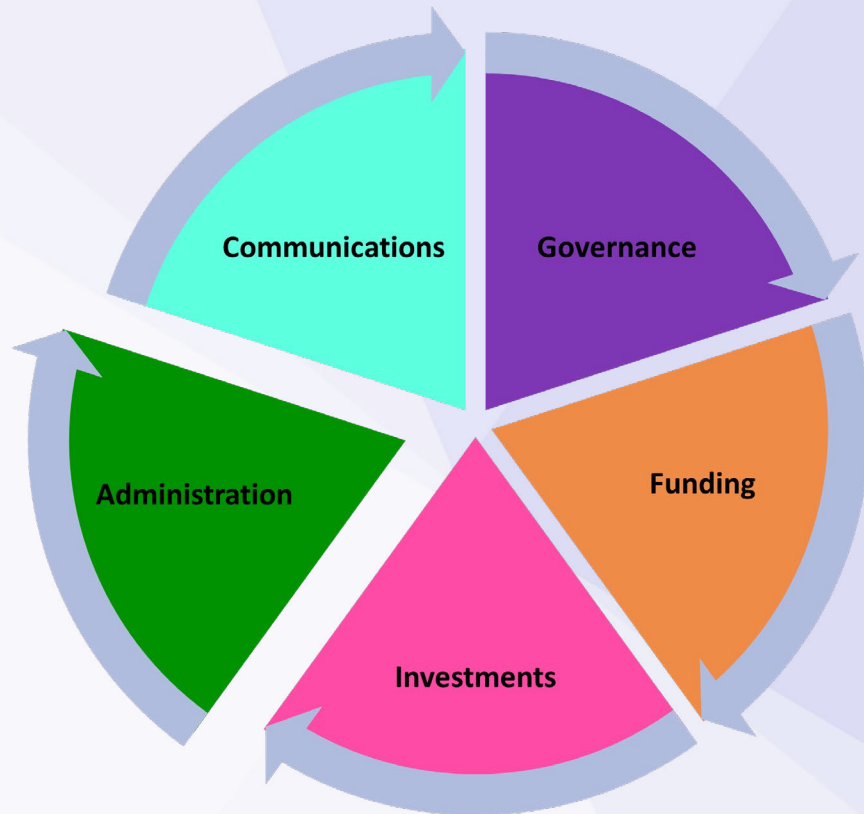


# Essex Pension Fund

## Administration Strategy

18 March 2022



# Essex Pension Fund Administration Strategy

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Revised March 2022

# Essex Pension Fund Administration Strategy

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## 1. Introduction and Regulatory Context

- 1.1 This is the Administration Strategy of the Essex Pension Fund (“the Fund”) in relation to the Local Government Pension Scheme (LGPS) in Essex. The Strategy is kept under review and revised to reflect changes to LGPS regulations and Fund policies. This document sets out a framework by way of outlining the policies and performance standards to be achieved to enable provision of a cost-effective and high-quality pension administration service.
- 1.2 The LGPS Regulations 2013 allow Pension Fund Administering Authorities to prepare an Administration Strategy (“the Strategy”) for the sole purpose of improving the administrative processes within their LGPS Fund. In discharging their roles and responsibilities under these regulations, the Fund and Scheme Employers (“Employers” or “Employer”) are also required to comply with any pertinent overriding legislation and take appropriate recognition of any regulatory guidance or Code of Practice issued by The Pensions Regulator (“TPR”).
- 1.3 TPR plays a key role in overseeing Public Service Pension Schemes, including setting standards of administration and governance on all administrative aspects of the Scheme. Local Pensions Boards also provide an independent role to ‘assist’ the Fund to achieve regulatory compliance, and effective and efficient administration and governance.
- 1.4 The Fund has revised its December 2018 Strategy to ensure the governance and administration requirements of TPR are properly addressed as they fall to the Fund and Employers.

## 2. Aims and Objectives

- 2.1 To ensure that we are administering the Scheme correctly and we continue to improve and enhance the service we offer, the Fund has set the following Administration Objectives:
  - Deliver a high-quality, friendly and informative service to all beneficiaries and Employers at the point of need
  - Ensure contribution income is collected from, the right people at the right time in the right amount
  - Ensure benefits are paid to the right people at the right time in the right amount
  - Ensure the Fund Employers are aware of and understand their roles and responsibilities, and carry out their functions in line with legislation, guidance and the Fund’s agreed policies and procedures

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The Fund has also set the following Communications Objective:

- Aim for full appreciation of the pension Scheme benefits and changes to the Scheme by all Scheme Members, prospective Scheme Members and Employers

And the following Governance Objective:

- Ensure confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved

2.2 The **aims** of this Strategy are to:

- Set out the quality and performance standards expected of the Fund and its Scheme Employers and
- Promote good working relationships and improve efficiency between the Fund and its Scheme Employers

2.3 The efficient delivery of the benefits of the Scheme is reliant upon effective administrative procedures being in place between the Fund and Scheme Employers, most notably for the timely exchange of accurate information in relation to Scheme Members.

2.4 This Strategy sets out the expected levels of performance of the Fund and the Scheme Employers and provides details about the monitoring of performance levels and the action(s) that might be taken where standards are not met by Employers and/or when persistent non-compliance occurs.

2.5 This strategy applies not only to existing Scheme Employers but will also apply to all new future Employers of the Fund. Schools (other than Academies, Free Schools and University Technical Colleges (UTCs)) are included under the LEA of the relevant Council even if they have their own payroll or have outsourced it to a third party.

2.6 The **specific goals** of this Strategy are to ensure that:

- The Fund and Employers are aware of, and understand, their respective roles and responsibilities under the LGPS Regulations
- The Fund operates in accordance with LGPS Regulations and is aligned with TPR in demonstrating compliance and Scheme governance
- Communication processes are in place to enable both the Fund and Employers to proactively and responsively engage with each other and other partners
- Accurate records are maintained for the purpose of calculating pensions entitlements and Employer liabilities, ensuring all information and data is

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communicated accurately, on a timely basis and in a secure and compliant manner

- The Fund and its Scheme Employers have appropriate skills, and that guidance/training is in place, to deliver a high-quality service and effectively contribute to the changing pensions agenda
- Standards are set and monitored for the delivery of specified activities in accordance with Regulations and minimum standards as set out
- Administrative services are developed and delivered digitally where possible in order to streamline processes and maximise efficient use of resources

## 3. Roles and Responsibilities

### 3.1 Scheme Employer Responsibilities

- 3.1.1 Each Scheme Employer shall nominate a person who will act as the Fund's primary contact. There may be up to three further contacts for finance, contributions, payroll etc.
- 3.1.2 Authorised Officers should sign all documents and/or instructions received from an Employer. In signing a document, the Authorised Officer is not merely certifying that the form comes from the Employer stated, but also that the information being provided is correct. Consequently, if an Authorised Officer is certifying information that someone else has compiled, for example leaving information including a final salary pay, career average pay, assumed pay, they should satisfy themselves that the information is correct.
- Nb. the Authorised Officer cannot sign a document/form which in respect of their own LGPS membership – these should be signed by a more Senior Authorised Officer/Chairman of the Council/or other suitable person etc.
- 3.1.3 It is the Employer's responsibility to ensure that the Authorised Officer and contact details held by the Fund are correct, and to notify the Fund of any changes immediately.
- 3.1.4 The Employer must ensure the nominated primary contact (and other key staff) is aware of its Scheme Employer duties and keeps up to date with guidance issued by the Fund.
- 3.1.5 The Employer must ensure it retains a good level of LGPS knowledge and has a succession plan in place in case the nominated primary contacts leaves.
- 3.1.6 During the year the Employer should provide the required data and notifications to the Fund, with 90% compliance or better. Persistent failure by an Employer to meet the required performance standards could result in any additional costs to the Fund being recovered from the Employer – see Section 5.6.
- 3.1.7 The Employer must comply with its obligations under Data Protection Law (see the Fund's 'Memorandum of Understanding for Employers – compliance with Data Protection Law'), including the secure transfer of Members' personal data.

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## Summary of Scheme Employer Responsibilities

3.1.8 This section outlines the key responsibilities of Scheme Employers, what Employers are required to do and by when. It is focussed on the key activities and should not be viewed as an exhaustive list; Employers have a statutory duty to provide the Fund with all information necessary to enable the Fund to administer the Scheme. Employers are expected to achieve at least 90% compliance with the expectations.

| Function/Task |   | Expectation  |
|---------------|---|--|
| <b>1</b>      | <b>General</b>  |  |
| 1.1           | <b>Confirm nominated representative(s)</b> to receive information from the Fund via the submission of a completed contacts form   | Within 30 days of change or becoming a Scheme Employer   |
| 1.2           | <b>Appoint a person (the adjudicator) to consider disputes</b> under stage 1 of the pension internal dispute process (IDRP) and provide full up to date contact details to the Fund | Within 30 days of becoming a Scheme Employer or following the resignation of the current adjudicator |
| 1.3           | <b>Formulate, publish and keep under review policies</b> in relation to all areas where the Employer may exercise a discretion within the LGPS                                      | A copy of the policy document is to be submitted to the Fund within 30 days of the change in policy  |
| 1.4           | <b>Distribute any information</b> provided by the Fund to Scheme Members/potential Scheme Members (e.g. Scheme benefits or benefit statement production)                            | In a timely manner as required   |

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| Function/Task |   | Expectation   |
|---------------|---|---|
| 1.5           | <p><b>Notify the Fund of any Notifiable Events</b> including, but not restricted to, the following:</p> <ul style="list-style-type: none"> <li>• Material change in LGPS membership</li> <li>• Material change in Employer payroll and/or pensionable pay</li> <li>• Change in Employer's legal status or constitution</li> <li>• A decision which will restrict the Employer's active membership in the Fund in future</li> <li>• Any restructuring or other event which could materially affect the membership in the Fund in future</li> <li>• Confirmation of wrongful trading</li> <li>• Conviction of senior personnel</li> <li>• Decision to cease business</li> <li>• Breach of banking covenant</li> </ul> | Within 7 days of becoming aware of such an event                                      |
| <b>2</b>      | <b>New Starters</b>   |   |
| 2.1           | <b>Decide who is eligible</b> for LGPS membership (and the date from which membership of the LGPS starts).  | On joining (or at point becomes eligible if later)                                    |
| 2.2           | <b>Determine rate of employee contributions</b>   | For the first pay period in which the employee joins the LGPS                         |
| 2.3           | <b>Notify the Fund</b> of new joiner via Monthly Return   | By end of month following the date joined (e.g. by the end of May if joined in April) |
| 2.4           | <b>Provide new employees, who are eligible for the LGPS, with details about the LGPS</b><br>This may be in the form of providing a copy of the Key Facts leaflet and/or directing them to the Fund's website  | With 30 days of commencing eligible employment  |

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| Function/Task |   | Expectation  |
|---------------|---|--|
| <b>3</b>      | <b>Contributions</b>  |  |
| 3.1           | <b>Remit Employer and employee contributions</b> to the Fund and complete monthly remittance form containing detail of the contributions payment.   | By 19th of the following month (both payment and form)   |
| 3.2           | <b>Implement changes to Employer contribution rates</b> as instructed by the Fund at the date specified by the Fund's Actuary   | In line with the Rates & Adjustment Certificate as per the Valuation or on commencement as a Scheme Employer |
| 3.3           | <b>Ensure and arrange for the correct deduction of employee contributions</b> from a Member's pensionable pay and throughout their membership in the Scheme (including any periods of leave)  | As required, typically monthly   |
| 3.4           | Manage the deduction of all additional contributions or amend such deductions, as appropriate   | As required  |
| 3.5           | <b>Arrange for the deduction of AVCs</b> and payment over of contributions to the AVC provider(s) and inform the Fund as required   | As required, typically monthly   |
| 3.6           | <b>Make additional fund payments in relation to</b> early payment of benefits from flexible, redundancy or business efficiency retirement or where a Member retires early with Employer's consent, or the Employer 'switches on' the 85 year rule, and a financial strain cost arises | Within 30 days of receipt of invoice from the Fund   |
| 3.7           | <b>Refund contributions through the payroll</b> to any employee who opts out of the Scheme with less than 3 months membership.  | From the next pay period after receiving the employee's request to opt out                                   |
| <b>4</b>      | <b>During Membership</b>  |  |
| 4.1           | Move employees into the 50:50 section or Main section   | From the next pay period after receiving the employee's election   |



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| Function/Task |  | Expectation  |
|---------------|--|--|
| 4.2           | Move employee back into the <b>Main section</b>  | If the employee is in the 50/50 section and either goes onto no pay due to sickness or injury or passes the Member's automatic re-enrolment date, the employee must be moved back into the main section from the beginning of the next pay period if they are still on nil pay at that time.   |
| 4.3           | <b>Notify the Fund of changes</b> affecting pension entitlement via Monthly Return                                 | By end of month following the date of change (e.g. by the end of May if the change occurred in April)  |
| <b>5</b>      | <b>Early Leavers</b>   |  |
| 5.1           | Early leavers (non-retirement) notify the Fund via Monthly Return  | By end of month following the date of leaving or opting out of the Scheme.   |
| <b>6</b>      | <b>Retirements</b>   |  |
| 6.1           | <b>Advance notification of retirement</b> form EPF1a (or via online portal)  | Form EPF1a should be sent to the Fund as soon as the retirement date is known  |
| 6.2           | <b>Notification of retirement</b> Notify the Fund via Monthly Return and forms EPF1 + EPF68 (or via online portal) | Monthly Return and/or forms EPF1 + EPF68 (& EPF142 for ECC if applicable) should be sent to the Fund as early as possible but, in any event, no later than 10 working days after the Member's final payroll has run  |
| 6.3           | <b>Early Retirement at Member's choice</b>   | If the Fund receives information via Monthly Return or EPF1 + EPF68 for a Member who has left their employment and is age 55+ we will process as a potential retirement and offer the Member early payment of pension benefits. Therefore, leaver forms should be sent to the Fund as early as possible but no later than 10 working days after the Member's final payroll has run |

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| Function/Task |   | Expectation   |
|---------------|---|---|
| 6.4           | <b>Ill Health Retirement notification</b><br>notify the Fund via Monthly Returns and forms EPF1 + EPF68 (or via online portal)  | Form EPF1a should be sent to the Fund as soon as the retirement date is known. Monthly Return and/or forms EPF1 & EPF68 should be sent to the Fund as early as possible but no later than 10 working days after the Member's final payroll has run  |
| 6.5           | <b>Flexible retirement notification</b>   | Monthly Return and/or forms EPF1 & EPF68 should be sent to the Fund as early as possible but no later than 10 working days after the Member's final payroll has run. Starting details for the continuing job to be supplied on Monthly Return by the end of month following the date of leaving or opting out of the Scheme |
| <b>7</b>      | <b>Contracting out of services</b>  |   |
| 7.1           | <b>Contact the Fund to discuss the pension implications of the contracting out of services</b> which will involve a TUPE transfer of staff to another organisation.                       | Immediately if contracting out of services is being considered as a possibility and certainly before making any decisions to contract out services  |
| 7.2           | <b>Notify the Fund of the intention to contract out of services</b> which will involve a TUPE transfer of staff to another organisation by completing TUPE 1 form to instruct the actuary | At least 6 weeks before going out to tender   |
| 7.3           | Work with the Fund to <b>arrange for an admission agreement to be put in place</b> when contracting out a service, and assist in ensuring it is complied with                             | In advance of the date of contract (admission agreement must be completed and signed before the contract signing)   |
| 7.4           | Notify the Fund if the Employer ceases to admit new Scheme Members or is considering terminating membership of the Fund   | During exploratory discussions or as soon as the decision is made   |

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| Function/Task |  | Expectation   |
|---------------|--|---|
| <b>8</b>      | <b>Money Return</b>  |   |
| 8.1           | Provide the Fund with a Monthly Return containing all required data each month. Because of the critical nature of this data for statutory reporting and annual benefit statement production, there is a separate Charging Policy for late and/or inaccurate returns – see Appendix 1 | An accurate return to be submitted in the approved format no later than the end of the following month. For example information for March to be submitted by the end of April |

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## 3.2 The Fund's responsibilities

3.2.1 This section outlines the key responsibilities of the Fund, what the Fund will do and by when. It is focussed on the key activities which Scheme Employers and Scheme Members are involved in and should not be viewed as an exhaustive list. See section 3.2 for a list of key tasks which are benchmarked annually against other LGPS Funds and are reported to the Essex Pension Fund Strategy Board (PSB).

### General Duties and Responsibilities

| Function/Task |   | Expectation   |
|---------------|---|---|
| <b>1</b>      | <b>General Information</b>  |   |
| 1.1           | Regularly review the Fund's Administration Strategy and consult with all Scheme Employers   | Review generally every 3 years and consult with Employers before revised Strategy agreed  |
| 1.2           | Regularly review the Fund's Funding Strategy Statement at each Triennial Valuation, following consultation with Scheme Employers and the Fund's Actuary | Publish by 31 March following the valuation date or as otherwise required   |
| 1.3           | Regularly review the Fund's Communications Policy   | Informally reviewed annually with a formal review every 3 years. Revised Policy published within 30 days of being agreed by the PSB   |
| 1.4           | Regularly review the Fund's Governance Policy and Compliance Statement  | Reviewed and updated at least every three years sooner if the governance arrangements or other matters included within in merit reconsideration. Revised Policy published within 30 days of being agreed by the PSB |
| 1.5           | Publish the Fund's Annual Report and Accounts   | By 1 December, following the year-end   |
| 1.6           | Publish the Fund's final audited and approved Accounts  | By 31 July following the year-end (or other date as set by Government)  |
|               |   |   |

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| Function/Task |   | Expectation  |
|---------------|---|--|
| <b>2</b>      | <b>Employer Contribution Requirements</b>   |  |
| 2.1           | Consult with Employers on the outcomes of the Triennial Valuation   | The Fund will endeavour to provide outcomes at least two months in advance of the signing of the final rates and adjustment certificate  |
| 2.2           | Notify Employers of contribution requirements for three years effective from the April following the Actuarial Valuation date   | On or before 1st April following final issue of rates and adjustments certificate by the Actuary   |
| 2.3           | Notify new Scheme Employers of their contribution requirements  | Within six weeks of receipt of the notification of admission application if all data has been supplied as requested or commencement as a Scheme Employer                         |
| <b>3</b>      | <b>Support for Employers</b>  |  |
| 3.1           | Provide support for Employers through: <ul style="list-style-type: none"> <li>• a dedicated helpline</li> <li>• written guidance and communications;</li> <li>• face to face meetings; and</li> <li>• YouTube videos</li> </ul> | Dedicated helpline: Monday-Thursday 8.30am-5.00pm Friday 8.30am-4.30pm<br>Written communication as per the Fund's Communications Policy<br>Employer forum held at least annually |
| 3.2           | Organise and provide coaching sessions on the Scheme Employer role  | In accordance with the Fund's Communications Policy  |
| 3.3           | Notify Scheme Employers and Scheme Members of changes to the Scheme rules   | As per disclosure requirements   |
| 3.4           | Provide a facility for Employers to submit data via a web portal  | Employers being on boarded regularly from 2017/18 onwards  |
| 3.5           | Issue monthly return submission queries to Employer and/or payroll provider (validation stage)  | Accepted or Rejected email sent to Employer within 1 month   |
| 3.6           | Query list sent to Employer and/or Payroll Provider requesting information re Monthly Return (processing stage)   | Query list sent to Employer within 20 working days of return being accepted at validation stage  |

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| Function/Task |   | Expectation   |
|---------------|---|---|
| <b>4</b>      | <b>Member information and general administration</b>  |   |
| 4.1           | Produce annual benefit statements for Active Members as at 31 March   | By 31 August following the year-end   |
| 4.2           | Produce annual benefit statements for Deferred Members as at pensions increase date in April                        | By 30 June following pensions increase date   |
| 4.3           | Produce and issue pension savings statements each year to Members who have exceeded their standard annual allowance | By 6 October following the end of the tax year, (provided receipt of all relevant information from the Scheme Employer) |
| 4.4           | Issue P60s to pensioners and beneficiaries  | By 31 May following the year-end  |
| 4.5           | Publish and keep up to date all forms required for completion by Scheme Members or Employers                        | Publish within 30 days from any revision  |
| 4.6           | Letters/e-mails from Members (or Member's representatives)  | Answer or acknowledge within 5 working days   |

## Performance measurement and key tasks

- 3.2.2 The Fund monitors its performance against the following tasks and a number of the key tasks are also benchmarked annually against industry standard performance indicators. The benchmarking also compares the Fund's performance to that of other LGPS Funds as part of the CIPFA benchmarking club. The Fund's performance against these key tasks, and its performance comparative to other Funds, is reported to the PSB and is included in the Fund's annual report & accounts.
- 3.2.3 The table below set out the Fund's performance indicators in relation to processing scheme member records and benefits and the separate table on page 16 sets out the key performance indicators which are benchmarked annually. The Fund aims to maintain performance at 95% in respect of key performance indicators and 90% in respect of other performance indicators.

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## The Fund's Key Performance Indicators

| Performance Area |  | Measurement   |
|------------------|--|---|
| <b>1</b>         | <b>New joiners &amp; charges</b>   |   |
| 1.1              | Set up a new starter and provide statutory notification  | <u>Portal submissions</u><br>Within 5 working days of receipt of correct data file from Employer<br><u>Monthly Return submissions</u><br>Within 40 working days of receipt of correct data file from Employer |
| 1.2              | Changes to a Member's details  | Within 20 working days of receipt of notification from Employer   |
| <b>2</b>         | <b>Transfers</b>   |   |
| 2.1              | Transfer-in quotations processed   | Within 10 working days of receipt of all the required information   |
| 2.2              | Transfer notification of transferred-in membership to be notified to the Scheme Member   | Within 10 working days of receipt of payment  |
| 2.3              | Transfer-out quotations processed  | Within 10 working days of receipt of all the required information   |
| 2.4              | Transfer-out payments processed  | Within 20 working days of receipt of all the required information   |
| 2.5              | Provision of estimate for divorce purposes   | Within 15 working days of written request   |
| <b>3</b>         | <b>Additional Contributions</b>  |   |
| 3.1              | Notify the Scheme Employer of any Scheme Member's election to pay additional pension contributions (APCs), including all required information to enable deductions to commence | Within 10 working days of receipt of election from a Scheme Member  |
| 3.2              | Process Scheme Member requests to pay/amend/ cease additional voluntary contributions (AVCs)   | Within 5 working days of receipt of request from a Scheme Member  |

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| Performance Area |   | Measurement   |
|------------------|---|---|
| <b>4</b>         | <b>Leavers</b>  |   |
| 4.1              | Notify Members of their deferred options                                    | Within 10 working days of receipt of the leaver notification  |
| 4.2              | Deferred benefits calculated  | Within 30 working days of receipt of all necessary information  |
| 4.3              | Deferred benefits processed for payment following receipt of election       | Within 5 working days from receipt of all necessary information   |
| 4.4              | Refund payments   | Within 5 working days from receipt of all necessary information   |
| <b>5</b>         | <b>Retirements</b>  |   |
| 5.1              | Provision of retirement options to Members                                  | Within working 10 days of the later of (i) the Member's leaving date or (ii) receipt of all necessary documentation                     |
| 5.2              | New retirement benefits processed for payment following receipt of election | Lump-sum payment within 5 working days of receipt of all necessary documentation<br>First pension payment on next available payroll run |
| 5.3              | Changes to bank details made  | By next payroll cut-off date  |
| <b>6</b>         | <b>Deaths</b>   |   |
| 6.1              | Acknowledgement of a death  | Within 5 working days of receiving the notification.  |
| 6.2              | Notification of benefits payable to dependents will be issued               | Within 5 working days of receiving the required information   |
| 6.3              | Payment of death lump-sum will be made                                      | Within 10 working days of receipt of all the required information   |



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| Performance Area |   | Measurement  |
|------------------|---|--|
| <b>7</b>         | <b>Customer service</b>   |  |
| 7.1              | Calls received to the customer helpline to be answered  | 85% of calls received to the customer helpline to be answered within 5 rings |
| 7.2              | Calls received to the Employer helpline to be answered  | 85% of calls received to the Employer helpline to be answered within 5 rings |
| 7.3              | Provide an answer or acknowledgement to Scheme Members/Scheme Employers/ personal representatives/dependents and other authorised persons | Within 10 working days from receipt of enquiry                               |

## Benchmarking Key Performance Indicators

3.2.4 The following key tasks are benchmarked annually against the performance other LGPS Funds as part of the CIPFA benchmarking club. Please note that the tasks benchmarked each year and the standards measured against are subject to change from time to time, at the discretion of the benchmarking club's steering group; the standards are currently measured against the legal time limits. The Fund's performance against these key tasks and its performance comparative to other Funds are reported to the PSB and also included in the Fund's Annual Report & Accounts.

|   | Performance Area  | Standard |
|---|---|----------|
| 1 | Transfer In - letter detailing transfer in quote  | 2 months |
| 2 | Transfers Out – letter detailing transfer out quote   | 2 months |
| 3 | Refund – process and pay refund   | 2 months |
| 4 | Deferment – calculate and notify deferred benefits  | 2 months |
| 5 | Retirements - Letter notifying estimate of retirement benefits (including all retirement types; normal, ill health, early, late etc.). (Active)   | 2 months |
| 6 | Retirements - Letter notifying estimate of retirement benefits (including all retirement types; normal, ill health, early, late etc.). (Deferred) | 2 months |

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|    | Performance Area  | Standard |
|----|---|----------|
| 7  | Retirements - Letter notifying estimate of retirement benefits (including all retirement types; normal, ill health, early, late etc.). (Deferred) | 2 months |
| 8  | Retirements - Letter notifying actual retirement benefits (including all retirement types; normal, ill health, early, late etc.). (Deferred)      | 2 months |
| 9  | Retirements - Process and pay lump sum retirement grant (including all retirement types; normal, ill health, early, late etc.). (Active)          | 2 months |
| 10 | Retirements - Process and pay lump sum retirement grant (including all retirement types; normal, ill health, early, late etc.). (Deferred)        | 2 months |
| 11 | Deaths - Initial letter acknowledging death of Active/Deferred/Pensioner Member   | 2 months |
| 12 | Deaths - Letter notifying amount of dependent's benefit   | 2 months |
| 13 | Divorce Quote - Letter detailing cash equivalent value and other benefits   | 3 months |
| 14 | Divorce Settlement - Letter detailing cash equivalent value and application of Pension Sharing Order  | 3 months |
| 15 | Joiners - Send notification of joining the LGPS to Scheme Member  | 2 months |
| 16 | Deferred into Pay - Process and pay lump sum retirement grant   | 2 months |

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## 4. Achieving the Objectives

- 4.1 There are currently in excess of 700 Employers in the Fund differing in size, structure and capability which represents a significant logistical challenge to the management of information, processes and services within the Fund. The number of Employers in the Fund continues to grow as does the demand for more accurate and timely information. We need to meet the expectations and demands of Scheme Members and comply with the data requirements of ever-increasing scrutiny both at a local and national level. Furthermore, TPR introduced higher levels of compliance and the Fund will be required to demonstrate heightened governance and administrative efficiency.
- 4.2 There are four key elements necessary to achieving the Fund's Administrative
- 4.3 Objectives:

### ◇ Communications

The Fund aims to provide easy to follow, relevant, accurate, accessible and timely information to all Stakeholders. To this end, the Funds' Communications Strategy is already well developed providing a wide range of solutions for all parties. However, with the increasing number of Scheme Employers and membership creating an increased need for information, the Fund is developing its Communications Strategy, embracing technology to enable both Member and Employer online access to the administration system.

### ◇ Training and Engagement

The objectives of the Fund have always been to keep stakeholders informed of new developments providing guidance, training and workshops for Employers and the Fund's staff alike when new Regulations are implemented or are under consideration.

Additionally, guidance and training are offered on an ongoing basis to new Scheme Employers or relevant new HR/Payroll staff. With this in mind, it is important that both Employers and the Fund ensure that their staff have the right level of skills and knowledge to support any changes, starting with a sound foundation of existing regulations and administrative processes.

Notwithstanding future changes, there is an ongoing need to continuously maintain the quality of Member records and the administrative processes by improving the quality of information received from Employers.

The Fund's guidance and training aims are therefore:

- To ensure that relevant staff within each Employer have sufficient knowledge and skills to effectively discharge administrative processes by working with Employers' Human Resources, Payroll and other staff to identify relevant skills and knowledge gaps and provide appropriate guidance and training;

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- To ensure that Employers are fully aware of the risks involved in poor administration and maintenance of Member pension records and if they fail to discharge their discretionary functions;
- To continually develop the technical skills and competencies of the Fund's staff and retain knowledge in the application of historic regulations.

The Fund will provide guidance and training for Employers' relevant staff, to build up and maintain a level of professional expertise which together with the Employer's own systems and processes will enable Employers to deliver information required by the Fund to efficiently administer the Scheme.

The primary contact at the Employer has an important role to play in ensuring both they and other relevant staff (or their successor) build up and retain sufficient knowledge and skills to enable the Employer to comply with its statutory LGPS duties.

## Information & Communications Technology

As part of its digital ambitions, the Fund has invested in upgraded software which has the facility to enable Employers to submit data online, via a web portal enabling Employers to review and update their staff's individual Member records or notify the Fund of changes in their employment details.

This development allows Employers to submit certain changes, notifications and requests online, including Joiners, 50/50 switches, Changes of Address, Changes of Personal Circumstances, Changes of Hours and Breaks in Service, Early Leaver Notifications, Estimate Requests, General Queries, Leaver Notifications, Maternity Commencement and Return and Opt outs within 3 months.

The ambition is to eventually have all Fund Employers submitting data electronically via the Portal.

## Performance standards

Overriding legislation dictates minimum standards that pension schemes should meet in providing certain pieces of information to the various parties associated with the Scheme. The Scheme itself sets out a number of requirements for the Administering Authority or Scheme Employers to provide information to each other, Scheme Members and prospective Scheme Members, dependants, other pension arrangements or other regulatory bodies.

The locally agreed performance standards, covered in section 3 above, cover all aspects of the administration of the Scheme and, where appropriate, go beyond the overriding legislative requirements.

The Fund and Scheme Employers will ensure that all functions/ tasks are carried out to agreed quality standards. In this respect the standards to be met are:

- work to be completed and submitted in the required format and/or on the appropriate forms;
- information to be legible and accurate;
- communications to be in a plain language style;
- information provided to be checked for by an appropriately trained Member of staff before submission;

# Essex Pension Fund Administration Strategy

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- information submitted to be appropriately authorised; and
- actions carried out, or information provided, within the timescales set out in this Strategy document.

For the avoidance of doubt “accuracy” in this Strategy is defined as when we have received a completed form/data with no gaps in mandatory areas and with no information which is either contradictory within the document or which we need to query.

The timeliness relates to a date of event being either the date the Member started or left the Fund or any other material change that affects a Scheme Member’s pension record.

## 5. Procedures for ensuring Compliance

- 5.1 Ensuring compliance is the responsibility of the Fund and Scheme Employers. We will work closely with all Scheme Employers to ensure compliance with all statutory requirements, whether they are specifically referenced in the LGPS Regulations, in overriding legislation, or in this Administration Strategy.
- 5.2 We will also work with Employers to ensure that overall quality and timeliness is continually improved. Various means will be employed, to ensure such compliance and service improvement, seeking views from as wide an audience as possible. These include:

### Performance monitoring

- 5.3 The Employer should monitor its own performance against its Scheme Employer duties and responsibilities and seek to improve its performance where it is not achieving the required level of performance.
- 5.4 The Fund will also monitor the Employer’s performance against the agreed performance levels and will work closely with Employers in identifying any areas of poor performance, provide the opportunity for necessary training and development and put in place appropriate processes to improve the level of service delivery in the future.
- 5.5 The Fund will also monitor its own performance against its administering authority duties and responsibilities. The Fund participates each year in the CIPFA Benchmarking Club to measure its performance against other LGPS Funds and performance against key performance indicators are reported to the PSB and included in the Fund’s Annual Report and Accounts.

### Unsatisfactory performance

- 5.6 Where persistent and ongoing failure occurs and no improvement is demonstrated by an Employer, and /or unwillingness is shown by the Employer to resolve the identified issue(s), the following sets out the steps we will take in dealing with the situation in the first instance:

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- The Fund will contact and/or meet with the Employer to discuss the area(s) of poor performance and how they can be addressed;
- An Improvement Plan will be agreed setting out the improvements required and a timescale for achieving those improvements;
- Where no improvement has been demonstrated by the Employer within the agreed timescale, or where there has been a failure to take agreed action by the Employer, the Fund will issue a formal written notice to the Employer setting out the area(s) of poor performance that has been identified, the steps taken to resolve those area(s) and giving notice that the additional costs may now be reclaimed;
- The Fund will clearly set out the calculations of any loss or additional costs resulting to the Fund, taking account of time and resources in resolving the specific area of poor performance; and
- The Fund make a claim against the Scheme Employer, setting out the reasons for doing so, in accordance with the Regulations.

## 6. Work not included in the Administration Charge (and for which the Fund will make an additional charge)

6.1 The following table details work which the Fund may do for Scheme Employers, but which is not covered by the administration charge which is included in the Employer contribution rate. This may be because there is no statutory requirement for the Fund to do the work or because not all Employers require the work to be done. As such work is not included in the administration charge, the following additional charges will apply:

| Description of Activity   | Work done which is not covered by Admin Charge  | Additional Charge   |
|---|---|---|
| <b>IAS19/FRS17 production</b> for accounts  | All work relating to IAS19/ FRS17 production for accounts<br><br>Nb. this is in addition to the Actuary's charges | £165-£660 depending on no. of Members<br><br>Additional Officer time can be charged for additional auditor enquiries.                             |
| <b>Late payment of contributions</b> (Ees/ Ers/deficit) & late submission of return | Receipt of income late - regulations require within 19 days of end of the month.                                  | £66 for late payment (includes part payment being paid late, e.g. deficit), and interest is also charged<br><br>£66 for late submission of return |

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| Description of Activity   | Work done which is not covered by Admin Charge                   | Additional Charge  |
|---|--|--|
| <b>Working out average hours</b> for a Scheme Member  | Working out average hours for a Scheme Member (an Employer duty) | £22 per Member/per Scheme Year   |
| <b>Coding changes</b> for Compensatory Added Years (CAYs)/teachers compensation   | Input new code on pension payroll                                | £110 < 100 Members<br>£165 100-250 Members<br>£220 > 250 Members   |
| <b>Early Retirement Estimates</b> (1st for that Member in the calendar year)  | Accelerated turnaround time                                      | A charge will usually only be made if, in the Fund's view, excessive requests are being made by a Scheme Employer:<br>2 - 3 week turnaround - No charge<br>1 - 2 week turnaround - £27.50 per estimate<br>< 1 week turnaround - £55 per estimate           |
| <b>Early Retirement Estimates</b> (Additional requests in calendar year)  | Provision of additional early retirement estimates               | A charge will usually only be made if, in the Fund's view, excessive requests are being made by a Scheme Employer:<br>2 - 3 week turnaround – £27.50 per estimate<br>1 - 2 week turnaround - £55 per estimate<br>< 1 week turnaround - £82.50 per estimate |
| <b>Bulk early retirement estimates</b><br>E.g. Running report to capture pension, lump sum, strain for everyone over age 55 | Bulk early retirement estimates                                  | 3 week turnaround - £750   |

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| Description of Activity  | Work done which is not covered by Admin Charge   | Additional Charge   |
|--|--|---|
| <p><b>TUPE &amp; Outsourcings</b><br/>- Admission body process (including re-lets)</p> | <p>Any work relating to a Fund Employer tendering or outsourcing a service, TUPE transferring staff and contractor/ community body entering into admission agreement with the Fund.</p> <p>Nb. this is in addition to the Actuary's report fee</p> | <p>Charge is 25% of the actuary's fee for the risk and contribution report.<br/>Charge includes:</p> <ul style="list-style-type: none"> <li>• Generic guidance of the process</li> <li>• Provision of standard draft agreements</li> <li>• Reasonable cleansing of records</li> <li>• Providing data to the Actuary</li> <li>• Liaising with the Actuary</li> <li>• 60 minutes of Officer support &amp; guidance by phone, e-mail or in person</li> <li>• Sealing of agreements by ECC</li> <li>• Provision of copy of sealed agreements to all parties</li> <li>• Amendment of UPM records</li> </ul> <p>Any additional work necessary, such as amendments to the standard draft admission agreement, will be chargeable at £55 - £110 per hour depending on which Officer does the work</p> |
| <p><b>Academy conversions</b> / free schools</p>                                       | <p>Any work relating to the conversion of a school to Academy status or the setting up of a free school.</p> <p>Nb. this is in addition to the Actuary's report fee.</p>   | <p>15% of the Actuary's fee</p>   |
| <p><b>Bond Review</b></p>  | <p>Any work in relation to reviewing a bond level</p> <p>Nb. this is in addition to the Actuary's report fee.</p>  | <p>15% of the Actuary's fee</p>   |



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| Description of Activity   | Work done which is not covered by Admin Charge  | Additional Charge   |
|---|---|---|
| <b>Internal fund transfers</b>  | Any work in relation to an internal transfer of Members between Employers in the Fund<br><br>Nb. this is in addition to the Actuary's report fee.                         | 15% of the Actuary's fee  |
| <b>Non- standard Actuarial work</b>   | Non-standard actuarial work instigated by, or because of the actions of, the Employer – e.g. bespoke requests<br><br>Nb. this is in addition to the Actuary's report fee. | 15% of the Actuary's fee  |
| <b>Cessation work</b> when an Employer exits the Fund   | All work in relation to the cessation of an Employer exiting the Fund<br><br>Nb. this is in addition to the Actuary's report fee.   | 20% of the Actuary's fee  |
| <b>Accelerating work</b><br>- Employer asking for work to be done quicker than normal agreed turnaround times | Prioritising work over other work   | Charge will depend on how many cases to be accelerated and how quickly turnaround is required |
| <b>Assistance with wording</b> of the Employer's communications or policies etc                               | Writing/Re-writing Employer communication   | Chargeable at £55 - £110 per hour depending on which Officer does the work                    |

Nb. Any charges shown as a cash amount will be reviewed periodically and any revised charges published in an updated version of this Strategy.

# Essex Pension Fund Administration Strategy

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## 7. Approval and Review

- 7.1 This Administration Strategy was approved on 18 March 2022 by the PSB. It will be formally reviewed and updated by the PSB at least every three years or sooner if Administration arrangements or other matters included within it merit reconsideration, including if there are any changes to the LGPS or other relevant Regulations or Guidance which need to be taken into account.

## 8. Further Information

If you require further information about the Fund's Administration Strategy, please contact:

David Tucker, Technical Hub Manager, Essex Pension Fund  
Email – [David.tucker@essex.gov.uk](mailto:David.tucker@essex.gov.uk)

Jody Evans, Director for Essex Pension Fund  
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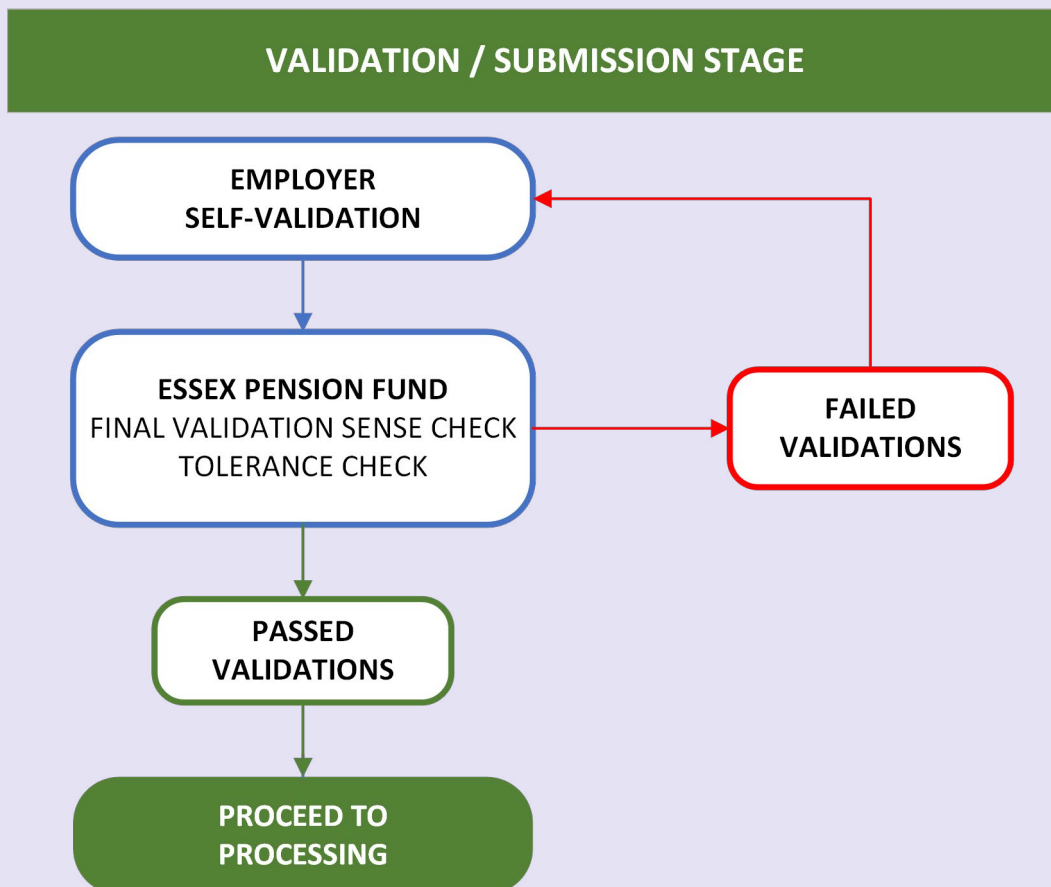
### Policy on charging for late and/or inaccurate returns

**Effective date: 01/04/2022**

An accurate return must be submitted in the approved format no later than the end of the following month. For example, information for March to be submitted by the end of April.

- ◇ If a Return is late and/or contains errors, or data omissions are identified, then charges can be incurred by an Employer at both the Validation/Submission stage and at the Processing stage.
- ◇ Any charges incurred by Employers for either stage will be invoiced at the earlier of (i) within 1 month of correct data being received or (ii) 3-month anniversary of deadline.

Details of the two acceptance stages are outlined below:



- ◇ Employers will be expected to undertake many of the formatting and tolerance checks themselves, by using the self-validation facility built into the monthly return spreadsheet, before they submit their Return.
- ◇ Any Return submitted with Red or Amber validation errors without explanatory comments, or not submitted on the correct layout provided for the month in question, will be rejected and returned to be corrected and resubmitted.
- ◇ Correctly submitted Returns will then be subject to additional validation and tolerance checks by Officers which must be passed before the return can be accepted and proceed to the Processing stage

### No Submission Charge if:

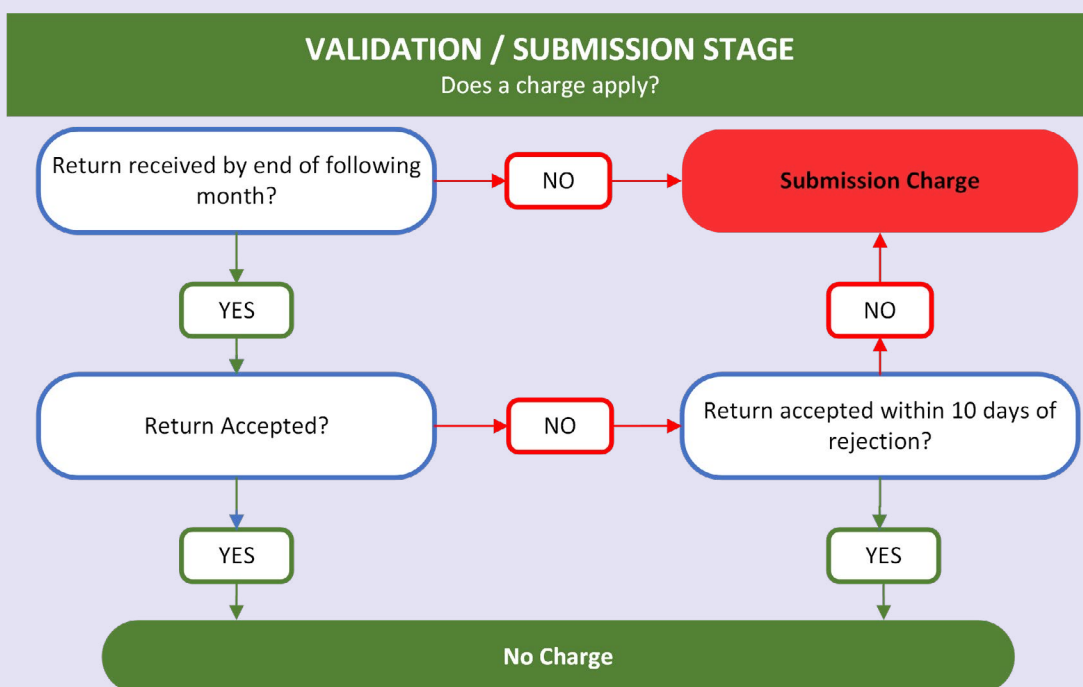
- the Return is received by the end of the month following the submission month and passes the validation and tolerance checks within 10 working days of original rejection.

### Submission Charge if:

- the Return is received by the end of the month following the submission month and does not pass the validation and tolerance checks within 10 working days of original rejection, or
- the Return is received after the end of the month following the submission month.

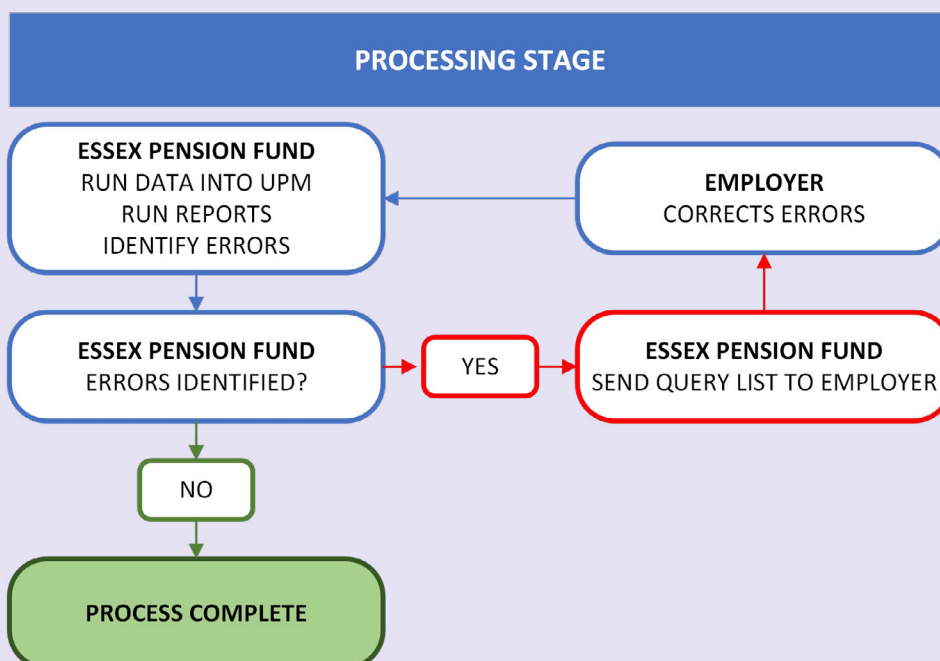
### Submission Charge Doubled if:

- Accurate data is not received within 3 months of the deadline, and Submission Charge B will apply.

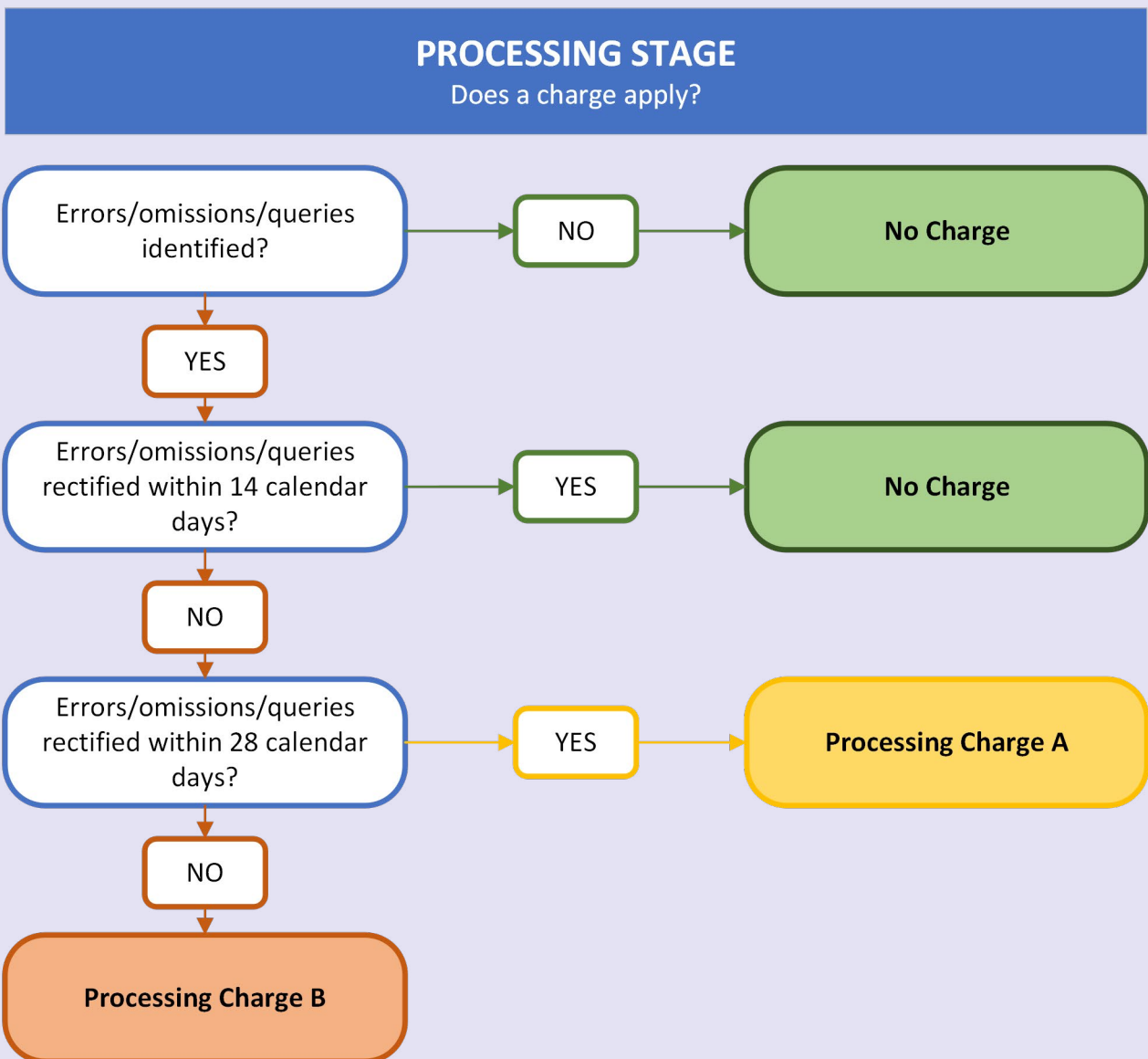


| Table 1: Validation / Submission Stage Charges |                   |
|--|-------------------|
| Number of members on file                      | Submission Charge |
| 1 - 25   | £25.00            |
| 26 - 50  | £50.00            |
| 51 - 100                                       | £100.00           |
| 101 - 250                                      | £175.00           |
| 251 - 500                                      | £275.00           |
| 501 - 1000                                     | £400.00           |
| 1001 - 5000                                    | £550.00           |
| 5001 - 10,000                                  | £725.00           |
| 10,001+  | £925.00           |

These charges will be increased each April by the previous September's Consumer Price Index (CPI) annual inflation figure.



- ◇ Data provided on the Return is run into the administration system to identify any errors on the individual data lines (e.g. missing starter or leaver notifications).
- ◇ If any errors/omissions/queries are identified, a list of these will be sent to the Employer and the Employer will be given 14 calendar days to rectify the errors/omissions/queries.
- ◇ If the errors/omissions/queries are not rectified within 14 calendar days from notification by the Fund, there will be a Processing Charge.
- ◇ The Processing charge will be based on the number of errors, omissions and queries in the list sent to the Employer and the level of charges is shown in Table 2.
- ◇ If completely correct data is not received within 28 calendar days from notification by the Fund, the charge will be doubled, and Processing Charge B will apply.



**Table 2 - Processing stage charges**

| No. of errors, omissions & queries   | Processing Charge A | Processing Charge B* |
|--|---------------------|----------------------|
| 1 - 10   | £60.00              | £120.00              |
| 11 - 20  | £120.00             | £240.00              |
| 21 - 30  | £180.00             | £360.00              |
| 31 - 40  | £240.00             | £480.00              |
| 41 - 50  | £300.00             | £600.00              |
| 51 - 100   | £600.00             | £1,200.00            |
| 101 - 250  | £1,500.00           | £3,000.00            |
| 251 - 500  | £3,000.00           | £6,000.00            |
| 501 - 750  | £4,500.00           | £9,000.00            |
| 751 - 1000   | £6,000.00           | £12,000.00           |
| 1001+  | £8,000.00           | £16,000.00           |
| If the original data supplied turns out to be correct or a query is resolved within deadlines then that query will be deducted from number of errors, omissions and queries used to determine the charge |                     |                      |
| These charges will be increased each April by the previous September's Consumer Prices Index (CPI) annual inflation figure   |                     |                      |

### Additional Charges

Additional charges will be incurred by an Employer if correct returns are submitted too late;

- ◇ to be included in the annual benefit statements (ABS) run, or
- ◇ for correct data to be included in the annual submission/return to the Actuary, Government Actuary's Department or the LGPS Scheme Advisory Board.

Also, if the Fund should incur a fine from TPR as a result of an Employer action or inaction then the Employer will be required to reimburse the Fund for the amount of the fine.