

Pensions Committee

2pm, Tuesday 24 September 2013

Pensions Administration Strategy Review

Item number	5.5
Report number	
Wards	All

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Executive summary

Pensions Administration Strategy Review

Summary

Following the introduction of the relevant provision into the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008, Lothian Pension Fund adopted a Pension Administration Strategy ('the strategy'), effective from 1 April 2010. This was developed in order to:

- deliver a high quality pension service to Scheme members;
- continually develop and improve efficient working arrangements;
- aim to exceed the Fund's service standards.

In addition, the strategy acts as a training manual for payroll and HR staff in employer organisations dealing with pensions.

The strategy sets out the standards for pension administration against which performance is assessed, and performance results are reported to employers by way of an annual performance report with follow-up information provided during the course of the year.

Annual employer performance over the three years in which the strategy has been in operation has been poor, causing delays in notifying members of their entitlement to benefits. Steps have been taken by the Fund to improve performance, not least with the introduction of the pensionsWEB system to allow data to be transferred from employers to the Fund more quickly, securely and accurately.

This change, together with other changes (including those resulting from legislative change) now needs to be incorporated in the strategy, and a draft revised version is attached in the Appendix for approval by Committee.

Recommendations

The Pensions Committee is requested to approve the Pensions Administration Strategy as attached in the appendix and note section 8 which includes the circumstances where the Fund may recover costs from employers.

Measures of success

In reviewing the strategy, the Fund aims to achieve full compliance with new methods of data transfer with all Fund employers providing data via pensionsWEB and improved employer performance against targets in all areas of information provision.

Financial impact

Although there is no direct financial impact, the revised strategy should improve information flow from employers. This will lead to fewer delays in making payments to members and other parties.

In addition, the revised strategy highlights the consequences of poor employer performance and clarifies where the Fund may recover costs from employers in such circumstances.

Equalities impact

There is no equalities impact.

Sustainability impact

There is no sustainability impact.

Consultation and engagement

As required under Regulation 60A(4) of the Local Government Pension Scheme (Scotland) Administration Regulations 2008, the Fund is required to consult with employers and other appropriate stakeholders whenever a review of the strategy takes place.

During the course of this review, the revised strategy has been issued to employers with a request for comments and feedback.

The Consultative Panel for the Lothian Pension Funds, comprising employer and member representatives, is integral to governance.

Background reading / external references

None

Links

Coalition pledges

Council outcomes CO26 – The Council engages with stakeholders and works in partnerships to improve services and deliver agreed objectives.

Single Outcome Agreement

Appendices Draft Pensions Administration Strategy

Pensions Administration Strategy Review

1. Background

- 1.1 The Pensions Administration Strategy ('the strategy') sets out roles and responsibilities of employers and also specifies duties of both parties under the Local Government Pension Scheme regulations.
- 1.2 Timescales for the provision of information to the Fund are set out in the strategy with annual performance reports included in the Fund's annual report and accounts and individual results issued to employers. Meetings are held with the largest employers where performance is discussed.
- 1.3 The strategy has been in place for three years now and employer performance has consistently been below standard. This was highlighted in the report to Committee in December 2012 on the 2011/12 Audit of the Lothian Pension Funds. The following are potential consequences of delays in receipt of data from employers:
 - Benefits are delayed, potentially resulting in interest falling due on lump sum retiring allowances and other payments;
 - The timescales for issuing other member communications (such as new start information and details of early leaver benefits) breach the Occupational Pension Schemes (Disclosure of Information) Regulations 1996 and the Pensions Act;
 - Additional staff resource is required to deal with problems;
 - General reputational risk to the Fund.
- 1.4 Poor provision of data from employers is widespread within the Local Government Pension Scheme and the pensions industry as a whole. Data quality was the subject of a report to the recent Pensions Audit Sub-Committee.
- 1.5 The Pensions Regulator (who will take on a direct regulatory role with regards the Local Government Pension Scheme from 2015). With such increased scrutiny, it is important therefore that the steps to improve data that the Fund has already undertaken (such as the introduction of electronic data transfer 'direct data capture') are fully implemented and developed.

2. Main report

PensionsWEB

- 2.1 In 2012, the Fund introduced a new secure method of data transfer to communicate pension administration data with employers. Using this system (pensionsWEB) ensures that information can be transferred between payroll systems and the ALTAIR pensions administration system with reduced risk of data being compromised and fewer transposition errors. In addition, data will be transferred more quickly and incomplete forms and any errors with bulk processes (such as new start information and changes of member circumstances), can be identified and resolved at the time of transfer without the involvement of Fund staff.
- 2.2 Employers have provided positive feedback on the pensionsWEB system, with a pensionsWEB user from one of the larger employers stating that it made their job easier and saved them time.
- 2.3 The strategy has been reviewed to reflect the introduction of pensionsWEB and also to make this method of data provision mandatory eliminating the need for paper forms.
- 2.4 This should result in improved data transfer performance from employers, and this has been borne out by initial results. Employer performance over the period January – March 2013 was significantly better than that of the year April 2012 to March 2013. For instance, the number of retirement and early leaver forms received within target timescales increased by more than 15%.

Regulatory Changes

- 2.5 Auto-enrolment has been introduced nationally to encourage pension saving. Although it is an employer's responsibility, it has certain implications for the Local Government Pension Scheme, including:
 - a change in the regulations regarding eligibility. Employees with contracts of less than three months duration may now elect to join the Scheme;
 - a change in the treatment of some members opting out of the Fund, including in some cases a requirement for employers to refund contributions via payroll.
- 2.6 The strategy has been amended to highlight these additional responsibilities to employers to ensure that they are clear on their duties around auto-enrolment and that correct procedures are followed.

- 2.7 Data quality is now even more important in the context of upcoming changes to the Local Government Pension Scheme. As the Scheme moves from a final salary to one based on career average re-valued earnings, it is critical that employers provide timely and accurate information to the Fund to ensure that benefits will be calculated correctly.
- 2.8 In addition, from 2015 The Pensions Regulator will take on a direct regulatory role for the Local Government Pension Scheme. The Regulator has key focus on data quality and therefore it is important that the Fund can demonstrate compliance.

Potential penalties

- 2.9 Employer performance against standards has been consistently poor. This was highlighted in the Audit Scotland report to Committee in December 2012 and the 2013 Customer Service Excellence assessment in which the assessor noted 'issues regarding the quality of the data interchange with its partner organisations and the potential impact upon customers'.
- 2.10 The Fund aims to work in partnership with employers to deliver a quality service, to members and where problems become apparent to resolve these by working with the employer by providing guidance and training.
- 2.11 Section 7 of the strategy sets out how the Fund will work with employers to improve performance. This includes specific action to escalate issues to relevant officers within the employer.
- 2.12 Regulation 38A of the Local Government Pension Scheme Scotland (Administration) Scotland Regulations 2008, allows the Fund as administering authority to recover additional costs from an employer where these have been incurred as a result of an action or omission by an employer. Section 8 of the strategy clarifies the circumstances where as a result of an act or failure to act by the employer, the Fund may recover costs from the employer.
- 2.13 The cost of administering the Fund is met by all employers, however when additional costs arise due to the poor performance of an employer, it is unfair that those employers whose performance is good are penalised.

Other changes

- 2.14 The strategy has also been amended to require employers to provide the Fund financial information on an annual basis in the form of an annual report and accounts. This information is important to allow the Fund to monitor the employers' covenant.

Consultation

- 2.15 As required under Regulation 60A(4) of the Local Government Pension Scheme (Scotland) Administration Regulations 2008, the Fund consulted employers on the revised strategy.
- 2.16 Results from the consultation will be provided verbally at the Committee meeting.

3. Recommendations

- 3.1 The Pensions Committee is requested to approve the Pensions Administration Strategy as attached in the appendix and note section 8 which includes the circumstances where the Fund may recover costs from employers.

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Links

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Appendices Draft Pensions Administration Strategy



Pension Administration Strategy

September 2013

Pension Administration Strategy

1 Introduction

1.1 The City of Edinburgh Council administers the Local Government Pension Scheme (LGPS) on behalf of employers participating in the Scheme through the Lothian Pension Fund (the Fund). The scheme is governed by statutory regulations¹.

1.2 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.

1.3 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.

1.4 This strategy statement is an over-arching agreement between the Fund and all its employers, but it is also supplemented by individual Partnership Agreements with larger employers. The content of this strategy is therefore reflected in the content of any Partnership Agreements made.

2 Pension Administration Strategy statement

2.1 This strategy statement has been produced in consultation with employers and is effective from 1 April 2010. The statement will be kept under review and revised where appropriate. Changes will be subject to consultation with employers. The statement will be published to all participating employers and the Scottish Ministers.

2.2 References to the Fund should be regarded as meaning The City of Edinburgh Council as Administering Authority of the LGPS.

2.3 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
- an annual report of performance
- keeping the pension administration strategy under review.

3 Roles and responsibilities

3.1 Employer's 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.

3.2 Full details of employer's administrative responsibilities are set out in the Employers' Guide available from the Fund's website www.lpf.org.uk and on pensionsWEB.

¹ The Local Government Pension Scheme (Benefits, Membership and Contributions)/(Administration)/(Transitional Provisions) (Scotland) Regulations 2008 as amended, The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 as amended.

4 Service standards

4.1 Service standards expected from the employer

Information required relating to members must be provided on the Fund's electronic forms, completed by an authorised user of the secure online pensionsWEB system.

Employers should provide the information below within the agreed timescales shown. More details on the information required are 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 provided. The pensionsWEB system allows employers to review member information and will also highlight discrepancies.

Bulk processes

For the following processes, the bulk process facility on pensionsWEB 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 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 they have been deducted from pay

Other information

For the following processes, online forms are available to complete and submit via pensionsWEB.

Process	Information required	Timescale
Retirement	Completed retiral form and where appropriate also upload: <ul style="list-style-type: none">signed ill-health certificatesigned letter authorising early payment of benefitsprevious year's pay information if a certificate of protection is held	At least 20 working days before the member's date of leaving.
Early leaver (where the member is age 60 or over please process as a retirement)	Completed early leaver form or cancellation of membership form as appropriate and also upload previous year's pay information if a certificate of protection is held	No later than 20 working days after the member's date of leaving
Death in Service	Completed death in service form and also upload a certified copy certificates 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

Type of return	Information required	Timescale
Annual reconciliation (format will be specified by the Fund)	<ul style="list-style-type: none"> • Completed and signed AB2 schedule; • 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 20 working days after the query has been sent to the employer

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.

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.
- The Fund will respond to a pension-related query raised by the employer **within 10 working days** of its receipt.

Information to members

- Statements, leaflets and other correspondence will generally be issued directly to members' home addresses where available. 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 the Employer on major issues affecting their participation in the LGPS and provide updates on relevant information through:
 - website www.lpf.org.uk
 - regular employer bulletins
 - employer events
 - consultative Panel meetings
- The Fund will provide training; guidance and support to staff that have pension related duties as required by the employer.
- The Fund will maintain and develop training information on pensionsWEB (user guides and training videos) as required

5 Performance measurement and reporting

5.1 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.

5.2 Fund and Employer performance against agreed service standards

The Fund will monitor, measure and report on both the Fund's and employers' compliance with the agreed service standards outlined in this document and will share that report annually with Employers. Full performance measures to be reported are detailed in Appendix C.

6 Costs

6.1 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

6.2 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.

6.3 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.

7 Procedures for improving employer performance

7.1 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;
- Remind employers of the required standards (both regulatory and Fund);
- Provide training and guidance for employers;
- 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.

8.2 Circumstances where indirect costs can be recovered from employers

If as a result of an employer's poor performance, additional and/or 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 scheme regulations.

Where persistent and ongoing failure occurs 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.
- The Fund will offer to meet with the employer to discuss the area(s) of poor performance and how they can be addressed
- 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 fails to comply with their scheme duties etc., including failure to make payment of contributions due, 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.

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 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 a member's pay (or fees) for the purposes of pension contributions.

During the course of a member's Scheme membership

- To determine annually a member's contribution rate on the basis of the member's rate of pensionable pay having regard to guidance issued.
- To decide whether members are employed in a full-time, part-time or variable time capacity. If part-time, to determine the proportion of comparable full-time hours.
- 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, including auto-enrolling such members again as required.
- To use an independent Medical Officer 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 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' under the 2008 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 pensionsWEB 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.
- 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. To notify the Fund of any subsequent election to vary or cease paying AVC contributions
- 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 ensure members' National Insurance contributions are made at the contracted out rate.
- To decide whether to award additional compensatory years 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 all relevant officers (eg HR/Payroll) can access pensionsWEB in order to submit forms and other information

Supplying information to the Fund

- To ensure all information is provided as required regarding members' employment, using the secure online pensionsWEB system. Data provided should comply with Data Protection legislation.
- To provide additional information as required for actuarial valuation, year-end exercises (including HMRC requirements), 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 annually by the Fund to facilitate the preparation of annual benefit statements. Note that if, for any reason, responses to these queries are not received, the Fund may issue a blank forecast advising the member that relevant information has not been received from the employer.
- 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 as soon as possible after the Employers year end.
- 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 2008 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 ceases 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 and despatch annual pension forecasts to members.
- To publish and review the Fund's Governance Policy and Funding Strategy Statement and prepare 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 7.1 above).
- To issue forms, newsletters, booklets and such other materials as are necessary in the administration of the Scheme, for members and for use by employers. This includes providing HMRC with details of early leavers for contracting-out purposes.
- 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. FRS17) 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.
- 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 1996.
- 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 pensionsWEB

3. Discretions

The Fund has published policies on discretions afforded by the Scheme regulations and related regulations. The policy statement has been supplied to employers and is available from the Fund's website. Changes to that statement may be published from time to time and revised versions provided to employers.

APPENDIX C – Performance Measures

EMPLOYER PERFORMANCE MEASURES

Service Standards

Standard	Number	%age in target	Previous year %age
New starts notification – within 20 wd			
Changes notified – within 20 wd			
Retirement info – at least 20 wd before			
Early leaver notification – within 20 wd			
Death in service notification – within 10 wd			
Query responses – within 10 wd			
Year-end queries – within 20 wd			

Other measures

Area	Number	%age received/ sent in target	Previous year %age
Employer Policy - LGPS			
Employer Policy - Discretionary Regs			
Leaver Forms outstanding			
Year-end enquiries outstanding			
Annual Pension Forecasts			

Contribution payments (due 19th of month)

Latest 12 months	%age received in target
April - March	

ADMINISTERING AUTHORITY PERFORMANCE MEASURES

Service Standards

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

Other measures

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

Key Administration Tasks – latest period

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

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.
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 for this year** in writing.
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 are aware of the various pension administration forms and spreadsheets available from the pensionsWEB online system and of what events cause their need to be completed and will submit them accurately within the required timescales.
7. We have **published an up to date employer policy statement** for all employer discretions under the LGPS Regulations and have forwarded this to LPF.
8. 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.

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 sheet follows on next page)

Additional Information