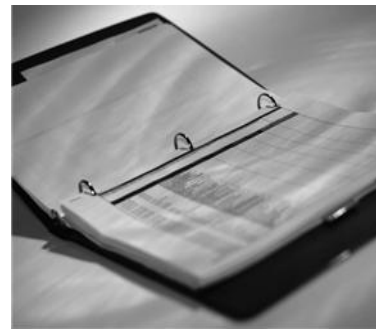




# PENSION ADMINISTRATION STRATEGY



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## 1.0 INTRODUCTION

This is the Pension Administration Strategy for the Royal County of Berkshire Pension Fund having been developed in consultation with Scheme employers within the Fund and is effective from 1 April 2016.

The 1<sup>st</sup> April 2015 was a key milestone in the governance arrangements of the Local Government Pension Scheme (LGPS) as from that date the Pensions Regulator (tPR) took responsibility for setting standards of administration and governance on all administrative aspects of the Scheme. In addition a newly established local Pension Board now has an independent scrutiny role in assisting the Royal Borough of Windsor and Maidenhead ('RBWM') as the Administering Authority to the Royal County of Berkshire Pension Fund ('the Fund'), with its regulatory compliance, effective and efficient administration and governance of the Pension Fund.

The LGPS Regulations 2013 allow the Pension Fund Administering Authority (sometimes referred to as the Scheme Manager) to prepare a Pension Administration Strategy ('the Strategy') for the sole purpose of improving the administrative processes within their LGPS Fund. This Strategy replaces any earlier versions and ensures the governance and administration requirements of tPR are properly addressed as they fall to the Fund and its Scheme employers.



### 1.1 Strategic Aims

The aim of this Strategy is to continue progress towards a seamless, automated pension service, employing appropriate technologies and best practice which both significantly improve the quality of information overall and the speed with which it is processed to provide better information for Scheme employers and stakeholders and a more efficient service to Scheme members. It outlines, in conjunction with the Pension Administration Service Level Agreement, the quality and performance standards expected of all Scheme employers and Admission Bodies within the Fund.

The Strategy is designed to be a road map as to how the highest standards of administration can be achieved by adopting the most efficient and cost effective practices thereby ensuring a consistent approach to pensions administration across all Scheme employers in partnership with the Fund so that all Scheme members ultimately receive the highest standard of service in the most efficient and effective manner possible.

### 1.2 Legislative Framework

The Fund and its Scheme employers must have regard to this Strategy when carrying out their Scheme functions. This Strategy has been made in accordance with Regulation 59 of the LGPS Regulations 2013 which allows the Administering Authority to prepare a Pension Administration Strategy following consultation with its Scheme employers to facilitate best practices and efficient customer service.

As part of Regulation 59 all of the following matters are to be considered to ensure that the aims of this Strategy are achieved:

#### Procedures for liaison and communication...

...between the Administering Authority and its Scheme employers with the aim of clarifying the roles and responsibilities of both the Administering Authority and the Scheme employers in administering the LGPS.

#### Compliance with statutory requirements...

...setting out clear procedures which aim to secure that the Administering Authority and its Scheme employers comply with those statutory requirements and with any agreement about levels of performance.

#### Procedures for improving the flow of communication...

...between the Administering Authority and its Scheme employers to enable the Scheme functions to be carried out effectively and efficiently.

#### Establishment of levels of performance...

...that both the Administering Authority and its Scheme employers are expected to achieve including the setting of performance targets, the making of agreements about levels of performance and associated matters and such other matters as the Administering Authority considers appropriate.

#### Procedures for producing performance statistics...

...and the publication of an annual report dealing with the extent to which the Administering Authority and its Scheme employers have achieved the levels of performance established.

#### Production of a Pension Administration Service Level Agreement (SLA)

...setting out the various responsibilities of the Administering Authority and the Scheme employer with workflows being monitored and findings reported to the Berkshire Pension Fund Panel, Pension Fund Advisory Panel and Pension Board as part of a Stewardship report.

#### Circumstances for issuing notices of underperformance...

...under Regulation 70 of the Local Government Pension Scheme Regulations 2013 (*Additional costs arising from Scheme employer's level of performance*) on account of the Administering Authority considering that a Scheme employer's performance in carrying out its Scheme functions has been unsatisfactory and associated matters as considered appropriate.

In addition to the above the Administering Authority has power to consider any other matters that it believes to be appropriate for inclusion in this strategy and will consult with its Scheme employers and such other persons as required.



## 2.0 KEY OBJECTIVES

The key objectives of this Strategy are to ensure that:

- The Fund and Scheme employers are aware of and understand their respective roles and responsibilities under the LGPS Regulations and in the delivery of administrative functions (largely defined in the Pension Administration Service Level Agreement);
- The Fund operates in accordance with LGPS Regulations and is aligned with tPR in demonstrating compliance and scheme governance;
- Communication processes are in place to enable both the Fund and Scheme employers to proactively and responsively engage with each other and other partners;
- Accurate records are maintained for the purpose of calculating pension entitlements and Scheme employer liabilities, ensuring all information and data is communicated accurately, on a timely basis and in a secure and compliant manner;
- The Fund and Scheme employers have appropriate skills and that training is in place to deliver a high quality service and effectively contribute to the changing pensions agenda;
- Standards are set and monitored for the delivery of specified activities in accordance with LGPS Regulations and minimum standards set out throughout the Pension Administration Service Level Agreement.

The key objectives for the Fund have been identified as:

OBJECTIVE	DETAIL	TARGET DATE
Implement i-Connect	i-Connect is a secure electronic data transfer system which sits between a Scheme employer's payroll system and the pension administration software. See section 3.3.	Depending on size of employer: 31/03/17 31/03/18 31/03/19
Implement Employer Self-Service (ESS) facility	ESS enables a Scheme employer access to the pension records of their own scheme members. See section 3.3.	31/03/19
Scheme employer meetings	Quarterly meetings to be held with the 6 Berkshire Unitary Authorities. See section 3.3.	30/06/16
Scheme surveys	Introduction of an annual Scheme employer survey and member surveys.	31/07/16
Scheme employer performance reports	Introduction of quarterly Scheme employer performance reports.	30/06/16
PASA accreditation	The Fund is committed to obtaining accreditation with the Pensions Administration Standards Association. See section 3.0.	31/03/17

## 3.0 ACHIEVING THE OBJECTIVES

There are currently in excess of 200 Scheme employers in the Fund differing in size, structure and capability which represents a significant logistical challenge to the management of information, processes and services within the Fund. As the number of Scheme employers



within the Fund grows as does the demand for more accurate and timely information especially with the introduction of the Career Average Revalued Earnings (CARE) Scheme from 1 April 2014. This information is also vital to ensure that Scheme employer liabilities are accurate and that funding targets and employer contribution rates reflect the correct position. Furthermore, tPR has introduced higher levels of compliance and the Fund will be required to report breaches of the Regulations in future.

This strategy applies not only to existing Scheme employers but will also apply to all new future employers of the Fund. Schools (other than Academies, Free Schools and University Technical Colleges (UTCs)) are included under the LEA of the relevant Council even if they have their own payroll or have outsourced it to a third party.

To assist with compliance in all areas of administration and governance the Fund is committed to obtaining accreditation with the Pensions Administration Standards Association (PASA). PASA has been created from within the pensions industry to become the body to set meaningful pension administration standards, assess compliance with those standards and act as a focal point for Government and the pensions industry on matters relating to pension administration. PASA is focused on three core activities:

- defining good standards of pensions administration relevant to all providers, whether in-house, third party;
- publishing guidance to support those standards; and
- being an independent accreditation body, assessing the achievement of good standards for scheme members and sponsors.

In order to achieve accreditation the Fund is committed to producing clear, understandable and achievable desk top procedures for all areas of administration that will form the basis for ensuring full compliance with statutory obligations and tPR requirements.

### 3.1 Liaison and communication

The Fund aims to provide clear, relevant, accurate, accessible and timely information to all of its stakeholders. The Fund's communication strategy is already well developed providing a wide range of solutions for all types of communication. However, with the ever increasing number of Scheme members and Scheme employers there is an ever increasing need for information and so the Fund is aiming to further develop its communications strategy by embracing technology in a number of key areas. The Fund's overall strategy is to provide communications digitally to its stakeholders wherever possible and for scheme data to be transferred electronically between the Fund and its Scheme employers.

The Pension Fund website is continually under review and provides all stakeholders with a single access point to relevant services and information.

A dedicated Scheme employer area is maintained which includes (but is not limited to):

- General guidance and information on procedures for administering the Local Government Pension Scheme;
- Employer bulletins (*'Inscribe'*) used to communicate current issues pertaining to the Scheme;
- Copies of all standard forms (on-line where possible) to be used by Scheme employers when providing information to the pension administration team;



- Copies of all publications issued by the Administering Authority including member newsletters, scheme guides and factsheets;
- A link to the LGPS Regulations, LGA Circulars, DCLG Guidance and consultation documents.

Pension administration relies largely on information supplied to the Administering Authority by its Scheme employers. It is therefore key that member records are maintained to a high standard so that information provided by the Fund to its Scheme members is accurate and up to date at all times.

The pension administration team is contactable during normal office hours on 0845 602 7237 although direct dial numbers are provided to all Scheme employers. An office helpdesk is also available at:

[info@berkshirerpensions.org.uk](mailto:info@berkshirerpensions.org.uk).

Each Scheme employer must nominate a Pension Liaison Officer (PLO) to deal with initial enquiries received from the Administering Authority. If preferred a number of officers can be nominated (up to a maximum of 4) by the Scheme employer in Appendix A to the Pension Administration Service Level Agreement, provided that their specific responsibilities are identified (e.g. HR or payroll; formulating policy statements; ensuring payment of monthly contributions and submitting returns). The Scheme employer will inform the Administering Authority immediately if these details are amended in anyway. Furthermore, the PLO(s) will be responsible for ensuring that Pension Fund communications are disseminated to all relevant officers in their organisations who have responsibility for any part of the process in administering the LGPS e.g. payroll officers, HR advisors, Heads of Department and other Senior officers.

The Scheme employer will provide the following details in respect of their PLO(s)

- Name;
- Position;
- Direct Telephone Number (if direct dial is available);
- Email contact details;
- Business address;
- Specific responsibilities of each officer (if more than one has been nominated).

The Administering Authority will maintain a schedule of PLOs and ensure that all staff concerned with pension administration use the contact details provided by the Scheme employer.

The Administering Authority will hold quarterly meetings with the PLOs of the six Unitary Authorities to discuss current pension issues and administration procedures. An annual meeting will be held to which all Scheme employers will be invited in accordance with the Administering Authority's 'Communications Strategy' (which can be found on the Pension Fund's website).

### 3.2 Compliance with statutory requirements

In carrying out their roles and responsibilities in relation to the administration of the LGPS, the Administering Authority and Scheme employers will, as a minimum, comply with the statutory Scheme regulations and associated legislation. These include (but are not limited to) the following regulations and any amendments thereto:

- The LGPS Regulations 2013
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014
- The Public Service Pensions (Record Keeping and Miscellaneous) Regulations 2014
- The Public Service Pensions Act 2013
- The Automatic Enrolment (Miscellaneous Amendment) Regulations 2013
- The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013
- The Pensions Regulator Code of Practice number 14 (Governance and administration of public service pension schemes)
- Earlier versions of the LGPS Regulations as they remain in force and relate to current and former scheme members
- The Pensions Acts 1995, 2004, 2008
- The Finance Act 2004
- Various related statutory instruments (Data Protection, Freedom of Information, Age Discrimination etc.)

The legislative framework under which this Strategy has been developed can be found at Annex 1. However, it is vital that every Scheme employer understands the statutory obligations under which they must fulfil their duties in administering the LGPS. This Strategy and associated SLA sets out agreed quality standards and the methods by which levels of performance will be monitored, reviewed and reported to ensure that those statutory obligations are maintained in line with the requirements of tPR.

The Fund is committed to providing the necessary tools to enable Scheme employers to meet their statutory obligations thereby continually improving the service that Scheme members receive at the same time as reducing, and ultimately eradicating, the risk of intervention from, and possible sanction by, tPR.

Prior to the effective date of this Strategy the Fund has provided training for all Scheme employers with regard to the statutory obligations that they are required to fulfil along with the implications of failing to do so (unless a Scheme employer has for whatever reason chosen not to attend the training in which case they have been advised of the risks involved in not doing so).

The Fund is also subject to a statutory annual audit of its processes and internal controls. The Fund and its Scheme employers will be expected to fully comply with any requests for information from both internal and approved external auditors. Any subsequent recommendations made will be considered by the Fund and, where appropriate, duly implemented, following discussions with Scheme employers where necessary.

### 3.3 Improving the flow of communication

As mentioned previously the strategic aim of the Fund is to provide a seamless, automated pension service by employing appropriate technologies and best practice to ensure the most effective and efficient service is provided to all of its stakeholders. The key principle is to identify the customer needs and attempt to provide this in the most efficient way.

The Fund will continue to invest and use ICT solutions to assist Scheme employers with the delivery of timely and accurate data. To this end the Fund is committed to working with Scheme employers in implementing and using i-Connect, a secure electronic data transfer system, as the method by which pension data is transferred between the Scheme employer and the Administering Authority.



i-Connect provides many benefits for both the Scheme employer and the Fund that support the strategic aim of improving the flow of communication and ultimately the levels of performance:

- Data is encrypted and submitted in real time on each occasion that a payroll is run meaning that, not only is data transmitted securely, Scheme members have instant access to the most up to date membership information;
- The need for Scheme employers to complete paper forms, spreadsheets and year-end returns is removed;
- All membership data is submitted at the correct time thereby ensuring that no data is missing and eliminating the risk of data inputting errors;
- All data protection requirements are met and security risks are significantly reduced;
- Instant reconciliation of Scheme contribution payments;
- Addresses auto-enrolment obligations thereby minimising the risk of fines from tPR;
- Automatically maintains membership data in line with the requirements set out in Record-Keeping regulations and to the standard required by tPR.

The Fund aims to have the largest Scheme employers using i-Connect by March 2017 with medium-sized employers being operational by March 2018. Consideration will be given to bringing smaller employers on-board ahead of the 2019 valuation subject to the solution being considered a viable option for those employers.

The Fund will also investigate and scope the use of a Scheme employer self-service (ESS) facility and identify an appropriate timeframe for implementation (no later than 31 March 2019). ESS will provide a Scheme employer with access to the pension records of their own Scheme members enabling the employer to:

- view, create and amend member information;
- Update sensitive information using online forms, thereby ensuring administrator checking and approval;
- Perform benefit calculations;
- Initiate and receive workflows;
- Produce and view documents;
- Run, create and print reports online.

As these solutions are developed the Fund will work and collaborate with Scheme Employers and provide necessary training and support.

To further improve communications the Fund is committed to re-introducing quarterly meetings with the PLOs of the largest Scheme employers the first such meeting to be held in the first quarter of the 2016/17 financial year. In addition an open invitation will be given to all other Scheme employers to meet with the Fund and discuss any element of pension procedures that they wish.

Furthermore the Fund will issue regular Scheme employer bulletins ('Inscribe') and issue at least one employer survey per year the outcome of which will be used to further improve communications and administration procedures.

### 3.4 Establishment of levels of performance (including SLA)

The use of time and accuracy based targets are vital in delivering a high level and cost effective service which is measurable, achievable, realistic and time specific as well as complying with statutory obligations.

In establishing acceptable levels of performance the Fund has tried to ensure that these targets strike a balance between allowing for each Scheme employers' other work pressures and the minimum turnaround times the Fund requires to ensure its system is as up to date as possible. By keeping pension systems up to date the Fund is able to significantly reduce pension related workloads for both the Fund and the Scheme employer by avoiding the follow-on problems that can occur as well as improving the service provided to Scheme members.

The Fund has developed a Service Level Agreement (SLA) (which can be found on the Pension Fund website) in consultation with Scheme employers which sets out specific targets that apply to all Scheme employers in respect of all pension administration processes, the outcomes of which will be subject to external scrutiny by tPR, the Pension Fund Panel, Pension Fund Advisory Panel and Pension Board. It should be noted that many of the targets are set to ensure compliance with statutory requirements that already exist.

For some smaller Scheme employers, and for areas other than benefit administration, the amount of data typically collected will be too small to assess and report on statistically in a meaningful way. However, these targets will still apply and be considered on a case by case basis, particularly where the performance of the Fund or the Scheme employer falls well outside the prescribed targets. In these circumstances the appropriate action will be taken where necessary.

### 3.5 Procedures for producing performance statistics

The Pensions Regulator requires a Scheme Manager (Administering Authority) to keep records of information pertaining to member data across all membership categories and the Pension Board plays an independent scrutiny role to 'assist' the Scheme Manager with regulatory compliance and has the authority to report any serious concerns to tPR.

Assessment of the levels of administrative performance requires that agreed performance standards are continuously monitored and the results fed back to Scheme employers. This will be achieved by the production of a Performance Report each quarter for each employer (as relevant) to keep them fully informed of the efficiency of service delivery to Scheme members. The Performance Report will contain the key areas of performance setting out the total number of notifications received against the number received within the prescribed timescale set out in the Scheme employer agreed Service Level Agreement. In order to measure the efficiency of service processes the following areas of administration will be reported:

- New Scheme joiners;
- Early leavers (those where benefits are not immediately payable);
- Retirements;
- Payments of contributions (including receipt of monthly schedules);
- Settlement of invoices;

- Year-end returns;
- Member complaints.

The Fund will work with Scheme employers to ensure that overall quality and timeliness is improved and will identify any problem areas and devise an action plan designed to improve service delivery.

The Fund will also present a Stewardship Report at all meetings of the Pension Fund Panel, Pension Fund Advisory Panel and Pension Board in which the performance of all Scheme employers (and that of the Fund) will be scrutinised and remedial actions considered.

tPR imposes a statutory obligation upon an Administering Authority and the Pension Board to report failures which are likely to be of material significance. All breaches of statutory requirements must be recorded in the breaches log and reported to the Pension Fund Panel, Pension Fund Advisory Panel and Pension Board. This log may also be published on the Pension Fund website and in the Fund's Annual Report. Where there is a material breach which represents a reportable event to tPR then the Regulator would expect to see an improvement plan implemented to rectify this position.

### 3.6 Circumstances for issuing notices of underperformance

The purpose of the Pension Administration Strategy is to secure improvement across the administrative processes of the Fund. Both the Fund and its Scheme employers need to play their part in meeting this objective. However, in areas of continuous poor performance the Fund has a statutory right to apply financial penalties and may ultimately do so but only as a matter of 'last resort'.

In accordance with Regulation 59(2)(e) of the Local Government Pension Scheme Regulations 2013, an Administering Authority has to consider the circumstances in which it may give a written notice to any of its Scheme employers under Regulation 70 of those Regulations (additional costs arising from Scheme employer's level of performance), on account of the Scheme employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established in accordance with this Pension Administration Strategy and associated Pension Administration Service Level Agreement.

The Fund will remind PLOs of the key targets on occasion and where individual cases are found to be significantly outside of the performance targets set, the Fund will provide the Scheme employer with case-tracking information to help the employer understand if structural or procedural changes need to be made.

However, where persistent failure occurs and no improvement is demonstrated by the Scheme employer and/or unwillingness is shown by the employer to resolve the identified issue, the Fund will contact the PLO for the employer to discuss the area of poor performance and to find a satisfactory solution. Where the poor performance continues a formal written notice will be issued to the employer and escalated to a senior officer for action.

The following are circumstances upon which the Administering Authority will issue written notices of unsatisfactory performance:

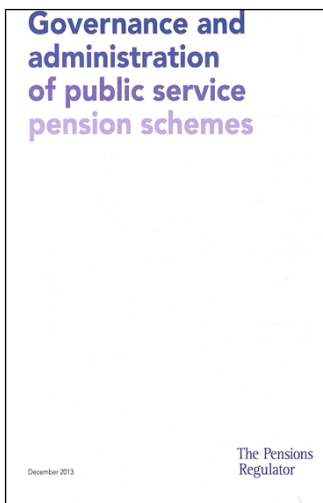
- Where, in the opinion of the Administering Authority, it has incurred additional costs as a result of a Scheme employer's unsatisfactory performance the Administering

Authority will give a written notice to the Scheme employer setting out the reasons for forming its opinion, the amount the Administering Authority has determined the Scheme employer should pay in accordance with Regulation 69(1)(d) and the basis upon which the amount has been calculated;

- Where a Scheme employer fails to make payment of employee and employer contributions by the 19<sup>th</sup> of the month following the period in relation to which the contributions were deducted;
- Where a Scheme employer persistently fails to provide the necessary documentation in support of the contribution payment;
- Where a Scheme employer has failed to settle an invoice for any additional costs arising as a result of their early retirement decisions within the prescribed 21-day deadline;
- Where a Scheme employer has failed to notify the Administering Authority that one of its employees has become entitled to the release of their pension benefits and, as a result of which, payment of any lump sum is made later than 30 calendar days from the date that pension benefits become payable.

On each occasion that any notice of unsatisfactory performance is issued it will be included in the Stewardship Report presented at meetings of the Berkshire Pension Fund Panel, Pension Fund Advisory Panel and Pension Board.

Where the Pension Fund has become liable to pay interest due to the unsatisfactory performance of a Scheme employer, consideration will be given to charging that interest payment to the appropriate Scheme employer.



Interest will be calculated in accordance with Regulation 71 of the Local Government Pension Scheme Regulations 2013 (one 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).

The Administering Authority will always assist the Scheme employer to resolve any issues but where persistent failure by a Scheme employer to meet payment deadlines can be evidenced, or where a Scheme employer continually fails to meet statutory requirements and/or the performance standards set out in the Pension Administration Service Level Agreement, further consideration will be given to whether or not that Scheme employer should be reported to the Pensions Regulator in line with Code of Practice number 14, 'Governance and Administration of Public Service Pension Schemes'.

Should the Fund incur any fine or charge for breach of its statutory duties which is as a result of a Scheme employer's performance failure, the Fund reserves the right to require the Scheme employer to reimburse it within 21 days of the fine or charge having been received by the Fund.

It is vital that all Scheme employers ensure that appropriate record-keeping is maintained and where they outsource their payroll, HR or pension administration functions to a third party, that the Scheme employer is clear that the legal responsibility for the provision of pension data to the Administering Authority lies with the Scheme employer and not the third party.

Scheme employers must therefore ensure, as part of any contract entered into with a third party, that the third party has sufficiently robust processes in place to fulfil the statutory duties of the Scheme and the performance levels set out in the Pension Administration Service Level Agreement.

See Annex 2 for a schedule of notices of unsatisfactory performance.

### 3.7 Disputes

The Fund has a clear internal disputes resolution procedure (IDRP) set out for members of the LGPS which can be found on the Pension Fund's website. Scheme employers are, however, required to nominate an adjudicator to deal with disputes at stage 1 of the process. Scheme employers are asked to supply the details of their stage 1 adjudicator as part of their discretionary policy statement and should advise the Fund immediately of changes made in this regard.

Where a Scheme employer is in dispute with a decision or action taken by the Fund, the Fund will in the first instance attempt to resolve the matter internally and may seek an independent senior mediator from within RBWM as the Administering Authority to make a final determination. Should this prove to be unsuccessful, a suitable, mutually agreeable and independent third party shall be appointed to determine the outcome of the matter.

## 4.0 REVIEW AND CONSULTATION PROCESS

The Fund will review this Strategy to ensure it remains up to date and meets the necessary regulatory requirements at least annually. A current version of the Strategy will always be available on the Pension Fund website.

In preparing this Strategy the Fund has consulted with Scheme employers and other persons considered appropriate. Where it is necessary to revise the Strategy all Scheme employers will be notified of the changes and advised where they can obtain a copy of the revised strategy.



## **ANNEX 1 – LEGISLATIVE FRAMEWORK FOR THIS STRATEGY**

### **Local Government Pension Scheme Regulations 2013**

#### **Pension administration strategy**

**59.**—(1) An administering authority may prepare a written statement of the authority's policies in relation to such of the matters mentioned in paragraph (2) as it considers appropriate ("its pension administration strategy") and, where it does so, paragraphs (3) to (7) apply.

(2) The matters are—

(a) procedures for liaison and communication with Scheme employers in relation to which it is the administering authority ("its Scheme employers");

(b) the establishment of levels of performance which the administering authority and its Scheme employers are expected to achieve in carrying out their Scheme functions 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 considers appropriate;

(c) procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;

(d) procedures for improving the communication by the administering authority and its Scheme employers to each other of information relating to those functions;

(e) the circumstances in which the administering authority may consider giving written notice to any of its Scheme employers under regulation 70 (additional costs arising from Scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);

(f) the publication by the administering authority of annual reports dealing with—

(i) the extent to which that authority and its Scheme employers have achieved the levels of performance established under sub-paragraph (b), and

(ii) such other matters arising from its pension administration strategy as it considers appropriate; and

(g) such other matters as appear to the administering authority after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

(3) An administering authority must—

(a) keep its pension administration strategy under review; and

(b) make such revisions as are appropriate following a material change in its policies in relation to any of the matters contained in the strategy.

(4) In preparing or reviewing and making revisions to its pension administration strategy, an administering authority must consult its Scheme employers and such other persons as it considers appropriate.

- (5) An administering authority must publish—
- (a) its pension administration strategy; and
  - (b) where revisions are made to it, the strategy as revised.
- (6) Where an administering authority publishes its pension administration strategy, or that strategy as revised, it must send a copy of it to each of its Scheme employers and to the Secretary of State as soon as is reasonably practicable.
- (7) An administering authority and its Scheme employers must have regard to the pension administration strategy when carrying out their functions under these Regulations.
- (8) In this regulation references to the functions of an administering authority include, where applicable, its functions as a Scheme employer.

### **Additional costs arising from Scheme employer's level of performance**

**70.**—(1) This regulation applies where, in the opinion of an administering authority, it has incurred additional costs which should be recovered from a Scheme employer because of that employer's level of performance in carrying out its functions under these Regulations.

- (2) The administering authority may give written notice to the Scheme employer stating—
- (a) the administering authority's reasons for forming the opinion mentioned in paragraph (1);
  - (b) the amount the authority has determined the Scheme employer should pay under regulation 69(1)(d) (payments by Scheme employers to administering authorities) in respect of those costs and the basis on which the specified amount is calculated; and
  - (c) where the administering authority has prepared a pension administration strategy under regulation 59, the provisions of the strategy which are relevant to the decision to give the notice and to the matters in sub-paragraphs (a) or (b).

### **Statements of policy about exercise of discretionary functions**

**60.**—(1) A Scheme employer must prepare a written statement of its policy in relation to the exercise of its functions under regulations—

- (a) 16(2)(e) and 16(4)(d) (funding of additional pension);
- (b) 30(6) (flexible retirement);
- (c) 30(8) (waiving of actuarial reduction); and
- (d) 31 (award of additional pension),

and an administering authority must prepare such a statement in relation to the exercise of its functions under regulation 30(8) in cases where a former employer has ceased to be a Scheme employer.

- (2) Each Scheme employer must send a copy of its statement to each relevant administering authority before 1st July 2014 and must publish its statement.
- (3) A body required to prepare a statement under paragraph (1) must—
- (a) keep its statement under review; and
  - (b) make such revisions as are appropriate following a change in its policy.

(4) Before the expiry of a month beginning with the date any such revisions are made, each Scheme employer must send a copy of its revised statement to each relevant administering authority, and must publish its statement as revised.

(5) In preparing, or reviewing and making revisions to its statement, a body required to prepare a statement under paragraph (1) must have regard to the extent to which the exercise of the functions mentioned in paragraph (1) in accordance with its policy could lead to a serious loss of confidence in the public service.

(6) In this regulation a relevant administering authority in relation to a Scheme employer, is any authority which is an appropriate administering authority for that employer's employees.

### **Statements of policy concerning communications with members and Scheme employers**

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

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

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

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

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

### **Pension fund annual report**

**57.**—(1) An administering authority must, in relation to each year beginning on 1st April 2014 and each subsequent year, prepare a document ("the pension fund annual report") which contains—

- (a) a report about the management and financial performance during the year of each of the pension funds maintained by the authority;
- (b) a report explaining the authority's investment policy for each of those funds and reviewing the performance during the year of the investments of each fund;
- (c) a report of the arrangements made during the year for the administration of each of those funds;
- (d) for each of those funds, a statement by the actuary who carried out the most recent valuation of the assets and liabilities of the fund in accordance with regulation 62 (actuarial valuations of pension funds), of the level of funding disclosed by that valuation;
- (e) the current version of the statement under regulation 55 (governance compliance statement);

(f) for each of the funds, the fund account and net asset statement with supporting notes and disclosures prepared in accordance with proper practices;

(g) an annual report dealing with—

(i) the extent to which the authority and the Scheme employers in relation to which it is the administering authority have achieved any levels of performance set out in a pension administration strategy in accordance with regulation 59 (pension administration strategy), and

(ii) such other matters arising from a pension administration strategy as it considers appropriate;

(h) the current version of the statement referred to in regulation 58 (funding strategy statement);

(i) the current version of the statement under regulation 12 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (statement of investment principles)(1);

(j) the current version of the statement under regulation 61 (statements of policy concerning communications with members and Scheme employers); and

(k) any other material which the authority considers appropriate.

(2) The authority must publish the pension fund annual report on or before 1st December following the Scheme year end.

(3) In preparing and publishing the pension fund annual report, the authority must have regard to guidance given by the Secretary of State.

## **Public Service Pensions Act 2013**

### **Administration**

#### **17 Regulatory oversight.**

(1) Schedule 4 contains provision relating to the regulation of schemes under section 1, new public body pension schemes and connected schemes.

(2) The Secretary of State may by order make—

(a) provision consequential on Schedule 4, and

(b) further provision for, or in connection with, the regulation of public service pension schemes within the meaning of the Pensions Act 2004 (as amended by that Schedule).

(3) The provision referred to in subsection (2) includes provision made by amending any legislation (including this Act).

(4) An order under this section may make different provision for different purposes.

(5) An order under this section is subject to—

(a) the affirmative procedure, if it amends primary legislation, and

(b) the negative procedure, in any other case.

## **SCHEDULE 4 Regulatory oversight**

Amends the Pensions Act 2004 to cover Public Service Pensions and the Pensions Regulator involvement.

#### **16 Records.**

(1) The scheme manager for a scheme under section 1 and any statutory pension scheme that is connected with it must keep such records as may be specified in regulations made by the Secretary of State.

### **The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014.**

#### **Records**

3. For the purposes of section 16 of the 2013 Act, the scheme manager for a public service pension scheme(1) must keep the records which are specified in regulations 4 to 6.

#### **Records of member and beneficiary information**

4.—(1) In respect of member and beneficiary information, the records which are specified are—

- (a) the name of each member and of each beneficiary;
- (b) the date of birth of each member and of each beneficiary;
- (c) the gender of each member and of each beneficiary;
- (d) the last known postal address of each member and of each beneficiary;
- (e) each member's identification number in respect of the scheme;
- (f) the national insurance number of each member who has been allocated such a number; and
- (g) in respect of each active member, deferred member and pensioner member—
  - (i) the dates on which such member joins and leaves the scheme;
  - (ii) details of such member's employment with any employer participating in the scheme including—
    - (aa) the period of pensionable service in that employment; and
    - (bb) the amount of pensionable earnings in each year of that employment.

(2) In respect of each member's rights and, where applicable, of each beneficiary's entitlement, to any benefits which are not money purchase benefits, injury benefits or compensation benefits under the scheme, the records which are specified are—

- (a) any formula or formulas used for calculating the member's or beneficiary's pension or benefit;
- (b) the percentage to be applied in respect of revaluation for each year to the member's accrued rights to benefits under the scheme; and
- (c) any increase to be applied to the pensioner member's or beneficiary's pension or benefit in payment in each year.

(3) In respect of each member's rights to any money purchase benefits under the scheme, the records which are specified are—

- (a) any investment decisions taken by, or in relation to, the member;
- (b) any investments held on behalf of the member; and



(c) any anticipated date of retirement notified by the member.

(4) In respect of pension credits under section 29(1)(b) of the Welfare Reform and Pensions Act 1999(1) (creation of pension debits and credits) or under article 26(1)(b) of the Welfare Reform and Pensions (Northern Ireland) Order 1999(2) (creation of pension debits and credits), the records which are specified are records of any information relevant to calculating each member's rights under the scheme which are attributable (directly or indirectly) to a pension credit.

(5) In respect of pension debits under section 29(1)(a) of the Welfare Reform and Pensions Act 1999 or under article 26(1)(a) of the Welfare Reform and Pensions (Northern Ireland) Order 1999, the records which are specified are records of any information relevant to calculating any reduction in each member's rights under the scheme which are attributable to a pension debit.

### **Records of transactions**

5. In respect of transactions, the records which are specified are—

(a) any employer contribution or member contribution paid in relation to each active member;

(b) payments of pensions and benefits including the date of the payment;

(c) except where the payment is a payment under paragraph (b) or (f), payments made by, or on behalf of, the scheme manager to any person including—

(i) the name and address of the person to whom payment was made; and

(ii) the reason for that payment;

(d) any movement or transfer of assets from the scheme to any person including—

(i) the name and address of the person to whom the assets were moved or transferred; and

(ii) the reason for that transaction;

(e) the receipt or payment of money or assets in respect of the transfer of members into or out of the scheme including—

(i) the name of that member;

(ii) the terms of the transfer;

(iii) the name of the scheme into or out of which the member has been transferred;

(iv) the date of the transfer; and

(v) the date of receipt or payment of money or assets;

(f) payments made to any member who leaves the scheme, other than on a transfer, including—

(i) the name of that member;

(ii) the date of leaving;

(iii) the member's entitlement at that date;

(iv) the method used for calculating any entitlement under the scheme; and

(v) how that entitlement was discharged;

(g) payments made to any employer participating in the scheme;

(h) any amount due to the scheme which has been written off in the scheme's accounts; and

(i) any other payment to the scheme including the name and address of the person from whom it is received and, where a payment is made in respect of a member, the name of the member in respect of whom it is made.

### **Records of pension board meetings and decisions**

6.—(1) In relation to any pension board meetings, the records which are specified are records relating to any such meeting including—

- (a) the date, time and place of the meeting;
- (b) the names of all the members of the pension board invited to the meeting;
- (c) the name of any person who attended the meeting and the capacity in which each attended; and
- (d) any decisions made at the meeting.

(2) In relation to any other decision made by the members of the pension board in the exercise of their functions as members of the pension board, the records which are specified are records relating to any such decision including—

- (a) the date, time and place of the decision; and
- (b) the names of the members of the pension board who participated in making the decision.

(3) In relation to any decision made by a committee or sub-committee of the pension board which has not been ratified by the pension board, the records which are specified are records relating to any such decision including—

- (a) the date, time and place of the decision; and
- (b) the names of the members of the committee or sub-committee who participated in making the decision.

### **Amendment of the Occupational Pension Schemes (Scheme Administration) Regulations 1996**

7. For regulation 16A of the Occupational Pension Schemes (Scheme Administration) Regulations 1996(1) (exemptions from the requirement to notify the Authority or the member of a late contribution payment) substitute—

#### **“Exemptions from the requirement to notify the Authority or the member of a late contribution payment**

**16A.**—(1) Subject to paragraph (3), where an amount corresponding to any contribution payable on behalf of an active member of an occupational pension scheme—

- (a) is deducted from that member’s earnings in respect of any employment; and
- (b) is not paid to the trustees or managers of the scheme within the period of 19 days beginning on the first day of the month after which the deduction is made,

the trustees or managers do not need to give notice of the failure to pay that amount within that period to the Authority or member in the circumstances specified in paragraph (2).

- (2) The specified circumstances are where the trustees or managers of the scheme are exempt from the requirement—

(a) to secure the preparation, maintenance and revision of a payment schedule for the purposes of section 87(1) of the 1995 Act (schedules of payments to money purchase schemes), by virtue of regulation 17(2); or

(b) to prepare, review and if necessary revise a schedule of contributions under section 227 of the 2004 Act (schedule of contributions), by virtue of any of subparagraphs (a) to (i) and (k) to (m) of regulation 17(1) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005(3).

(3) Paragraph (1) does not apply in circumstances where the scheme is a public service pension scheme.

(4) For the purposes of this regulation—

“the 2013 Act” means the Public Service Pensions Act 2013;

“connected”, “new public body pension scheme” and “statutory pension scheme” have the meanings given in section 37 of the 2013 Act (general interpretation);

“public service pension scheme” means—

- (a) a scheme established under section 1 of the 2013 Act (schemes for persons in public service);
- (b) a new public body pension scheme;
- (c) any statutory pension scheme which is connected with a scheme referred to in paragraph (a) or (b).”

### **Explanatory note for this amendment**

Under section 49 of the Pensions Act 1995 trustees or managers must notify the Pensions Regulator and the member where there is a late payment of a contribution where such late payment is likely to be of material significance to the Pensions Regulator’s function. Regulation 16A of the Scheme Administration Regulations sets out exceptions to that duty. The amendments mean that managers of public service pension schemes under the 2013 Act cannot benefit from the exception and will now be subject to the duty to notify.

## ANNEX 2 – WRITTEN NOTICES OF UNSATISFACTORY PERFORMANCE

1	In accordance with Regulation 69(1)(d), where, in the opinion of the Administering Authority, it has incurred additional costs in line with Regulation 70 as a result of a Scheme employer's unsatisfactory performance, the Administering Authority will give a written notice to the Scheme employer setting out the reasons for forming its opinion, the amount the Administering Authority has determined the Scheme employer should pay and the basis upon which the amount has been calculated.
2A	Failure to make payment of monthly employee and employer contributions by the 19 <sup>th</sup> of the month following the period to which the contributions relate will result in the Administering Authority issuing a written notice of unsatisfactory performance. Where a Scheme employer persistently fails to make payments within the statutory deadline and the Administering Authority considers that this is of a material significance, the Scheme employer will be reported to the Pensions Regulator.
2B	Where a Scheme employer persistently fails to provide the necessary documentation in support of the contribution payment the Administering Authority will issued a written notice of unsatisfactory performance.
3	Failure to make payment of a capital cost owing to the pension fund within 21 calendar days from the date of issue of an invoice will result in the Administering Authority issuing a written notice of unsatisfactory performance. This will be reported as part of a Stewardship report presented at meetings of the Berkshire Pension Fund Panel, Pension Fund Advisory Panel and Pension Board and steps may be taken to recover the amount of interest lost by the Pension Fund calculated in accordance with Regulation 71 of the Local Government Pension Scheme Regulations 2013.
4	Where as a result of the Scheme employer's failure to notify the administering authority of a scheme member's retirement, interest becomes payable on any retirement lump sum paid, the Administering Authority will issue a written notice of unsatisfactory performance. This will be reported as part of a Stewardship report presented at meetings of the Berkshire Pension Fund Panel, Pension Fund Advisory Panel and Pension Board and steps may be taken to recover the amount of interest lost by the Pension Fund calculated in accordance with Regulation 71 of the Local Government Pension Scheme Regulations 2013.

### NOTES

1. The Administering Authority has the power to charge a Scheme employer additional costs arising from the Scheme employer's level of performance in accordance with Regulation 70 of the Local Government Pension Scheme Regulations 2013 which will be referred to in all cases.
2. Payment of contributions is set out in clause 4.2.5 of the SLA.
3. Payment of capital costs is set out in clause 6.12 of the SLA.
4. Notifications of retirements is set out in clause 4.2.4 of the SLA. Regulation 71 of the Local Government Pension Scheme Regulations 2013 states that interest must be calculated at one 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. If late payment of a lump sum occurs as a result of a failure by the scheme member to provide information to the administering authority, the pension fund will be liable for the payment of any interest due.