

# Southwark Pension Fund

# Administration Strategy

**Issue Date**                      **1 December 2016**

**Review Date**                    **1 December 2019**

**Version 0.3**



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## 1. INTRODUCTION AND BACKGROUND

- 1.1. This is the Pension Administration Strategy Statement of the London Borough of Southwark Pension Fund (“the Fund”) which has been developed following consultation with employers in the Fund. The aim of the strategy is to ensure both the Administering Authority and the employers are fully aware of their responsibilities under the Scheme, and to outline the performance standards they are expected to meet to ensure the delivery of a high-quality and cost-effective administration service. More detailed objectives of this strategy document are set out in Section 4.
- 1.2. The London Borough of Southwark (the "administering authority") is responsible for the local administration of the Fund, which is part of the Local Government Pension Scheme (“the LGPS”). The Fund comprises over 50 employers with active members, and approximately 25,000 scheme members (including active members, deferred and pensioner members). In addition, there are approximately 80 local authority schools that operationally are part of the London Borough of Southwark, but use separate payroll providers. **Unless specifically mentioned otherwise, all references in this strategy to employers apply to these local authority schools, and they are required to provide information as if they are separate employers.**
- 1.3. Delivery of a high quality administration service is not the responsibility of one person or organisation, but rather of a number of different parties, who between them are responsible for delivering the pensions administration service to meet the diverse needs of the membership.

## 2. IMPLEMENTATION

- 2.1. This Strategy Statement was approved in November 2016 by the Strategic Director of Finance and Governance, taking consideration of the views of Pensions Advisory Panel and the participating employers of the Fund. It is effective from 1 December 2016.

This Strategy applies to all existing employers in the Fund, and all new employers joining the Fund after the effective date above. The statement sets out the expected levels of performance of both the administering authority and the employers within the Fund, as well as details on how performance levels will be monitored and the action that might be taken where persistent failure occurs.

In preparing this Strategy we have consulted with the relevant employers and other persons considered appropriate.

We will review the Strategy to ensure it remains up to date and meets the necessary regulatory requirements at least every three years.

The Strategy will be included within the Fund's Annual Report and Accounts and available on our website at:

<http://www.southwark.gov.uk/council-and-democracy/pensions/administering-authority-policies>

2.2. Any enquiries in relation to the day to day administration of the Fund should be sent to:

- Barry Berkengoff, Pensions Manager
- London Borough of Southwark Pension Fund  
Finance and Governance  
Floor 2, Hub 1, Zone B  
Southwark Council  
PO Box 64529  
London, SE1P 5LX
- Email – [barry.berkengoff@southwark.gov.uk](mailto:barry.berkengoff@southwark.gov.uk)
- Phone – 020 7525 4915

2.3. However, if you have an enquiry about the principles or content of this Strategy, please contact:

- Alex Moylan, Senior Finance Manager
- London Borough of Southwark Pension Fund  
Finance and Governance  
Floor 2, Hub 1, Zone B  
Southwark Council  
PO Box 64529  
London, SE1P 5LX
- E-mail – [alex.moylan@southwark.gov.uk](mailto:alex.moylan@southwark.gov.uk)
- Phone – 020 7525 0040

### **3. REGULATORY BASIS**

3.1. The LGPS is a statutory scheme, established by an Act of Parliament. The Local Government Pension Scheme Regulations 2013 (as amended) provide the conditions and regulatory guidance surrounding the production and implementation of an Administration Strategy.

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

- Local Government Pension Scheme Regulations;
- Pensions Act 2011 and associated disclosure legislation;
- Freedom of Information Act 2000;
- Equality Act 2010;
- Data Protection Act 1998;
- Finance Act 2013; and
- Relevant Health and Safety legislation.

3.3. In particular, regulations 72, 73, 74, 75 and 80 of Local Government Pension Scheme Regulations 2013 require the following:

*3.3.1. Employer Responsibilities:*

- To decide any rights or liabilities of any person under the LGPS (for example, what rate of contributions a person pays and whether or not a person is **entitled** to any benefit under the scheme) as soon as is reasonably practicable
- To formally notify that person of the decision in relation to their rights or liabilities in writing as soon as is reasonably practicable (including a decision where a person is not entitled to a benefit and why not), including information about their internal dispute resolution procedure
- To inform the administering authority of all such decisions made
- To provide the administering authority with such information it requires so it can carry out its functions including as a minimum by the end of June each year the following information in relation to any person who has been an active member of the scheme in the previous year:
  - name and gender
  - date of birth and national insurance number
  - a unique reference number relating to each employment in which the employee has been an active member
  - in respect of each individual employment during that year:
    - the dates during which they were a member of the scheme
    - the normal pensionable pay received and employee contributions paid
    - the pensionable pay received and employee contributions paid whilst there was any temporary reduction in contributions
    - the normal employer contributions paid
    - any additional employee or employer contributions paid
    - any Additional Voluntary Contributions paid by the employee or employer
- To appoint a person to consider complaints under stage 1 of the internal dispute resolution procedure relating to employer decisions (or a lack of a decision)

*3.3.2. Administering Authority Responsibilities:*

- To decide the **amount** of benefits that should be paid, including whether the person is entitled to have any previous service counting towards this for LGPS purposes, as soon as is reasonably practicable
- To formally notify that person of the decision in relation to the amount of their benefits in writing as soon as is reasonably practicable, including a statement showing how they are calculated and information about their internal dispute resolution procedure
- To appoint a person to consider complaints under stage 1 of the internal dispute resolution procedure relating to administering authority decisions (or a lack of a decision)
- To appoint a person to consider complaints under stage 2 of the internal dispute resolution procedure (which covers both employer and administering authority decisions or lack of decisions)
- To provide on request any information to an employer about a complaint under the internal dispute resolution procedure that may be required by an employer

3.4. Regulation 59(1) enables an LGPS administering authority to prepare a written statement ("the pension administration strategy") to assist in delivering a high-quality administration service to its scheme members and other interested parties, by setting out local standards which often go beyond the minimum requirements set out in overriding legislation as outlined above, and which the administering authority and employers should comply with. The statement can contain such of the matters mentioned below as they consider appropriate:-

- Procedures for liaison and communication with the relevant employers in their Fund.
- The establishment of levels of performance which the administering authority and the employers are expected to achieve in carrying out their functions under the LGPS by-
  - (i) the setting of performance targets;
  - (ii) the making of agreements about levels of performance and associated matters; or
  - (iii) such other means as the administering authority consider appropriate;
- Procedures which aim to secure that the administering authority and the employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance.
- Procedures for improving the communication by the administering authority and the employers to each other of information relating to those functions.
- The circumstances in which the administering authority may consider giving written notice to an employer on account of that employer's unsatisfactory performance in carrying out its functions under the LGPS Regulations when measured against the desired levels of performance.
- The publication by the administering authority of annual reports dealing with—
  - (i) the extent to which the administering authority and the employers have achieved the desired levels of performance, and

- (ii) such other matters arising from its pension administration strategy as it considers appropriate
  - Such other matters as appear to the administering authority to be suitable for inclusion in that strategy.
- 3.5. Regulation 59(2)(e) allows an administering authority to recover additional costs from an employer where, in its opinion, they are directly related to the poor performance of that employer. Where this situation arises the administering authority is required to give written notice to the scheme employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.
- 3.6. In addition, regulation 59(6) also requires that, where a pension administration strategy is produced, a copy is issued to each of the Fund's employers as well as to the Secretary of State. It is a requirement that, in preparing or revising any pension administration strategy, that the administering authority must consult the employers and such other persons as it considers appropriate.
- 3.7. Both the administering authority and employers must have regard to the current version of the pension administration strategy when carrying out their functions under the LGPS Regulations.
- 3.8. This statement, therefore, sets out the information required in accordance with regulation 59 and forms the basis of the day to day relationship between the London Borough of Southwark as the administering authority and the employers of the Fund. It also sets out the circumstances where additional costs will be incurred as a result of the poor performance of an employer, together with the steps that would be taken before any such costs arose.

#### **4. OUR ADMINISTRATION AIMS AND OBJECTIVES**

- 4.1. The purpose of this strategy statement is to set out the quality and performance standards expected of the London Borough of Southwark in its role of administering authority and employer, as well as all other employers within the Fund. It seeks to promote good working relationships, improve efficiency and enforce quality amongst the employers and the administering authority. Our key objectives relating to administration are as follows;

- Provide a high quality, seamless, informative, timely and customer focused administration service to the Fund's stakeholders.
- Administer the Fund in a cost effective and efficient manner utilising technology appropriately, with the focus on a 'digital first' approach.
- Be accountable and take responsibility for our actions.
- Ensure the Fund's employers are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Fund.
- Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount.
- Maintain accurate records and ensure data is protected and has authorised use only.
- Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary.

4.2 Our separate Communications Strategy has a number of specific objectives relating to how we communicate with our stakeholders.

## **5. COMMUNICATION**

5.1 Good communication reminds, or alerts, employees to the value of the LGPS which aids recruitment, retention and the motivation of the workforce and negates misleading media information. Effective communication between an administering authority and its Fund employers reduces errors, improves efficiency and leads to good working relationships.

5.2 Where areas of improvement are identified from benchmarking or performance monitoring as indicated in the above section, our Pensions Manager (see below) will be responsible for working closely with the employers in improving the identified weaknesses.

5.3 Where improvements are made they will be reported in the annual newsletter mentioned below. As part of the review process any new procedures or practices introduced will be kept under review to monitor achievement.

5.4 Employers or scheme members who do not have access to any of the communications mentioned below should contact the Pensions Manager.

### **5.5 Communication with Employers**

#### **5.5.1 Employer key contact officers and meetings**

Each employer in the Fund will designate a named individual to act as their key contact officer; this individual will be the main contact with regard to any aspect of administering the LGPS and the employer will ensure they keep the administering authority aware of the contact details for that person.



Our Pensions Manager will contact, and where relevant, meet with the employer key contact officer to discuss any issues relating to the LGPS and/or raise any issues around the performance of the employer or services provided by the administering authority. Meetings will be arranged if necessary (particularly if specific issues around the performance of the employer arise). The contact details for the Pensions Manager are shown on page 2.

### **5.5.2. Employer Guidance**

The Employer Guidance will be maintained on the Southwark Pension Fund website. It will outline all the key responsibilities and processes that must be carried out by each employer as well as specifying the format of all information to be provided. An e-mail will be issued to all employers when this guidance is updated, and all new employers will be provided with a link to this guidance when they join the Fund.

### **5.5.3. i-Connect**

i-Connect is the software that all employers (including local authority schools) will be required to use to submit information to the Pension Administration Team. The system provides for secure, efficient and timely data submission due to the automated validation it provides. Any employer not providing data using i-Connect will be charged additional administration costs due to the fact that other methods can result in great time spent validating data and hence significant delays in processing, which in turn impact the quality and timeliness of information to scheme members.

In addition, the new post of Data Systems Manager has been created within the Pension Administration Team, which is a key role as significantly more information will come in electronically than it had previously. The Data Systems Manager is an expert on i-Connect functionality, and monitors systems to draw in data from a large number of employers and populate individual records. In addition, on request, training will be provided by the Data Systems Manager to ensure all employer key contact officers understand how to use the system.

### **5.5.4. Newsletters**

In addition to the employer guide, the Fund will also issue a periodic newsletter to employers, bringing to their attention areas of performance or quality where improvements were identified and the steps taken to address them. They will also include information relating to changes to scheme rules and employer procedures or responsibilities associated with them. These will be issued by e-mail as and when required.

### **5.5.5. E-mail Updates**

Other information and procedural requirements, such as the annual procedures for FRS102/IAS19, will be disseminated by e-mail.

#### **5.5.6. Training sessions**

The Fund will provide training to scheme employers as and when required or on request from the scheme employer (for example, due to changes in employer personnel responsible for pension matters). All new employers in the Fund will also be provided with training. Employers will be expected to attend any such training, particularly where significant performance issues have been identified.

#### **5.5.7. Employer forums**

The Fund will host an employer forum periodically to which all employers will be invited. The forum will include updates on recent developments within the LGPS or pensions generally, as well as to report and review the performance of the Pension Fund.

#### **5.5.8. Employer specific events**

The Pension Administration Team will also be happy to attend any employer specific events including the annual school conference to assist employers understand their responsibilities.

### **5.6. Information for Scheme Members:**

#### **5.6.1. Website**

The Fund's website ([www.southwark.gov.uk](http://www.southwark.gov.uk)) contains information about the Fund and the LGPS. More detailed information can be obtained at [www.lgpsmember.org](http://www.lgpsmember.org)

#### **5.6.2. Member Self Service**

Members can access information on their own benefits via our on-line self-service facility. Members can register or sign in via the homepage of the Fund's website (<https://pensions.southwark.gov.uk>). The self service facility gives members a more intuitive access to their own pension records, and this 'digital first' initiative results in fewer enquiries being dealt with by the Pension Administration Team, as members resolve many issues themselves.

#### **5.6.3. Annual Benefit Statements**

These statements are sent annually to all active and deferred scheme members. These are emailed to members where Southwark Council holds an

email address but otherwise are issued to employers to distribute to their scheme members.

#### **5.6.4. Newsletters**

The Fund also issues a periodic newsletter to scheme members, bringing to their attention information such as changes to scheme rules. These are usually issued to employers to distribute to their scheme members.

#### **5.6.5. Individual Scheme member meetings**

One to One meetings are available with a member of the Pension Administration Team as required at Southwark Council offices on Tooley St.

#### **5.6.6. Pension Presentations**

Presentations are given to staff, managers, new employees etc. on pension related matters including as part of induction and pre-retirement sessions.

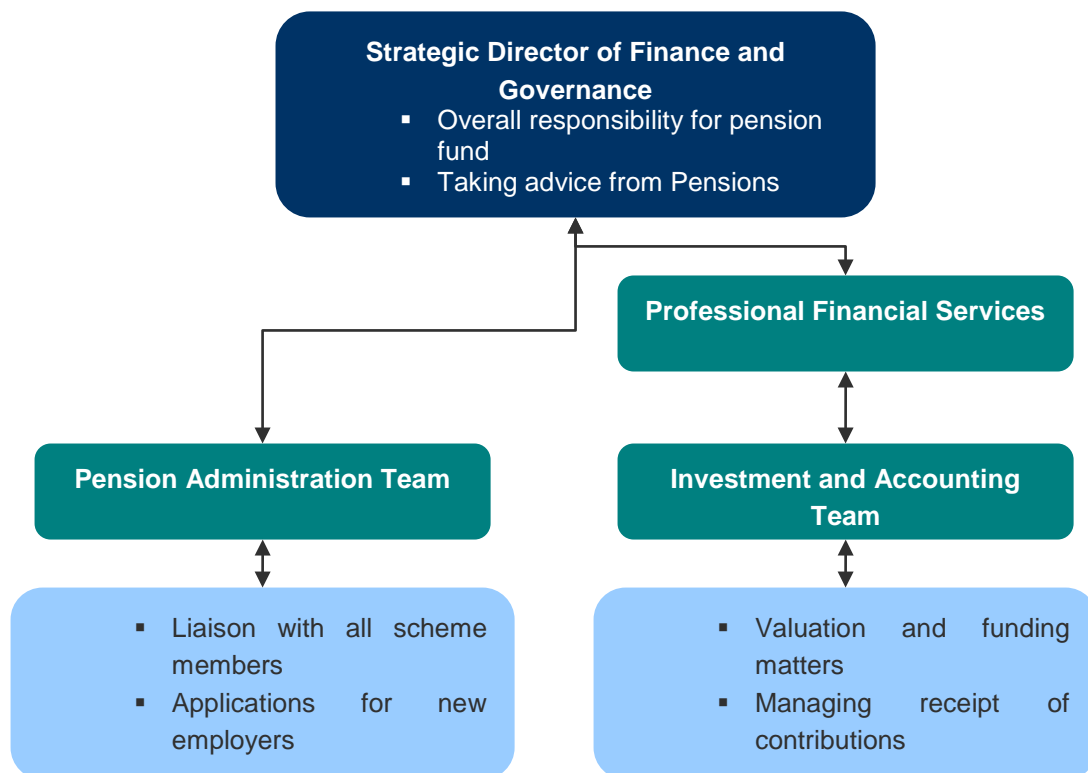
#### **5.6.7. Helpline and email**

Scheme members can contact the Pension Administration Team directly using the following contact details:

- E-mail – [LBSpensions@southwark.gov.uk](mailto:LBSpensions@southwark.gov.uk)
- Telephone helpline – 0207 525 4924

## **6. DELIVERY OF ADMINISTRATION**

- 6.1. The London Borough of Southwark has delegated responsibility for the management of the Pension Fund to the Strategic Director of Finance and Governance, taking into consideration advice from the Pensions Advisory Panel. The Panel will monitor the implementation of this Strategy on an annual basis.
- 6.2. Operationally, the administration of the Fund is undertaken 'in-house' within the London Borough of Southwark. These responsibilities span two Council teams as illustrated below:



6.3. Most LGPS administering authorities provide the administration service from internal teams, although some have outsourced (or partially outsourced) their administration, and some utilise shared service administration arrangements across more than one Fund. At this point in time, the London Borough of Southwark believes in-house administration is the most appropriate method for ensuring the objectives of the Fund are met.

## 7. PERFORMANCE STANDARDS AND RESPONSIBILITIES

### 7.1. Quality

#### 7.1.1. Local Standards

The legislative and regulatory standards are set out in Section 3. On top of these, the administering authority and employers will ensure that all functions/tasks are carried out to agreed local quality standards. In this respect the standards to be met are:

- compliance with all requirements set out in the employer guide
- information to be provided in the required format and/or on the appropriate forms contained within the employer guide

- information to be legible and accurate
- communications to be in a plain language style
- information provided or actions carried out to be checked for accuracy by an appropriately trained member of staff
- information provided or actions carried out to be authorised by an agreed signatory, and
- actions carried out, or information provided, within the timescales set out in this strategy document.

### ***7.1.2. Secure data transfer***

The administering authority and employers will follow London Borough of Southwark's data security guidelines when sending any personal data. This means that if data is sent by email it should be sent using a secure system such as Egress and if this is not possible the data should be sent encrypted using Winzip or equivalent, with the password supplied separately.

One of the key methods of data transfer relating to the Fund's administration is the receipt of information from employers in relation to scheme members. In order to meet the requirements set out in this document in a secure and efficient way (for both employers and the administering authority) the London Borough of Southwark has put in place a secure data system known as i-Connect. Employers not submitting data in this manner may risk compromising data security. Employers must ensure that any contract with an outsourced payroll provider includes provision for submitting data electronically via i-Connect (<https://app.i-connectdata.co.uk>).

### ***7.1.3. Oversight of Compliance and Quality***

Ensuring compliance is the responsibility of the administering authority and the employers in the Fund. However there are ways in which they will be subject to elements of scrutiny or oversight:

**Audit** - The Fund will be subject to a regular annual audit of its processes and internal controls. The Administering Authority and the employers will be expected to fully comply with any reasonable requests for information from both internal and approved external auditors. Any subsequent recommendations made will be considered by London Borough of Southwark and where appropriate duly implemented (following discussions with employers where necessary).

**Local Pension Board, the national Scheme Advisory Board and the Pensions Regulator** – The Public Service Pensions Act 2013 introduced greater oversight through these entities. As a result the Local Pension Board of the London Borough of Southwark Pension Fund was established from 1 April 2015. In addition, the Pensions Regulator's remit was extended to include the public sector, and a

national Scheme Advisory Board was created. The administering authority and the employers are expected to fully comply with any guidance produced by the Scheme Advisory Board and the Pensions Regulator. Any recommendations made by any of these entities will be considered by the administering authority, and where appropriate duly implemented (following discussions with employers where necessary).

## 7.2. Timeliness and accuracy

Overriding legislation dictates minimum standards that pension schemes should meet in providing certain pieces of information to the various parties associated with the scheme. The LGPS itself sets out a number of requirements for the administering authority or employers to provide information to each other, to scheme members and to prospective scheme members, dependants, other pension arrangements or other regulatory bodies. Locally agreed performance standards have been agreed which cover all aspects of the administration of the scheme, where appropriate going beyond the overriding legislative requirements.

For the avoidance of doubt “accuracy” in this Strategy is defined as when we have received a completed form or transfer of information with no gaps in mandatory areas and with no information which is either contradictory or which we need to query.

The target service standards below relate to a date of event being either the date the member started or left the Fund, or when relevant details changed such as commencing a period of long term absence. However where information is required in order to carry out that responsibility, the target service standard is from the date of receipt of all relevant information.

These locally agreed performance standards for the Fund are set out in the following tables. This table isn't an exhaustive list of the administering authority's and employers' responsibilities. Employers' responsibilities are provided in more detail in the Employers' Guide. Target standards shown in ***bold italics*** will be monitored and reported on.

Processes marked with \* are expected to be dealt with using the i-connect facility in whole or in part, and should therefore be processed as part of the monthly i-connect upload.

<b>New Appointments</b>	
<b>Employer's responsibility</b>	<b>Target Service Standard</b>
To ensure that pensions information is included as part of any induction process	
To provide each new employee with basic scheme information	Within one month of start date
<b>Administering Authority's Responsibility</b>	
To provide employers (on request) appropriate tools for inductions	Within 10 working days of request

<b>New Scheme Members</b>	
<b>Employer's responsibility</b>	<b>Target Service Standard</b>
Provide new members with starter forms and scheme guides	Within 10 working days of start date
Decide and ensure the correct employee contribution rate is applied	Immediately on joining in line with employer's policy, and each April thereafter (as a minimum)
Send a Notification of Joining the LGPS to a scheme member	Within 10 working days of start date
*Provide new starter information to the administering authority for each new employee joining the LGPS	*Within 1 month of start date
Forward completed starter forms completed by scheme members to the administering authority	Within 3 working days of receipt
<b>Administering Authority's Responsibility</b>	
To accurately record and update member records on the pension administration system	Within 10 working days of receipt of data
To apply for any transfer value details from a previous fund or scheme	Within 10 working days of receipt of request
To send a Notification of Joining the LGPS to a scheme member	Within 10 working days of receipt of data from employer

<b>Changes in circumstances</b>	
<b>Employer's responsibility</b>	<b>Target Service Standard</b>
Arrange for reassessment of employee contribution rate in line with employer's policy	If applicable, as per employer's policy
Notify the administering authority of any eligible employees who opt out of the scheme within three months of appointment.	Within 10 working days of receipt of opt-out form
Send a Notification of Change (or equivalent) if legally required to a scheme member	Within 15 working days of change
*Notify the administering authority of all other relevant changes in the circumstances of employees	*Within 1 month of change
Refund any employee contributions deducted in error, or where the member opts out in writing within 3 months with no previous LGPS membership.	Month following the month of election
Notify the Fund of any periods of unpaid leave	Within 1 month of the member returning to work
<b>Administering Authority's Responsibility</b>	
To accurately record and update member records on the pension administration system	Within 15 working days of receipt of data
To send a Notification of Change (or equivalent) if legally required	Within 15 working days of receipt of data



<b>Retirement Estimates (including ill-health)</b>	
<b>Employer's responsibility</b>	<b>Target Service Standard</b>
Notify the Fund when a member is due to retire, including as accurate assessment of final pay as possible and reason for retirement (and authorisation where appropriate)	As early as possible and no later than 15 working days before date of retirement
<b>Administering Authority's Responsibility</b>	
<b><i>Providing quotations on request for retirements</i></b>	<b><i>Within 10 working days of request</i></b>
Providing provisional statement of retirement benefits for both active and deferred members	3 months before normal retirement date

<b>Actual Retirements (including ill-health)</b>	
<b>Employer's responsibility</b>	<b>Target Service Standard</b>
Notify the Fund when a member leaves employment, including an accurate assessment of final pay	Within 5 working days of leaving
Send a Notification of Entitlement to Benefit if legally required to a scheme member (including determining tier of ill-health retirement if applicable)	No later than 5 working days before date of retirement
<b>Administering Authority's Responsibility</b>	
To accurately record and update member records on the pension administration system	Within 5 working days of receipt of data
<b><i>Notification of amount of retirement benefits and payment of tax free cash sum</i></b>	<b><i>Within 5 working days of receipt of fully completed claim forms from member</i></b>
Notification of amount of recalculated retirement benefits and payment of any balance tax free cash sum following updated information	Within 7 working days of receipt of information

<b>Ill-Health Retirements (additional responsibilities)</b>	
<b>Employer's responsibility</b>	<b>Target Service Standard</b>
Appoint a qualified independent medical practitioner in order to consider all ill health retirement applications, and agree this appointment with the Fund.	Within one month of becoming an employer within the Fund
To keep a record of all Tier 3 ill-health cases and to review these cases after 18 months	
Notify the Fund of the results of any review of Tier 3 ill-health cases with appropriate information to allow the Fund to recalculate benefits if necessary	Within 5 working days of receiving results of review
Send a Notification of Entitlement to Benefit (or change in benefit) to a scheme member following the review of his/her Tier 3 ill-health benefits	Within 5 working days of receiving results of review
<b>Administering Authority's Responsibility</b>	
To notify employers prior to scheduled discontinuation of benefit payments, and before updating the member records to "pensioner with deferred benefits".	3 months prior to scheduled discontinuation date

<b>Members leaving before retirement</b>	
<b>Employer's responsibility</b>	<b>Target Service Standard</b>
Notify the Fund of the member's date of (and reason for) cessation of membership, and all other relevant information.	Within 10 working days of leave date
<b>Administering Authority's Responsibility</b>	
To accurately record and update member records on the pension administration system	Within 10 working days of receipt of data
To inform members who leave the scheme (and are not eligible for immediate benefits) of their options and their deferred benefit or refund entitlement as applicable	Within 20 working days of receipt of data
Provide a refund of contributions where requested	Within 10 working days of receipt of request
Provide a statement of current value of deferred benefits on request	Within 10 working days of receipt of request

<b>Death Benefits</b>	
<b>Employer's responsibility</b>	<b>Target Service Standard</b>
Notify the Fund of the death of a member and provide details of next of kin where available	Within 2 working days of notification
<b>Administering Authority's Responsibility</b>	
Write to next of kin or other contact requesting information following the death of a scheme member	Within 1 working day of notification
<b><i>Calculate and notify dependant(s) of amount of death benefits</i></b>	<b><i>Within 5 working days of receipt of all relevant information</i></b>
<b><i>Decide who should be recipient(s) of death grant and pay death benefits appropriately as directed</i></b>	<b><i>Within 5 working days of receipt of all relevant information</i></b>

<b>Transfers</b>	
<b>Employer's responsibility</b>	<b>Target Service Standard</b>
Notify the Fund if the employer intends to outsource services that will involve TUPE transfers of staff, and work with the Fund to ensure an admission agreement is put in place and complied with or a bulk transfer arranged.	Initial notification within 2 working days of becoming aware of potential outsourcing
<b>Administering Authority's Responsibility</b>	
<b><i>Obtain transfer details for transfer in, and calculate and provide quotation to member</i></b>	<b><i>Within 10 working days of receipt of information</i></b>
Request transfer value upon acceptance of transfer in	Within 5 working days of receipt of acceptance
Notify scheme member of benefits purchased by transfer in on receipt of payment	Within 10 working days of receipt of payment
<b><i>Provide details of transfer value for transfer out, on request</i></b>	<b><i>Within 10 working days of receipt of request</i></b>
Provide payment of transfer value to appropriate recipient.	Within 10 working days of receipt of payment request

<b>Additional Benefits (APCs and AVCs)</b>	
<b>Employer's responsibility</b>	<b>Target Service Standard</b>
Commence, cease or amend (as appropriate) deduction of APCs and AVCs	In month following election
<b>Administering Authority's Responsibility</b>	
To provide information on APCs / AVCs on request to members and employers, and to issue quotations to members on their APC / AVC options.	Within 10 working days of request

<b>Various Financial Obligations</b>	
<b>Employer's responsibility</b>	<b>Target Service Standard</b>
Electronically pay the Fund all employee contributions deducted from payroll and all employer contributions.	Immediately when deducted when paid but within 10 working days of end of month.
Pay all rechargeable items to the Fund, including additional fund payments in relation to early payment of benefits.	Within 20 working days from receiving invoice
Pay all additional costs to the Fund associated with the unsatisfactory performance of the employer	Within 20 working days from receiving invoice
<b>Administering Authority's Responsibility</b>	
To allocate the received contributions to each employer's cost centre	Within 1 working day of receipt of contributions
Issue invoice in relation to additional fund payments in relation to early payment of benefits	Within 10 working days of retirement date (or information being received if later)
Inform the employers of any new contribution banding	5 working days
Notify member of calculation and new value of pension following annual pensions increase	No later than 2 working days before payment of revised pension

<b>Annual Return, Valuation and Annual Benefit Statements</b>	
<b>Employer's responsibility</b>	<b>Target Service Standard</b>
Provide the Fund with year-end information to 31 March each year, and any other information that may be required for the production of Annual Benefit Statements.	By 30 April annually
<b>Administering Authority's Responsibility</b>	
Process employer year end contribution returns	Within 1 month of receipt
<b><i>Produce annual benefit statements for all active and deferred members.</i></b>	<b><i>In line with LGPS regulations timescales</i></b>
Provide information to the Actuary (or GAD as appropriate) for both the triennial valuation and for accounting purposes.	As agreed between the Fund and the Actuary.
Provide an electronic copy of the valuation report and associated certificate to each employer, and to answer any questions arising.	Within 5 working days of receipt of report

<b>General</b>	
<b>Employer's responsibility</b>	<b>Target Service Standard</b>
Confirm a nominated representative to receive information from the Fund, and to take responsibility for disseminating it within the organisation.	By effective date of admission to the Fund or within 5 working days of previous representative leaving
Formulate and publish policies regarding all discretions that the employer may exercise, and provide a copy to the Fund.	Within 2 months of joining the Fund and also provided to administering authority every 3 years
Respond to enquiries from the Fund.	Within 10 working days of receipt
Distribute any information provided by the Fund to members / potential members	Within 5 working days of receipt
Put in place a Stage 1 Internal Dispute Resolution Procedure	Within 2 months of joining the Fund and before the effective date of any change to the existing procedure (e.g. an appointed person leaving)
<b>Administering Authority's Responsibility</b>	
Arrange for the setting up of an admission agreement where required	Within 3 months of all information being provided
Publish and keep up to date the Scheme Members' Guide and Employers' Procedural Guide.	Updates made within 10 working days of any legislation changes but preferably before effective date
Publish and keep up to date all forms that members, prospective members and employers are required to complete.	Updates made within 10 working days of any legislation changes but preferably before effective date
Publish the Fund's annual report and accounts and any report from the auditor	By 30 June annually
<b><i>Provision of other responses to general enquiries from scheme members and employers</i></b>	<b><i>Within 10 working days of receipt</i></b>
Put in place a Stage 1 Internal Dispute Resolution Procedure	Before the effective date of any change to the existing procedure (e.g. an appointed person leaving)
Put in place a Stage 2 Internal Dispute Resolution Procedure	Before the effective date of any change to the existing procedure (e.g. an appointed person leaving)

<b>Pension Payments</b>	
<b>Administering Authority's Responsibility</b>	<b>Target Service Standard</b>
Issue pension payments to designated bank accounts	To arrive on payment due date
Issue payslips to home addresses	Posted so as to arrive on the payment due date
Investigate returned payments and action appropriately	Within 10 working days of payment being returned
<b><i>Respond to pensioner queries in writing</i></b>	<b><i>Within 10 working days of receipt</i></b>
<b><i>Implement a change to pension in payment</i></b>	<b><i>By next payroll period</i></b>

For the avoidance of doubt, date of receipt of anything by the Administering Authority is deemed to be the same day where receipt is before 5pm and is deemed to be the following day when receipt is after 5pm.

## **8. IMPROVING EMPLOYER PERFORMANCE (WHERE NECESSARY)**

- 8.1. The Pensions Manager will seek, at the earliest opportunity, to work closely with employers in identifying any areas of poor performance or misunderstanding, provide opportunities for necessary training and development and put in place appropriate processes to improve the level of service delivery in the future.
- 8.2. 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, the following sets out the steps we will take in dealing with the situation in the first instance:
  - The Pensions Manager will write to the person nominated by the employer as their key point of contact, setting out the area(s) of poor performance.
  - The Pensions Manager will 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 Pensions Manager will issue a formal written notice to the employer setting out the area(s) of poor performance that has been identified, the steps taken to resolve those area(s) and giving notice that the additional costs may now be reclaimed.
  - The Pensions Manager will clearly set out the calculations of any loss or additional costs resulting to the Fund / Administering authority, taking account of time and resources in resolving the specific area of poor performance; and
  - The Fund will make a claim against the employer, setting out the reasons for doing so, in accordance with the Regulations.

- The Fund will consider whether a material breach has occurred which requires a report to The Pensions Regulator.

### **8.3. Circumstances where the administering authority may levy costs associated with the employer's poor performance**

We will work closely with all employers to assist them in understanding all statutory requirements, whether they are specifically referenced in the LGPS Regulations, in overriding legislation, or in this Administration Strategy. We will also work with them to ensure that overall quality and timeliness is continually improved.

The Regulations provide that an administering authority may recover from an employer any additional costs associated with the administration of the scheme incurred as a result of the unsatisfactory level of performance of that employer. Where an administering authority wishes to recover any such additional costs they must give written notice stating:-

- The reasons in their opinion that the employer's level of performance contributed to the additional cost;
- The amount the administering authority has determined the employer should pay;
- The basis on which this amount was calculated; and
- The provisions of the pension administration strategy relevant to the decision to give notice.

Any additional costs incurred by the Fund in the administration of the LGPS as a direct result of such unsatisfactory performance will be recovered from the employer or third party service provider, depending on the party which is responsible. The circumstances where we will recover such additional costs from the employer include:

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

- Payment of contributions by cheque rather than electronic transfer

In addition, interest will be charged on late contributions in line with the LGPS Regulations.

#### 8.4. Calculation of costs incurred

For a persistent failure to resolve an isolated case satisfactorily we will recharge costs from the point in time at which a formal letter is written to the employer until the case is resolved, at a rate of £40 for each hour an officer spends trying to resolve the matter, exclusive of VAT.

For persistent and ongoing failure to meet targets, following the intervention to assist the employer concerned, we will recharge the additional costs due to the employer's unsatisfactory performance at the rate of £40 per hour spent, exclusive of VAT, from the point in time that the formal letter was sent, until performance improves.

For payment of contributions by cheque the Fund will charge £20 plus VAT per cheque processed.

Where the performance of the employer results in fines or additional costs being levied against the Fund we will recharge the full costs it has incurred to the relevant employer.

### 9. PERFORMANCE MEASURES AND IMPROVEMENT PLANS

We will monitor performance as administering authority in carrying out our responsibilities in relation to the scheme, and will regularly monitor performance by benchmarking against other administering authorities, using benchmarking clubs and other comparators available. How well the Fund performs will be reported in the Fund's Annual Report based on the statistics available at that time. We will monitor success against our administration objectives in the following ways:

Objectives	Measurement
Provide a high quality, seamless, informative, timely and customer focused administration service to the Fund's stakeholders.	Key target service standards (highlighted in table above) achieved in 90% of cases*.  Annual satisfaction surveys with employers and scheme members achieving 80% of scores in positive responses in these areas.
Administer the Fund in a cost effective and efficient manner utilising technology appropriately.	Cost per member is not in upper quartile when benchmarked against other London Boroughs.
Be accountable and take responsibility for our actions	Annual satisfaction surveys with employers and scheme members achieving 80% of scores in positive responses in these areas.
Ensure the Fund's employers are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Fund.	Annual data checks (including ongoing reconciliations) resulting in few issues that are resolved within 2 months.  Key target service standards (highlighted in



Objectives	Measurement
	<p>table above) achieved in 90% of cases*.</p> <p>Annual satisfaction surveys with employers and scheme members achieving 80% of scores in positive responses in these areas.</p>
<p>Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount.</p>	<p>Mainly positive results in audit and other means of oversight/scrutiny.</p> <p>Key target service standards (highlighted in table above) achieved in 90% of cases*.</p> <p>Annual satisfaction surveys with employers and scheme members achieving 80% of scores in positive responses in these areas.</p>
<p>Maintain accurate records and ensure data is protected and has authorised use only.</p>	<p>Annual data checks (including ongoing reconciliations) resulting in few issues that are all resolved within 2 months</p> <p>No breaches of data security protocols</p> <p>Mainly positive results in audit and other means of oversight/scrutiny</p>
<p>Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary.</p>	<p>As outlined against the objectives above.</p>

\*We also expect employers to meet targets in 90% of cases.

An overview of our performance against these objectives and in particular our target standards for turnaround times will be reported within the Fund's annual report and accounts.

Where performance is substantially below standard (whether by a large margin for a short period of time or a small margin for a longer period of time) the administering authority will formulate an improvement plan which will be incorporated into the Fund's annual Business Plan. This will be reported to the Fund's Pensions Advisory Panel together with an ongoing update on achievement against the improvement plan.

In developing this Administration Strategy, the London Borough of Southwark has already identified a number of areas for development and improvement and it is intended that these will be incorporated into the Fund's 2017-18 Business Plan. The Fund will continue to work with employers to identify future developments.

## **10. KEY RISKS**

The key risks to the delivery of this Strategy are outlined below. The Strategic Director of Finance and Governance will work with the Pensions Advisory Panel in monitoring these and other key risks and considering how to respond to them.

- Changes in government / legislative requirements meaning responsibilities are changed / removed / added
- The administration system provider not providing a robust system or not making changes to the system in a timely manner
- Key staff at the Administering Authority leaving and not being replaced with staff with similar experience, and without appropriate transitional handover
- Pensions staff not having suitable resource and/or knowledge to undertake their responsibilities
- Employers not having suitable resource and/or knowledge to understand their responsibilities
- Government or other pressure to outsource or merge pension teams
- Individual schools not accepting or being aware of their responsibilities in relation to the Fund
- Lack of engagement by the Pensions Advisory Panel on administration matters