

CITY OF  
WOLVERHAMPTON  
COUNCIL

# Pensions Board

3 July 2018

<b>Report title</b>	Pension Administration Strategy 2018		
<b>Originating service</b>	Pension Services		
<b>Accountable employee(s)</b>	Simon Taylor Tel Email	Head of Pensions 01902 554276 Simon.taylor2@wolverhampton.gov.uk	
<b>Report to be/has been considered by</b>	Rachel Brothwood Tel Email	Director of Pensions 01902 551715 Rachel.brothwood@wolverhampton.gov.uk	

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**Recommendation for noting:**

The Board is asked to:

1. Note the revised draft Pension Administration Strategy

## **1.0 Purpose**

- 1.1 To outline the revisions made to the Pension Administration Strategy (PAS) and the publication of an associated Employer Engagement Roadmap, as approved by Pension Committee on 20 June 2018, with the revised strategy being implemented from July 2018.

## **2.0 Background**

- 2.1 Under the LGPS Regulations, the Fund may produce and publish a PAS and should ensure it is regularly reviewed and revised as appropriate. The PAS sets out a framework for assessing Fund and employer performance standards developed to ensure delivery of a cost-effective and quality pensions administration service.
- 2.2 The Fund published the latest version of its PAS in 2017. The strategy is kept under review and revised to reflect changes to LGPS regulations and Fund policies.
- 2.3 Through the PAS the Fund aims to:
- Enable provision of a high-quality pension service to all Fund members
  - Set out the quality and performance standards expected of the Fund and its scheme employers;
  - Promote good working relationships and improve efficiency of the exchange of information between the Fund and its scheme employers.
- 2.4 The PAS is a critical document in outlining responsibilities and setting expectations for both Fund and employer administration performance to ensure delivery of statutory functions and a quality service to members. The strategy enables the Fund to manage and, if necessary, re-charge costs where performance falls below the standards required. The PAS is increasingly significant in the context of greater employer numbers and diversity, the involvement of more payroll providers and greater scrutiny from the Pensions Regulator. It is also key to efficient record keeping and outlining the support available to employers from the Fund to help achieve the required level of performance.
- 2.5 The PAS covers primary matters as outlined in the Regulations such as payment of contributions to the scheme and member information together with the key undertakings and responsibilities of both the Fund and participating employers.
- 2.6 The PAS confirms the expected levels of performance and provides details about the action(s) that might be taken where poor performance or non-compliance occurs.

## **3.0 Changes to the strategy and the employer consultation**

- 3.1 The Fund undertook an internal review of the PAS early in 2018, primarily to reflect the move from annual data collection to monthly data submissions, but also to include outstanding data and extended coverage of business as usual activity, which are critical elements in scheme record keeping and the production of annual benefit statements.

Key aspects of the review included an update of the roles and responsibilities of both employers and the Fund and the associated performance measures. As a result, the revised strategy incorporates changes to policy and working practices to be effective from July 2018.

3.2 The updated strategy includes and reflects:

- Change from annual to monthly data submissions and amendments to key roles and responsibilities as a result
- Greater reference to support available from the Fund
- Changes made to the charging and re-charging structure in the event of poor performance. The level and structure of charges have been reviewed to align to the monthly data submission process whilst maintaining transparency and proportionality.
- Reference to an employer engagement roadmap created to align to PAS
- Review of the timescales specified to again reflect the move to monthly data submissions and to ensure a balance between administering the scheme in line with the regulations and meeting member expectations, factoring in the practical constraints of employer systems and processes, and efficient delivery of information.

3.3 The draft PAS (appendix A) was issued to participating employers for consultation on 14 May 2018 and consultation ended on 8 June 2018. As part of the consultation process, the Fund invited a group of the largest employers to a meeting held at the Fund's offices on 6 June 2018. These employers included the seven Metropolitan Councils and representatives from the Employer Peer Group. The purpose of this meeting was to enable these employers to provide feedback and discuss any concerns directly with Fund officers.

3.4 Aligned to the PAS, an Employer Engagement Roadmap (appendix B) has been produced to outline the two-way engagement process between the Fund and participating employers. The purpose of the Engagement Roadmap is to outline the framework available to support performance improvement and the steps the Fund will take (including escalation) where any issues with performance are not being addressed and where the engagement and further support is unsuccessful. Consultation on the Engagement Roadmap has included the Employer Peer Group and the meeting with the largest employers on 6 June 2018.

3.5 The Fund has considered feedback from the Employer Peer Group, the meeting on 6 June 2018 and from the wider employer base in general with amendments to the PAS and/or the Employer Engagement Roadmap, made as appropriate. A summary of feedback and comments received is included in appendix C along with the associated changes made to the draft documents.

#### **4.0 Implementation of the PAS and Employer Engagement Roadmap**

- 4.1 Following the employer consultation and approval from Pensions Committee, the final versions of the PAS and Employer Engagement Roadmap are effective from 1 July 2018. These final versions will be issued to employers and uploaded onto the Fund's website.
- 4.2 The Fund will continue to monitor both employer and Fund performance in line with the PAS and keep the strategy under review the content to ensure it remains up to date and fit for purpose.

#### **5.0 Financial implications**

- 5.1 There are financial implications associated with this report in that the PAS includes the Fund's approach to the application of charges and re-charges in the event of non-compliance with key performance standards set out for participating employers.

#### **6.0 Legal implications**

- 6.1 The Fund has a legal duty to meet with legislation and statutory best practice, failure to do so may open the fund to challenge from the Pensions Regulator or the Scheme Advisory Board.
- 6.2 The Fund is able to impose penalties on employers (to cover any fines or costs incurred) through its adopted pension administration strategy.

#### **7.0 Equalities implications**

- 7.1 There are no implications contained within this report

#### **8.0 Environmental implications**

- 8.1 There are no implications contained within this report

#### **9.0 Human resources implications**

- 9.1 There are no implications contained within this report

#### **10.0 Corporate landlord implications**

- 10.1 There are no implications contained within this report

#### **11.0 Schedule of Appendices**

- 11.1 Appendix A – draft Pensions Administration Strategy
- 11.2 Appendix B – draft Employer Engagement Roadmap
- 11.3 Appendix C – Summary of employer feedback

**12.0 Schedule of background papers**

12.1 There are no background papers associated with this report.