

# **PENSION ADMINISTRATION STRATEGY**

LONDON BOROUGH OF BEXLEY PENSION FUND

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## **1. Introduction**

This is the Pensions Administration Strategy (PAS) of the London Borough of Bexley Pension Fund (LBBPF) relating to the Local Government Pension Scheme (LGPS).

London Borough of Bexley is the Administering Authority for the Bexley Pension Fund. It has delegated the administration of the scheme to Local Pensions Partnership Administration (LPPA).

Whilst the administration of the fund has been delegated to LPPA, London Borough of Bexley remains an Administering Authority under the LGPS and determines its PAS.

This document explains the aims of the strategy and outlines the responsibilities of the fund and scheme employers in achieving those aims. It establishes levels of performance expected of the fund and scheme employers, explains how performance will be monitored and actions that may be taken when employers do not meet those standards.

The Administration Strategy has been produced in consultation with the scheme employers and the fund administrator.

The PAS will be kept under review and may be subject to change following new legislation, statutory guidance or when improvements have been identified.

The PAS does not override any provision of the LGPS or overriding legislation. The Fund and scheme employers therefore must continue to have regard to the LGPS regulations, overriding pension legislation, regulatory guidance, and the Pension Regulator Code of Practice.

## 2. Legislative Background

The LGPS is a statutory pension scheme, established by an Act of Parliament. The principal regulations governing the scheme are:

- The Local Government Pension Scheme Regulations 2013 [SI 2013/2356] (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 [SI 2014/525] (as amended)

The legislation can be viewed at: <https://www.lgpsregs.org/schemeregs/index.php>

The Fund has prepared this Pension Administration Strategy in line with regulation 59 of the Local Government Pension Scheme Regulations 2013. This enables a fund to prepare a “pension administration strategy” as one of the tools to help deliver a high-quality pensions administration service. The strategy may set out:

- The levels of performance which the fund and employers are expected to achieve in carrying out their scheme functions.
- Procedures to ensure the Fund and Employers comply with statutory requirements in respect of those functions.
- Procedures for improving the communication between the administering authority and scheme employers.
- Any other matters considered appropriate.

The fund must consult scheme employers and anyone else it considers appropriate when formulating or reviewing a pension administration strategy and it must then publish that strategy.

The Fund, Administrators and all Scheme Employers including London Borough of Bexley in its capacity as a scheme employer, must have regard to this PAS when carrying out their Scheme functions.

In addition, Regulation 70 of the LGPS Regulations 2013 provides authority for the pension fund to recover costs from a scheme employer where, in its opinion, additional costs have been incurred due to an employer’s level of performance.

Regulation 71 of the LGPS Regulations 2013 allows the pension fund to charge interest on payments overdue to the fund. Interest payable must be calculated at 1 per cent above base rate on a day-to-day basis from the due date to the date of payment and compounded with three-monthly rests.

### **3. Aims of the Pension Administration Strategy**

The Pension Fund's aim in relation to administration is to deliver an efficient, quality and value for money service to its scheme employers and scheme members.

The Pension Administration Strategy aims to assist with this by setting out the relationship between the fund, its administrator's, and scheme employers, so that collectively we can meet our statutory obligations and deliver a high-quality service.

The efficient delivery of the scheme is reliant upon effective administrative procedures being in place between the fund, its administrators, and employers. The PAS will help ensure that each party understands their respective roles and responsibilities under the scheme and sets targets that the fund and employers will need to work to.

The PAS sets out expected levels of performance of the fund, administrators, and scheme employers. It also provides details about the monitoring of performance levels and the actions that may be taken where standards are not met or where persistent non-compliance occurs.

#### **3.1 Development of the Pensions Service**

The key to delivering efficiencies in our pensions administration and ensuring we can meet forthcoming pension challenges is the full implementation of LPPA's UPM platform and the introduction of monthly data returns.

The monthly data return process brings many benefits for Employers including maintaining data in line with statutory rules, reducing the workload of end of year reconciliation, eliminating the need to submit additional joiner forms, and reducing the number of leaver forms required. In addition, accurate member records have a beneficial impact on employer pension contribution rates and enable a better service for members.

LPPA will provide support and guidance to employers to assist migrating to monthly data returns. The Fund recognises the additional work required to migrate to a new data specification but expects all employers to have fully implemented monthly returns and be up to date with submissions by 31 March 2025.

## 4. Roles and Responsibilities

The aims set out in section 2 of this strategy will be achieved by:

- Clearly defining the respective roles of Scheme Employers and the Administering Authority
- Setting clear and achievable service levels for the functions carried out by Scheme Employers and the Administering Authority
- Setting out clear guidance for the secure and effective exchange of information between the Scheme Employers and the Administering Authority
- Monitoring service delivery, identifying poor performance and providing support to improve performance where necessary.

### 4.1 The Administering Authority's Roles and Responsibilities

The Administering Authority has delegated the day-to-day administration of the scheme to Local Pensions Partnership Administration (LPPA), including the maintenance of member records, processing of benefits and payment of pensions. The Bexley Pension Fund continues to deal with all legal, policy, governance and accounting matters including collecting contributions and financial reporting.

The following sets out the administering authority functions which relate to the governance of the fund undertaken by LBBPF.

Function / Task	Performance Target
Governance	
Publish and keep under review the Pension Funds Administration Strategy.	Within one month of any changes following consultation with employers.
Publish and keep under review, all discretionary areas where a policy decision is required by the administering authority	All discretionary areas will be reviewed where policy or regulatory issues need to be addressed. Any revisions to be published within 30 days of agreement.
Publish and keep under review the Pension Fund's Funding Strategy Statement.	To be reviewed at least every Triennial Valuation, or earlier if considered appropriate
Publish and keep under review the Pension Fund's Investment Strategy Statement	To be reviewed at least every Triennial Valuation, or earlier if considered appropriate
Publish and keep under review the Pension Fund's Governance Policy and Compliance Statement	To be reviewed annually as part of the Pension Fund's annual report and Accounts. Any subsequent revisions to be published within 30 days of the policy being agreed.
Publish and keep under review the Pension Fund's Communications Policy Statement	To be reviewed annually as part of the Pension Fund's annual report and Accounts. Any subsequent revisions to be published within 30 days of the policy being agreed.
Notify a scheme employer of issues relating to the scheme employer's poor performance	Within 10 working days of performance issue becoming apparent
Notify a scheme employer of decision to recover additional costs associated with the scheme employer's poor performance	Within 10 working days of scheme employer failing to improve performance as agreed

The following sets out the administering authority functions which relate to the general administration of the fund undertaken by LPPA on behalf of LBBPF.

Function / Task	Performance Target
General Administration	
Issue Annual Benefit Statements (ABS) to active and deferred members as of 31 March each year	By following 31 August
Produce and issue Pension Saving Statements (PSS) to members who have exceeded their annual allowance	By 6 October following end of year (subject to receipt of all relevant information from the Employer)
Notify scheme employers and scheme members of changes to the scheme rules	Within 90 days of regulatory change
Host a meeting for all scheme employers.	Annually or more frequently if needed

Employer and Member Support	
LPPA Helpdesk	LPPA will provide a dedicated helpdesk open between 9 am and 5pm Monday to Thursday and 9am to 4pm Friday. Telephone: 0300 323 0260
Dedicated Pension Website	LPPA will provide a dedicated pension website at the heart of the service, providing comprehensive pensions' related policy and process information as well as practical support and guidance
A dedicated engagement team	Employers have a dedicated employer team to help them with any LGPS issue Email: <a href="mailto:Engagement@localpensionspartnership.org.uk">Engagement@localpensionspartnership.org.uk</a>
Regular Training	Regular training is provided by LPPA on a range of relevant subjects and can be found on the website: <a href="https://www.lppapensions.co.uk/employers/training/">https://www.lppapensions.co.uk/employers/training/</a>

The following table sets out the administering authority functions relating to the administration of scheme member benefits. These actions are carried out by LPPA on behalf of LBBPF.

Function / Task	Performance Target
New Joiners	
Provide welcome letter to new members and notify of Member Self Service in welcome pack	Within 10 working days of notification of joining.
Transfers	
Calculate transfer in calculations	Within 10 working days of receiving required documentation
Calculate and arrange to pay transfer out calculations	Within 10 working days of receiving required documentation
Provide information on request in respect of pension sharing on divorce (a charge to the member will be levied in line with pension sharing on divorce legislation.)	Within legislative timescales.
Implement pension sharing orders	Within legislative timescales
Additional Contributions	
Act upon request for payment of additional contributions	Within 10 working days
General Administration	
Respond to general queries/correspondence including updates for, but not limited to, change of address. Change of bank account details, recording of strike action, change of hours, recording or unpaid leave and update to nomination details.	Within 10 working days

Provide Annual Benefit Statements to active and deferred members	Within legislative timescales
Provide impacted members with a Pensions Savings Statement	Within statutory deadlines
Act upon and implement pension increase orders	By next available payment date
Produce online P60's to pensioners	Within statutory deadlines
Implement changes to pensioner circumstances	By next available payment date
Respond to requests for information for reports from DWP, HMRC, DLUHC or GAD	Within legislative timeframes
<b>Leavers</b>	
Calculate deferred benefit entitlement on leaving	Within 15 working days of receiving necessary notification of leaving or date of leaving, whichever is later.
Calculate and arrange payment of retirement benefits, including deferred into payment	Within 5 working days of receiving all documentation from employer and/or member or date of entitlement, whichever is later.
Respond to applications for payment of refunds of contributions	Within 5 working days of receipt of required documentation
Respond to member requests for estimates of benefits	Within 10 working days following receipt of request
Respond to employer requests for estimates of benefits	Within 5 working days following receipt of request. Requests for 10 or more estimates in the same day will be considered bulk estimate requests and may fall outside of the normal agreed performance standard.
Respond to reasonable, urgent employer estimate request	Within 1 working day of request.
<b>Deaths</b>	
On receipt of notification of death, notify payroll department of date of death	Within 1 working day
On receipt of notification of death, write to next of kin	Within 5 working days
Calculate and arrange payment of dependents pension benefits	Within 5 working days of receiving all required documentation and once all overpayments have been settled.
<b>Reporting</b>	
Provide quarterly reports to the Fund highlighting performance against SLA and any other information relevant to the ongoing running of the service	Within 20 days of the end of each quarter period
Provision of FRS102/IAS19 data	Within 10 working days of request



## 4.2 The Employer's Roles and Responsibilities

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

The following sets out the functions which relate to the administration and governance of the fund:

Function / Task	Performance Target
<b>General Information</b>	
Confirm a nominated representative to receive information from the Pension Fund and to take responsibility for disseminating it within the organisation.	Prior to employer joining the fund or within 10 working days of a change to nominated representative.
Formulate, publish, and keep under review policies in relation to all areas where the scheme employer may exercise a discretion within the LGPS.	A copy of the policy document is to be submitted to the fund within 30 days of the policy being agreed by the employer.
Respond to queries from the fund or the fund's administrator.	Within 5 working days of receipt of enquiry.
Attend induction training provided on Admission and other training relating to the administration of the fund as and when this is offered	Within 30 days of admission, or as agreed for an established scheme employer.
Confirm the decision to change to a new payroll provider along with the contact details of the new provider	As soon as possible and no later than 30 days prior to the transfer of duties and functions.
Provide new/prospective scheme members with relevant Scheme information (or refer them to the Fund <a href="#">website</a> ).	Within 10 working days of commencement of employment or change in contractual conditions.
<b>Contributions</b>	
Pay over employee and employer pension contributions to the Pension Fund.	Cleared funds to be received by 19 <sup>th</sup> day of the month after deduction.
Provide Schedule of payments in the format stipulated by the Fund.	By the 10 <sup>th</sup> calendar day of month after deduction.
Implement Changes to Employer contribution rates as instructed by the Fund.	At date specified on the actuarial advice received by the Fund.
Make additional fund payments in relation to pension strain arising due to early payment of benefits from flexible retirement, redundancy, or business efficiency or where the employer exercises a discretion to waive reductions, award additional pension or apply the 85-year rule before age 60.	Within 30 days of receipt of invoice from the Pension Fund.
Make payment of additional costs to the Pension Fund associated with the poor performance of the scheme employer.	Within 30 days of receipt of invoice from the Pension Fund.
<b>Provision of data</b>	
Provide accurate monthly data return in the format stipulated in the instructions issued by the fund administrators.	By 10 <sup>th</sup> of each month or date specified by the fund.
Resolve any queries arising from the submission of the monthly data return	By the end of the month of submission.
<b>Contracting out of services and functions</b>	
Notify the pension fund if contracting out services which will involve a TUPE transfer of staff to another organisation.	As soon as possible ahead of tender so that pension information can be included in the tender decision-making process.

Work with the fund to arrange for an admission agreement to be put in place when contracting out a service and assist in ensuring it is complied with.	Admission Agreement (and possibly bond agreement) to be put in place by the time the service is contracted out.
Notify the fund if the employer ceases to admit new scheme members or is considering terminating membership of the fund.	As soon as the decision is made, so that the Fund can instruct the actuary to carry out calculations if applicable.

The following sets out the functions relating to the administration of scheme member benefits.

<b>Function / Task</b>	<b>Performance Target</b>
<b>New Starters</b>	
Notify LPPA of each new employee admitted to the pension scheme.	Via next monthly data submission and within 10 days from month end of joining
Arrange for correct deduction of employee contributions from members pensionable pay	Immediately upon joining the scheme, opting in or change in circumstances
Arrange for reassessment of employee contribution in line with employers' policy and notify the employee of the change in rate.	Review in line with employers' policy on banding changes, and as a minimum in each April. Notification within 30 days.
Where the member has more than one employment with the scheme employer, each membership shall be maintained and reported separately (via monthly data submission).	From date of commencement or joining the LGPS or starting or ceasing additional employments
<b>Changes in Circumstances</b>	
Notify LPPA of any material changes in scheme member's circumstances (for example, marital or civil partnership status, hours or movement in and out of 50/50 section).	Via next monthly data submission and within 1 month of date of change.
Notify LPPA of any breaks in membership (e.g. industrial action, child related leave) and any APC contracts taken out to cover the break in service	Via next monthly data submission
Commence or cease deduction of APC or amend such deductions as appropriate	The next available payroll following the election to pay additional pension contributions or instruction to cease or amend.
Arrange for deduction of AVC's and payment of contributions over to AVC provider.	By 19 <sup>th</sup> of the month following deduction
<b>Leavers before retirement</b>	
Refund any employee contributions deducted in error	Next available payroll once the deduction error has been identified
Cease deduction of employee contributions where a scheme member opts to leave the scheme.	Next available payroll following receipt of election, or such later date as specified by the scheme member.
Refund employee contributions via payroll where the member has opted out within 3 months.	Next available payroll following receipt of election to opt out.
Notify LPPA of any opt outs that take place within first 3 months (when contributions have been refunded through payroll).	As part of next monthly data submission
Notify LPPA when a member leaves the scheme including an accurate assessment of actual pensionable pay and final pay.	Within 20 days of leaving date or date employer became aware member had left, whichever is sooner
<b>Retirements</b>	
Notify LPPA of scheme members retirement, confirming last day of service, reason for leaving	Leaver form submitted via UPM at least one month prior to retirement where possible but in all cases no later than 10 working days after

and including an accurate assessment of actual pensionable pay and final pay	retirement date or date employer became aware of retirement date, whichever is sooner.
<b>Death in service</b>	
Notify LPPA of the death of a member and provide next of kin details.	Submitted via UPM portal as soon as practical, but within 5 working days of the employer becoming aware of the death.
<b>Ill Health</b>	
To determine based on medical evidence, having obtained a certificate from an IRMP, whether an ill health award is to be made and determine the Tier awarded.	To submit the appropriate leaver form and certificate via the UPM portal as soon as possible ahead of retirement and in any event no later than 10 working days after the final payroll has run.
Carry out an 18-month review of a Tier 3 ill health pension and advise LPPA of outcome.	Immediately following decision.

## 5. Performance Monitoring

The Pension Fund will monitor the performance of the pension fund administrator and the key performance indicators will be regularly reported to the Local Pensions Board.

The Pension Fund will monitor the performance of each employer in meeting their requirements under legislation and as set out in this PAS. The Local Pensions Board will regularly monitor the key performance measures. Key areas of performance monitoring include:

- The payment of contributions and other payments due
- The provision of supporting schedule of payments.
- The submission of monthly data returns
- The error rate of data submissions
- The timeliness of leaver notifications

The Pension fund in collaboration with our administrators will seek to work closely with scheme employers to identify areas of poor performance and provide the necessary training and development to improve the performance in the future.

While we want to work collaboratively with our employers to resolve any issues, there may be cases where we need to take further action. In the event of continued poor performance or a lack of evidence of measures being taken to achieve improvement, the Pension Fund will seek to recover any additional costs arising.

The following sets out the steps we will take in dealing with persistent poor performance by a scheme employer:

- Write to the scheme employer, setting out area(s) of poor performance;
- Offer to meet with the employer, to discuss area(s) of poor performance and how these can be addressed;
- Issue formal written notice, where no improvement is demonstrated by the employer, or there has been a failure to take agreed action or engage. In accordance with regulation 70 of the LGPS regulations 2013 the written notice will include:
  - The reasons for issuing the notice;
  - The amount that the employer must pay;
  - The relevant provisions in the PAS;
- Issue an invoice for cost recovery;
- Report any invoice for cost recovery to the Local Pension Board at the next available meeting.

Scheme employers should be aware that even if they outsource their payroll function to a third-party provider, they will still be responsible for performance in relation to the tasks set out in this PAS.

## 6. Recovery of Additional Costs

The Pension Fund may seek to recover additional costs incurred in the administration of the scheme due to an employer's poor performance as set out in section 5.

Any costs, sanctions or fines imposed by the Pensions Regulator, Pensions Ombudsman or other regulatory body will be recharged to the relevant scheme employer.

The deadline for payment of contributions and submissions of data are outlined in this PAS.

The table below sets out the common charges which the fund may levy on a scheme employer whose performance falls short of the standards set out in this document. This reflects the additional administration involved in securing payment of the sums due and submission of the required data. It is not intended to be definitive, and the Fund reserves the right to levy additional charges where required in line with the regulations and this strategy.

Item	Charge
<b>Contributions</b>	
Failure to pay employee and employer pension contributions by 19 <sup>th</sup> of the month following deduction.	£100 per occasion plus £100 for every further month late plus Interest in line with scheme regulations as set out in section 2
Late or non-provision of monthly schedule of contributions paid, or the poor quality of information which cannot be reconciled. The deadline for receipt of an accurate schedule is 10 <sup>th</sup> of the month following deduction of contributions	£100 per occasion plus £100 for every further month late.
Underpayment of employee or employer contributions which were due by the 19 <sup>th</sup> of month following deduction.	Interest in line with scheme regulations as set out in section 2
<b>Data</b>	
Late or non-provision of monthly data return.	£100 per occasion plus £100 for every month the information is late.
Late notification of a new starter	£100 per occasion plus £100 for every further month late
Late notification of an early leaver	£100 per occasion, plus £100 for every further month late
Late Notification of a retirement	£100 per occasion, plus £100 for every further month late
Late notification of a death in service	£100 per occasion, plus £100 for every further month late

## **7. Feedback and Review**

The Pension Fund's aim in relation to administration is to deliver an efficient, quality and value for money service to its scheme members and employers. This can only be achieved by continuously reviewing and improving the service.

This Pension Administration Strategy may therefore need to be reviewed and updated to ensure that it continues to achieve its aims into the future and to reflect changing legislation, statutory guidance, or emerging best practice. Scheme employers will be consulted before any changes are made to this document.

Should scheme employers wish to provide feedback on any area related to this PAS they should send their comments to: [Pensions@Bexley.gov.uk](mailto:Pensions@Bexley.gov.uk). Please begin the subject line of your email with "PAS". Any feedback will be responded to and incorporated into the reports provided to the Local Pensions Board.