

East Sussex Pension Fund Administration Strategy Statement 2017

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Introduction

East Sussex County Council is the administering authority for the Local Government Pension Scheme (LGPS) on behalf of the employers participating in the LGPS through the East Sussex Pension Fund (the “Fund”). The LGPS is governed by statutory regulations.

This is the pension administration strategy of the Fund in relation to the Local Government Pension Scheme. The pension administration strategy is kept under review and revised to reflect changes to LGPS regulations and Fund policies. Changes are subject to consultation with the employers, variations must be agreed by the Fund

The Fund shall monitor the requirements of this agreement and report its findings to the East Sussex Pension Fund Pension Committee and Pension Board.

The Fund comprises over 120 scheme employers and approximately 70,000 scheme members in relation to the LGPS. At the last assessment the value of the Fund was over £2.76bn.

The Fund provides a high quality pension service to members and employers, to ensure members receive their correct pension benefits. This is best achieved where the Fund and the employers are clear about their roles and responsibilities and work in partnership.

This document sets out a framework by way of outlining the policies and performance standards to be achieved when providing a cost-effective inclusive and high quality pensions administration service. In particular it sets out:

- The roles and responsibilities of both the Fund and the employers within the Fund.
- The level of service the Fund and employers will provide to each other
- The performance measures used to evaluate the level of service

This administration strategy statement is an agreement between the Fund and employers.

Regulatory context

The LGPS is a statutory scheme, established by an Act of Parliament and governed by regulations. The most recent of such regulations, appertaining to administration are the LGPS (Administration) Regulations 2013. Regulation 59(1) of the (Administration) Regulations 2013 covers the requirement for an administering authority to prepare a written statement of policies as it considers appropriate in the form of a Pensions Administration Strategy. This regulation outlines the primary matters which should be covered to include:

- administration standards
- performance measures
- communication with scheme employers

In addition, Regulation 67 and 69 of the LGPS Regulations 2013 provide for employer and employee contributions to be paid over to the Fund. A breach of Regulation 69(1) can result in consequences for an employer, as stated in section 49(8) of the Pensions Act 1995.

Regulation 70 of the (Administration) Regulations 2014 covers the ability of an administering authority to recover additional costs arising from Scheme employers' level of performance. Furthermore, Regulation 71 of the same regulations allows the administering authority to apply interest on late payments by scheme employers. Some of these regulations may be referenced in the relevant sections of this administration strategy statement.

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

- Pensions Act 1995 and associated disclosure legislation;
- Freedom of Information Act 2000;
- Age Discrimination Act 2006;
- Data Protection Act 1998;
- Disability Discrimination Act 1995;
- Finance Act 2004; and
- Health and Safety legislation.

Where agreed, the administering authority and scheme employers will comply with local standards which go beyond the minimum requirements set out in overriding legislation. Such best practice standards are outlined in the section on timeliness set out below.

Roles and responsibilities

The quality of service to members depends on the supply of accurate and timely information.

Employer duties and responsibilities are set out in the table below:

| Employers – Pensions: Commitments / SLA | |
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| Item | Expectations |
| New starters | Within 2 months of the employee joining, or such shorter period as required by any auto-enrolment obligations (generally this tends to be before or within six weeks of the employee's automatic enrolment date). |
| Change in member's details | Within 2 months of the event. |
| Early Leavers without entitlement to immediate benefits | <ul style="list-style-type: none"> • within 3 months of joining, refund through your payroll & notify the Fund • outside of 3 months of joining notify the Fund using the appropriate form for refund of contributions or Deferred Benefits |
| Opt Outs | Refund contribution through your payroll and notify the Fund. |
| Leavers with entitlement to immediate payment of benefits | <ul style="list-style-type: none"> • Notify the Fund using the relevant form as soon as possible once leaving date is confirmed. • Provide all appropriate information required by the Fund to enable payment of benefits within time scales provided above. <p>(All forms are available from the East Sussex County Council website Information for Employers pages) https://www.eastsussex.gov.uk/yourcouncil/forms/</p> |
| Disclosure Regulations | Great care must also be taken to avoid breaking the Disclosure Regulations. Consequently when a retirement takes place before NPA the latest form is to be received in the Office is no later than one month after the date of retirement. Where a retirement takes place on or after NPA, the Office must receive the form no more than ten working days after the date of retirement. |
| Death in service | Notify the Fund within 3 working days of all the information being gathered, for example birth and marriage certificates. |

The Fund's duties and responsibilities are set out in the table below:

| Business Operations – Pensions: Commitments / SLA | |
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| Items | Expectations/SLA |
| Letters/emails from members (or member's representatives) answered or acknowledged | 10 working days |
| New starters processed | 10 working days from receipt of notification. |
| Changes in details processed | 9 working days from receipt of request. |
| Calls to the Pensions Administration team answered in office hours | Calls answered within 3 rings. |
| Retirement | Our practice is that we pay the Lump sum normally within 10 days after date of retirement. We wait until post retirement to finalise the final pay figure, to ensure any changes are picked up. |
| Annual benefit statements for deferred members issued | 31 August of each year (Statutory deadline) |
| Annual benefit statements for active members issued | 31 August of each year (Statutory deadline) |
| Year End Return queries for employers issued | 30 June |
| Pension savings statements issued if applicable | 6 October (Statutory deadline) |
| Changes to bank details made | 9 working days from receipt of request. |
| Estimates for divorce processed | <ul style="list-style-type: none"> • Divorce proceeding started 6 weeks from receipt of PS02 form • Divorce proceedings not started 3 months from receipt of PS02 form |
| Non-LGPS transfers into ESPF processed | 10 Working days |
| Non-LGPS transfer out quotations processed | 25 Working days |

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| Non-LGPS transfer out payments processed | 25 Working days |
| Internal and concurrent transfers processed | 22 Days to complete |
| Refund payments made | 10 Working days |
| Deferred benefits calculated | 25 Working days |
| Pension quotations calculated | 7 Working days |
| APC/SCAPC illustrations calculated | Members are referred to LGA's online calculator. |
| AVC amendments noted on members record | 9 Working days |
| New retirement benefit options sent | 10 Working days |
| New retirements processed for payment | 7 Working Days |
| Deferred benefits processed for payment | 7 Working days |
| Notification of a death processed | 5 working days |
| Dependants' pensions processed for payment | 5 Working days |
| Death grants processed for payment | 5 working days |
| Tax-free retirement lump sum processed by pensions/ Accounts | 10 working days of retirement date. |

PROCEDURES FOR ENSURING COMPLIANCE WITH STATUTORY REQUIREMENTS AND LEVELS OF PERFORMANCE

Ensuring compliance is the responsibility of the administering authority and scheme employers. We will work closely with all scheme employers to ensure compliance with all statutory requirements, whether they are specifically referenced in the LGPS Regulations, in overriding legislation, in this Administration Strategy Statement. We will also work with them to ensure that overall quality and timeliness is improved as part of an agreed service development plan. Various means will be employed, in order to ensure such compliance and service improvement, seeking views from as wide an audience as possible. These include:

EXTERNAL PROVIDERS

The administering authority or scheme employers will ensure that any external service providers with responsibility for carrying out any functions relating to the administration of the Local Government Pension Scheme are aware of the standards to be met (such as external pension administration providers, payroll and HR providers). They will also be responsible for ensuring that those standards are met.

AUDIT

The East Sussex Pension Fund will be subject to annual audit of its processes and internal controls. The East Sussex Pension Fund and scheme employers will be expected to fully comply with any requests for information from both internal and approved external auditors. Any subsequent recommendations made will be considered by the East Sussex Pension Fund and where appropriate duly implemented (following discussions with scheme employers where necessary).

PERFORMANCE MONITORING

The East Sussex Pension Fund will monitor performance against specific tasks from the event date (e.g. date of leaving/retirement, etc) to date of the completion of the task (notwithstanding that service levels for benchmarking purposes are measured from the date that all necessary data has been received/is available). A part of this monitoring exercise we will include the monitoring of the performance of each scheme employer in the provision of all necessary data required by the administering authority enabling completion of each task. We will also monitor the performance of the administering authority in carrying out its responsibilities in relation to the scheme.

The East Sussex Pension Fund as the administering authority will regularly monitor performance by using a variety of information available to the Fund.

Communication

The Fund's Communications Policy Statement outlines how the Fund communicates with all stakeholders, including employers. The Communications Policy Statement can be found at: <https://www.eastsussex.gov.uk/yourcouncil/pension-fund-policies/>

The Fund routinely provides information and resources for employers using the Fund's website and the Pension pages on the ESCC website which contain an up to date list of LGPS publications, forms, newsletters, ESFOA updates and minutes from the Pensions Board and Pensions Committee meetings.

The employers and member's websites can be found at:

Employers website: <https://www.eastsussex.gov.uk/yourcouncil/pensions/members/>

Members website: <http://www.eastsussexpensionfund.org/>

The Fund will communicate to employers on an ad hoc basis and as required in respect of matters relating to the LGPS. The Fund will also hold at least one employer forum each year which all employers will be invited to.

The Fund will notify the employer of changes to administrative procedures that may arise as a result of changes in pension scheme regulations and update standard documentation on the Fund's website.

The Fund will issue forms, newsletters, booklets and such other materials as are necessary in the administration of the LGPS, for members and the employers.

Employers should provide contact details at least annually, and whenever a named contact changes, on the Employer Authorisation form.

Employers may provide information about members to the Fund in a variety of ways, including electronic and paper forms or via PensionsWEB. Forms used must be up to date, and are available on the Fund's website.

Employer Contributions

Regulations 67 and 69 of the Local Government Pension Scheme Regulations 2013 require that every Scheme employer pay over both employee and employer contributions to the Fund.

Regulation 67(1) provides for employer contributions by stating that a Scheme employer must contribute to the appropriate fund the amount applicable for that authority as calculated in accordance with the actuarial valuation.

Regulation 69(1) provides for employee contributions by stating that 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, all amounts received from employees.

Regulation 69(3) specifies that each payment must be accompanied by a statement and the Administering Authority may direct in what form and at what intervals. The East Sussex Pension Fund has determined the above date to be the 19th day of each calendar month, and should this be as non-working day, then the 1st working day before. Under the regulations the date on which any amount above is overdue, is the day after the date specified by the administering authority for payment. Each payment must be accompanied an LGPS31 form.

Employers can send their monthly payments by cheque to the Orbis Business Operations Accounts Receivable Team, or via BACS transfer into the Pension Fund bank Account.

Employers should send the completed LGPS31 remittance advice by email to ESCC.accounts@sesharedservices.org.uk to arrive before the payment. If payment is sent by cheque the completed LGPS31 form must accompany the cheque.

An LGPS31 form (see appendix) is provided to the employer before the beginning of each tax year, or upon entry to the Fund. It contains their unique SAP cost centre number. The LGPS31 provides instructions regarding how to make payment and includes the ESPF bank account details.

East Sussex Pension Fund has determined the following charges for failure to comply with the above statutory requirements:

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| 1. Non-receipt of payment by the deadline | 1st instance | Warning |
| | 2nd instance | £50 fine |
| 2. Non-receipt of LGPS31 form | 1st instance | Warning |
| | 2nd instance | £50 fine |
| 3. Multiple payments/LGPS31 forms received for a single employer, per month | £20.00 administration charge per additional payment | |

Warnings for non-compliance will operate on a rolling 12 month basis, for example, should a warning have been issued and 10 months later there is a 2nd instance, a fine will apply. However, if it is 13 months later, another warning will be issued.

If an issue has not been resolved within 10 working days of a warning being issued, a fine will apply and the fund may take further action as appropriate regarding the failure to comply with the statutory requirements.

In addition to the above interest may be charged at 1% above base rate on any sum remaining unpaid for more than one month beyond the date on which it became due.

COSTS

The Fund's Actuary determines employer contribution rates for the three years following each triennial valuation. The rates and adjustments certificate provides details of all payments which are due from employers in the fund.

The costs of administration, including actuarial fees for the triennial valuation, are charged directly to the Fund. These administration costs are taken into account by the Fund's Actuary when assessing the employers' contribution rates.

Where additional actuarial or legal services are required by, or result from the actions of, the employer, the employer will be required to reimburse the Fund for the costs involved. Where appropriate, an estimate of these costs will be provided and the employer's agreement obtained before proceeding to instruct the service provider. Typical scenarios where costs may arise are where an employer outsources a service or for accounting reports required at year end.

If the Fund incurs interest charges as a result of a late notification of retirement from the employer, it may recharge to the employer the interest incurred on the late payment of the lump sum.

Employers may also be required to pay for additional work that is outside of business as usual, such as:

- Requesting the Fund undertake non-standard work
- Estimates which are in addition to the agreed allocation
- Requesting work to be completed earlier than the normal service standards.

The employer's agreement to the charge will be obtained prior to the work being carried out.

Consultation and review process

In preparing this administration strategy statement the Fund has emailed all Employers within the Fund as part of an open consultation period whereby feedback from Employers has been sought, this consultation period commenced on 16th June 2017 and ceased on 30th June 2017.

Thereafter, this administration strategy statement will be reviewed in line with each valuation cycle and the next review will be as at 1 April 2020. All scheme employers will be consulted before any changes are made to this document.

The latest version of this administration strategy statement will always be available on the ESCC website: <https://www.eastsussex.gov.uk/yourcouncil/pension-fund-policies/> and the ESPF website: <http://www.eastsussexpensionfund.org/east-sussex-pension-fund/about-us/forms-and-publications/>

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