

# **LOCAL GOVERNMENT PENSION SCHEME**

## **SERVICE LEVEL AGREEMENT**

## 1. INTRODUCTION & PERIOD OF AGREEMENT

- **The Agreement**

This agreement is between the Service Provider and Lancashire County Council, as administering authority for the Lancashire County Pension Fund, for the provision of a range of pension administration services and support as prescribed within the agreement.

The agreement is for the administration of the Local Government Pension Scheme (LGPS) (as amended) as specified in The Local Government Pension Scheme Regulations (as amended) and the associated Local Government Discretionary Compensation Regulations (as amended).

The administering authority delegates its responsibilities for the administration of the Local Government Pension Scheme via this Service Level Agreement as set out in the Funds Governance Policy Statement (as amended).

- **Service Specification**

A range of services are specified in this agreement and performance standards have been incorporated into the service specification.

Monthly performance statistics will be provided to the administering authority showing performance achievement relative to the standards as shown in Section 3 of this agreement. A meeting will be convened where there is any significant shortfall of service standards (ie an overall average of 5% or more) by the Treasurer to the Lancashire County Pension Fund to ensure that an action plan is instigated to rectify the matter. If service standards remain consistently below the agreed standards a full review of the SLA will be invoked.

- **Period of Agreement**

This agreement will remain in force until terminated in line with the provisions set out in overarching contractual arrangements.

The agreement will also be subject to review as and when any legislative change arises affecting the terms of the agreement and, in any case, will be reviewed annually.

- **Outline**

The Service Provider will deliver the following pensions administration services

- A fully managed service covering all aspects of pension administration for all Scheme Members from new starters to retirements through to a pensioner payroll facility.
- Provision of a 24 hour customer service centre and a dedicated web link allowing electronic interaction for both Scheme Members and their employers;

- A dedicated Pensions Liaison Officer and annual on site surgeries in each District Council area and at least one annual conference/event
- Annual newsletters to all Scheme Members.
- A full annual report encompassing overall performance, volumes of processing undertaken over the year as well as an update on events and activities over the year.

## 2. SERVICE SPECIFICATION

### Communications

In delivering the Services, the Service Provider will provide information in compliance with overriding statutory requirements, in particular; The Occupational Pension Schemes (Disclosure of Information) Regulations (as amended).

Where appropriate, the Service Provider will comply with the requirements of Fund's Communication Policy Statement.

Where possible, and in connection with delivery of the Services by the Service Provider, communication / information will be available in various media including; website, face to face, telephone, email, surgeries, conferencing and paper mail.

### Scheme Information

New Starter information and documentation will be available to enable all new members to complete relevant details. The information and documentation will be provided by the Service Provider and issued by the relevant Scheme Employer. New Starter information will include brief scheme guides

A New Starter statement will be issued to new members by the Service Provider setting out start date of scheme membership.

A comprehensive scheme guide will be available from the Service Provider for all members and employers on request.

Fact sheets will be available as appropriate, providing Scheme Members and employers with information relating to specific pension scheme topics.

Scheme Employer bulletins will be provided as and when appropriate. Scheme changes affecting employers and the Scheme Members will be communicated by bulletin as a matter of course.

New Employer information will be available on request

A comprehensive Employer Guide will be available for all Scheme Employers in respect of the Local Government Pension Scheme.

AVC booklets will be available on request. Annual AVC statements will be distributed to relevant members.

Copies of the Actuary's triennial valuation report will be distributed to all employers including notification of employers contribution rates

#### Member and Employer Liaison

A senior contact will be provided in respect of all aspects of communication with Scheme Members and Scheme Employers. In addition a Pensions Liaison Officer will be appointed to provide an operational service for Scheme Employers

The Pensions Liaison Officer will undertake annual visits to Scheme Employers with more than 100 active Scheme Members. The terms of a Pensions Administration Strategy Statement will form the focus of these visits. The Pensions Liaison Officer will arrange and facilitate annual on site surgeries in each District Council area and at least one annual conference/event.

A dedicated helpdesk & email facility will be available via a 24 hour customer service centre providing a single point of access for general information for Scheme Employers and Scheme Members.

Annual Newsletters will be provided to all Scheme Members. In addition to this, specifically where a material or regulatory change occurs, the Service Provider will inform Scheme Members as appropriate

Where material and/or extensive regulatory change occurs in respect of the Schemes, the Service Provider will arrange and facilitate one off Road Shows. These events will be planned and agreed in conjunction with Lancashire County Council.

Induction events and pre-retirement events will be attended by the Service Provider, his servant or agent, on request by the relevant Scheme Employer. Attendance will be limited to a maximum of 10 working days in any one year. Attendance in excess of 10 working days will be provided at a daily rate to be negotiated as arising.

The Service Provider will provide dedicated training to Scheme Employers on request and/or where a need is identified. Training requests will be limited to a maximum of 10 working days in any one year. Training requirements in excess of 10 working days will be provided at a daily rate to be negotiated as arising.

Website communication and development will be actively encouraged by the Service Provider. A dedicated web link will be available encouraging electronic interaction with Scheme Members and Scheme Employers.

The Service Provider will liaise with the Scheme's AVC providers as required.

The Service Provider will provide information in compliance with overriding statutory requirements and regulations listed at Appendix 'A'. In particular

Lancashire Pensions Services is responsible for communication with all stakeholders in accordance with the Fund's Communications Policy Statement as shown at Appendix 'B'.

### Systems and Maintenance

The Service Provider will be responsible for the provision and upkeep of an electronic pension administration system (the "System") during the term of the Agreement including:

Licensing and maintenance of a new System on behalf of the Fund.

Implementing development needs arising from legislative change

Identifying and implementing developments in respect of administration and processing functionality

Development of Scheme Employer e-commerce functionality, specifically the development of Scheme Employer Interfaces.

### Pensions Policy and Technical Services

The following services will be provided in respect of policy and technical matters.

Maintaining an up to date and current copy of the regulations or any statutory instruments governing the Schemes.

Attendance at Regional Pension Groups and any other meeting assessed as being of benefit to the operation of the Schemes

Ensuring compliance with the regulations and/or statutory instruments governing the Scheme as well as compliance with relevant overriding pensions legislation applicable in England from time to time.

Ensuring that the technical content of communication material delivered as part of the Services is correct.

Liaising with relevant Government bodies, including the Government Actuary's Department for the provision of actuarial tables for the calculation of benefits and options, and provision of one-off technical factors as required.

The Service Provider will assess the general implications of legislative, social, political and economic trends, including assessing Regulations from the Department for Communities and Local Government, and other government agencies and providing guidance and participation in consultation processes

Liaising with the Scheme Actuary on technical issues, including dealing with queries and data requests in respect of bulk transfers and admission and termination issues

Ensure all appeals under Stage 1 and Stage 2 of the Internal Dispute Resolution Procedure, including providing guidance and administration to the Councils Stage 2 Appeals Officer, are dealt with within statutory deadlines.

Ensuring the production of the triennial Actuarial Valuation Report and Certificates including supplying the Scheme Actuary with information to an agreed timescale and participation in the Councils (County Treasurers) Valuation process involving attendance at relevant meetings and events..

Ensuring administrative compliance with the Lancashire County Pension Fund's Funding Strategy Statement.

### Accountancy and Taxation

The Service Provider will provide the following accountancy and taxation services

Administration of financial information in respect of early retirements and voluntary redundancies.

Account to HMRC in respect of tax due from the Scheme.

Maintaining and producing an annual summary in relation to scheme administration for inclusion in the Pension Scheme Annual Report and Statement of Accounts.

Co-operating with Lancashire County Council's External Auditors.

### Membership Data

The Service Provider will provide data on membership of the LGPS in a format which will be agreed:

IAS 19 data on an annual basis

Central Government data requirements on an annual basis and on request

Valuation data requirements on a triennial basis

Data relating to Freedom of Information Requests on request.

### Internal Audit

The Service Provider will allow Lancashire County Council's internal auditors full access to the Service.

### Active and Deferred Member Services

The Service Provider will provide the following services and aim to achieve the standards shown in respect of active members (current employees who are members of the LGPS) and deferred members (former employees who have a frozen pension benefit).

| <u>Performance Standard</u>  | <u>Minimum Targets</u> |
|--|------------------------|
| Amend personal records within 10 working days of receipt of required documentation.  | 90%                    |
| Providing an annual statement of benefit entitlement to all active and deferred members, including an assessment of HMRC limits.   | 100%                   |
| Calculation of additional membership for transfer values within 10 working days of receipt of transfer details.  | 90%                    |
| Action agreed transfer values within 10 days of receipt of acceptance.   | 90%                    |
| Provide information on request in respect of Pension Sharing on Divorce within legislative timescales.   | 100%                   |
| Implement Pension Sharing Orders within legislative timescales.  | 100%                   |
| Provide a statement of deferred benefit entitlement on leaving service within 15 working days of date of leaving or receipt of notification, whichever is later.   | 90%                    |
| Respond to requests for estimates of benefits in relation to retirement, leaving service or on death within 10 working days following receipt of request.  | 90%                    |
| Calculating and paying refunds of pension contributions, including deducting statutory deductions in accordance with HMRC and DWP regulations within 15 working days of receipt of notification.   | 90%                    |
| Respond to general correspondence within 10 working days of receipt.   | 90%                    |
| Calls to the Pensions Helpdesk answered.   | 90%                    |
| Calculation and payment of retirement benefits, deferred benefits and death in service lump sums in accordance with LGPS rules, members' options and statutory limits. The service includes the recalculation and payment of benefits as a result of amended data received by Lancashire Pensions Services. Within 10 working days of receipt of notification or date of entitlement to benefit; whichever is later. | 90%                    |
| Advise transfer value out within 15 working days of receipt of necessary documentation.  | 90%                    |

Action agreed transfer values out within 15 working days of receipt of acceptance. 90%

### Pensioner Member Services

The Service Provider will provide the following services and aim to achieve the standards shown in respect of pensioners:

| <u>Performance Standard</u>   | <u>Target</u> |
|---|---------------|
| Make payment of pensions on due date.   | 100%          |
| Production and distribution of annual P60s to pensioners within statutory deadlines.  | 100%          |
| Implementation of annual pension increases by payment due date.   | 100%          |
| Implementation of change in pensioner circumstance including the calculation and quoting of benefits on death of pensioners and administering the recovery of overpayments by payment due date. | 90%           |
| Provide information on request in respect of Pension Sharing on Divorce within legislative timescales.  | 100%          |
| Implement Pension Sharing Orders within legislative timescales.   | 100%          |
| Respond to general correspondence within 10 working days of receipt.  | 90%           |
| Calls to the Pensions Helpdesk answered.  | 90%           |
| Undertake annual reviews to establish continuing entitlements to pension for all children over age 17 in accordance with section 3(e) of this agreement.  | 100%          |

**All services, standards and targets specified within this agreement are dependent upon receipt of the necessary information and documentation from Scheme Employers, the member or relevant third party administrator.**

### 3. EMPLOYER RESPONSIBILITIES

The Service Provider will provide support to the Council in respect of its functions as Scheme Employer as follows:

Administration of the County Council's severance schemes, including:

- Calculation of estimates of benefits payable;
- Calculation and payment of final benefits.



Calculate Final Pay:

- Calculate final pay for estimate purposes and final payment /retirement purposes for all leavers who are members of LGPS with an immediate or preserved pension entitlement.

Preserved Pensions into Payment:

- Administer requests for the early payment of preserved pensions under the Councils relevant policy.

Injury Allowances:

- Administration of claims under the Councils relevant policy
- Review of cases on request.

#### 4. CHARGES

The proposed charging method for the Service Level Agreement is to apply an accepted industry standard of a price per member

The charge will be reviewed if the total scheme membership numbers fluctuate by more than 10%.

Members are defined as the total of pensioners, plus deferred beneficiaries, plus active contributors. For pricing purposes the average of the total number of members at the beginning and the end of the financial year will be used as a basis.

The price per member will be a maximum of the lower quartile figure from the DCLG's Annual Pension Funds Account (SF3) return. Charges for the services will be made quarterly in arrears.

#### 5. CONTACTS

##### Service Provider

Diane Lister, Head of Your Pension Service, One Connect Ltd.

Colette Hannay, Director of Human Resource and Payroll Service, One Connect Ltd.

##### Lancashire County Council

George Graham, Deputy County Treasurer

Gill Kilpatrick, County Treasurer

Signed on behalf of the Service Provider

.....  
(name & title)

Signed on behalf of the Service Provider

.....  
(name & title)

Dated: .....

Signed on behalf of Lancashire County Council

.....  
(name & title)

Signed on behalf of Lancashire County Council

.....  
(name & title)

Dated: .....

## **REGULATIONS RELATING TO COMPLIANCE**

- The Local Government Pension Scheme (Transitional Provisions)
- The Local Government Pension Scheme Regulations (as amended)
- The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended)
- The Occupational Pensions Schemes (Disclosure of Information) Regulations 1986
- The Data Protection Act 1998
- Freedom of Information Act 2000
- Age Related Discrimination Legislation 2006
- The Pension Acts 1995 and 2004
- The Finance Act 2004

**Lancashire County Pension Fund  
Local Government Pension Scheme  
Communication Policy Statement  
March 2006**

**Introduction**

This is the Communication Policy Statement of the Lancashire County Pension Fund, which is administered by Lancashire County Council, the administering authority. All Local Government Pension Scheme (LGPS) administering authorities in England and Wales are required to publish a Statement by 1<sup>st</sup> April 2006, under the LGPS (Amendment) (No.2) Regulations 2005 which came into force on 14<sup>th</sup> December 2005.

The regulations require the administering authority to prepare maintain and publish a written statement setting out their policy concerning communications with ...

- Members;
- Representatives of members;
- Prospective members; and
- Employing authorities

In particular, the statement must set out their policy on ...

- The provision of information and publicity about the Scheme to members, representatives of members and employing authorities;
- The format, frequency and method of distributing such information or publicity; and
- The promotion of the Scheme to prospective members and their employing authorities.

**The Policy**

Lancashire County Council as administering authority is responsible for communications relating to the Local Government Pension Scheme and will ensure that an appropriate communications strategy is in place and is in line with Scheme regulations and overriding legislation.

Lancashire County Council recognises the measures contained in the Pensions Act 2004 and is committed to the Governments wider informed choice agenda. As administering authority, Lancashire County Council will actively encourage the provision of good pension information and the promotion of pensions in the workplace.

The administering authority's communications strategy includes ...

- Clear, accurate and timely communication of the provisions and requirements of the Local Government Pension Scheme to all stakeholders\*

- Scheme promotion targeting prospective members and their employers.
- The use of various media as appropriate to ensure that information reaches all stakeholders.
- Recognition that different styles and methods of communication will suit different stakeholders
- Robust feedback and evaluation processes
- Encouragement and assistance for all stakeholders in respect of their own communication and information responsibilities in relation to the Scheme.

### **Provision of Information**

Lancashire County Council, as administering authority, undertakes to provide information and publicity about the Scheme to members, representatives of members and employing authorities.

### **Format and Frequency**

The format and frequency of information is set out in the Communication Programme at Appendix I of this Statement.

### **Promotion**

The administering authority undertakes to promote the LGPS to employing authorities. In particular the authority will target prospective members i.e. the employing authority's new employees and current employees who are eligible to join the Local Government Pension Scheme and are not currently members of the Scheme.

### **Review**

This statement will be reviewed if there is any material change in the administering authority's communications policy. The policy will be reviewed no less frequently than annually.

### **Appendices**

- Appendix I Communication Programme
- Appendix II Statement of Risk
- Appendix II Scheme Regulations and Overriding Legislation

*\* Stakeholders are defined as members, representatives of members, prospective members and employers (members are defined as active, deferred or pensioner members).*

## Communication Programme

| Communication / Information      | Stakeholder*                    | Format                      | Frequency                                     | Method                          |
|----------------------------------|---------------------------------|-----------------------------|---|---------------------------------|
| Actuarial Valuation              | All Stakeholders                | Paper / website             | Triennial                                     | Mail / email / internet         |
| Administering Authority Policies | All Stakeholders                | Paper                       | As amended                                    | Mail / email                    |
| Annual Benefit Statements (ABS)  | Active and Deferred Members     | Paper                       | Annual rolling schedule                       | Mailed to home address          |
| Axise – On Line                  | Active Members                  | Interactive On-line Service | 24/7  | Intranet                        |
| Communication Policy Statement   | All Stakeholders                | Paper / website             | As amended                                    | Email / internet/intranet       |
| Customer Surveys                 | Members                         | Paper                       | Annual Rolling schedule                       | Mail to home address            |
| Employee Bulletins               | Members and Prospective Members | Paper / website / DVD       | As required                                   | Mail / email / internet         |
| Employee Guide                   | Members                         | Paper / website             | On or before employment.<br>On request        | Via HR Depts<br>Mail / intranet |
| Employee Surgeries               | Active Members                  | Appointment / drop in       | Co-ordinated with ABS annual rolling schedule | Face to face                    |
| Employer Bulletins               | Employer                        | Paper / website / DVD       | As required                                   | Mail / email / internet         |
| Employer Charter                 | Employer                        | Paper / email / website     | On admission and as amended                   | Face to face / mail             |
| Employer Forum (Directors Brief) | Employer                        | Presentation                | Annually                                      | Face to face / email            |

|   |                                 |                     |   |   |
|---|---------------------------------|---------------------|---|---|
| Employer Guide                                  | Employer                        | CDRom / website     | As amended                                | Mail / Internet   |
| Employer Training                               | Employer                        | Presentation<br>DVD | On request / as required                  | Face to face – in house and employer locations.<br><br>Mail |
| Fact Sheets                                     | All Members                     | Paper / website     | On request / as required                  | Mail / email / internet                                     |
| Focus Group                                     | Members and Prospective Members | Meeting             | Quarterly                                 | Face to face  |
| Funding Strategy Statement                      | All Stakeholders                | Paper / website     | As amended                                | Intranet / internet   |
| Governance Policy Statement                     | All Stakeholders                | Paper / website     | As amended                                | Email / internet / intranet                                 |
| Letter  | All Stakeholders                | Paper               | As required                               | Mail  |
| New Employer information pack                   | Employer                        | Paper / website     | On Admission                              | Face to Face  |
| New Starter information pack                    | Prospective Members             | Paper / website     | On or before employment<br><br>On request | Via HR Depts /<br>Mail / internet                           |
| Newsletters                                     | Members & prospective Members   | Paper/<br>website   | Annual                                    | Mail / internet / intranet                                  |
| Pension Fund Committee meeting agenda & minutes | All Stakeholders                | Website             | Annual rolling schedule                   | internet / intranet   |
| Practitioner Conference                         | Employer                        | Presentation        | Annually                                  | Face to face  |
| Pre – Retirement presentations                  | Active members / Employers      | Presentation        | On request                                | Face to face  |
| Report and Accounts                             | All Stakeholders                | Paper / website     | Annual                                    | Mail / email / internet                                     |

|                                    |                  |                 |                                    |                     |
|------------------------------------|------------------|-----------------|------------------------------------|---------------------|
| Service Standards Leaflet          | All Stakeholders | Paper / website | As amended                         | Internet / internet |
| Statement of Investment Principles | All Stakeholders | Paper / website | As amended                         | Intranet / internet |
| Telephone Helpdesk                 | All Stakeholders | Telephone       | Mon – Fri<br>8.45 am to<br>4.30 pm | Oral                |
| Viewpoint Leaflet                  | All Stakeholders | Paper / website | As amended                         | Internet / internet |
| Website                            | All Stakeholders | Website         | 24/7                               | Intranet / internet |

*\*Stakeholders are defined as members, representatives of members, prospective members and employers (members are defined as active, deferred or pensioner members).*



**Summary Risk Register**  
**(A Full risk register can be found at Appendix 1 of the Lancashire County Pension Fund Funding Strategy Statement)**

Key Risks Identified

*Administering Authority*

Deterioration of funding level  
Local Government reorganisation  
Changes to LGPS Regulations  
Changes to overriding legislation  
Resources  
Unclear decision process  
Change in Scheme Profile (increase/decrease membership)

*Employing Authority*

Deterioration of funding level  
Change in employing authority circumstances (increase/decrease in membership).  
Employer unclear of obligations and responsibilities in respect of the LGPS

This list may be amended from time to time as part of the review process.

**Scheme Regulations and Overriding Legislation**

The Local Government Pension Scheme (Transitional Provisions)  
Regulations 1997

The Local Government Pension Scheme Regulations 1997 (as amended)

The Occupational Pensions Schemes (Disclosure of Information) Regulations  
1986

The Pensions Act 2004

The Finance Act 2004

The Data Protection Act 1998

The Freedom of Information Act