

**LONDON BOROUGH OF HACKNEY  
PENSION FUND**

**PENSION  
ADMINISTRATION  
STRATEGY  
(LGPS)  
2014/15**



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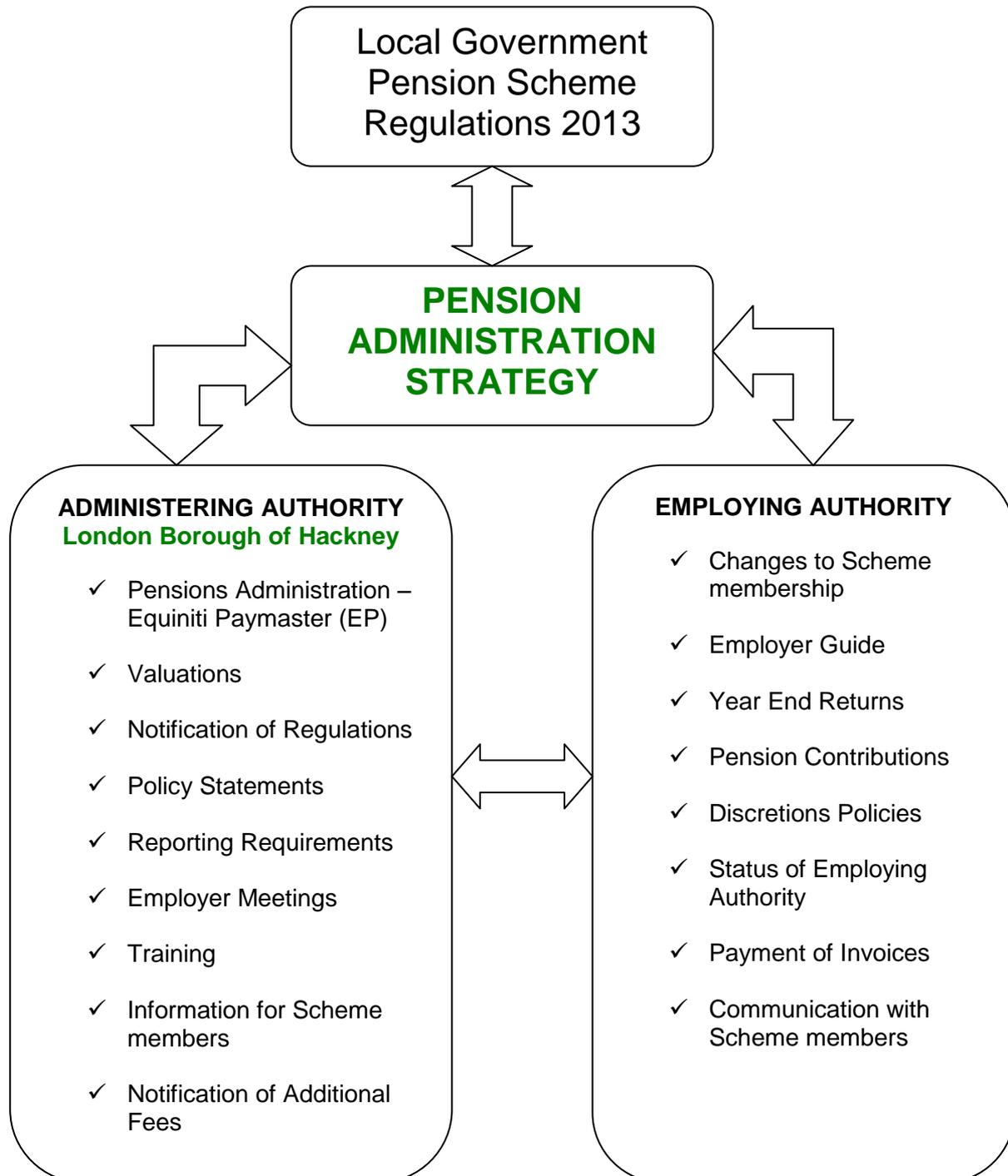
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# INTRODUCTION

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This is the Administration Strategy Statement of the London Borough of Hackney Pension Fund (the Fund) in relation to the Local Government Pension Scheme (LGPS – the Scheme), which is administered by the London Borough of Hackney (LBH) and Equiniti Paymaster (EP). Below is a diagram showing the roles and responsibilities of the parties in the administration of the scheme



## Aims

The aim of this Pension Administration Strategy is to set out the quality and performance standards expected of the Fund and its scheme employers. The Administration Strategy will assist in clarifying the roles and responsibilities of both the Administering Authority and the Employing Authorities, i.e. those employers who participate in the Pension Fund. Effective and efficient administration of the pension fund is beneficial to all stakeholders in the Pension Fund, the Administering Authority, employers and scheme members. The following are some of the benefits to be had from having efficient pension scheme administration; the list is by no means exhaustive and is not in order of importance.

For the Administering Authority, effective administration means:

- It can fulfil its obligations under the regulations for administering the pension scheme
- Lower costs, improved use of resources
- Easier and swifter provision of services to employers and scheme members
- Improved communication between Administering Authority, employers and scheme members
- Improved monitoring of performance
- Clean data enabling faster and more accurate monitoring of the Pension Fund by the Fund actuaries
- Improved decision making in relation to policies and investments

For Employing Authorities, effective administration means:

- Greater understanding of the Pension Fund and its impact upon them as an employer
- Lower costs
- Improved communication
- Employee satisfaction
- Improved decision making for budgeting
- Fulfilling its obligations as an Employing Authority under the LGPS regulations

For Scheme members, efficient administration means:

- Accurate records of their pension benefits
- Earlier issuance of annual benefit statements
- Faster responses to their pension record queries
- Faster access to benefits at retirement
- Improved communications
- Enhanced understanding of the pension scheme and the benefits of being a member

Setting out the expectations of the Administering Authority and Employing Authorities will help to ensure that both parties are aware of their roles and responsibilities in relation to the administration of the pension scheme. Both employer and administrator are dependent on the other for effectual communication and accurate flows of information without which the pension scheme cannot be administered effectively. The scheme members are reliant on both the employer and the administrator to ensure that their pension records are accurate and that they are well informed.

The Pension Administration Strategy is not meant to supersede existing procedures or policies but to complement them. The Admission Agreement or Protocol sets out some

basic requirements of both the Administering Authority and the employer and the Employer Guide sets out in detail how to carry out day to day administration of the Pension Fund within the employer's site.

## **Implementation**

The Administration Strategy is effective from 1 April 2014.

## **Regulatory basis**

The Scheme is a statutory scheme, established by an Act of Parliament. The following regulations governing the Scheme are shown below:

- Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)
- Local Government Pension Scheme (Administration) Regulations 2008 (as amended)
- Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (as amended)
- Local Government Pension Scheme Regulations 2013 – and any transitional regulations as and when issued.

Regulation 59(1) of the Local Government Pension Scheme Regulations 2013, enables a Local Government Pension Scheme Fund to prepare a written statement of the authority's policies ("it's pension administration strategy") as one of the tools which can help in delivering a high quality administration service to its scheme members and other interested parties.

In addition, Regulation 59(2)e of the 2013 regulations, allows a fund to recover additional costs from a scheme employer where, in its opinion, they are directly related to the poor performance of that scheme employer. Where this situation arises the fund is required to give written notice to the scheme employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.

# ADMINISTRATION IN THE LONDON BOROUGH OF HACKNEY

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## Responsibility

The London Borough of Hackney has delegated responsibility for the management of the Pension Fund to the Pension Sub-Committee. The Pension Sub-Committee will monitor the implementation of this Administration Strategy on an annual basis.

## Objective

The Fund's objective in relation to administration is to deliver an efficient, quality and value for money service to its scheme employers and scheme members. Operationally the administration of the Fund is partly outsourced to Equiniti Paymaster and partly carried out by Council staff. The Council and Equiniti Paymaster staff work together to provide a seamless service to scheme employers and scheme members.

## Communications

The Fund has published a Communication Strategy Statement, which describes the way the Fund communicates with scheme members, scheme employers and other stakeholders. The latest version is accessible from the Fund website <http://hackney.xpmemberservices.com>

The table below summarises the current methods the Fund uses to communicate:

Website <a href="http://hackney.xpmemberservices.com">http://hackney.xpmemberservices.com</a>	Information about the Fund, the LGPS, administrative procedures, policies and forms for use
Newsletters	Annual newsletter and additional newsletters issued as may be necessary to highlight new issues and forthcoming events
Employer meetings	Held annually to provide Employers with a forum to address the Fund's staff and advisers
Helpline	01293 603085
E-mail addresses:  For the Equiniti Paymaster team: <a href="mailto:Hackney.pensions@equinitipaymaster.com">Hackney.pensions@equinitipaymaster.com</a>  For the London Borough of Hackney team: <a href="mailto:pensions@hackney.gov.uk">pensions@hackney.gov.uk</a>	To answer day to day questions about administering the Scheme
Individual Employer meetings	Offered to Employers who need advice about how to carry out the day to day administration of the Scheme

Annual Benefit Statements	Sent to active and deferred scheme members
Individual Scheme member meetings	1-2-1 meetings available with a member of the Pensions team as required
Pension Presentations	Presentations to staff, managers, new employees, etc on pension related matters

# PERFORMANCE STANDARDS

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The Scheme prescribes that certain decisions be taken by either the Fund or the scheme employer, in relation to the rights and entitlements of individual scheme members. In order to meet these obligations in a timely and accurate manner, and also to comply with overriding disclosure requirements, the Fund has agreed levels of performance between itself and scheme employers which are set out below:

## Overriding legislation

Scheme employers will, as a minimum, comply with overriding legislation, including:

- Local Government Pension Scheme Regulations
- Pensions Act 2011 and associated disclosure legislation
- Freedom of Information Act 2000
- Equality Act 2010
- Data Protection Act 2003
- Finance Act 2013
- Relevant Health and Safety legislation
- Any other legislation that may apply at current time

## Internal quality standards

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

- compliance with all requirements set out in the Employers' Guide
- all information required by the Fund to be provided in the required format and/or on the appropriate forms referred to in the Employers' Guide which are accessible from the Fund website at <http://hackney.xpmemberservices.com>
- information to be legible and accurate
- communications to be in a plain language style
- information provided to be checked for accuracy by an appropriately qualified member of staff
- information provided to be authorised by an appropriate officer
- actions carried out, or information provided, within the timescales set out in this Administration Strategy.

## Timeliness

Overriding legislation dictates minimum standards that pension schemes should meet in providing certain pieces of information to the various parties associated with the Scheme. The Scheme itself sets out a number of requirements for the Fund and scheme employers to provide information to each other, scheme members and prospective scheme members, dependants, other pension arrangements or other regulatory bodies. The following sections on responsibilities set out the locally agreed timescales for these requirements.

## FUND RESPONSIBILITIES

The London Borough of Hackney is the Administering Authority of the London Borough of Hackney Pension Fund and has delegated powers to the Pensions Sub-Committee to oversee the management of the Pension Fund. The role of the Administering Authority is to administer the Pension Fund and act as a quasi trustee body for the management of the Pension Fund.

This section outlines the key responsibilities of the Fund and the performance standards scheme employers and scheme members should expect. It is focussed on the key activities which scheme employers and scheme members are involved in and should not be viewed as a complete list of all activities. It includes the performance standards that the Administering Authority has agreed with the pension administrators, Equiniti Paymaster (EP).

Function/Task	Performance Target
Publish and keep under review the Fund's Administration Strategy.	Consult with employers following any significant revisions to the Administration Strategy Notify employers of agreed Strategy within 2 months of being agreed by the Pensions Sub-Committee
Publish and keep up to date the scheme guide and Employers' Guide.	30 working days from any significant revision.
Publish and keep up to date all forms required for completion by scheme members, prospective scheme members or scheme employers.	30 working days from any significant revision.
Upon receipt of accurate information on the appropriate form, the provision of 1 estimate per employee, per year, in relation to retirement of an active member due to age, redundancy, efficiency or flexible retirement	20 working days from date of receipt of estimate request (refer Monitoring Performance & Compliance – page 21)
Host a meeting for all scheme employers.	Annually (usually during November each year).
Organise training sessions for scheme employers.	Upon request from scheme employers, or as required.
Notify scheme employers and scheme members of changes to the scheme rules.	Within two months of the change(s) coming into effect.
Notify a scheme employer of issues relating to the scheme employer's unsatisfactory performance.	As soon as a performance issue becoming apparent.
Notify a scheme employer of decisions to recover additional costs associated with the scheme employer's unsatisfactory performance (including any interest that may be due).	Within 10 working days of scheme employer's failure to improve performance, as agreed.

Issue annual benefit statements to active and deferred members as at 31 March each year.	By the following 31 <sup>st</sup> March at the latest.
Issue formal valuation results (including individual employer details).	10 working days from receipt of results from the Fund's actuary (but in any event no later than 31 March following the valuation date).
Carry out interim valuation exercises on cessation of admission agreements or a scheme employer ceasing participation in the Fund.	Upon each cessation or occasion where a scheme employer ceases participation on the Fund.
Arrange for calculation of FRS17 valuations for employers as required	Within 10 working days from receipt of results from the Fund's actuary
Arrange for the setting up of separate admission agreement, where required (including the allocation of assets and notification to the Secretary of State).	Within 3 months of agreement to set up
Publish, and keep under review, the Fund's Governance Policy Statement.	Within 30 working days of policy being agreed by the Pensions Sub-Committee.
Publish and keep under review the 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 published at the same time as the final valuation report is issued.
Publish the Fund's Annual Report and Accounts and any report from the auditor.	By 30 September following the year end or following the issue of the auditor's opinion
Publish and keep under review the Fund's Communications Policy Statement.	Within 30 working days of policy being agreed by the Pensions Sub-Committee
Publish and keep under review the Fund's Statement of Investment Principles.	Within 30 working days of policy being agreed by the Pensions Sub-Committee
Publish and keep under review the Administering Authority Discretions Policies	Within 30 working days of policy being agreed by the Pensions Sub-Committee

## Fund Administration

This details the functions which relate to the whole Fund, rather than individual scheme members' benefits

### EQUINITI PAYMASTER SERVICE STANDARDS AGREEMENT

The following provisions apply to the operation of the Service Standards in relation to Services provided: -

- All Service Standards are quoted in Working Days unless otherwise indicated.
- All Service Standards are net of any third party action and from receipt of correct data/information.

#### (1) Administration Services

Category	Task	Actions	Service Standards
<b>Calculations – Active Members</b>	Refund of Contributions	Provide a statement of contributions and a refund cheque	10 days from receipt of complete data
	Deferred Benefits	Provide a statement of deferred benefits.	10 days from receipt of complete data
	Early retirement of active member	Provision of early retirement quotation.	10 days from receipt of request for quotation.
		Finalisation of retirement and issue of tax-free cash sum.	5 days from receipt of complete data.
	Ill health retirement of active member	Provision of Ill health retirement quotation.	10 days from receipt of request for quotation.
Finalisation of retirement and issue of tax-free cash sum		5 days from receipt of confirmation that retirement has been approved and is to proceed.	
Normal Retirement of Active member	Provision of a provisional statement of retirement benefits	3 months prior to member's NRD	
	Provision of final statement of benefits.	10 days from receipt of complete data.	
	Finalisation of retirement and issue of tax-free cash sum	5 days from receipt of complete data.	

<b>Category</b>	<b>Task</b>	<b>Actions</b>	<b>Service Standards</b>
<b>Calculations</b>  <b>Active Members</b>  <b>cont'd....</b>	Retirement of Active member due to redundancy	Provision of retirement quotation.  Finalisation of retirement and issue of tax-free cash sum	10 days from receipt of request for quotation.  5 days from receipt of complete data
	Late retirement of active member	Provision of retirement quotation.  Finalisation of retirement and issue of tax-free cash sum	10 days from receipt of request for quotation  5 days from receipt of complete data
<b>Deferred Members</b>	Early Retirement of Deferred member	Provision of early retirement quotation.  Finalisation of retirement and issue of tax-free cash sum.	10 days from receipt of request for quotation.  5 days from receipt of complete data
	Normal Retirement of Deferred Member	Provision of a provisional statement of retirement benefits  Provision of final statement of benefits  Finalisation of retirement and issue of tax-free cash lump sum.	3 months prior to member's NRD  10 days from receipt of request for quotation  5 days from receipt of complete data
	Ill health retirement of Deferred Member	Provision of Ill health retirement quotation.  Finalisation of retirement and issue of tax-free cash sum	10 days from receipt of confirmation that retirement has been approved and is to proceed.  5 days from receipt of complete data
	Late Retirement of a Deferred Member	Provision of retirement quotation.  Finalisation of retirement and issue of tax-free cash sum	10 days from receipt of request for quotation.  5 days from receipt of complete data
<b>Ad Hoc Quotations</b>	Ad-hoc quotation requests	Provision of quotation as requested	10 days from receipt of request for quotation

Category	Task	Actions	Service Standards
<b>Transfer Values</b>	Transfer In Quotation	Obtain transfer details.  Calculate and provide quotation to member.	10 days from receipt of request for quotation  20 days from receipt of complete data
	Acceptance of Transfer In	Request Transfer Value.  Establish benefits and record.	5 days from receipt of confirmation that TV is to go ahead  10 days from receipt of transfer cheque
	Transfer Out Quotation	Provision of details of Transfer Value available to member	10 days from receipt of request for quotation
	Payment of Transfer Value	Provision of payment for transfer value to nominated recipient	5 days from receipt of confirmation that the transfer value is to be paid
	Divorce proceedings	Earmarking Order received, Pension sharing Order	5 days from receipt of order
<b>Deaths</b>	Active Member – Death in Service	Calculation of death benefits. Establishment of beneficiaries.  Payment of death benefits as directed.	5 days from receipt of notification of death  1 day from instruction to pay
	Deferred Member – Death in Deferment	Calculation of death benefits. Establishment of beneficiaries.  Payment of death benefits as directed.	5 days from receipt of notification of death  1 day from instruction to pay
	Pensioner – Death in Retirement	Calculation of death benefits. Establishment of beneficiaries.  Payment of death benefits as directed.	5 days from receipt of notification of death  1 day from instruction to pay
	Death of Spouse	Calculation of death benefits. Establishment of beneficiaries.  Payment of death benefits as directed.	5 days from receipt of notification of death  1 day from instruction to pay

Category	Task	Actions	Service Standards
<b>Data</b>	Maintenance of database	Amendment of member records and issue of acknowledgement	10 days from receipt of notification of change to data.
	Cheque Receipt	Acknowledgement of receipt of cheque	1 day from receipt of cheque
	New Entrant	Addition of new member to database. Issue of letter of acknowledgement.	10 days from receipt of completed application form.
	Annual Pension increases	Calculation of increases  Notification to pensioners	For implementation on scheduled payment date  Not more than one month before scheduled payment date.
<b>AVCs</b>	AVC Set Up	Establishment of AVC record on database. Notification sent to Payroll dept.	10 days from receipt of completed application form.
	AVC Quotation	Provision of an AVC quotation	10 days from receipt of complete data
<b>Valuation</b>	Production of various information	Supply of valuation information to the Actuary.	As agreed with the Client and Actuary.
<b>FRS17 Valuations</b>	Production of various information	Supply of valuation information to the Actuary.	As agreed with the Client and Actuary.
<b>Payroll</b>	Payments	Issue BACS payments to pensioners designated bank accounts	To be received in the designated bank account on the due pay date
		Issue payslips to pensioners' home addresses	To be issued second class post via the Royal Mail so as to be expected to be received at the pensioners' home address on the due pay date
		Undertake relevant investigation for returned payments and action to Pensioner Record and inform Administration when relevant	Within 10 working days of receipt

Category	Task	Actions	Service Standards
Payroll cont...	Payments cont....	Payment of PAYE to HMRC	To be received electronically by the Collection Office by the 22 <sup>nd</sup> of the month following deduction.
		Pay statutory/voluntary deductions to relevant recipients.	To be issued within one week of the pay date
	Record Amendments	Establish new pensioner record	By first available payment date following date of notification
		General amendments to pensioner records in accordance with instructions provided	By next available payment date
	Enquiries	Respond to pensioner enquiries in writing	Within 10 working days of receipt
		Respond to third party enquiries in writing	Within 10 working days of receipt
	Year-end	Issue P60s to pensioners	By 31 <sup>st</sup> May following tax year end
		Issue P35/P14 year end returns to HMRC	By 19 <sup>th</sup> May following tax year end
Legislation and Regulations	PAYE regulations	All regulations and legislation regarding PAYE will be complied with	
Pension Verification Process	One verification exercise per year to include life certificates, NFI, or any other method which may be agreed	As agreed with the Council	

## SCHEME EMPLOYER RESPONSIBILITIES

This section outlines the responsibilities of all scheme employers in the Fund and the performance standards scheme employers are expected to meet to enable the Fund to deliver an efficient, quality and value for money service.

All information must be provided in the format prescribed by the Fund within the prescribed timescales. Information and guidance is provided in the Employers' Guide which is available from the funds web site <http://hackney.xpmemberservices.com>

Function/Task	Performance Target
Confirm a nominated representative to receive information from the Fund and to take responsibility for disseminating it within the organisation.	30 working days of employer joining fund or change to nominated representative.
Formulate and publish policies in relation to all areas where the employer may exercise a discretion within the Scheme (including providing a copy of the policy decision(s) to the Fund).	Within 30 working days of policy being agreed the employer.
Respond to enquiries from the Fund	10 working days from receipt of enquiry.
Attend administration training provided on admission to the Fund.	On agreed date
Pay over employer and employee contributions to the Fund and provide schedule of payments in the format stipulated by the Fund.	Cleared funds to be received by 19 <sup>th</sup> calendar day of month after deduction.
Implement changes to employer contribution rates as instructed by the Fund.	At date specified on the actuarial advice received by the Fund.
Provide year end information required by the Fund in the format stipulated in the instructions issued to the nominated representative in March each year.	By 30 April following the year end.
Distribute any information provided by the Fund to scheme members/ potential scheme members	Within 15 days of its receipt or on joining the scheme
Notify the Fund if contracting out services which will involve a TUPE transfer of staff to another organisation.	At the time of deciding to tender so that information can be provided to assist in the decision.
Work with the Fund to arrange for an admission agreement to be put in place when contracting out a service and assist in ensuring it is complied with.	Agreement to be in place by the time the service is contracted out.

<b>Function/Task</b>	<b>Performance Target</b>
Provide new/prospective scheme members with a starter form and a scheme guide (or refer them to the Fund website).	5 working days of commencement of employment or change in contractual conditions.
Payment of additional fund payments in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency retirement.	Within 30 working days of receipt of invoice from the Fund.
Ensure payment of additional costs to the Fund associated with the poor performance of the scheme employer.	Within 30 working days of receipt of invoice from the Fund.

## **Scheme Administration**

This section details the functions which relate to scheme member benefits from the Scheme.

<b>Function/Task</b>	<b>Performance Target</b>
Complete a starter form for each new employee admitted to the pension scheme and ensure that the employee completes their element of the process.	15 working days of scheme member joining.
Arrange for the correct deduction of employee contributions from a scheme member's pensionable pay on becoming a scheme member.	Immediately on joining the scheme, opting in or change in circumstances.
Ensure correct employee contribution rate is applied	Immediately upon commencing scheme membership and in line with the employer's policy and as a minimum in each April payroll thereafter.
Arrange for reassessment of employee contribution rate in line with employer's policy and notify the employee of the change in rate.	Review as per policy and notification within 10 working days of change in rate.
Arrange for reassessment of employee contribution rate in line with employer's policy and notify the employee of the change in rate.	Review as per policy and notification within 10 working days of change in rate.

<b>Function/Task</b>	<b>Performance Target</b>
Arrange for reassessment of employee contribution rate in line with employer's policy and notify the employee of the change in rate.	Review as per policy and notification within 10 working days of change in rate.
Ensure correct deduction of pension contributions during any period of child related leave, trade dispute or other forms of leave or absence from duty.	Immediately, following receipt of election from scheme member to make the necessary pension contributions.
Commence deduction of additional regular contributions or amend such deductions, as appropriate.	Month following election to pay contributions or notification received from the Fund
Cease deduction of additional regular contributions.	Immediately following receipt of election from scheme member.
Arrange for the deduction of AVCs and payment over of contributions to AVC provider(s)	Commence deduction of AVCs in month following the month of election Pay over contributions to the AVC provider(s) by the 19 <sup>th</sup> of the month following the month of election.
Refund any employee contributions deducted in error.	Month following month of deduction.
Cease deduction of employee contributions where a scheme member opts to leave the Scheme.	Month following month of election, or such later date specified by the scheme member.
Refund employee contributions via payroll where the member has opted out within 3 months and doesn't have previous LGPS membership.	Month following month of election to opt out.
Provide the Fund with details of all contractual changes to scheme members working hours.	20 working days of change.
Notify the Fund of other material changes in employees' circumstances (e.g. marital or civil partnership status)	Immediately following notification by the scheme member of a change in circumstances.
Notify the Fund of leaves of absence with permission (maternity, paternity, career break etc.).	Within 20 working days of notice from employee.
Notify the Fund of leaves of absence without permission (e.g. strike or absent without permission)	Within 20 working days of notice from employee.
Notify the Fund when a scheme member leaves employment including an accurate assessment of final pay.	15 working days of month end of leaving.

Function/Task	Performance Target
Notify the Fund when a scheme member is due to retire including an accurate assessment of final pay and authorisation of reason for retirement.	15 working days <b>before</b> retirement date.
Notify the Fund of the death of a scheme member.	As soon as practicable, but within 5 working days.
Appoint an independent medical practitioner qualified in occupational health medicine, in order to consider all ill health retirement applications and agree appointment with the Fund	Within one month of commencing participation in the scheme or date of resignation of existing medical adviser

## **MONITORING PERFORMANCE AND COMPLIANCE**

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Ensuring compliance with the Scheme regulations and this Administration Strategy is the responsibility of the Fund and scheme employers. This section describes the ways in which performance and compliance will be monitored.

### **Audit**

The Fund is subject to an annual external audit of the accounts and, by extension the processes employed in calculating the figures for the accounts, by KPMG. The key findings of their work are presented to the Pensions Sub-Committee in an Annual Governance Report and the Fund is set an action plan of recommendations to implement. In addition the Fund is subject to internal audits by the Council of its processes and internal controls. Any subsequent recommendations made are considered by the Fund and where appropriate duly implemented (following discussions with scheme employers where necessary).

### **Performance monitoring**

The Fund monitors Equiniti Paymaster's performance against the contract with them and the agreed Service Level Agreement. Monitoring occurs on a monthly basis and Equiniti Paymaster are asked to explain variations from agreed Service Level Agreement targets.

### **Feedback from employers**

Employers who wish to provide feedback on the performance of the Fund against the standards in this Administration Strategy should e-mail comments to the following address: [pensions@hackney.gov.uk](mailto:pensions@hackney.gov.uk). This will be acknowledged within 5 working days and an investigation of the matter will then be undertaken. Following the investigation a response will be provided to the scheme employer within 15 working days of the initial acknowledgment.

### **Annual report on the strategy**

The Scheme regulations require the Fund to undertake a formal review of performance against the Administration Strategy on an annual basis. This report will be produced annually and included within the Pension Fund Annual Report and Accounts.

### **Provision of Retirement Estimates**

Upon receipt of accurate information on the appropriate form, provision of an estimate will be on the basis of one estimate per employee, per year, in relation to an active member retiring due to age, redundancy, efficiency or flexible retirement.

Any further requests in excess of the above will lead to a charge being levied against the requesting employer of £50 per estimate.

# **POLICY ON THE RECOVERY OF ADDITIONAL ADMINISTRATION COSTS FROM EMPLOYERS**

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The Scheme regulations provide pension funds with the ability to recover from a scheme employer any additional costs associated with the administration of the Scheme incurred as a result of the unsatisfactory level of performance of that Scheme Employer. Where a fund wishes to recover any such additional costs they must give written notice stating:

- The reasons in their opinion that the Scheme Employer's unsatisfactory level of performance contributed to the additional cost
- The amount of the additional cost incurred
- The basis on how the additional cost was calculated
- The provisions of the Administration Strategy relevant to the decision to give notice.

## **Circumstances where costs might be recovered**

It is the policy of the Fund to recover additional costs incurred in the administration of the Scheme as a direct result of the unsatisfactory level of performance of any scheme employer (including the Council). This includes the payment of fees levied against the scheme employer.

The circumstances where such additional costs will be recovered from the scheme employer are:

- persistent failure to provide relevant information to the Fund, scheme member or other interested party in accordance with specified performance targets in this Administration Strategy (either as a result of timeliness of delivery or quality of information)
- failure to pass relevant information to the scheme member or potential members, either due to poor quality of information or not meeting the agreed timescales outlined in the performance targets in this Administration Strategy
- failure to deduct and pay over correct employee and employer contributions to the Fund within the stated timescales
- instances where the performance of the scheme employer results in fines being levied against the Fund by the Pension Regulator, Pensions Ombudsman or other regulatory body.

## **Approach to be taken by the Fund**

The Fund will seek, at the earliest opportunity, to work closely with scheme employers in identifying any areas of unsatisfactory performance, provide the necessary training and put in place appropriate processes to improve the level of service delivery in the future. Consideration for seeking additional administration costs where persistent failure occurs and no improvement is demonstrated by a scheme employer would be seen as a failure and will only be taken once the steps described below are taken to resolve the situation:

1. Write to the scheme employer, setting out area(s) of concern and offer training.

2. If no improvement is seen within one month of the training or no response is received to the initial letter, the scheme employer will be asked to attend a meeting with representatives of the Fund to discuss area(s) of concern and to agree an action plan to address them. Where appropriate, the originating employer will be informed and expected to work with the Fund to resolve the issues.
3. If no improvement is seen within one month or a scheme employer is unwilling to attend a meeting to resolve the issue, the Fund will issue a formal written notice, setting out the area(s) of concern that have been identified, the steps taken to resolve those area(s) and notice that the additional costs will now be reclaimed.
4. An invoice will then be issued to the scheme employer clearly setting out the calculations of any loss resulting to the Fund, or additional cost, taking account of time and resources in resolving the specific area(s) of unsatisfactory performance, in accordance with the fee scale set out in this document.
5. An annual report will be presented to the Pensions Sub-Committee meeting detailing any fees levied against scheme employers and outstanding payments.

## Fees for additional administration

The table below sets out the fees which the Fund will levy on a scheme employer whose performance falls short of the standards set out in this document. Each task is referenced to the Employer Responsibilities section. Charging is a last resort and the approach outlined above will be followed before a fee is levied.

Employer Responsibility	Fees
<b>Monthly Contributions</b> - Late payment of employee and employer contributions to the administrators <b>by the 19<sup>th</sup> calendar day of month following deduction</b>	£60 plus interest*, calculated on a daily basis until contributions received.
<b>Monthly Contributions</b> - Non provision of the correct schedule of payments in the format stipulated by the Fund, accompanying the contributions <b>by the 19<sup>th</sup> calendar day of month following deduction</b>	£60 per occasion
<b>Change Notifications</b> – failure to notify the administrators of any change to a members working hours, leave of absence with permission (maternity, paternity, career break) or leave of absence without permission (strike, absent without permission) – <b>within 20 days of the change in circumstance.</b>	£60 per form, per occasion
<b>Year End Data</b> – failure to provide year end data <b>by 30<sup>th</sup> April</b> following the year end or the non provision of year end information or the quality of the year end data is poor requiring additional data cleansing	Initial fee of £250 then a fee of £100 for every month the information remains outstanding

Employer Responsibility	Fees
<b>Year End Data Queries</b> – failure to respond to the administrators requests for information to resolve data queries within the prescribed timescale	Initial fee of £60 per occasion, then a fee of £30 for each month the information requested remains outstanding
<b>New Starter(s)</b> - failure to notify the administrators of new starter(s) and the late or non provision of starter form(s) – <b>within 15 days of employee joining the scheme</b>	Initial fee of £60 per form, then a fee of £30 per form for each month the form(s) remains outstanding
<b>Leaver(s)</b> – failure to notify the administrators of any leaver(s) and the late or non provision of leaver form(s) including an accurate assessment of final pay – <b>within 15 days of employee leaving the scheme or employment</b>	Initial fee of £60 per form, then a fee of £30 per form for each month the form(s) remains outstanding
<b>Retirees</b> – failure to notify the administrators when a scheme member is due to retire <b>15 working days before</b> the retirement date - including an accurate assessment of final pay and authorisation of reason for retirement.	Initial fee of £60 per form, then a fee of £30 per form for each month the form(s) remains outstanding
<b>Late payment of pension benefits</b> - as a result of the employers failure to notify the administrators of a scheme members retirement, interest becomes payable on any lump sum paid. The administrators will recharge the total amount of interest paid to the employer	Interest is calculated in accordance with regulation 44 of the LGPS Administration Regulations 2008

- Interest will be charged in accordance with regulation 44 of the LGPS Administration regulations, which states interest should be charged at Bank of England Base Rate plus 1%.

## Employer contribution rates and administration costs

Employers' 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.

The London Borough of Hackney has an actuarial valuation undertaken every three years by the Fund's actuary. The actuary balances the funds assets and liabilities in respect of each employer, and assesses the appropriate contribution rate for each employer to be applied for the subsequent three years.

The cost of running the London Borough of Hackney Pension Fund is charged directly to the Fund, and the actuary takes these costs into account in assessing the employers' contribution rates.

If an employer wishes the London Borough of Hackney to carry out work not attributable to pension's administration they will be charged directly for the cost of that work.

**The following functions have been designated Employer Functions – this means that they are outside of the normal scope of pension administration responsibilities for the Fund but the Administering Authority is willing to assist employers with these services, although they will be subject to a charge depending on the level of work required and whether external suppliers have to be engaged such as the Fund's Actuary, Occupational Health, etc.**

<b>Function/Task</b>	<b>Description &amp; Associated cost</b>
Redundancy & Severance Efficiency Payments Flexible Retirements	Advice, calculations and the preparation of associated paperwork for employee signature and payroll instructions
Ill health retirements - Tier 3 awards.	Monitor and review tier 3 ill health awards to cessation, liaise with Occupational Health Services, provide support at the IHRP meetings for the award of uplifted benefits.
Injury payments	Calculation and payment of injury awards
FRS17/IAS19	Provision of data required for FRS17 calculations to the Actuary, plus any chargeable Actuary time Cost – as invoiced from the Actuary + any chargeable Actuary time as invoiced plus standard administration charge £100
Admission Agreements	Setting up and amendment of admission agreements for Contractors/new Employers admitted to the Fund
Cessation & Interim Valuations	Provision of data required for interim and/provision of data required for interim and/or cessation valuations
Academy Conversions	Any work related this requiring input from the Administering Authority
Legal Work & non standard actuarial work	Any work in relation to this requiring input from the Administering Authority – e.g. contract review on outsourcing, employer policies, TUPE & future pension provision etc

## SERVICE AND COMMUNICATION IMPROVEMENT PLANNING

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As set out earlier in this Administration Strategy, the Fund's objective in relation to administration is to deliver an efficient, quality and value for money service to its scheme employers and scheme members. This can only be achieved through continuously reviewing and improving the service. Communication between the Fund and scheme employers is key to providing the service and is therefore an important aspect of service improvement planning.

Equiniti Paymaster and the Council's in-house staff work together on a programme of continuous improvement to the service.

The monitoring of the performance standards set out in this document will inform the programme going forward and feedback from scheme employers on the service and the way in which the Fund communicates is welcomed in developing plans. Feedback should be e-mailed to: [pensions@hackney.gov.uk](mailto:pensions@hackney.gov.uk).

The Fund will take responsibility for improving the service and determining the balance between implementing service improvements and the goal of providing a value for money service for the Fund.

Employers will be informed of any changes to the service provision which affect the way they interact with the Fund.

## CONSULTATION AND REVIEW PROCESS

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In preparing this Administration Strategy the Fund has consulted with all the scheme employers with active contributors in the Fund. The strategy will be reviewed every 2 years and more frequently if there are changes to the Scheme regulations or requirements. All scheme employers will be consulted before any changes are made to this document.

The latest version of this document can be accessed from the Fund website <http://hackney.xpmemberservices.com>

# LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 2013

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The Regulations in relation to the Pension Administration Strategy are contained in the Local Government Pension Scheme Regulations 2013, and are set out below:

## **Pension administration strategy**

**59.** (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

### **Payment by Scheme employers to administering authorities**

**69.**—(1) Every Scheme employer must pay to the appropriate administering authority on or before such dates falling at intervals of not more than 12 months as the appropriate administering authority may determine—

(a) all amounts received from time to time from employees under regulations 9 to 14 and 16 (contributions);

(b) any charge payable under regulation 68 (employer's further payments) of which it has been notified by the administering authority during the interval;

(c) a contribution towards the cost of the administration of the fund; and

(d) any amount specified in a notice given in accordance with regulation 70 (additional costs arising from Scheme employer's level of performance).

(2) But—

(a) a Scheme employer must pay the amounts mentioned in paragraph (1)(a) within the prescribed period referred to in section 49(8) of the Pensions Act 1995(41); and

(b) paragraph (1)(c) does not apply where the cost of the administration of the fund is paid out of the fund under regulation 4(5) of the Local Government Pensions Scheme (Management and Investment of Funds) Regulations 2009 (management of pension fund)(42).

(3) Every payment under paragraph (1)(a) must be accompanied by a statement showing—

(a) the total pensionable pay received by members during the period covered by the statement whilst regulations 9 (contributions) applied (including the assumed pensionable pay members were treated as receiving during that period),

(b) the total employee contributions deducted from the pensionable pay referred to in sub-paragraph (a),

(c) the total pensionable pay received by members during the period covered by the statement whilst regulation 10 applied (including the assumed pensionable pay members were treated as receiving during that period),

(d) the total employee contributions deducted from pensionable pay referred to in sub-paragraph (c),

(e) the total employer contributions in respect of the pensionable pay referred to in sub-paragraphs (a) and (c),

(f) the total additional pension contributions paid by members under regulation 16 (additional pension contributions) during the period covered by the statement, and

(g) the total additional pension contributions paid by the employer under regulation 16 (additional pension contributions) during the period covered by the statement.

(4) An administering authority may direct that the information mentioned in paragraph (3) shall be given to the authority in such form, and at such intervals (not exceeding 12 months) as it specifies in the direction.

(5) If an amount payable under paragraph (1)(c) or (d) can not be settled by agreement, it must be determined by the Secretary of State.

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### **Additional costs arising from Scheme employer's level of performance**

**70.** (1) This regulation applies where, in the opinion of an administering authority, it has incurred additional costs which should be recovered from a Scheme employer because of that employer's level of performance in carrying out its functions under these Regulations.

(2) The administering authority may give written notice to the Scheme employer stating—

(a) the administering authority's reasons for forming the opinion mentioned in paragraph (1);

(b) the amount the authority has determined the Scheme employer should pay under regulation 69(1)(d) (payments by Scheme employers to administering authorities) in respect of those costs and the basis on which the specified amount is calculated; and

(c) where the administering authority has prepared a pension administration strategy under regulation 59, the provisions of the strategy which are relevant to the decision to give the notice and to the matters in sub-paragraphs (a) or (b).