged at base rate plus 1%.
3. Monthly return due anytime but latest by 19th month, errors on return, i.e. employer/employee rate deducted incorrectly, exception reporting errors to be resolved within two months.	Due by 19th month, any additional work caused by late receipt of information incorrect information, incorrect contributions.	Failure to provide appropriate information, resulting in significant work will result in admin charge (at Senior Pensions Officers level II) at £136 + VAT a day. This may be waived at head of service discretion.
4. Change in member detail	If submitted via monthly data, the administrator will process data within 2 weeks following monthly data submission. For exception reports output from monthly returns, change data response must be provided to the administrator within 2 weeks of receipt of the exception report.	Failure to provide appropriate information, resulting in significant work will result in admin charge (at Pensions Officer level I) at £96 + VAT a day. This may be waived at head of service discretion.
5. Early leavers information	If submitted via monthly data, the administrator will process data within 2 weeks following monthly data submission, else within 6 weeks of date of leaving. For exception reports leaver forms provided to WYPF within two months of receipt of the exception report.	Failure to provide appropriate information, resulting in significant work will result in admin charge (at pension officers level I) at £96 + VAT a day. This may be waived at head of service discretion.
6. Retirement notifications	Due 10 working days before last day of employment unless the reason for retirement is ill health or redundancy – additional work caused by late receipt of information.	Failure to provide appropriate information, resulting in significant work will result in admin charge (at senior pension officers level II) at £136 + VAT a day. This may be waived at head of service discretion.
7. Death in membership	Due within 3 working days of the notification – additional work caused by late receipt of information.	Failure to provide appropriate information, resulting in significant work will result in admin charge (at pension manager level III) at £220 + VAT a day. This may be waived at head of service discretion.
8. AVC deducted from pay to be paid anytime but latest date by 19th month. (weekends and bank holidays on the last working day before 19th)	Additional investigative work caused through lack of compliance by employer.	Failure to comply by employer, causing additional work for WYPF will result in admin charge (at pension officers level I) at £96 + VAT a day. This may be waived at head of service discretion.
9. Re-issue of invoices	Charge based on number of request.	Additional work caused by reproducing invoices will result in admin charge (at pension officer level I) at £96 + VAT a day. This may be waived at head of service discretion.

Performance areas	Reason for charge	Basis of charge
10. Authorised officers list not updated – Pension Liaison Officers, monthly contributions responsible officers	Costs of additional work resulting from employer's failure to notify the administrator of change in authorised officers list.	Failure to comply by employer, causing additional work for WYPF will result in admin charge (at Pensions Officer level I) at £96 + VAT a day. This may be waived at head of service discretion.
11. Security breach on system re data protection	Recharge employers any fines imposed on us in this event	Actual amount fine imposed + admin charge (admin charge will be based on managerial input at level III) at £220 + VAT a day. This charge may be waived at head of service discretion.
12. Member requests estimate	The first estimate provided in each financial year is free, then subsequent estimates are chargeable.	1st request in each financial year is free. Additional request is charged at a notional charge of £50 + VAT is made. This charge is for each member's record folder reference.
13. Pension sharing order	For pension sharing order work, each party will be charged according to the instruction in the court order.	The charge is £250 + VAT for this work.
Miscellaneous items: <ul style="list-style-type: none"> <li>Benefit recalculation</li> <li>Member file search and record prints</li> <li>Supplementary information requests</li> </ul>	Where information is requested by members that is in addition to routine information.	A notional charge of £50 + VAT will be levied. This charge is for each members record folder reference.

## Appendix C – Charging Levels

Charges will be made on half a day basis, but for less than a quarter day no charge will be made and for more than half a day a full-day charge will be made.

Charge levels	I	II	III
Daily charge	£96	£136	£220
Half day charge	£48	£68	£110

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