

Date:	30th November 2023
Classification:	General Release
Title:	Update on Pension Administration Strategy (PAS)
Report of:	Strategic Pension Lead Sarah Hay
Wards Involved:	All
Policy Context:	
Financial Summary:	N/A

1. Introduction

1.2 This report summarises the proposal to update the City of Westminster Pension Fund (COWPF) Pension Administration Strategy with effect from April 2024.

2. Pension Administration Strategy (PAS)

2.1 Pension Administration Strategies are recommended Local Government Pension Scheme (LGPS) documents as covered by Regulation 59 of the 2013 LGPS regulations. The PAS should set out the roles and responsibilities of both the Administering Authority and the Fund employers.

2.2 The COWPF has had a PAS for several years, and this was last revised when we moved our pension fund administration to Hampshire Pension Services (HPS) in November 2021.

2.3 The PAS we have has allowed us to fine employers when they have been slow to submit member data including missing leaver data. In addition, we have also used our PAS to fine employers where they were not sending us the relevant remittance and schedule information or not correcting errors with payments in a timely manner.

2.4 The PAS has been an important tool in the Fund eliminating the backlog of over 611 cases that came with us from our prior administration partner until now. With our data much improved now appears to be the time to revise the PAS increases the scope of potential PAS charges as an added incentive for employers to ensure that they build on the progress made in the last couple

of years.

- 2.5 The revised PAS is included as an attachment with this report.
- 2.6 Some of the main changes are an increase in the PAS charge for the submission of starters and leavers to £100 per case from £50. It should be noted that following last year's annual return the fund still had 75 missing starters and 90 missing leavers plus 178 members with missing data many of which would have been leavers identified when we processed the 22/23 annual returns. Although the Funds employers have cleared up most of the data issues and the number of queries had reduced from the prior year, we need to make sure employers are fully on board sending us data in a timely manner for the sake of members. If we don't control the data coming into us going forward, we could accrue another backlog.
- 2.7 In addition I have increased the PAS charge to £250 for retirements and leavers where the member is immediately entitled to payment of their benefits. This is to represent the risks to the fund in this data being delayed and the impact it may have on members who could be relying on their pension.
- 2.8 The charge for late or inaccurate remittance and schedules has increased to £100 per document. We have a common ongoing issue with some employers that payment is a day or so late, they send in remittance documents that don't match payments. The remittance and schedule don't match, whilst we do work very closely with employers and with one of the bulk payrolls providers, we have monthly meetings to resolve issues we need to add some more incentives to employers to get what I consider the basics correct particularly when we have had multiple discussions. I have therefore also added a potential additional PAS penalty of £500 if there were multiple issues in a 12-month period.
- 2.9 Finally the Pension Board has been advised that we have for the first year advised our employers under the HPS Employer Benchmarking System of their scores. You can see below we have scores for 21/22 but these were not shared as we concentrated on backlog work.

Timeline ss	2023			2022		
	30 April or before	Between 1 and 31 May	1 June or after	30 April or before	Between 1 and 31 May	1 June or after
Return received	Green	Amber	Red	Green	Amber	Red
Rating	Green	Amber	Red	Green	Amber	Red
No. of employe rs	21	13	0	22	13	0
% represe nted	62%	38%	0%	63%	37%	0%

Financial Control	2023			2022		
	No reconciliation issues	Minor reconciliation issues/quickly resolved	Major reconciliation issues and/or slow/failed to respond	No reconciliation issues	Minor reconciliation issues/quickly resolved	Major reconciliation issues and/or slow/failed to respond
Rating	Green	Amber	Red	Green	Amber	Red
No. of employers	33	1	0	31	1	3
% represented	97%	3%	0%	89%	3%	8%
Data Quality	2023			2022		
	Data quality good	Minor data quality issues, quickly resolved	Major data quality issues and/or slow/failed to respond	Data quality good	Minor data quality issues, quickly resolved	Major data quality issues and/or slow/failed to respond
Rating	Green	Amber	Red	Green	Amber	Red
No. of employers	6	18	10	6	11	18
% represented	18%	53%	29%	17%	32%	51%

- 2.10 The Board can see that there was an improvement between 21/22 and 22/23. In the most important category data quality, we had 18 employers with major data quality issues in 21/22 and that had reduced to 10 employers in 22/23 although it appears there is still work to do.
- 2.11 In the PAS I have introduced a fine of £1000 for an employer that has three years of red or failing data quality in a row from the year 22/23. I would point out that any employer in that position would have had already accrued PAS charges for missing joiners and leavers likely and we do warn employers before the submission on the annual return to make sure their data is accurate. Three years effectively gives any employer the chance to remedy the situation before this penalty would be imposed.

2.12 The long-term aim would be to further develop the PAS and build out the Administering Authority roles and responsibilities. However, for now I would like to go out to the employers and consult with them on going live with this updated PAS with effect from the 1st of April 2024.

3. Summary

3.1 I am asking the Pension Board to decide if they are agreeable to the approach of the revised PAS with increased potential charges.

3.2 Any suggestions the Board would like to the PAS will be considered and I welcome your suggestions.