



## Pension Fund Committee

<b>Date:</b>	<b>21st October 2021</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>Pension Administration Strategy (PAS)</b>
<b>Report of:</b>	<b>Zuzana Fernandes Payroll and Pension Specialist. Sarah Hay Strategic Pension Lead.</b>
<b>Wards Involved:</b>	
<b>Policy Context:</b>	<b>All Service Delivery</b>
<b>Financial Summary:</b>	<b>Negligible</b>

### 1. Summary

- 1.1. The move of the pension administration service from Surrey to Hampshire Pension Services (HPS) on the 8<sup>th</sup> of November 2021 has led the pension administration team to review a number of existing pension policies to ensure that they work with the fund's new administration partner. The Pension Administration Strategy (PAS) has therefore been amended to match the agreed working practices of Hampshire and to outline the expectations that the fund will have going forward for all employers. This paper and the attachment sets out the details of the new PAS and with the Committees consent, we will communicate details of the new arrangement ahead of our 8<sup>th</sup> of November go live date.

### 2. Introduction

- 2.1. Pension Administration Strategies (PAS) were first introduced into the LGPS regulations in 2008, and now fall under Regulation 59 of the LGPS 2013 Regulations.
- 2.2. Although they are not a legal requirement, a PAS provides a mechanism to formulate a service level agreement between the administering authority and the scheme employers. They cover a number of areas including procedures for co-operation and communication and set out the performance standards and expectations for employers and the administering authority.

- 2.3. A PAS also helps to improve governance arrangements, ensuring that scheme employers and City of Westminster Pension Fund (COWPF) work together to ensure compliance with The Pensions Regulator Code of Practice.
- 2.4. Regulation 59 states that the strategy must be kept under review and revised as appropriate. An administering authority must consult with its scheme employers and such other persons as it considers appropriate during this process.
- 2.5. COWPF agreed its first PAS effective from April 2017. The existing PAS set out a set of performance objectives for both the COWPF and for the fund employers. COWPF performance objectives were based on the agreed Key Performance Indicators (KPI) agreed with Surrey.

### **3. Strategy Revision**

- 3.1. The move to a new administration provider prompted a review of the existing PAS so that we could include details of our new administration partner. We also wanted to outline the requirement for employers to submit data via an employer portal and the timescales that we are asking employers to meet in relation to different data types
- 3.2. HPSs KPIs are different to those that fund had agreed with Surrey. Surrey did not deliver 100% on the KPI that had been agreed and were included in the 2017 PAS document. For example, in 2017 the fund committed to sending out retirement forms within 5 working days of receipt of relevant leaver information. HPS, for the same measurable is 15 days. The new PAS has increased the KPI timescales for the COWPF in line with the agreed working commitments of our new administration partner HPS. The difference is that HPS should be delivering at 100%.
- 3.3. The 2017 PAS included the option for COWPF to charge employers for the late or inaccurate provision of data set out against key measurables. However, COWPF was not meeting its agreed commitments under the PAS 100%, charging employers for their performance failure could have been seen as unbalanced.
- 3.4. The fund has had a number of data issues that have come to light in the last few years. The Committee are aware that the fund has spent funds on a number of data cleansing exercises in order to improve the quality of the data that we hold. A new PAS with a message to employers that where data is not submitted in a timely manner or is inaccurate, will result in employers being fined which we hope will result in data quality and costs overall being reduced. We also hope this leads to a better quality of service for all our fund members.
- 3.5. The charges outlined in the 2017 PAS are not significantly different to those we are proposing to include in our new PAS document. Costs for the late provision of new starter information and for retirements is £50 in both the 2017

version and the proposed new version. The timescale for delivery has been amended to 25 working days from the end of the month following the event in 2017. If charges are levied then it should only be done after we have attempted to engage with fund employers for the benefit of members. However, we cannot indefinitely ignore the fact that some employers are not providing statutory data in a timely way and this brings additional cost to the fund plus it's unsettling for members who should expect their pension fund records to be accurate.

- 3.6. With additional data requirements on employers as a result of the McCloud consultation, it's important that the fund develop a stronger engagement with it's employers to meet the requirements of members going forward.
- 3.7. The timetable for implementation is set out as follows. If the Committee approves the draft PAS or requires minor amendment, the PAS will be sent to all employers in the week following committee advising them that this is the new PAS and that the effective date will be the 8<sup>th</sup> of November. We will ask employers for any feedback in relation to the PAS and update the Committee on the response at the next meeting. Please note that although the fund has a duty to consult with all employers, it is for the fund to determine what standards it sets for the benefit of members.
- 3.8 The PAS is a mechanism to help set out the relationship between the COWPF and the fund employers. It is not the only mechanism open to our fund and we intend to work collaboratively with the fund employers. One of the reasons that HPS will be a different administration partner to Surrey is that they have a dedicated employer team ready to support employers with all aspects of the LGPS. The internal team will be working with HPS and fund employers to ensure that support is offered to help employers where it is reasonable for the fund to do so.
- 3.9 The proposed new PAS is attached as an appendix to this report for reference

#### **4. Conclusion**

- 4.1. We are asking the Committee to support the new draft PAS or suggest any amendment they would like to see. With the committee's support we will send out the new PAS to employers in the next few days
- 4.2. We will advise the Committee of any employer response received to the new PAS at the next Committee meeting.