

Pensions Committee

2.00pm, Wednesday, 27 March 2019

Policies and Strategies

Item number	5.4
Executive/routine	
Wards	All
Council Commitments	Delivering a Council that works for all

1. Recommendations

The Pensions Committee (**Committee**) is requested to:

- 1.1 **approve** the draft revised Communications Policy;
- 1.2 **note** that the fund intends to consult with employers on the revised Pensions Administration Strategy; and
- 1.3 **approve** the draft revised Pensions Administration Strategy, subject to any further amendment arising from the forthcoming employer consultation being reported to the Pensions Committee at its next meeting.

Stephen Moir

Executive Director of Resources

Contact: John Burns, Chief Finance Officer, Lothian Pension Fund

E-mail: john.burns@edinburgh.gov.uk | Tel: 0131 469 3711

Erin Savage, Pensions Operations & Development Manager, Lothian Pension Fund

E-mail: erin.savage@edinburgh.gov.uk | Tel: 0131 529 4660

Policies and Strategies

2. Executive Summary

- 2.1 The Lothian Pension Funds' Communications Policy has been reviewed to update regulatory references following the introduction of the new Local Government Pension Scheme from 1 June 2018. In addition, further clarification is provided on requirements under the Pension Regulator's Code of Practice 14 'Governance and Administration of Public Sector Schemes'.
- 2.2 The Lothian Pension Funds' Pensions Administration Strategy (PAS) has been also reviewed to update regulatory references. In addition, the Fund has introduced new secure portals for the exchange of information with employers and the revised PAS includes references to the new portals, i-Connect and Go Anywhere.
- 2.3 As required under the Local Government Pension Scheme (Scotland) Regulations, a consultation exercise will be carried out with the fund's employers following Committee.

3. Background

- 3.1 The Communications Policy is a policy document which summarises how the Lothian Pension Fund communicates with its employers, scheme members and other stakeholders. The policy was last reviewed and updated in December 2015 following the introduction of the new Local Government Pension Scheme from 1 April 2015. The draft revised Communications Policy is attached as Appendix 1 to this report.
- 3.2 Following the introduction of the relevant provisions into the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008, Lothian Pension Fund adopted a Pensions Administration Strategy (**PAS**) effective from 1 April 2010. This was developed in order to:
 - deliver a high-quality pension service to Scheme members; and
 - continually develop and improve efficient working arrangements.
- 3.3 The PAS sets out the standards for pension administration against which the fund's performance is assessed. Performance results are reported to employers by way of an annual performance report, with more frequent information provided to larger employers.

- 3.3 The fund is required to keep the PAS under review, and consult with employers when making any changes. The draft revised PAS is attached as Appendix 2 to this report.

4. Main report

Communications Policy

- 4.1 To assist with the delivery of service to customers, the Fund introduced a Communications Policy in 2013. The Local Government Pension Scheme (Scotland) Regulations 2014 introduced a requirement for all administering authorities to publish a statement setting out its policy on communicating with certain key stakeholders, and the Fund introduced a revised Communications Policy which was approved by Pensions Committee in December 2015.
- 4.2 The Policy has been updated to incorporate revised regulatory references. In addition, further clarification is provided on requirements under the Pension Regulator's Code of Practice 14 'Governance and Administration of Public Sector Schemes'.

Pensions Administration Strategy

- 4.3 Following the introduction of a new Local Government Pension Scheme from 1 June 2018, the PAS has been updated to incorporate revised legislative references.
- 4.4 Further to a procurement exercise in 2018, the fund has introduced two new secure portals (i-Connect and Go Anywhere) to be used by employers to transfer information to the fund. The PAS has been revised to replace references to the previous portal (pensionsWEB) with references to i-Connect and Go Anywhere.
- 4.5 In addition, the following changes have been made:

Annual contribution information

The fund is required to provide members with annual pensions savings statements by 6 October each year. These statements illustrate the level of pensions savings made that year and confirmation of the Annual Allowance – the maximum amount of savings that can be made each year which benefit from tax relief. In general, these statements are provided with annual pension forecasts by 31 August, but where a member is close to the annual allowance limit, the fund will recalculate the pensions savings using actual pay figures. This requires additional pay information from employers. To improve the service to members, the PAS has been updated to clarify that employers return requests for such additional pay data within two weeks of receipt of requests from the fund.

Awards for compensation for distress or inconvenience

Where a member complaint has been upheld, the fund may, under the administering authority discretion policy make a financial award for distress or inconvenience. Such awards are in line with the levels of compensation awarded by the Pensions Ombudsman. The fund has encountered some cases where complaints have arisen due to inaccurate information being provided by employers.

Section 8.1 of the PAS has therefore been updated to highlight that where the fault is due to the default, omission or otherwise negligent act of the employer, any compensation paid will be recharged to the employer.

- 4.6 A new section 10 has been introduced to confirm that where employers are unhappy with the fund's performance, they have a right to make complaints to the CEO.
- 4.7 Finally, some cosmetic amendments have been made, including the introduction of a contents page to make the document more user-friendly.

5. Next Steps

- 5.1 As noted above, the fund will carry out a consultation exercise with employers on the revised draft PAS
- 5.2 Any significant changes required to the PAS will be presented to Committee for approval at a later date.

6. Financial impact

- 6.1 There is no direct financial impact aside from potential recovery of costs in the event of employer failure to provide specified information within required timescales.

7. Stakeholder/Community Impact

- 7.1 The Pension Board, comprising employer and member representatives, is integral to the governance of the fund and they are invited to comment on the relevant matters at Committee meetings.
- 7.2 There are no adverse health and safety, governance, compliance or regulatory implications as a result of this report.
- 7.3 There are no adverse sustainability impacts arising from this report.

8. Background reading/external references

- 8.1 None.

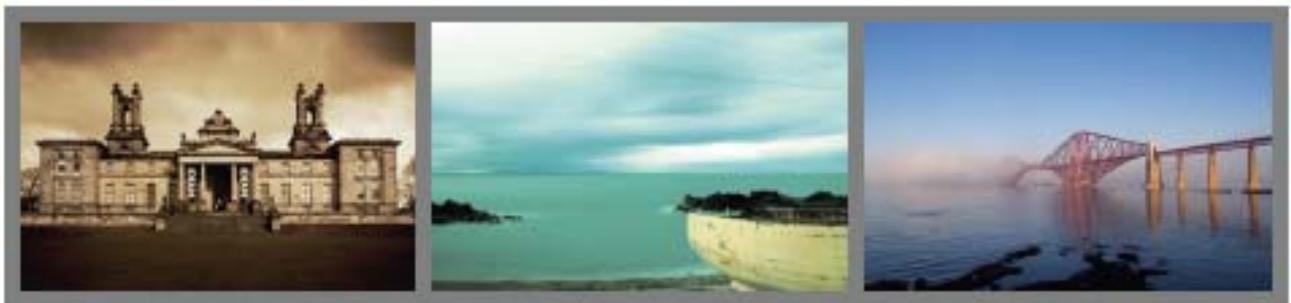
9. Appendices

Appendix 1: Draft Revised Communication Policy

Appendix 2: Draft Revised Pensions Administration Strategy

Lothian Pension Fund

Communications Policy



Our policy

We provide a pension service for members of Lothian Pension Fund and Scottish Homes Pension Fund, local government employers and associated bodies within Edinburgh and the Lothians.

Local Government Pension Scheme (Scotland) Regulations

Regulation 59 of the Local Government Pension Scheme (Scotland) Regulations 2018 requires the following information to be published.

Regulation 59 - Statements of policy concerning communications with members and Scheme employers:

(1) An administering authority must prepare, maintain, and publish a written statement setting out its policy concerning communications with—

- (a) members;
- (b) representatives of members;
- (c) prospective members; and
- (d) Scheme employers.

(2) In particular the statement must set out its policy on—

- (a) the provision of information and publicity about the Scheme to members, representatives of members and Scheme employers;
- (b) the format, frequency, and method of distributing such information or publicity; and
- (c) the promotion of the Scheme to prospective members and their employers.

(3) The statement must be revised and published by the administering authority following a material change in their policy on any of the matters referred to in paragraph 2.

Other Legislation

The Fund must also satisfy the requirements of the Occupational Pension Schemes (Disclosure of Information) Regulations and other legislation such as the Public Sector Pensions Act 2013 which introduced a framework for the governance and administration of public service pension schemes and provided by regulatory oversight provided by The Pensions Regulator.

The Pension Regulator's objectives are to protect the benefits of members, promote and improve understanding of good pension administration and maximise compliance. The Regulator's Code of Practice 14 covers the type of information that pension schemes are required to disclose about the Scheme and the benefits provided to members.

Our expected timescales for meeting the various disclosure of information requirements are set out in our service standards which are available on our website at www.lpf.org.uk/customer_care.

The policy summarises how the Fund communicates with its employers, scheme members and other stakeholders.

Communication objectives

The overall objectives of the communications policy are to ensure that:

- pension regulations and the Fund's policies are communicated in a clear and informative way
- clear information is provided to allow members to take decisions relating to their pension
- the most appropriate way of communicating with stakeholders is used
- the differing needs of our stakeholders are considered
- the scheme is recognised as an important part of employers' remuneration package for employees
- our business partners provide clear communications, for example our Additional Voluntary Contributions providers
- communications are evaluated and feedback used to ensure their effectiveness
- to provide a secure real-time member online service allowing 24-hour access to personal pension data, allow changes to address, model retirement benefit and access scheme and member documents including benefit statements. The service is supported on multiple devices.

The Fund is committed to providing different channels of communications to all members and stakeholders to provide an efficient and effective service. This policy outlines the main communications channels and when they are used.

Who do we communicate with?

- Scheme members
- Scheme employers
- Prospective scheme members
- Lothian Pension Fund Pension Board
- Scottish Local Government Pension Scheme Advisory Board
- Scottish Public Pensions Agency
- Fund auditor
- Trades Unions
- HMRC
- AVC providers
- Other stakeholders and bodies
- Pension Regulator

Communications tools and channels

By post

- Every year we send newsletters to our active, deferred and pensioner members.
- We send correspondence as necessary for example, new members, payslips, transfers and when a member retires.
- Certain communications are available by post on request.

By email

- Our e-newsletter is sent to all members where we hold an email address.
- Statements and letters can be password protected and emailed to members on request.

By phone

- Our dedicated pension helpline, during office hours, is the first point of contact for all pension enquiries. Our out of hours answering service provides 24-hour cover for those members who phone outside our normal office hours.

Online

- Our website, www.lpf.org.uk, has pension information for members and other stakeholders. For members it includes access to our online service, calculators, scheme guides, leaflets, and videos.
- The My Pension Online service provides a secure real-time member online service with 24-hour access to personal pension data. Members can update their address, model retirement benefits and access scheme and member documents including benefit statements and other letters on request. Our retired members can access their monthly pension payments and P60 details.
- The Pensions Committee and Audit Sub-Committee papers are available online at www.edinburgh.gov.uk/cpol.

Roadshows/presentations

- We visit employer workplaces and attend roadshows, seminars, inductions, and pre-retirement presentations on request.

Visit our office

- Members can visit our offices within office hours and speak to a member of our pension administration team about their pension.

Social media

- We have a Twitter, LinkedIn and Facebook presence and cover topical and scheme pension matters. Follow on twitter [@lothianpension](https://twitter.com/lothianpension), on Facebook at www.facebook.co.uk/lothianpensionfund and LinkedIn on www.linkedin.com/company/lothian-pension-fund/ .

Communications matrix - members

The section below shows how the Fund communicates with each audience to meet its obligation and disclosure requirements.

	Frequency	By post	Online/ email/ website	Active members	Deferred members	Retired members
New member welcome letter	Ongoing	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		
New member welcome pack	Ongoing	On request	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Website	On demand		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
My pension online service	On demand		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Newsletter including Annual Report summary	Annual	On request	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Alternative formats including translation		On request		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Presentations and roadshows	On request					
Annual benefits Forecast showing benefits earned.	Annual	On request	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Customer care charter including service standards		On request	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
E-newsletter updates	As required	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>
Scheme guides		On request	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Leaflets, policies and forms		On request	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Retirement pack	As required	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>
Penfriend newsletter	Twice a year	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
Payslip	Twice a year	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
P60	Annually	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
AVC members statement	Sent by Provider	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Prospective member information		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			

Communications with employers

We have over 80 employers who range from one active member in the fund to over 10,000. We therefore use different communications tools in dealing with our employers to ensure they carry out their statutory duties in relation to the scheme and can deal with day to day enquires.

We have a Pensions Administration Strategy (PAS) which sets out the obligations of both the Fund and employers. The PAS also sets out performance targets. Data including monthly contribution returns is transferred to the fund via a secure electronic portal.

We host a range of events for employers including:

- Annual finance update
- Annual seminar
- User groups for payroll/HR staff

We also provide training for employers on request.

The Fund has a dedicated team to deal with employer queries and a dedicated employer e-mail address: employer.pensions@edinburgh.gov.uk

The Fund issues a monthly bulletin to keep employers informed of Fund activities, any regulatory updates, and other points of interest. Other updates are issued as required including consultation on regulation and policy changes.

Other resources are available online:

- Dedicated area of the website: www.lpf.org.uk
- Employer administration guide.

External communications

The Fund issues media releases and comments on non-political pension fund related matters to both general and pensions and investment media. The primary purpose is to ensure accurate reporting of the Fund policies and financial position, enhancing its reputation and helping to develop the Fund's profile.

Evaluating and improving our communications

Evaluation and feedback are essential tools in improving the services provided by the Fund. We survey key stakeholder groups regularly, and include questions on communications including our joining material, forms, booklets, and our website. We monitor results and take corrective action to improve communications based on the feedback received.

Freedom of Information and Data Protection

Freedom of Information

The Fund follows the Freedom of Information policy of the administering authority, the City of Edinburgh Council. It can be accessed at www.edinburgh.gov.uk.

Freedom of Information or Data Protection requests can be made direct to the Fund or through the City of Edinburgh Council including through the Fund or Council's website, email or in writing.

The Fund's website, www.lpf.org.uk, includes a list of all Fund publications as a guide to information we publish or that can be requested.

Data protection

We use the information given to us and in return the information we give you to do the tasks required for the administration of your pension, to carry out the Fund's official business and to help stop crime and prevent fraud. Under Data Protection Laws, Lothian Pension Fund (acting through its administering authority the City of Edinburgh Council) is the Data Controller (the holder, user, and processor) of the pension information held about you. You can see our privacy statement on our website at www.lpf.org.uk/privacy.

**Lothian Pension Fund
Atria One, 144 Morrison Street
Edinburgh EH3 8EX**

Tel: 0131 529 4638

**Email: pensions@lpf.org.uk
Website: www.lpf.org.uk**





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Pension Administration Strategy

1 Introduction

The City of Edinburgh Council administers the Local Government Pension Scheme (the Scheme) on behalf of employers participating in the Scheme through the Lothian Pension Fund (the Fund), and the Scottish Homes Pension Fund. The Scheme is governed by statutory regulations.

References to the Fund should be regarded as meaning The City of Edinburgh Council as Administering Authority of the Lothian Pension Fund and Scottish Homes Pension Fund.

The scheme is governed by statutory regulations:

- The Local Government Pension Scheme (Scotland) Regulations 2018 (as amended);
- The Local Government Pension Scheme (Transitional Protections & Savings) (Scotland) Regulations 2014 (as amended);
- The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 (as amended).

In discharging their roles and responsibilities under these Regulations, the Fund and employers are also required to manage the Scheme in accordance with the Pensions Regulator's Codes of Practice and also comply with any pertinent overriding legislation, such as:

- The Pensions Act 1995 and consequential amendments
- The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013
- The Equality Act 2010
- The Freedom of Information Act 2000
- The Finance Act 2004
- The Public Service Pensions Act 2013
- The Pension Schemes Act 2015;

and take appropriate cognisance of any regulatory guidance or Code of Practice issued by:

- The Pensions Regulator
- Scottish Public Pensions Agency
- Scottish Government
- HMRC

The Fund is committed to providing a high-quality pension service to both members and employers and particularly to ensuring members receive their correct pension benefit entitlement. These aims are best achieved where the Fund and employers work in partnership and are clear about their respective roles and responsibilities. The quality of service provided to members is therefore dependent on both parties meeting high standards of accuracy and timeliness of information supplied.

2 Purpose of the Pension Administration Strategy

This document:

- sets out the roles and responsibilities of both the Fund and employer;
- specifies the level of services the parties will provide to each other and the performance measures used to evaluate them.

This strategy is an over-arching agreement between the Fund and all its employers, but it is also supplemented by specific individual agreements in respect of the Scottish Homes Pension Fund.

This strategy has been produced in consultation with employers and is effective from 2019. The statement will be kept under review and revised where appropriate. Changes will be subject to

consultation with employers. The strategy will be published to all participating employers and the Scottish Ministers.

2.1 Strategy principles

In agreeing this strategy, all parties commit to:

- achieving a high-quality pension service to employees;
- continually developing and improving efficient working arrangements;
- striving to exceed the Fund’s service standards.

In addition, the Fund will:

- publish an annual report of performance
- provide all employers with information on their performance at least annually;
- keep the pension administration strategy under review.

3 Roles and responsibilities

Employers’ duties, responsibilities and discretions are listed in Appendix A to this Strategy, and the Fund’s duties, responsibilities and discretions are listed in Appendix B.

Full information and guidance on employer administrative responsibilities are set out in the Employers’ Guide available from the Fund’s website www.lpf.org.uk.

4 Service standards

4.1 Service standards expected from the employer

General information

Employers must provide the following information concerning their administration of the Scheme:

Information required	Format	Timescale
Confirmation of <ul style="list-style-type: none"> - of named contact within the employer who will act as liaison with the Fund - understanding of responsibilities and statutory obligations under the Scheme Regulations. 	Completed compliance statement signed by designated contact	Annually
Policy statement on exercise of discretionary provisions	Copy of statement signed by designated person	Following regulatory changes, with revised statements sent following any subsequent review.
Confirmation of appointed person designated to receive appeals from members on ‘first instance’ decisions taken by the employer under the Regulations	Contact details	As required

Membership information

Information required relating to members must be provided using the Fund’s secure online portals, i-Connect or Go Anywhere as noted below. The secure portals allow employers to send information using either on-line forms or via bulk process routines as specified below. The i-Connect system

allows employers to review member information, highlighting discrepancies to allow the employer to rectify these before submission to the Fund.

For data protection reasons, member data should not be provided by e-mail.

Employers should provide the information below within the agreed timescales shown. More guidance on the information required is set out in the Employer Guide.

It is the employer's responsibility to provide correct information about their members. The Fund is not responsible for checking the accuracy of any information provided by the employer. However, the Fund will inform the employer of any differences between information provided by the employer and information already held.

Payment of pension contributions

Employers are responsible for collecting, paying over and accounting for the following:

Type of contribution	Payment method	Timescale
Member and employer pension contributions (including any additional member contributions but not AVCs – see below)	Electronic payment	By the 19 th of the month following deduction from pay
Member Additional Voluntary Contributions (AVCs)	Electronic payment with information as specified by AVC provider	By the 19 th of the month following deduction from pay

To assist in reconciliation of payments, employers must also provide the Fund with a completed AB1 form each month confirming the amount of contributions paid.

Member forms

For the following processes, forms are available for download from the Fund's secure online portal Go Anywhere within the folder 'Forms and Guides'. Completed forms and other relevant documentation (listed in the table below) should be submitted to the Fund by uploading to the secure online portal using the 'Upload' folder.

Process	Information required	Timescale
Retirement	Completed retiral form and where appropriate also upload: <ul style="list-style-type: none"> signed letter authorising early payment of benefits completed by authorised signatory previous year's pay information via spreadsheet found on Go Anywhere (if a certificate of protection is held) 	At least 20 working days before the member's date of leaving.
Ill Health Retirement	Completed retiral form and signed ill-health certificate completed by approved IRMP	No later than 5 working days after the member's date of leaving
Early leaver (where the member is age 55 or over please process as a retirement)	Completed early leaver form or cancellation of membership form as appropriate and also upload	No later than 20 working days after the member's date of leaving

	previous year's pay information if a certificate of protection is held	
Death in Service	Completed death in service form and upload a certified copy of death certificate if available	No later than 10 working days after the member's date of death
Queries raised/further information requested by the Fund in dealing with a member's retirement	Any further information as required should be provided using the online secure message form.	No later than 5 working days after request for information has been sent to the employer
Any other queries (except those relating to year end)	Any further information as required, using the online secure message form or other online forms or uploaded documents as applicable.	No later than 10 working days after the query has been sent to the employer

Annual contribution information

The Scheme regulations require the Fund to issue annual pension forecasts to members no later than 31 August each year. To comply with over-riding legislation on pensions taxation, the Fund must also calculate pension input amounts to provide members with annual pension savings statements by 6 October each year. To ensure these timescales are achieved, employers must provide the following information:

Type of return	Information required	Timescale
Year-end information (format will be specified by the Fund)	<ul style="list-style-type: none"> Completed AB2 schedule (reconciliation of employee contributions paid during the year) signed by Director of Finance or equivalent; Sufficient year end information to 31st March as required by the Scheme regulations. 	by the 19 th of April each year
Year end queries	Any further information as required using the online secure message form or other online forms or uploaded documents as applicable	no later than 10 working days after the query has been sent to the employer
Further pay information (format and members affected will be specified by the Fund)	Information required to enable the Fund to work out members' pension input amounts	Within two weeks of request being made by the Fund.

Bulk processes

For the following processes, the bulk process facility on i-Connect should be used to provide the information needed.

Process	Information required	Timescale
New starts	Information to create a new member record	Within 20 working days of the month end in which the member joins
Change in circumstances	Details of new circumstances (including changes in working hours, move to 50:50 section of the Scheme etc)	Within 20 working days of the month end in which the change occurs
Monthly contributions	Amounts of contributions paid by each employee (including any additional contributions)	By the 19 th of the month after these have been deducted from pay

4.2 Service standards employers can expect from the Fund

The Fund aims to provide the information below within the agreed timescales shown. A reduced timescale may be agreed in exceptional cases at an employer's request. In such instances, this may lead to additional costs and these costs will be recharged to the employer.

Employer requests

- Once all required information is received, the Fund will provide the employer with ad-hoc estimates of benefits **within 10 working days** of the receipt of the request.
- Where more than 20 estimates are required, the employer should consult with the Fund to reach an agreed timescale.
- Multiple requests relating to an individual member may be restricted.
- Large bulk estimate exercises may incur a charge depending on timescales required.
- The Fund will respond to a pension-related query raised by employers **within 10 working days** of its receipt.

Information to members

- Annual newsletters, leaflets and other correspondence will generally be issued directly to members' home addresses. Letters can also be made available using the Member Self Service facility 'My Pension'
- Annual pension forecasts will generally be made available to members using the Member Self Service facility, however these can be sent directly to the member's home address on request.
- The Fund will advise employers of the general content and planned issue date of such material in advance.
- Where the Fund is unable (or it is not desirable) to distribute Fund information directly to members' home addresses, with the agreement of the employer, the employer shall distribute the information **within 10 working days** of its receipt.

General administration

- As the body administering the Scheme on behalf of the employer, the Fund will consult with its employers on major issues affecting their participation in the Fund and provide updates on relevant information through:

- website www.lpf.org.uk
 - regular employer bulletins, including coverage of Pensions Committee and Pension Board meetings
 - employer events
 - Go Anywhere
- The Fund will provide requisite training, guidance and support to employer staff members that have pension related duties.
 - The Fund will maintain and develop training information on i-Connect and Go Anywhere (user guides and training videos) as required.

5 Costs

The Fund's charging policy is set out in the Funding Strategy Statement (FSS) which summarises the Fund's approach to funding liabilities. The FSS can be found on the Fund's website at www.lpf.org.uk

The costs of administration, including actuarial fees for routine work, are charged directly to the Fund. These costs are taken into account in assessing employers' contribution rates.

Where additional services (actuarial or other) are required by, or result from the actions of, the employer and costs are incurred by the Fund, 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.

Where additional costs arise due to employers requiring information within reduced timescales (see section 4.2 above), an estimate of the costs will be provided in advance.

6 Performance measurement and reporting

6.1 Fund performance against Customer Charter and Service Standards

The Fund will carry out its duties and responsibilities to members in accordance with its service standards (as published within its "Customer Charter and Service Standards"). It will also monitor, measure and report on its performance against those standards and its performance targets.

6.2 Fund and Employer performance against agreed service standards

On a regular basis, the Fund will monitor, measure and report on both the Fund's and employers' compliance with the agreed service standards outlined in this document, on a total Fund basis, and will share that report quarterly with Employers. Individual reports will be produced on a quarterly basis for our larger employers and other employers will receive details of their own performance on an annual basis, with more regular reports on request. Full performance measures to be reported are detailed in Appendix C.

7 Procedures for improving employer performance

The Fund will seek, at the earliest opportunity, to assist employers in identifying any areas of poor performance. The Fund will:

- Provide regular reports of employer and Fund performance, identifying any areas for improvement (see section 5 above);
- Remind employers of the required standards (both regulatory and Fund);
- Provide training and guidance for employers (see section 4.2 above);

- Offer to meet with the employer to discuss the area(s) of poor performance and how they can be addressed.

8 Circumstances where costs might be recovered as a result of poor performance

The cost of administering the Fund is met by all employers, however when additional costs arise due to the poor performance of one employer, it is fair that these are attributed to the relevant employer.

8.1 Circumstances where direct costs can be recovered from employers:

- In the event of a failure to meet its requirements, under the Occupational Pension Schemes (Disclosure of Information) Regulations, the Fund may be penalised by the Pensions Regulator. If this failure is due to the default, omission or otherwise negligent act of the employer, the sum concerned will be recharged to the employer.
- Where any orders or instruction issued by The Pensions Regulator or the Pensions Ombudsman requires financial compensation or a fine to be paid from the Fund, or by any officer responsible for it, and it is due to the default, omission or otherwise negligent act of the employer, the sum concerned will be recharged to the employer.
- When considering financial wards for upheld complaints relating to compensation for distress or inconvenience, if the fault is due to the fault, omission or otherwise negligent act of the employer, a sum will be agreed in consideration with the levels of compensation awarded by the Pensions Ombudsman for similar cases and this will be recharged to the employer.

8.2 Circumstances where indirect costs can be recovered from employers

If as a result of an employer's poor performance, additional and disproportionate resources are deployed by the Fund, the cost of the additional resources may be recharged to the employer in accordance with powers available under Regulation 65 of the Local Government Pension Scheme (Scotland) Regulations 2018.

- In particular, the Fund will charge employers for the following failures:

Failure to pay monthly contributions to the Fund by the statutory deadline of 19 th of the month following deduction of the contributions.	Interest calculated in accordance with Regulation 66(4) of the Regulations
Failure to provide the Fund with year-end return and fully completed AB2 schedule by 19 th April each year.	£200 initial fee plus 5p per active member per working day from 20 April to date return is received.
Failure to provide the Fund with information required to calculate member(s) pension input amounts (for pensions savings statements) by the statutory deadline of 6 July following the end of the tax year.	£200 initial fee plus £10 per member per working day from 7 July to date information is received.
Failure to submit monthly contribution return via i-Connect by 19 th of the month following deduction of the contributions.	£50 fee per occurrence plus 5p per active member. Charges to be levied on an annual basis at the discretion of the Fund from April 2016.

In addition, where persistent and ongoing failure occurs in relation to other administration requirements and no improvement is demonstrated by an employer, and/or unwillingness is shown by the employer to resolve the identified issue(s), the following sets out the steps that will be taken in dealing with the situation in the first instance:

- The Fund will write to the Chief Executive (or equivalent) of the Scheme employer, setting out the area(s) of poor performance and the potential consequences including any costs which may be incurred.
- Where no improvement has been demonstrated by the employer, or where there has been a failure to take agreed action by the employer, the Fund will issue a formal written notice to the employer, setting out:
 - the area(s) of poor performance which have been identified
 - steps taken to resolve the problem(s)and giving notice that additional costs may now be reclaimed.
- The Fund will explain the calculations of any loss or additional costs incurred by the Fund taking account of time and resources incurred in resolving the specific area of poor performance.
- The Fund will recharge the employer for these costs, setting out reasons for doing so, the basis of the calculation of the amount, and the relevant part of this statement which, in the Fund's opinion, has been contravened.

9 Other actions which the Fund may be required to take

- The Fund may appeal to Scottish Ministers against a decision, or failure to make a decision, under scheme regulations by an employer.
- Where the employer fails to comply with statutory contributions payment requirements the Fund will inform the Pensions Regulator, as required of Scheme Administrators by the Pensions Act 1995.
- Where the employer's act or omission results in a material breach of the Fund's duties under the Pension Regulator's Code of Practice 14, the Fund will report this breach to the Regulator, providing details of the issue. Employers should be aware that the Pensions Regulator has powers to issue improvement notices to employers
- Where the employer fails to comply with their scheme duties etc., including
 - failure to make payment of contribution by 19th of the month following deduction from pay;
 - failure to provide requisite year-end information to enable the Fund to produce an annual pension forecast to the member as required with the Pensions Regulator's Code of Practice;
 - failure to provide requisite information to enable the Fund to calculate the member's pension input amounts by the statutory deadline of 6 July following the end of the tax year,the Fund reserves the right to notify the member(s) involved and to notify all members employed by the employer in the event of serious or persistent failure.
- The Fund will also include in the annual report details of employers who have failed to:
 - meet monthly contribution remittance standards during the year
 - provide year-end information by 19th April

10 Circumstances where employers are unhappy with Fund performance

The Fund is committed to provide a high quality of service to all customers, including employers, however it is acknowledged that issues may occur.

Where an employer is unhappy with Fund performance, this should, in the first instance be raised by contacting the Customer and Development Team at Lothian Pension Fund.

Where the issue cannot be resolved, then an employer should contact the Chief Executive Officer in writing to outline the issue. An investigation will be carried out and a reply sent within 10 working days.

APPENDIX A – the role and responsibilities of the Employer

1. Main duties under scheme regulations

New members

- To decide those employees eligible to become members of the Scheme.
- If eligible, a new employee must be treated as a member unless he/she elects otherwise.
- To advise employees of their rights under Auto Enrolment legislation.
- To determine a member's pay for the purposes of pension contributions.

During the course of a member's Scheme membership

- To supply timely and accurate information to the Fund regarding new members, leavers and changes in employment required for pension administration purposes (as detailed in the Employer Guide).
- To determine annually a member's contribution rate on the basis of the member's rate of pensionable pay having regard to guidance issued by the Scottish Ministers and to deduct pension contributions from an employee's pay.
- To issue a Certificate of Protection of Pension Benefits if asked to do so by scheme member within 12 months of a material reduction in the member's pay, (or a restriction in the rate by which it may be increased), where the reduction or restriction arose otherwise than by virtue of the member's own volition. A copy of the Certificate should be kept on file, with another sent to the Fund.
- If a Certificate of Protection of Pension Benefits is issued, to keep a record of the member's pay for the period commencing 3 years before the effective date of the certificate and ending 10 years after the effective date of the certificate.
- To comply with relevant auto-enrolment legislation regarding members who have previously opted out of the Scheme and those who have elected for the reduced contributions option ('50:50' section), including auto-enrolling such members again as required.
- To use an Independent Registered Medical Practitioner (IMRP) qualified in Occupational Health Medicine, (who has been approved by the Fund), in determining ill-health retirement and provide the Fund with a relevant certificate where appropriate.

General

- To provide any member electing to pay reduced contributions ('50:50' section) with information about the effect on benefits of that election.
- To notify a member, in writing, whose rights or liabilities are affected by a 'first instance' decision made by the employer under the Regulations
- To appoint a person designated to receive appeals from employees on 'first instance decisions' taken by the employer under the Regulations.
- When issuing any statement issued to an employee relating to any decision made about the scheme, to include a notice drawing the employee's attention to their right of appeal under the LGPS. However, the Fund will normally issue, on behalf of the employer, a Statutory Notice detailing when a

member joins the Fund or where there is a change in a member's pension records. This Statutory Notice includes details of the employee's right of appeal against the decisions made at these times.

When an employee leaves the Scheme

- To determine a member's entitlement to benefit on cessation of scheme membership, employment or on a member's application for early release of benefits or flexible retirement and provide early retirement authorisation as and when appropriate.
- If an employee opts out of the Scheme within the timescale for auto-enrolment, the employer must:
 - ensure that pension contributions deducted previously are refunded previously
 - advise the Fund via the appropriate form that the employee has opted out and should be treated as never having been a member of the Scheme
- To determine final pay for the purposes of calculating benefits due from the Scheme.

Payments

- To collect, pay over and account for the deduction of the correct rate of pension contributions payable by both the members and the Employer by the 19th of the month following deduction from pay.
- If notified of a member's election to pay Additional Voluntary Contributions, to deduct from the member's pay the specified amount and to pay over those amounts to the relevant AVC provider by the 19th of the month following deduction from pay. To notify the Fund of any subsequent election to vary or cease paying AVC contributions
- To provide a completed AB1 form detailing contributions made to the Fund and, where applicable the relevant in-house AVC provider. This should be provided to the Fund by the 19th of the month following deduction from pay.
- To ensure that final payments are deducted made to the provider before a member's retirement. So that retirement benefits can be paid on time, no AVC deductions should be made from the last month's salary.

2. Responsibilities

In addition to the duties above, the employer's responsibilities are summarised as follows:

New employees

- To provide prospective members with basic information about the Scheme using, where appropriate, material provided by the Fund.
- To ensure those not joining are fully aware of the benefits given up and that equalities principles are met.

General administration

- To maintain employment records for each scheme member for the purposes of determining membership and entitlement to pension benefits.

- To decide whether to award additional benefits under the Discretionary Regulations. At the request of the employer, the Fund will calculate and pay the benefits arising as a result of the employer awarding additional compensatory years along with the main scheme benefits, and the employer will reimburse the Fund for all such amounts paid. Where the Fund is not reimbursed within the agreed timescale, the payment of such additional benefits may cease until the matter is resolved to the satisfaction of the Fund.
- To provide details of officers or representatives who are to receive employer communications issued by the Fund. Details should be kept up to date as necessary.
- To provide details of senior officers or representatives authorised to sign early retirement authorisation letters/memos.
- To ensure that sufficient HR and Payroll officers can access i-Connect and Go Anywhere in order to submit forms, monthly contribution returns and other information. Employers must also advise the Fund of any leavers or other staff to whom access should be permitted.

Supplying information to the Fund

- To ensure all information is provided as required regarding members' employment, using the secure online i-Connect and Go Anywhere portals. Personal member data should not be e-mailed to the Fund at any time. Data provided should comply with Data Protection legislation.
- To provide additional information as required for actuarial valuation, year-end exercises, data-matching or communication purposes. The specification for such exercises will be provided by the Fund and may, after consultation, be modified from time to time.
- To respond to Fund queries resulting from the annual year end routines by the date determined by the Fund to facilitate the preparation of annual benefit statements.
- To provide any such information required to enable the Fund to work out members' pension input amounts by 6 July following the end of the tax year.
- To ensure the Fund is informed about, and Government guidance is followed in respect of, any transfer of members in respect of an outsourcing of service arrangement, and any subsequent changes to that arrangement which would impact on those members.
- To inform the Fund of any planned changes to their pension provision for employees, including whether the scheme is open to new employees, bulk transfers of employments or any redundancy exercises as soon as known.
- Annual report and account information should be provided to the Fund within the timescales provided by the Fund.
- To maintain awareness and understanding of the Fund's Employer Guide, Governance Policy, Actuarial Valuation Reports and Funding Strategy Statement (FSS) and take part in consultations on strategic issues.
- Employers must complete and return a compliance certificate on an annual basis. This document confirms that employers understand their responsibilities and statutory obligations under the Scheme Regulations.

Communication with members

- To inform members awarded additional compensatory years that the payment of the award will be subject to restriction should they take up further employment with an employer participating in the LGPS.

Payments

- To pay the Fund, by lump sum and within prescribed time limits, any amounts arising as a result of the employer's decision to increase total membership and/or increase annual pension under the Regulations.
- To pay the Fund, by lump sum payment and within prescribed time limits, any strain cost arising from a decision made by the employer to award early payment of benefits.
- To pay monthly contributions due to the Fund by electronic payment method.
- To account to HMRC for any tax liability on the total of all termination payments, including the lump sum element of any Compensatory Added Years awarded, made to employees over the allowed limit (currently £30,000).

3. Discretions

3.1 The employer must make, and keep under review, policies on the discretions available under the Scheme regulations. These policies must be contained and published in a policy statement. A copy of that statement, and any subsequent amendment to it, must be provided to the Fund. The current statement must also be made available to any scheme member upon request.

3.2 Employers who are Scheduled Employers (i.e. who are not participating by means of an Admission Agreement) must also make and keep under review policies as necessary under the Discretionary Regulations.

3.3 Other employers may adopt the provisions of the Discretionary Regulations in order to mirror the powers available to Scheduled Employers.

3.4 Guidance on preparing and establishing any policies is available from the Fund on request.

APPENDIX B – the role and responsibilities of the Fund

1. Main duties under scheme regulations

Funding

- To maintain the Lothian Pension Fund.
- To invest pension contributions received and account for and manage the Fund's assets.
- To arrange for the triennial actuarial valuation of the Fund and send copies of the resulting report to employers by the first anniversary of the valuation date.

New members

- To set up and maintain a record for each member which contains all the necessary information for the production of an accurate benefit calculation.

During the course of a member's Scheme membership

- To decide how any previous service or employment of an employee is to count for pension purposes, and whether such service is classed as a 'period of membership'.
- To notify members of decisions regarding the counting of service or additional pension.
- To calculate and pay the appropriate benefits, based on the member's record, and the termination and pay details provided by the employer when a member leaves pensionable employment.
- To calculate and process transfers of members' pension rights inwards and outwards.
- To supply members with a Statutory Notice on commencing membership, or on an increase in membership following a transfer of pension rights.
- To supply survivor beneficiaries with notification of their entitlements including the method of calculation.

General administration

- To appoint a suitable person for the purposes of the scheme's internal dispute resolution procedure.
- To increase pensions annually in accordance with the provisions of Pensions Increase Acts and Orders.
- To produce annual pension forecasts for members.
- To produce and dispatch information relating to pension input periods to Scheme members in line with the statutory deadline (ie 6 October following the end of the tax year).
- To publish and review the Fund's Governance & Compliance Policy, the Fund's Communications Policy, Funding Strategy Statement and the annual report and accounts.

2. Responsibilities

In addition, the responsibilities of the Fund in administering the Scheme are as follows:

- To appoint an actuary for the purposes of the triennial valuation of the Fund and to provide periodical actuarial advice when required.
- To appoint Additional Voluntary Contributions provider(s).
- To comply with any orders or instructions issued by The Pensions Regulator or the Pensions Ombudsman. Where the order or instruction requires financial compensation or a fine to be paid from the Fund, or by any officer responsible for it, and it is due to the default, omission or otherwise negligent act of the employer, the sum concerned shall be recharged to the employer (see 7above).
- To provide forms, newsletters, booklets and such other materials as are necessary in the administration of the Scheme, for members and for use by employers.
- To provide accurate, timely data to the Fund actuary for the purposes of the triennial actuarial valuation of the Fund and for employer accounting reports (e.g. FRS102/IAS19) requested.
- Where appropriate, to pay benefits based on additional compensatory service awarded by an employer in accordance with the provisions of the Discretionary Regulations.
- To provide assistance to employers in regard to the pension implications of outsourcing services and to deal with any related bulk transfers of pension rights.
- To comply with HMRC reporting requirements regarding pension benefits. This includes providing HMRC with details of early leavers for contracting-out purposes
- To ensure that sufficient information is issued in the form of newsletters, booklets and other materials to satisfy the requirements of the Occupational Pension Schemes (Disclosure of Information) Regulations 2013.
- To ensure that steps are taken at all times to pay benefits to appropriate beneficiaries only and to reduce the possibility of fraud.

Data

- To ensure compliance with Data Protection legislation including use of appropriate secure data transfer methods.
- To approve employer users who request access to i-Connect and Go Anywhere and to maintain up-to-date access rights and remove employer staff leavers (as notified by employers).

3. Discretions

Under the Scheme Regulations the Administering Authority must have a policy on certain regulations.

The Fund has published a policy statement which can be downloaded from the website www.lpf.org.uk . This policy will be kept under review, and the Fund will consult with employers when making any changes.

APPENDIX C – Performance Measures

EMPLOYER PERFORMANCE MEASURES

Service Standards

Standard	Number	%age in target	Previous year %age
New starts notification – 19 working days following first month on payroll			
Changes notified – within 20 working days of leaving date			
Retirement info – at least 20 working days before retiral			
Ill Health Retirements – no later than 5 working days d after retiral date			
Early leaver notification – within 20 working days of leaving date			
Death in service notification – within 10 working days of date of death			
Query responses – within 10 working days			
Year-end queries – within 10 working days			
Receipt of information required to calculated pension input amounts for pensions savings statements (if applicable) – within two weeks of request			
Contribution payments – by 19th of month following deduction of the contributions			
Submission of monthly contribution returns via i-Connect processes			

Other measures

Area	Number	%age received/ sent in target	Previous year %age
–			
Leaver Forms outstanding			
Year-end queries outstanding			

Area	Date received
Employer Policy – LGPS Regulations	
Employer Policy – Discretionary Regulations	

ADMINISTERING AUTHORITY PERFORMANCE MEASURES

Service Standards

Standard	Number	%age in target	Previous year %age
Estimates supplied – within 10 working days			
Query responses – within 10 working days			

Other measures

Area	Number	Previous year
Employer Events		
Employer Training events		
Employer briefings		
Employer bulletins		

Key Administration Tasks: as published within Lothian Pension Fund Customer Charter (latest period)

Task	Target	Total received	% Completed in target	Previous year %age
New entrants				
Early leavers				
Retirements				
Deaths in service				
Transfers				
Estimates				

APPENDIX D – Example Compliance Certificate and Authorised Signatory list



Compliance Certificate

On behalf of my organisation, I confirm that **I am the** named contact who will act as liaison with Lothian Pension Fund (LPF) within my organisation.

I understand that we have various **statutory obligations** in relation to the Local Government Pension Scheme (LGPS) and **employer obligations** under the Pension Administration Strategy.

I confirm (unless I have detailed otherwise and included the reason “why not” in the “additional information” box below) that:

1. **We calculate, apply and deduct tiered employee contribution rates** (and take account of benchmark rates for variable allowances) for each member employed by us in accordance with the statutory guidance. We specifically deduct and remit contributions separately in respect of each of our members’ concurrent employments, using a unique pension’s identifier number for each employment.
2. **We remit all contributions including employer contributions at the appropriate rate for the scheme year in question** to be received by LPF by the 19th of the month following the month of deduction.
3. **We have notified our members of their tiered contribution rate** in writing (a payslip message is acceptable).
4. We deduct and remit additional regular contributions (**ARCs**) and contributions in respect of the purchase of added years from our members where applicable.
5. We deduct and remit additional voluntary contributions (**AVCs**) to the Prudential or Standard Life and the payments are received by Prudential or Standard Life **by** the 19th of the month following the deduction from the member.
6. We provide a completed monthly contribution return (‘AB1 form’) by the 19th of the month following deduction from pay.
7. We deduct and remit additional voluntary contributions (**AVCs**) to the Prudential or Standard Life and the payments are received by Prudential or Standard Life **by** the 19th of the month following the deduction from the member.
8. We are aware of the various pension administration forms and spreadsheets available from the Go Anywhere online system and of what events cause their need to be completed and will submit them accurately within the required timescales.
9. We have **published an up to date employer policy statement** for all employer discretions under the LGPS Regulations and have forwarded this to LPF.

10. We are **keeping abreast of the range of material** available on www.lpf.org including the underlying legislation, the LGPS guide and the monthly Employer Bulletins.
11. We are aware of the various pension administration forms and spreadsheets available from **Go Anywhere** and of what events cause their need to be completed and will submit them accurately (and electronically through [Go Anywhere](#) as required) within the required timescales.
12. We have **published an up to date employer policy statement** for all employer discretions under the LGPS Regulations and have forwarded this to LPF.
13. We are **keeping abreast of the range of material** available on www.lpf.org.uk and on **Go Anywhere** including the underlying legislation, the LGPS guide and the monthly Employer Bulletins.
14. We will complete the authorised signatories form attached and return it fully completed by **31 July**. Where there is a change in authorised signatories we will tell Lothian Pension Fund within a month of the change by submitting a revised form. We will keep our i-Connect and Go Anywhere contacts list up to date.

Organisation:	
Name (please print):	(Optional) Secondary contact Name (please print):
Position held:	Position held:
Telephone no:	Telephone no:
e-mail address:	e-mail address:
Date:	Date:

Additional Information

(Signatories form follows on next page)

