

Lancashire County Pension Fund - Pension Administration Strategy Statement
(Appendix 'A' refers)

Contact for further information:

Diane Lister, (01772) 534827, Head of Your Pension Service,
diane.lister@lancashire.gov.uk

Executive Summary

Attached at Appendix 'A' is the Fund's current Pension Administration Strategy Statement (PASS).

The Local Government Pension Scheme (LGPS) Regulations allow for the Fund to prepare and publish, following consultation with Fund Employers, a 'Pension Administration Strategy' to facilitate best practices and efficient customer service in respect of the following:-

- Procedures for liaison and communication with Scheme employers;
- The establishment of performance levels which the administering authority and fund employers are expected to achieve;
- Procedures to ensure compliance with statutory requirements in connection with the administration of the LGPS;
- Procedures for improving the methods of passing information between the administering authority and fund employers;
- The circumstances when the administering authority may consider recovering additional costs that have been incurred due to the unsatisfactory performance of a Scheme employer;
- Any other matters that the administering authority consider suitable for inclusion in the 'Pension Administration Strategy'.

The PASS is due for a formal review to be carried out by the Pension Fund Committee following the introduction of The Pensions Regulator's (TPRs) new Code of Practice; Code 14 for public service pension schemes which became effective from 1 April 2015.

Recommendation

The Board is asked to comment on the Fund's current PASS, and the suggestions for change put forward within this report, prior to the review to be carried out by the Pension Fund Committee following the introduction of The Pensions Regulators new code of practice for public sector pension schemes; Code 14, which became effective from 1 April 2015.

Background and Advice

Regulation 59 of the Local Government Pension Scheme Regulations 2013 allow for the Fund to prepare and publish, following consultation with Fund Employers, a Pension Administration Strategy as shown below:-

Regulation 59

(1) An administering authority may prepare a written statement of the authority's policies in relation to such of the matters mentioned in paragraph (2) as it considers appropriate ("its pension administration strategy") and, where it does so, paragraphs

(3) to (7) apply.

(2) The matters are—

(a) procedures for liaison and communication with Scheme employers in relation to which it is the administering authority ("its Scheme employers");

(b) the establishment of levels of performance which the administering authority and its Scheme employers are expected to achieve in carrying out their Scheme functions by—

(i) the setting of performance targets,

(ii) the making of agreements about levels of performance and associated matters, or

(iii) such other means as the administering authority considers appropriate;

(c) procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;

(d) procedures for improving the communication by the administering authority and its Scheme employers to each other of information relating to those functions;

(e) the circumstances in which the administering authority may consider giving written notice to any of its Scheme employers under regulation 70 (additional costs arising from Scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);

(f) the publication by the administering authority of annual reports dealing with—

(i) the extent to which that authority and its Scheme employers have achieved the levels of performance established under sub-paragraph (b), and

(ii) such other matters arising from its pension administration strategy as it considers appropriate; and

(g) such other matters as appear to the administering authority after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

(3) An administering authority must—

(a) keep its pension administration strategy under review; and

(b) make such revisions as are appropriate following a material change in its policies in relation to any of the matters contained in the strategy.

(4) In preparing or reviewing and making revisions to its pension administration strategy, an administering authority must consult its Scheme employers and such other persons as it considers appropriate.

(5) An administering authority must publish—

(a) its pension administration strategy; and

(b) where revisions are made to it, the strategy as revised.

(6) Where an administering authority publishes its pension administration strategy, or that strategy as revised, it must send a copy of it to each of its Scheme employers and to the Secretary of State as soon as is reasonably practicable.

(7) An administering authority and its Scheme employers must have regard to the pension administration strategy when carrying out their functions under these Regulations.

(8) In this regulation references to the functions of an administering authority include, where applicable, its functions as a Scheme employer.

The PASS is a comprehensive document which was last reviewed following the introduction of the new 2014 CARE Scheme (Appendix 'A' refers). A further review is appropriate now following the introduction of The Pensions Regulator's (TPRs) new code of practice for public sector pension schemes; Code 14, which became effective from 1 April 2015.

In particular, it may be appropriate now to include within the PASS the circumstances that may lead to penalties for employers, and specifically what the penalty is likely to be in certain circumstances, for example:

- late payment of contributions
- late completion/submission of a contributions payment form;
- late payment of AVCs
- late submission of a monthly payroll data collection file
- late notification of leavers

In addition, it would also be appropriate to set out explicitly within the PASS the circumstances that may prompt the Fund to report a breach of the law to TPR which may be (although not exclusively) in the circumstances set out above.

The review of the PASS may also be an opportunity to set clear expectations in respect of the responsibilities of the Fund and its Employers in relation to the administration of the Local Government Pension Scheme.

Consultations

The Fund is required to consult its employers and such other persons as it considers appropriate.

Implications:

This item has the following implications, as indicated:

Risk management

There are no significant risk management implications.

Local Government (Access to Information) Act 1985 List of Background Papers

| Paper | Date | Contact/Directorate/Tel |
|-------|------|-------------------------|
|-------|------|-------------------------|

| | | |
|-----|--|--|
| N/A | | |
|-----|--|--|

Reason for inclusion in Part II, if appropriate

N/A