



City of Westminster

Westminster Pension Administration Strategy

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1. Introduction

The delivery of a high quality, cost effective pensions administration service is not just the responsibility of the Administering Authority (Westminster City Council), it also depends upon collaborative working with all stakeholders to ensure that Scheme members, and other interested parties, receive the appropriate level of service and ensure that statutory requirements are met.

The aim of this Pension Administration Strategy (PAS) is to ensure that the Administering Authority along with their Admitted and Scheduled body employers are aware of their responsibilities under the Local Government Pension Scheme (LGPS).

This document also shows the relationship and details the split of responsibilities between the Administering Authority and the Admitted and Scheduled body employers (Employers).

For clarity Westminster acting as Administering Authority (WAA) for the pension fund will treat Westminster the main fund employer (WFE) exactly the same as all the other fund employers.

It should be noted that the Administering Authority is working with Surrey County Council (SCC) to provide the main pension administration service to all fund employers under a 101 shared service arrangement.

Throughout this document contractual and best practice levels of performance are referenced with the aim of incrementally improving the provision of timely accurate data and levels of pension administrative services.

Failure to comply with the standards shown in this document could result in charges being levied by the Administering Authority to Employers in accordance with the terms set out in the schedule of charging in Section 6.

2. Pension Administration Strategy Statement

This statement sets out the aims and objectives of the PAS and references other documents which together make up the overall pensions administration management system.

Statutory background

Regulation 59 of the Local Government Pension Scheme Regulations 2013 (LGPS 2013) enables an Administering Authority to prepare a document detailing administrative standards, performance measurement, data flows and communication vehicles with Employers.

Regulation 70 of the LGPS 2013 allows an Administering Authority to recover costs from an Employer where costs have been incurred because of an Employer's non-compliant level of performance in carrying out its functions under the Regulations.

Aims & Objectives

In creating this strategy, the aim of the Administering Authority is to have in place a pension management system that meets the needs of the stakeholders by:

- clarifying the roles and responsibilities of all the major stakeholders
- ensuring the services provided by all the major stakeholders are accessible, equitable and transparent
- assisting Employers to provide the effective provision of timely and accurate data

To support these aims this PAS document introduces:

- the standard of expected service between the Administering Authority and Employers
- a schedule of charges that apply when standards of service fall below expectations
- a strategy in place to develop web enabled services for Employers and employees.

Other documents which make up the overall strategy

- Local Government Pension Scheme Communications Policy

3. Roles and responsibilities

Administering Authority

The responsibilities of the Administering Authority are:

1. To decide how any previous service or employment of an employee is to count for pension purposes, and whether such service is classed as a 'period of membership'.
2. To notify each member regarding the counting of membership in the scheme following notification from the members employer of the relevant service details.
3. To set up and maintain a record for each member of the scheme which contains all the information necessary to produce an accurate benefit calculation following the employer providing useable and accurate financial data.
4. To calculate and pay the appropriate benefits at the correct time, based on membership details held the termination date and the final pay details provided by the employer when an employee ceases employment, or ceases membership of the Scheme.
5. To supply beneficiaries with details of their entitlements including the method of calculation.
6. To set up and maintain a record for each pensioner member.

7. To increase pensions periodically in accordance with the provisions of Pensions Increase Acts and Orders.
8. To pay benefits to the correct beneficiaries only and to take steps to reduce the possibility of fraud taking place.
9. To ensure that sufficient information is issued to satisfy the requirements of Regulation 61 of the LGPS 2013. This relates to fund communication more details are contained within section 4 of this document or alternatively see the communications policy which is also available on the Westminster Pension fund website.
10. To maintain an appointed person for the purposes of the scheme internal dispute resolution procedure (IDRP). The appointed person will in general be the Director of People Services or where the Director had previously been involved in the case an officer of equivalent level will be asked to make a determination. The appointed person will be able to access advice from the funds appointed legal advisors where necessary.
11. To appoint all necessary advisors to enable the appointed person to perform the duties required by the IDRP.
12. To appoint an actuary for the purposes of the triennial valuation of the Pension Fund and provide periodical actuarial advice when required.
13. To arrange and manage the triennial valuation of the pension fund.
14. To ensure compliance with the Data Protection Act 1998.
15. The Administering Authority and its agents will respond to queries from employer's external or internal auditors within 5 working days or advise when a full response can be sent if not possible within that time frame.
16. The Administering Authority and its agents will respond to relevant Freedom of Information requests within 14 working days if possible or advise when a full response can be sent if not possible within that time frame.
17. The Administering Authority will reply to any Pension Ombudsman query within 30 days of receipt or advise of reason for further delay.

Employers

The main duties of the Employer are:

1. To decide who is eligible to become a member of the Scheme. The employer must abide by any admission agreement entered into with the administering authority if applicable. If there is a closed admission agreement only the named employees can be entered into the LGPS.
2. To decide whether that person is employed in a full time, part time, variable time or casual capacity. If the employee is part time the employer must

determine the proportion which the employees' contractual hours relate to the hours of a comparable full time employee.

3. To determine the pay of employees for the purposes of calculating the pension contributions.
4. To determine final pay for the purposes of calculating benefits due from the Scheme.
5. To issue a notification to any employees who cannot become members of the Scheme explaining the reason(s) why.
6. Where, after reasonable efforts, an employee fails to provide information relating to previous service, provide basic information to the Administrating Authority.
7. At cessation of membership of the Scheme, to determine the reason for leaving and entitlement to benefit and notify the Administrating Authority and the Scheme member of the decision.
8. To supply timely and accurate information to the Administrating Authority to ensure the correct calculation of benefits payable from the Scheme.
9. To deduct Additional Voluntary Contributions (AVCs) from a member's pay and pay over to the provider within the statutory deadlines.
10. To be responsible for exercising the discretionary powers given to Employers by the regulations. These regulations also require the Employer to publish its policy in respect of these key discretions.
11. To provide a notice, drawing the employee's attention to their right of appeal under the LGPS, with any statement issued to an employee relating to any decision made about the Scheme.
12. To use an Independent Registered Medical Practitioner qualified in Occupational Health medicine that has been approved by the Administrating Authority in determining ill health retirement.
13. To repay to the Scheme member any incorrectly deducted employee's contributions.
14. To provide the Administrating Authority with Monthly and Year-end information as at 31 March each year in an approved format.
15. To provide the Administrating Authority with an audited copy of the final statement which shall also contain the name and pensionable pay of each employee who is an active member, the amounts which represent pension deductions from pay for each of those employees and the periods covered by the deductions and any other information requested. The information should

also distinguish those amounts representing deductions for voluntary contributions and the employees paying those voluntary contributions.

16. To be responsible for complying with the requirements for funding early retirement for whatever reason as required by the Administering Authority using actuary factors.
17. To cover any professional costs for legal or actuarial services that are incurred by the administering authority on behalf of any employer investigating any amendment in relation to its members of the scheme. An example of this would be where an (transferee) employer wishes to tupe eligible staff to another employer (transferor) and the transferor wishes to become an admitted body within our fund. The transferee employer would be expected to meet the actuarial and legal costs associated with the process and will be invoiced for this. Costs may occur in other circumstances where employers require an individual response on either a legal or actuarial matter.
18. Pay the Administrating Authority interest on payments due from the Employer which are overdue by more than one month.
19. Where a member leaves the Scheme and full contributions have not been deducted for whatever reason, immediately make payment of outstanding member's and Employer's contributions to the Administrating Authority.
20. To ensure compliance with Data Protection Act 1998.
21. The employer and its agents will respond to queries from the Administering Authorities external or internal auditors within 5 working days or advise when a full response can be sent if not possible within that time frame.
22. The employer will reply to the Administering Authority on any query relating to a Pension Ombudsman issue with 14 days of request to allow the Administering Authority to respond to the Pension Ombudsman.
23. The employer must advise the Administering Authority of any change of contact details for the payroll or finance functions for communication purposes.
24. The employer is responsible for all Auto enrolment functions and must advise the Administering Authority of anyone auto enrolled as per the normal new starter process. Employers are advised to contact the pension regulator directly if they have any queries see link to website.
<http://www.thepensionsregulator.gov.uk/>

4. Liaison, engagement and communication strategy

The Administrating Authority will issue and annually review their Local Government Pension Scheme Communications Policy.

The policy will include a strategy for communicating with:

- Scheme Members
- Members' Representatives
- Prospective members
- Employers participating in the Fund

This policy document will set out the mechanisms that the Administrating Authority will use to meet their communication responsibilities it will also include details of what is communicated and the frequency.

Annually the Administrating Authority will issue an engagement plan that will include events for employers, members of the scheme and perspective members of the scheme.

The Communications policy will be updated on the Westminster Pension Fund where it can be found under the Forms and Publications sub heading under the About us main tab.

See link to the pension fund website below.

<http://www.wccpensionfund.co.uk/>

5. Standard of expected service between the Administrating Authority and the employers

| Who * | Administration Description | Performance Targets |
|-----------|---|---|
| | <u>New Starters and Transfers In</u> | |
| E | <p>New starter: The Employer must advise all eligible employees of their membership of the scheme. Members should be given the details of the Pension Fund website http://www.wccpensionfund.co.uk/</p> <p>Members must be advised that transfers into the scheme must be requested in the first year of joining or thereafter at their employer's discretion.</p> <p>Members must be advised that all necessary forms and contact details are available on the Pension Fund website.</p> | On the first day of the members employment if not provided prior to the start. |
| E | <p>New scheme member: Employer to send to the Administrating Authority the details of the new member. Completing the new starter form available on the website or by sending a file in an approved format by WAA to SCC.</p> | Details to be provided to SCC by the last working day of the month following the first payroll deduction of pension. |
| AA | <p>New scheme member Administrating Authority to create a new pensions record from the completed notification from the Employer.</p> | By the last working day of the month following the data submission by the employer. |
| AA | <p>New scheme member: Administrating Authority to request a transfer quote from the new member's previous scheme.</p> | Within 30 days of receipt of authorisation from the employee. If transfer factors are currently available. If not the member is to be advised of the delay within the same timescale. |
| AA | <p>New scheme member: Administrating Authority to credit member record with membership due from transfer of previous pension benefits.</p> | Within 30 days of receipt of payment from previous scheme. |
| AA | New Scheme member: | |

| | | |
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| | Notification of service purchased by an incoming transfer to be provided to the scheme new member. | Within 30 days of receipt of the all the information |
| | <u>Existing members and schemes</u> | |
| AA | Changes to data which materially affect actual or potential benefit calculations to be processed and provided to the member concerned. | Within 30 days of occurrence or receipt of all necessary information, whichever is later. |
| AA | Admissions and Inter Fund Adjustment (IFA) in to be notified to the members concerned. | Within 30 days of receipt of all necessary information. |
| AA | Transfers and Inter Fund Adjustment IFA out to be notified to the receiving scheme. | Within 30 days of receipt of all necessary information |
| AA | The terms of purchasing additional pension to be notified to the member concerned. | Within 15 days of receipt of all necessary information. |
| AA | Refund of contributions, where due under the Regulations, to be calculated and paid. | Within 14 days of receipt of all necessary information |
| AA | Upon notification of a death notification of a pensioner; arrangements put in place for pension payments to cease immediately. | Within 1 working day of receipt of all necessary information |
| AA | Letters will be sent to next of kin or other relevant party. | Within 5 days of receipt of notification of a death or within 5 days of receipt of all relevant information. |
| | Setting up of any dependents pension. | Within 14 days of receipt of all necessary information. |

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| | <u>Leavers and Transfers out</u> | |
| E | Leaver: Employer to send the Administrating Authority a completed leaver notification. | By the Last working day of the month following the month in which the members final pensionable pay was processed. |
| AA | Leaver: Administrating Authority to issue a statement of deferred benefits as appropriate. | Within 30 days of receipt of all necessary information. |
| AA | Leaver: Administrating Authority to issue quote for Cash Equivalent Transfer Value (CETV). | Within 30 days days of receipt of all necessary information. |
| E | Retirements: Employer to send the Administrating Authority a completed notification. | By the final working day of the month in which the members final pay is processed but employers should be looking to provide leavers |

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| | | final details to SCC before the member leaves if possible to do so. |
| AA | Retirements: Administrating Authority to send benefit options to member together with relevant forms required for payment of retirement benefits. | Within 5 working days of receiving notification from the Employer. |
| AA | Retirements: Administrating Authority to arrange the payment of Lump Sum. | Within 5 working days of receiving all required information from the Employer and the Member. |
| AA | Retirements: Administrating Authority to arrange payment of Annual Pension (paid monthly). | The pension to be processed on the next available pay period following the release of any lump sum and the member notified in writing. |
| AA | Deferred Benefits Into Payment: Administrating Authority to send a letter to the leaver that includes the benefits that are payable and/or the options for early payment (together with relevant forms to enable payment). | Within one month of the potential due date of any benefit into payment SCC will write to the member. |
| | <u>Deductions</u> | |
| E | Monthly deductions: Employer to send funds and schedule of deductions from salary to the Administering Authority. | By the 19th day of the month following the month in which contributions were deducted. |
| | <u>Pensioners</u> | |
| AA | Payslips: Every pensioner to receive a monthly pension advice payslip in the months of April and May. Thereafter, a hard copy payslip will be generated only where the net pension alters by ten pounds (£5) or more from the previous month. | Pensioners can access all their payslips via the member self-service option on the website. http://www.wccpensionfund.co.uk/ 3 Working days prior to pay day. |
| AA | Increases: Notify the pensioners of the increase and its effect on their pension by standard letter. | In the month of the payment increase. |
| | <u>Advisory & Communications</u> | |
| AA | Contact centre Answer phone calls and deal with queries from members and employers. | On working days between the hours of 9.00 am and 5.00 pm. |
| | <u>Complaints</u> | |
| AA | All complaints to be acknowledged. A full written response to a complaint must be sent to the complainant. | Within 5 working days. Within 20 working days of its receipt by Surrey, subject to all necessary information being available to Surrey to enable a full response to be given. |

* Body responsible for the action

6. Pensions Administration Strategy - Schedule of Charging

Westminster acting as Administering Authority (**WAA**) wishes to support its fund employers to enable them to provide all relevant data to both members and to WAA as per the requirements of the PAS set out above. Any employer who is unclear on the requirements of the PAS or is struggling with any aspect of the requirements should inform WAA of any concern as soon as possible, WAA will provide support where it can. WAA's first priority is to ensure compliance for the benefit of members and employers, ensuring that accurate data is stored for members. That pension can be processed quickly and accurately when required and that WAA and its employers all meet their statutory obligations.

Where additional costs have been incurred by the Administering Authority as a direct result of an Employer's poor performance these costs will be recovered from the Employer.

The Administering Authority will give the reasons for doing so in accordance with the regulations.

In addition to the schedule below other circumstances could generate a charge:

- Instances where the performance of the Employing Authority has resulted in fines being levied against the Administering Authority by the Pension Regulator, Pensions Ombudsman, HMRC or other regulatory body.
- Additional cost incurred in providing specialist third party advice in administering the Scheme on behalf of the employer, including but not exclusive to actuarial services, occupational medical practitioner services and legal services.
- Persistent failure to resolve issues in a timely and satisfactory fashion.

In these circumstances the Administering Authority will set out the calculations of any loss or additional cost incurred, in writing, stating the reason for the cost(s) and the basis for the calculation.

WAA will monitor aspects of the PAS on a quarterly basis, the aspect monitored may change and not all employers' data will necessarily be reviewed on each occasion. WAA will be reviewing data from SCC to ensure its own compliance which will be reported on to the Pension fund Committee and the Pension board. WAA will also seek evidence from SCC of employer compliance with the PAS but may also request data directly from the employer who will be expected to respond with relevant evidence or assurance of compliance where relevant. If an employer does not respond to any request for information within **30 days** of request then this will also be chargeable at **£200** an occasion.

| Administration Description | Performance Targets | Charge |
|---|--|------------------------------------|
| <u>New Starters and Transfers In</u> | | |
| New scheme member: Employer to send to the Administrating Authority the details of the new member. | Within 25 working days after the start date. | £50 per case |
| <u>Leavers and Transfers out</u> | | |
| Scheme Leaver: Employer to send the Administrating Authority a completed leaver notification. | Within 25 working days from the employee's last day in the Scheme. | £50 per case |
| Retirements: Employer to send the Administrating Authority a completed notification. | At least 15 working days before their final paid day of work. | £50 per case |
| <u>Deductions</u> | | |
| Monthly deductions: Employer to send funds and schedule of deductions from salary to the Administering Authority. Payment of Other Sums Due: Employers should make payment of any invoiced sums as set out within this PAS within 30 days of invoice date. | By the 19th day of the month following the month in which contributions were deducted. | £100 per instance of late payment. |

7. Strategy to develop web enabled services for employers and employees.

In 2016/17 the Administrating Authority will implement, develop and engage employers in an on line portal. Initially, the portal will be used for data sharing with employers and information communication with employees.

Whilst forms will be restricted to being downloaded completed and resent, it is anticipated that the portal will be developed to allow members of the scheme to self-serve e-forms direct to the scheme administrators.

8. Further Information

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