

ANNEX A

LOCAL GOVERNMENT PENSION SCHEME

Devon Pension Fund Administration Strategy



April 2015

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Pension Administration Strategy 2014

1. Introduction

Peninsula Pensions is a shared pension administration service, run by Devon County Council, providing the Local Government Pension Scheme (LGPS) administration for both Devon and Somerset administering authorities.

The shared service started on 1 September 2013 with both teams coming together in one office in February 2014.

The Devon and Somerset Pension Funds and their Committees remain independent from each other with each Administering Authority retaining Investment responsibility. Both the Devon and Somerset Pension Fund Committees, have agreed to the implementation of a Pension Administration Strategy (PAS). Although there will be one strategy per fund, the contents will be the same for both, to ensure an equal, efficient and quality service for all stakeholders.

The Pensions Administration Strategy supports the pension fund on behalf of its employing authorities and the administering authority. The objective of the strategy is to define the roles and responsibilities of the Administering Authority and the employing authorities under the LGPS regulations.

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' Guide and website for day-to-day operations.

The Fund will review and revise this policy statement if policies which relate to strategy matters change. Employers will be consulted and informed of the changes and a revised statement will be supplied to the Secretary of State.

2. The Regulations

In accordance with Regulation 59 of the Local Government Pension Scheme (Administration) Regulations 2013:

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 Scheme employers in relation to which it is the administering authority ("its Scheme employers");
- (b) 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—

- (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 Scheme 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 Scheme 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 Scheme employers under regulation 70 (additional costs arising from Scheme employer's level of performance) on account of that employer'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 Scheme 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 Scheme 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 Scheme 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) Where an administering authority publishes its pension administration strategy, or that strategy as revised, it must send a copy of it to each of its Scheme employers and to the Secretary of State as soon as is reasonably practicable.

(7) An administering authority and its Scheme employers must have regard to the pension administration strategy when carrying out their functions under these Regulations.

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

3. The Administration Strategy

This strategy formulates the administrative arrangements between the pension fund and the participating employing authorities. It recognises that both fund employers and Peninsula Pensions have a shared role in delivering an efficient and effective pension fund to its scheme members and this can only be achieved by co-operation.

With the introduction of this framework, the aim is to enhance the flow of data by having clear channels of communication in place, so that each authority is fully aware of its role and responsibilities within this process, as outlined by the LGPS provisions.

An annual report will be issued by Peninsula Pensions to illustrate the extent to which the standard of performance established under this strategy has been achieved and such other matters arising from the strategy as appropriate.

4. Liaison and Communication

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

Peninsula Pensions will have an Employer Liaison Officer who will be the main contact for any administration query relating to the correct interpretation of the LGPS regulations, employer responsibilities and help when completing interfaces and forms.

Each employing authority will designate named individual(s) to act as a **Pensions Liaison Officer** the primary contact with regard to any aspect of administering the LGPS. The Pension Liaison Officer(s) will be given a user name and password to access the employer section of the Peninsula Pensions website

Peninsula Pensions will employ a multi-channel approach in liaising and communicating with employing authorities to ensure that all requirements are consistently met.

The various channels of communication employed by the fund include:

1. **Peninsula Pensions website** – the main communication tool for both employers and scheme members.
 - **Employers** – Dedicated and secure employer section where employers can access procedure guides, information on courses run by the fund, access back copies of the Pensions Line, access Employer Self Service and Interface information.
 - **Electronic communication** – unless agreed separately all employers will be required to provide data through the Employer Self Service Portal and/or Interfaces.
 - **Scheme members** – access to up-to-date information about all aspects of the LGPS. Member Self service area where members can update personal details, review annual benefit statements and newsletters and do their own pensions estimates.
 - **Contact Details** – All Peninsula Pension Staff roles and contact information together with both Funds Investment Team contact details
2. **Scheme members** who have chosen to opt out of the Member Self Service will continue to receive postal communication. They will still be able to access up-to-date information about all aspects of the LGPS via our website.
3. **Periodic newsletters** issued to scheme members and all employing authorities and placed on Peninsula Pensions website.
4. **Induction and pre-retirement workshops** undertaken upon request to develop both employer and scheme member understanding, minimum number of attendees 10 required
5. **Pension surgeries** held for scheme members upon employer request to resolve any individual or collective issues that members may have.
6. **Quarterly E-zine** sent directly to employer representatives to provide notification of any scheme / administrative updates and developments.
7. **Employer seminars and training groups** held when required to review scheme developments, or to resolve any training needs that employers may have.
8. **Annual Consultative Meeting** held to review the investment and administrative issues that the pension fund has experienced during the preceding 12 months, and also to look forward at the challenges that lie ahead for the next 12 months.
9. **Employer representatives** distribute information supplied by the pension fund to scheme members within their organisation, such as scheme guides and factsheets.

Note: Peninsula Pensions are 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 and the Discretionary Payments Regulations. That responsibility rests with the employer.

Payroll providers – where an employer delegates responsibility to a payroll provider, for the provision of information direct to Peninsula Pensions, a delegation form needs to be completed confirming which areas you are allowing them to act on your behalf for. If the information received from the payroll provider results in wrong information/benefit being paid the responsibilities under the Local Government Pension Regulations rest with the Employer.

5. Standards of Performance - Employers

Expectation is to complete 90% of cases within the timescale quoted.

Employer Responsibility	Timescale to inform Peninsula Pensions using Employer Self Service or other agreed methods
To ensure that all employees subject to automatic admission are brought into the scheme from the date of appointment. Determine their pensionable pay and contribution rate.	1 month
Update Peninsula Pensions with changes to scheme members details such as change of hours or name.	1 month
Deduct scheme member contributions including APCs and pay over to the fund.	As stipulated by your pension fund
To deduct from a members pay and pay over any Additional Voluntary Contributions (AVCs) to the in-house AVC provider	Before the 19 th of the following month after deducted from pay
On cessation of membership determine reason for leaving, final pay for calculating pre 2014 benefits and CARE pay for post 2014 benefits as appropriate.	Retirees preferably at least 1 month before date of leaving.. All within 5 working days of final payday. Leavers under age 55 within 1 month from final payday.
Where a member dies in service determine final pay for calculating pre 2014 benefits and CARE pay for post 2014 benefits as appropriate.	Preferably within 2 weeks of date of death. All within 5 working days of final payday.
Provide monthly CARE data within required format	Within 2 weeks of pay run
Provide end-of-year data within required format	30 April each year
Publishing a policy relating to the key employing authority discretions required by the LGPS regulations	Within 1 month of publication
Under Data Protection Act 1998 an employer will protect information relating to a member contained in any item issued by Peninsula Pensions from improper disclosure. They will only use information supplied or made available by Peninsula Pensions for the LGPS.	Ongoing requirement

<p>There will be a regular exercise to review the membership to the employers' website and employing authority contacts in general; Pension Liaison Officers will be expected to assist the Employer Liaison Officer in this exercise by confirming details Peninsula Pensions hold are correct .</p>	<p>Annually</p>
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6. Level of Performance – Peninsula Pensions

Expectation is to complete 90% of cases within timescale quoted based on all relevant information being received from the scheme employer.

Peninsula Pensions Responsibility	Timescale
<p>To provide guidance on Employer Self Service and interfaces for recording any key information, such as starters, changes and leavers or, if agreed with the employer, to provide a document for the provision of information.</p>	<p>Ongoing support</p>
<p>Provide the Employer Liaison Officer and/or representatives with information and assistance on the LGPS, its administration and technical requirements.</p>	<p>Ongoing support</p>
<p>To accurately record and update member records on pension administration systems.</p>	<p>10 working days</p>
<p>To produce a statutory notification and forward to member's home address, together with information relating to the LGPS including how to request a transfer, inform us of previous service, and complete an expression of wish form.</p>	<p>1 month of notification</p>
<p>To process employer year-end contribution returns and provide consolidated and grouped error reports for action by employers.</p>	<p>3 months</p>
<p>To produce annual benefit statements for all active members as at the preceding 31 March and notify electronically or by post to member's home address.</p>	<p>Sent out/available on MSS by 31 August</p>
<p>To produce annual benefit statements for all preserved members, as at the preceding 31 March, and notify electronically or by post to member's home address.</p>	<p>Sent out/available on MSS by 30 June</p>
<p>To provide information and quotations to scheme member with regard to additional voluntary contribution (AVC) options.</p>	<p>Within 10 working days</p>

To provide information and quotations to a scheme member on the option of making Additional Pension Contributions (APCs).	Within 10 working days
To produce retirement estimates for employers, once in receipt of all of the necessary information.	Within 10 working days
To accurately record and update member records on pension administration systems for those members leaving the scheme, without entitlement to immediate payment of benefits. Provide them with the options available and deferred benefit entitlement.	Within 1 month
To accurately calculate and inform the member of the options available to them upon retirement.	10 working days from receiving all information from employer
Upon receipt of members completed retirement forms finalise pension records, and authorise payment of lump sum and set up of payroll record.	Within 5 working days
Under the Data Protection Act 1998 Peninsula Pensions will protect information relating to a member contained on any item issued by them or received by them from improper disclosure.	Ongoing requirement, online security within databases regularly reviewed.
Each Administering Authority is responsible for exercising the discretionary powers given to it by the regulations. The Administering Authority is also responsible for publishing its policy to its members in respect of the key discretions as required by the regulations.	Peninsula Pensions will maintain links to these discretions on their website.
Notification of Pension Fund Triennial Valuation results including contributions rates	Assuming information provided by Actuaries provisional results December following valuation, with final results the following March

7. Financial Information

Contributions (but not Additional Voluntary Contributions) should be paid monthly to the pension fund by BACS unless we have agreed payment by cheque.

The employer must submit an advice with their payment stating the month and the amount of the payment split between pre-2014 membership, post-2014 50/50 membership, and post-2014 100/100 membership for both employee and employer contributions.

Employer contribution rates are not fixed. 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 as determined and certified by the fund actuary.

Administration fees and other charges

Interest on late payments

- In accordance with the LGPS regulations, interest will be charged on any amount overdue from an employing authority by more than one month.
- Interest will be calculated at 1% above base rate on a day-to-day basis from the due date to the date of payment and compounded with three-monthly rests.

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

Any over-payment resulting from inaccurate information supplied by the employer shall be recovered from the employer.

In the event of the pension fund being levied by The Pensions Regulator, the charge will be passed on to the relevant employer where that employer's action or inaction (such as the failure to notify a retirement within the time limits described above, for example) cause the levy.

Where additional costs have been incurred by the pension fund because of the employing authority's level of performance in carrying out its functions under the LGPS, the additional costs will be recovered from that employing authority.

The pension fund will give written notice to the employing authority stating:

- the reasons for the additional cost incurred
- that the employing authority should pay the additional costs incurred by that authority's level of performance
- the basis on which the specified amount is calculated, and
- the relevant provisions of the Pension Administration Strategy under which the additional costs have arisen.

Any disagreement regarding the amount of additional cost being recovered will be decided by the Secretary of State who will have regard to:

- the provisions of the pension administration strategy that are relevant to the case, and
- the extent to which the pension fund and the employing authority have complied with those provisions in carrying out their functions under these regulations.

The pension fund has an actuarial valuation undertaken every three years by the fund's actuary. The actuary balances the fund's assets and liabilities in respect of each employer, and assesses the appropriate contribution rate for each employer to be applied for the subsequent three year period.

The costs associated with the administration of the scheme are charged directly to the pension fund, and the actuary takes these costs into account in assessing the employers' contribution rates.

Note: If an employer wishes to commission the fund actuary to undertake any additional work, the cost will be charged to the employer.

New admission agreements – the setting up of admission agreements requires input from the scheme administrator, their legal representative and the actuary. There will be a charge to the employer who commissions the outsourcing.

Please note charges are set out separately within the attached appendix.

Devon County Council
Investment and Pension Fund Committee
27 February 2015

APPENDIX

Administration Fee – Peninsula Pensions will charge employers outsourcing services a Fee of £750 to cover both the pension administration and legal work necessary in the setting up of an Admission Agreement. The Fee will become payable once we have issued the draft admission agreements to relevant parties. If the outsourcing is of a complex nature the Fee may be renegotiated with the employer concerned. This is in addition to any actuary work required

Actuary Fixed Fee Menu for Standard Work up to 31/12/2015 (revised annually)

Funding Updates (roll forward approach)

Annual Funding update	£1,755
Quarterly Funding update	£1,175
Monthly Funding update	£760
Employer Funding update	As per FRS17 Scale

Employer Work

New Employer (no previous interest in Fund) Contribution Rate *	£1,395
New Employer Bond and Contribution *	£1,470
Single Bond review - ER Strain Only *	£960
Single Bond review - ER Strain and Deficit *	£2,060
Cessation Valuation *	£2,060
Cessation Valuation Update	£885
Projected Cessation Valuation with sensitivities *	£2,930
Cessation roll forward from valuation to payment date	£265
Closure Valuation *	£2,060
Combined Closure/cessation valuation *	£2,930

New employer deficit assessment and ctbn rate (academies etc)	£1560
New pooled employer deficit assessment and ctbn rate (academies etc)	£1480
Pooled Free School ctbn rate	£530
Review of GAD Broadly Comparable Report	£1,120
Internal Bulk Transfer *	£950
Valuation of unfunded pensions and report *	£1,395
Miscellaneous Work	
Actuarial Statement for Accounts	£585
Individual Member Calculation (excl tax calcs)	£320
Review of FSS/SIP	£1,470
Projected cashflow report	£3,715
FRS17/IAS19 Work	
Audit letter	£365
Rerun report (amended data - eg conts)	£180
Own assumptions - extra charge	£300
Rerun report (different assumptions)	£300
Full valuation of unfunded pensions	£885
Projected Service Costs per employer	£185
IAS 26 report whole fund	£750
Additional Sensitivity table other than 0.1%	£265
Employer Monthly Update	£530

First time FRS17/IAS19 report (non roll forward approach)	£1,675
First time FRS17/IAS19 report (roll forward approach)	£835
Early report (pre accounting date)	£835
Early report (post accounting date) - scale fee plus	£185

FRS17/IAS19 Reports (roll forward approach)

First Employer	£1,400
Next 9 employers	£485
Next 20 employers	£285
Thereafter	£165
Minimum fee per roll forward report	£360
Maximum fee per roll forward report	£770

Actuary Notes

Assumes between 10 and 500 members. If less than 10 members then a discount of 20% will apply. If more than 500 members then fee is increased by 10%

If the nature of the work changes due to regulatory changes then we may want to review the level of fee

Some work may need to be customised to meet any specific requests - any additional fee will be quoted in advance

FRS17/IAS19 roll forward fees increase by 10% in year following triennial valuation
January 2015

ANNEX B

Pension Administration Strategy Responses to Consultation

Thank you to all employers who reviewed the draft strategy. We received 10 formal responses from employers and having had regard to comments made we have made some amendments to the Strategy and this will now go forward to both the Devon & Somerset Pension Fund Committees to confirm acceptance in time for 1st April 2015.

The Strategy is very much a living document and changes will be made as we move forward together to build on the service we provide to scheme members.

We further recognise the Employers within the Devon & Somerset Pension Funds are of various sizes and have differing levels of knowledge with regard to the Local Government Pension Scheme and Employer responsibilities and we will work with all employers to ensure all scheme members receive the same level of service and we understand that not all standards of performance within the Strategy will be reached immediately. However, our aim is for all employers and Peninsula Pensions to reach these standards by 31st March 2016.

Below we have set out the main comments and responses.

Comment

One respondent asked for clarification of the role of Peninsula Pensions as referred to the service as both administering Authority and Pension Fund.

Response

Peninsula Pensions is the administration team for Devon and Somerset County Council Pension Funds. The Funds remain separate and each County Council retains a Pensions Investment Team to deal with the day to day running of the Fund itself.

Comment

A few respondents requested clarification regarding the Pension Liaison Officer

Response

We appreciate that some employers have different people dealing with different areas of pensions, as do we, and we are happy for that to continue and for them to have access to the employer pages of our website. We do ask though if there are any issues that need to be discussed we are given a specific name to contact. Contact details for all Peninsula pension staff and the Devon and Somerset Pension Investment Teams for are held on our [website](#)

Comment

One respondent asked if after the Provision of Electronic information Employers would be asked to provide the information again at a later point.

Response

Where data is uploaded electronically you will not be asked as a matter of course to provide the information again when scheme member leaves. However there may be the occasional request if the record seems incorrect. The exception to this is CARE data as there are still some interface issues which we need to continue to monitor.

Comment

One respondent queried the practicality of a pre retirement workshops for one member of staff

Response

Workshops require a minimum number of 10 however we are happy to discuss pension benefits with individuals themselves over the phone or at our office. If as an employer you wish us to run a pension surgery we can also do that and cover different aspects of the LGPS privately with different individuals.

Comment

One respondent queried that within the Standard of Performance for Employers it does not state the information should be correct? They also questioned where expectation of 90% within timescale came from and implications of not meeting the timescales.

Response

We have not stated that the information should be correct as we felt it was a given expectation that information passing between Employers and Peninsula Pensions should be correct.

Regarding the 90% expectation re timescale when writing our Administration Strategy we had regard to other LGPS strategies and also our own performance. We believe 90% average should be sustainable and this will be an area we will be monitoring through our performance indicators.

If employers or Peninsula Pensions struggle to meet the 90% on an ongoing basis we will review our practices and alter them where needed, and/or provide additional training and support to employer or pension staff.

Comment

A number of respondents commented on the need to provide leavers details including pay information 1 month in advance of the date of leaving for those retiring and also for the non retiree cases within 1 month of the scheme member's date of leaving.

Response

We have taken all comments on board and have altered the timescales allow submission for retirees to be received preferably a month before retirement but in **all** cases within 5 working days of final payday, and for leavers under age 55, with no immediate entitlement to benefits within 1 month from final payday.

We have also altered timescale for death in service with expectation to receive all details within 5 working days of final payday.

Comment

A comment concerning the need for further information relating to scheme member expectation of service was raised.

Response

We have a separate customer charter on our [website](#) which informs scheme members of the standard of service they can expect. We will also include these in our performance reports.

[Shirley Cuthbert](#),

Deputy Head of Peninsula Pensions

10/02/15