



South Tyneside Council

Local Pension Board

Date: 21st December 2022

Pensions Administration Strategy

(for information and discussion)

Purpose of Report

1. Local government pension funds are allowed by the Local Government Pension Scheme (LGPS) Regulations to prepare and publish a Pensions Administration Strategy.
2. The strategy is kept under review.
3. The Board is asked to review and provide comment on the revised Pensions Administration Strategy in advance of consultation with employers and approval by the Committee.

Regulatory Position

4. The provision for a Local Government Pension Fund to produce a Pensions Administration Strategy was first introduced into the Local Government Pension Scheme Regulations in 2009. This has been followed through in subsequent updates to the Regulations. Under the current LGPS Regulations 2013, regulation 59 provides that an administering authority may prepare a written statement of the authority's policies in matters such as:
 - procedures for liaison and communication with Scheme employers
 - the establishment of levels of performance which the administering authority and its Scheme employers are expected to achieve in carrying out their Scheme functions by-
 - the setting of performance targets,
 - the making of agreements about levels of performance and associated matters, or
 - such other means as the administering authority considers appropriate;
 - procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;
 - procedures for improving the communication by the administering authority and its Scheme employers to each other of information relating to those functions;
 - the circumstances in which the administering authority may consider giving written notice to any of its Scheme employers under regulation 70 (additional costs arising from scheme employers level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions;
 - the publication by the administering authority of annual reports dealing with the levels of performance achieved against performance indicators.
 5. Whilst it is best practice to produce a Pensions Administration Strategy it is currently not a requirement to do so.
 6. However, the Board will be aware of the Good Governance Review, which is expected to make the production of a Pensions Administration Strategy mandatory and also prescribe further details of what it needs to include.
 7. Unfortunately, a consultation on the Good Governance Review setting out how the Government will respond to work of the Scheme Advisory Board has been expected for several years now, but has not been delivered. The
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latest position is that a consultation should be released early in the new year.

The Fund's Approach

8. The Fund first produced a Pensions Administration Strategy 2009 in line with introduction of the new provision. It has provided a useful framework and approach to how the Fund and employers work together.
9. The Strategy has been kept under continual review over the years. It has been amended to reflect changes in working practices and regulations, including the move to the Career Average Revalued Earnings (CARE) Scheme in 2014.

2022/23 Review of the Pensions Administration Strategy

10. This review of the Pensions Administration Strategy is very much an evolution of the previous strategy, pending the expected new requirements from the Good Governance Review. The Fund will complete a more fundamental review of the strategy once the proposed changes are known.
 11. Nevertheless, it is considered necessary to undertake a review of the strategy, at this time following the implementation of new structure for the Fund's administration teams in October 2022.
 12. The review resulted in a number of material changes to how the Pensions Service was structured. One of these was the creation of an Employers Services Team. This has changed the Fund's approach to service delivery to employers. Instead of three client managers looking after an equal share of employers day to day needs and training, with the Communications team providing generic communications and training, the new Employer Services team is now a single central point of contact for employers. The Team has increased resources to provide a dedicated employer helpline, all employer communications, training and guidance and manages all day to day queries.
 13. Whilst there are no other material changes to the strategy, amendments have been made to capture further developments in digitisation and automation for exchanging data.
 14. Also, some cosmetic amendments have been made. The strategy has been streamlined for ease of reading and now provides links to online documents and guidance instead of including the documents as an appendix. This approach makes the document more user friendly and minimises the need for amendments as other documents change.
 15. A working draft copy of the proposed revised strategy is attached to this report. The current focus is on the contents within the document. The cosmetics and layout are still to be finalised.
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16. The draft revised strategy will be circulated to employers for comment then presented to the Pensions Committee for approval in early 2023.

Recommendation

17. The Board is recommended to review and provide comment on the draft revised Pensions Administration Strategy.

Reason for Recommendation

18. To provide a mechanism to assist the Fund and employers to work together to fulfil the joint responsibilities more effectively in administering the Local Government Pension Scheme.

Tyne and Wear Pension Fund

Pensions Administration Strategy



South Tyneside Council

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1. Introduction

This is the Pension Administration Strategy (the Strategy) of the Tyne and Wear Pension Fund (the Fund), in relation to the Local Government Pension Scheme (LGPS).

The Strategy has been prepared under Regulation 59 of the LGPS Regulations 2013. Whilst it is best practice to provide a strategy, it is currently not regulatory to do so. It is kept under regular review and revised following a material change into any of the matters contained in it.

The Strategy has been published following consultation with The Fund's Pension Committee, Local Pension Board and employers.

A copy of the Strategy is provided to all employers, published on the Funds public website, and sent to the Secretary of State.

2. Purpose

This Strategy is designed to help the Fund's Scheme employers (employers) and the Fund work together to comply with their respective statutory requirements, improve data quality and reduce the risk of breaching rules and regulations that could result in penalties and reputational damage. The focus of the strategy is to ensure the timely flow of required and accurate information between employers and the Fund.

The Strategy shows the expected levels of performance of employers and the Fund. It is essential that both parties understand what they are required to do and communicate with each other effectively and in a timely manner. A failure to achieve this can result in:

- members suffering loss and distress
- the Pensions Regulatory fining and publicly naming and shaming a party that is at fault
- employers' pension contributions being set at higher levels.

To improve overall performance, we expect employers to use our Web Services facility, which provides immediate electronic communication, but we continue to accept non-digital communication.

3. Providing, Exchanging and Validating Information

The Fund uses electronic and digital and automated processing where possible. We require that the following methods are used to send and receive data and data queries:

- Bulk Data Imports – for high volume and regular data
- Our Secure Employer portal – for individual data forms and notifications, data collection and data queries
- Secure email when the above methods cannot be used

We require Employers to provide and keep up to date the following:

- Authorised signatories
 - Key liaison contact
 - Staff requiring access to the Fund's secure employer web portal
 - Any third-party payroll provider.
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4. Support for Employers

We have an Employer Services Team responsible for all aspects of our service delivery to employers. This team provides:

- Training and support to employers
- A telephone helpline and email box for day-to-day queries and support
- Dedicated contacts for guidance and operational matters
- Regular communications and regulatory updates
- A secure web portal containing our employer's administration guide and helpful information.

5. Regulations and Discretions

The Department of Levelling Up, Housing and Communities (DLUHC) is responsible for the Local Government Pension Scheme.

<https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities>

Scheme regulations and overriding legislation set out the expected requirements in relation to the supply of information for certain events. Information can flow between many parties, including but not limited to the following:

- employers
- members
- prospective members
- beneficiaries
- AVC providers
- other funds/schemes
- regulatory bodies

5.1. Main Regulations

The main LGPS regulations and overriding legislation that govern the scheme include:

- Public Sector Pension Schemes, England, and Wales The Local Government Pension Scheme Regulations 2013
 - <https://www.lgpsregs.org/schemeregs/lgpsregs2013/timeline.php>
 - the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 <https://www.lgpsregs.org/schemeregs/tpregs2014/timeline.php>
 - The Pension Scheme Acts <https://www.legislation.gov.uk/>
 - HMRC <https://www.gov.uk/government/organisations/hm-revenue-customs>
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5.2. Areas for Discretion

Most of the rules within the LGPS can only be changed by an Act of Parliament. However, there are some rules with discretions placed upon them for both Administering Authorities and employers. Discretions are powers that allow the Fund and employers to choose how we will apply these rules

Areas for discretion can be found at:

- **Employers Discretions–**

The LGPC provide a list of the discretions provided to employers under the LGPS regulations. These can be found at

<https://www.lgpslibrary.org/assets/gas/ew/DISCLv1.10t.doc.pdf>

An employer must publish a policy statement for its functions under Regulations 16, 30 and 31 of the Local Government Pension Scheme Regulations 2013 and of Schedule 2 of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and provide a copy to the Fund.

Employers are encouraged to publish policies for all the discretions listed and provide a copy to the Fund.

On occasions, employers may need to exercise a policy for a member who left under earlier regulations when different provisions applied. In these cases, an employer may wish to consult the Employer Services Team.

- **Administering Authority -**

A list of the discretions provided to Administering authorities and how the Fund will apply them can be found on the Fund's public website at:

https://www.twpf.info/media/2991/Discretions-within-the-LGPS-Administering-Authority-Discretions/pdf/Discretions_within_the_LGPS_-_Administering_Authority_Discretions.pdf?m=637922619542470000

Support and Guidance to ensure compliance with administration of the Scheme is available from:

- The Fund's secure employer portal www.twpf.info. Which includes the Fund's detailed Employer Administration Guide.
 - The Local Government Pension Scheme Advisory Board (England and Wales) <https://www.lgpsboard.org/index.php/welcome>
 - The Local Government Pensions Committee (LGPC) within the Local Government Association (LGA). www.lgpsregs.org
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6. Responsibilities

The LGPS Regulations clearly sets out the responsibilities for both employers and the Fund in order to administer the Scheme. The table below sets out the main responsibilities and duties of Scheme employers and the Fund. The timescales are based on statutory requirements and service delivery. Failure to meet them can result in the Pensions Regulator and or The Pensions Ombudsman issuing fines or imposing maladministration penalties which can cause reputational damage. Delays can also result in HMRC imposing penalties and Scheme sanction.

The Fund is not responsible for verifying the accuracy of information provided by an employer. The responsibility for accuracy rests with the employer, so all information must be checked before it is sent to the Fund. However, the Fund will query any apparent discrepancies that are detected.

6.1. Scheme Employer Responsibilities

The following table sets out the main duties and responsibilities of Scheme employers.

Function/Task	Performance Target
General	
For new employers supply all required pension liaison contact details, authorised signatories and employer web portal systems users.	Within 30 days of becoming a Scheme Employer.
Confirm nominated representative(s) to send and receive information from the Fund.	
When changes occur to pension liaison contact details, authorised signatories and employer web portal system users.	Immediately.
Advise of any appointment of or change to a third-party payroll provider.	Immediately.
Appoint a nominated adjudicator for stage 1 appeals made under the Internal Disputes Resolution Procedure (IDRP).	Within 30 days of becoming as Scheme Employer.
Appoint an Independent Registered Medical Practitioner (IRMP) for decision relating to ill health benefits.	Within 30 days of becoming a Scheme Employer.
Formulate, publish and keep under review policies in relation to all areas where the employer may exercise a discretion within the LGPS.	A copy of the policy should be supplied to the Fund within one month of the employer joining the Fund, or within one month of any changes to the policy.
Notify the Fund when there is a change of payroll provider.	Notify the Fund 1 month in advance of the change.

Notify the Fund of any planned employer events or changes, including but not limited to the following:	As soon as possible.
<ul style="list-style-type: none"> • TUPE transfers • Outsourcing. 	Within 3 months of the potential commencement date.
<ul style="list-style-type: none"> • Changes to policy on admission of new joiners • Termination of admission agreements • Decision to cease business. 	Within 1 month of implementation.
<ul style="list-style-type: none"> • Termination of Admission Agreement or Decision to cease business 	Within 1 month before the event
New Joiners	
Determine eligibility to join LGPS.	At appointment.
Notify the Fund that an employee has joined the Fund by providing the appropriate new joiner information.	Within 42 calendar days of the employee joining.
Notify the Fund that an employee has opted out of the Fund within three months of joining, and contributions have been refunded via payroll.	Within 35 days of the refund being paid.
Ask all members for a written statement of all previous periods of employment, which is to be submitted to the Fund.	Within three months of the employee joining. (The Fund also request this information on an employer's when members join the Scheme).

Changes

Notify the Fund of all changes to member details, including any personal details and breaks in pensionable service.	Within 42 calendar days of the change.
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Contributions and Payments to the Fund

Ensure that employee and employer contributions are deducted at the correct rate and paid to the Fund.	All contributions deducted in any month must be received by the Fund on or before the 14th of the following month. If the 14th of a particular month is a non-banking day, then payment should be made by the last banking day before the 14th.
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Ensure all contributions in relation to Additional Pension Contributions (APC) and Additional Regular Contributions (ARC) arrangements are deducted at the correct rate and paid to the Fund.	All contributions deducted in any month must be received by the Fund on or before the 14th of the following month. If the 14th of a particular month is a non-banking day, then payment should be made by the last banking day before the 14th.
Ensure all employee contributions deducted under the Additional Voluntary Contribution (AVC) facility are paid directly to the appropriate provider.	Pass your contributions to the provider by the 22nd day of the month (19th if paying by cheque) after they were deducted from salary.
Make additional Fund payments in relation to early payment of benefits from flexible retirement, redundancy or business efficiency retirement or where a member retires early with employer's consent and a funding strain cost arises	Within 30 days of date benefits are due for payment.
Implement changes to employee contribution rates.	When required.
Implement changes to employer contribution rates	When instructed by the Fund.
If correct contributions have not been deducted, the employer must immediately pay outstanding employer's contributions and, unless an alternative has been agreed, employee's contributions to the Fund.	On next monthly contribution.
Year-end Contribution Information	
For those employers providing information on an annual basis - Supply year-end information to 31 st March each year, in the format advised by the Fund.	On the date advised by the Fund each year. (Normally 16 th April).
Reply to all queries sent by the Fund in relation to year-end data. This could include mismatch of information, or missing leaver notifications.	As soon as possible.
For those employers providing information monthly	As agreed by the Fund.
Leavers	
Notify the Fund where a member leaves before being entitled to immediate pension.	Supply appropriate termination notification, supporting documents and certificates within 35 calendar days of leaving date.
Notify the Fund where a member leaves with an entitled to immediate pension.	Supply appropriate termination notification, supporting documents and certificates within 20 calendar days of leaving date.

Notify the Fund where a member dies in service.	Supply appropriate termination notification, supporting documents and certificates within 20 calendar days of leaving date.
Determine eligibility for ill health retirement and notify the Fund.	Supply appropriate termination notification, supporting documents and certificates within 20 calendar days of leaving date.
Review all Tier 3 ill health retirements and notify the Fund if payment is to cease (following re-employment) or increase (following further medical review).	Review when required. Notify the Fund immediately of any changes to avoid overpayment of benefits.
Supply revised termination details for all leavers where necessary.	Notify the Fund immediately of any changes to avoid overpayment of benefits.

6.2. Tyne and Wear Pension Fund Responsibilities

The table below sets out the main duties and responsibilities of the Fund as the administering authority:

Process	Disclosure Regulations Standard	Key Performance Indicators
Death of a member combined to include active deferred and pensioner	<p>Within two months of receipt of notification of death provide details of</p> <ul style="list-style-type: none"> the rights and options available and the procedures for exercising them the provisions under which any survivor benefits will be increased the extent, if any, to which such increases are discretionary. 	Issue details of entitlement within 10 days of receiving all information required to calculate and pay beneficiary pensions.
Death in service – (Revised)	Issue revised details of benefits due within one month of event causing revision.	Within 10 days of receiving all information required to re-calculate any revised benefits.
Deferred Benefit – Notification of entitlement	Within two months of a member or employer notifying us of the termination of pensionable service, supply a notification showing the rights and options available.	Provide member with details of deferred benefits within 30 days of receiving notification of termination from employer.
Deferred Benefit into Payment	<p>Issue details of benefits due in respect of</p> <ul style="list-style-type: none"> a leaver at Normal Pension Age or later within one month of date 	Issue member with confirmation of payment of pension and lump sum within 15 days of receiving members benefit options.

	<p>becoming payable</p> <ul style="list-style-type: none"> • a leaver before Normal Pension Age within two months of date becoming payable. 	
Deferred Refund into Payment	Issue details within one month of the date that the member becomes entitled to payment (Normal Pension Age) or issue details of benefits due within two months of the date that the member becomes entitled to payment (Early payment).	Issue details of deferred benefit due within 1 or 2 months of the date becoming entitled as appropriate.
Divorce Quotation	Issue details within 3 months of the request from the member or the court.	Issue details of cash equivalent and other benefits within 45 days of receiving request.
Estimate of Benefits	Issue quote within two months of date member requests estimate, unless previously supplied within the last twelve months. Disclosure applies to member requests only.	Issue quote to member within 15 days of receiving request.
Immediate Pension	<p>Issue details of benefits due in respect of</p> <ul style="list-style-type: none"> • a leaver at Normal Pension Age or later within one month of date becoming payable • a leaver before Normal Pension Age within two months of date becoming payable. 	<p>Issue member with details of retirement options available within 15 days of being notified member has left.</p> <p>Issue member with confirmation of payment of pension and lump sum within 15 days of receiving members benefit options.</p>
Immediate Pension (Revised)	Issue revised benefit details of benefits due within one month of the decision to alter the benefits	Within 10 days of receiving all information required to re-calculate any revised benefits.
Joiner	Issue "Basic Scheme Information" within two months of the member joining the scheme if we are not advised of the jobholder status of the member.	Issue membership certificate and new entrants pack within 20 days of being notified member has joined the Scheme.
Refund	On the request of the ex-employee, confirm within 2 months of the date of the request being made whether a refund is available, an estimate of its amount and how it is calculated.	<p>Issue details to member of options available and amount of refund within 20 days of being notified the member has left.</p> <p>Issue payment of refund within 15 days of receiving members option form.</p>

Refund (Revised)	Within one month of the event causing revision.	Issue revised details within 1 month of the revision event.
Transfer In Quotation	Inform the member of the amount of the transfer credit the TV will purchase within two months of the member's request.	Issue member with details of transfer in quotation within 10 days of being notified of the date the member provided TV information from.
Transfer In Payment	Issue the member with confirmation that the transfer is complete.	Within 30 days of receiving the transfer payment from the previous provider.
Transfer Out Quotation	Provide a transfer out quotation within three months of a member's request being made (other than where a CETV quote has been provided in the previous 12 months).	Issue a transfer out quote within 10 days of receiving request (including authorisation from member).
Transfer Out Payment	Pay, on receipt of the member's option, a CETV within six months of the guarantee date.	Issue payment within 6 months of the relevant date used in the TV out quotation.

Communications

As well as the main duties outlined in the above table, the Fund must deal with other important communications. We aim to deal with those communications in a timely manner:

Member Helpline	Dedicated helpline: 9.00am to 4.30pm Monday to Friday Average call wait time no longer than 3 mins (180 secs).
General Correspondence	Acknowledge and respond within 10 working days.
Secure online web query	Respond within 4 working days.
Complaints	Acknowledge complaint within 5 days of receipt. Full reply within 20 days of receipt.
Annual Benefits Statements	By 31 August following year end (31 March).
Pensions Savings Statements	By 6 October following year end (5 April)

For further information please see the Fund's Communication Policy (<https://www.twpf.info/CHttpHandler.ashx?id=11983&p=0>)

7. Performance Monitoring and Non-Compliance

There is a statutory duty placed on employers to provide information in respect of their members. To ensure ongoing compliance with this Strategy, the Fund regularly monitors the performance of both the Fund and employers in line with the targets outlined.

Using reports from the Fund's pensions administration system, the Fund aims to identify any performance issues and work closely with employers to resolve them. Reports are generated on a monthly basis.

The Fund will contact employers as soon as possible to inform them of any poor performance and offer to support where possible. Discussions will be held to understand the reasons for the poor performance and plans put in place for improvement. Where there is a growing concern, the matter will be escalated to the Principal Pensions Manager.

The Fund also focuses on the following two measures:

- Number of queries more than six months old and unresolved
- Total number of outstanding queries as a percentage of membership

The Principal Pensions Manager provides a report on the Fund's and employers performance to the Pensions Committee and Local Pensions Board at their respective quarterly meetings.

Where an employer shows persistent poor performance, with no sign of substantial improvement the Fund will consider reporting the matter to the Pensions Regulator. However, before doing this the employer will be advised of the potential notification and provided with an opportunity to rectify the matter or provide an explanation to be passed on to the Regulator to accompany notification.

- **Poor Performance**

Where performance is below what is expected or if deadlines are not met, the Fund will consider levying charges against an employer where their performance is below required standards.

As allowed by the LGPS regulations, the Fund will recover additional costs incurred in administration as a direct result of the poor performance of that employer. The objective of this is to secure fairness across employers and avoid other employers paying more to cover the higher administration cost incurred by others.

Where necessary, any costs recovered will be calculated using officer hourly rates and include any additional resources and costs required. Where an employer fails to make payment within 30 days, interest will be charged.

Pensions Administration Strategy

The following is a list of the background papers (excluding exempt papers) relied upon in the preparation of the above report:

Background Paper	File Ref:	File Location
Pensions Administration Strategy File	N/a	Pensions Office Hebburn Civic Centre