



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

PENSIONS AND INVESTMENTS COMMITTEE

WEDNESDAY, 23 OCTOBER 2024

Report of the Director of Finance

Pension Administration Strategy

1. Purpose

- 1.1 To seek the Committee's approval for the draft revised Derbyshire Pension Fund Pension Administration Strategy (PAS) attached as Appendix 2 and to commence a period of consultation on the revised PAS with the Fund's participating employers.
- 1.2 To seek approval for the Director of Finance in conjunction with the Chair of the Committee, to consider the results of the proposed consultation on the draft PAS, and for the Director of Finance and the Chair to determine if any revisions to the draft PAS are necessary following the consultation, to enable the strategy to be implemented from 1 January 2025.

2. Information and Analysis

2.1 Background

Derbyshire Pension Fund (the Fund) is committed to working efficiently and effectively with its employers to provide a high-quality pension administration service to all the Local Government Pension Scheme (LGPS) members in Derbyshire.

To support this aim, the Fund maintains a Pension Administration Strategy (PAS), in line with Regulation 59 of The Local Government Pension Scheme Regulations 2013, which is reviewed annually.

Changes to the PAS are subject to consultation with participating employers and approval by the Committee.

The revised PAS will be published on the Fund's website and all participating employers will be notified upon approval of the changes applied and of the location of the revised version.

2.2 Purpose of the PAS

The PAS sets out the roles, responsibilities, and service standards which the Fund and participating employers will be expected to deliver in order to support the efficient administration of Fund members' records. It also includes details of how employers will be monitored, supported and managed should they fail to meet the required standards of performance in submitting accurate and timely data and payments to the Fund.

The present version of the Fund's PAS was approved by the Committee on 8 June 2022 and applied without adjustment from 1 August 2022 following a period of consultation with employers.

A review of the PAS in 2023 did not highlight any required amendments, therefore, the version approved in 2022 has remained in force.

The current version, from 2022, established the Fund's secure monthly data transmission platform, i-Connect, as the standard method for the Fund's employers to submit member data and introduced charges for employers who fail to engage with the Fund on implementing i-Connect. Charges applied to such employers are based on recovering the administrative costs to the Fund of maintaining a separate process for receiving their data. This is in compliance with Regulation 70 of The Local Government Pension Scheme Regulations 2013 which gives LGPS funds the ability to recover extra administrative costs incurred as a result of an employer's failure to adequately meet its LGPS responsibilities.

At the time when the PAS was approved in 2022, the Fund's project to fully implement i-Connect across all employers was in progress, therefore, in recognition that a significant number of employers were still subject to alternative procedures for data submissions, the strategy included information about i-Connect and non i-Connect procedures. In respect of current totals, as at 30 September 2024, there were 320 actively participating employers submitting data live on i-Connect.

2.3 Changes to the revised draft PAS

Subject to approval. the main proposed changes to the PAS will

- remove reference to pre i-Connect procedures in recognition that the onboarding of employers to i-Connect has now become part of business as usual practice, and
- streamline steps taken when employers are identified as underperforming in respect of their responsibilities as an LGPS employer in the Fund

The changes will bring the strategy up to date in respect of setting out employers' LGPS responsibilities when participating in the Fund and improve the clarity of procedures following identification of employers failing to comply with their responsibilities.

This includes the Fund agreeing an improvement plan with an employer where necessary, setting out the outcomes required and a timescale for achieving and maintaining the improvements.

In addition to a clearer process for assisting employers to meet their responsibilities, the revised approach will also provide a clearer set of steps before an employer which is failing to engage with its improvement plan is charged for any additional administration costs incurred by the Fund.

3. Consultation

- 3.1 Subject to the Committee's approval, a consultation will commence on 1 November 2024 with the Fund's participating employers on the revised Pension Administration Strategy. The consultation period will be open for 6 weeks until 13 December 2024. The results of the consultation will be reported to the Committee at a future meeting.

Approval is sought for the Director of Finance, in conjunction with the Chair of the Committee, to consider the results of the consultation in the meantime, and for the Director of Finance and the Chair to determine if any revisions to the proposed Pension Administration Strategy are necessary following the consultation, to enable the strategy to be implemented from 1 January 2025.

4. Implications

4.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

5. Appendices

5.1 Appendix 1 – Implications

5.2 Appendix 2 - Draft revised Pension Administration Strategy

6. Recommendation(s)

That Committee:

- a) approves the draft revised Derbyshire Pension Fund Pension Administration Strategy attached as Appendix 2, for consultation with the Fund's participating employers.
- b) delegates the consideration of the results of the consultation, and the determination of whether any revisions to the proposed Pension Administration Strategy are necessary following the consultation, to the Director of Finance in conjunction with the Chair of the Committee.

7. Reasons for Recommendation(s)

7.1 The Local Government Pension Scheme Regulations 2013 set out at Regulation 59 that an administering authority may prepare a written statement of the authority's policies in relation to matters of pension administration.

7.2 Changes to the PAS are necessary to fully reflect i-Connect as the required method of data submissions from employers to the Fund and to reflect the introduction of an improvement plan for employers who fail to meet their LGPS responsibilities as an employer in the Fund.

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Implications

Financial

1.1 None

Legal

2.1 None

Human Resources

3.1 None

Information Technology

4.1 None

Equalities Impact

5.1 None

Corporate objectives and priorities for change

6.1 None

Other (for example, Health and Safety, Environmental, Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None