

**Agenda Item 4. (c)**

**DERBYSHIRE COUNTY COUNCIL  
PENSIONS AND INVESTMENTS COMMITTEE**

**3 March 2021**

**Report of the Director of Finance and ICT**

**DERBYSHIRE PENSION FUND  
PENSION ADMINISTRATION STRATEGY**

**1 Purpose of the Report**

To seek the Committee's approval for the draft Derbyshire Pension Fund Pension Administration Strategy attached as Appendix 1.

**2 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.

All employers participating in the Fund will be signposted to the revised version of the PAS which will be published on the Fund's website.

The PAS sets out the roles, responsibilities and service standards which the Fund and participating employers will be expected to deliver in order to enable 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 their required standards of performance in submitting accurate and timely data and payments to the Fund.

The last review of the PAS was undertaken and approved by the Committee in January 2020. The revisions made at that time were mainly concerned with a revision to the method of charging employers where performance standards were not being met.

This draft revised version of the PAS includes changes to recognise the Fund's implementation of the i-Connect secure data transmission service hosted by Aquila Heywood, the supplier of the Fund's pensions administration system.

The Fund commenced a project in 2019 aimed at all participating employers, with the target of implementing i-Connect for the submission of individual scheme member data by the end of 2021.

The methods of submitting data to the Fund as an employer using the i-Connect service, and as an employer yet to implement i-Connect, are both summarised in the revised PAS.

Additionally, the revised version recognises the Fund's development of a member self-service portal, which is to be introduced in 2021, and includes a new section on data protection responsibilities.

### **3. Consultation**

It is intended to consult with the Fund's participating employers and the local pension board on the revised Pension Administration Strategy. The results of the consultation will be reported to the Committee in April 2021.

Approval is sought for the Director of Finance & ICT, in conjunction with the Chair of the Committee, to consider the results of the consultation in the meantime, and for the Director of Finance & ICT 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 April 2021.

### **4. Financial Considerations**

All costs related to the operation and implementation of this Policy will be met directly by Derbyshire Pension Fund.

### **5. Other Considerations**

In preparing this report the relevance of the following factors have been considered: legal and human rights, equality and diversity, health, environmental, transport, property and prevention of crime and disorder.

### **6. Officer's Recommendation**

That the Committee:

- (i) approves the draft Derbyshire Pension Fund Pension Administration Strategy attached as Appendix 1, subject to the outcome of the consultation with the Fund's participating employers and the local pension board.
- (ii) 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 & ICT in conjunction with the Chair.

**Peter Handford**

**Director of Finance and ICT**



Derbyshire  
Pension  
Fund

**Appendix 1**

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# Pension Administration Strategy (Draft)

March 2021

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## 1. Introduction

This is the Pension Administration Strategy (the Strategy) of Derbyshire Pension Fund (the Fund) in relation to the Local Government Pension Scheme (LGPS), which is administered by Derbyshire County Council (the Administering Authority).

The LGPS is a statutory scheme and governed by regulations. The current regulations relating to administration are The Local Government Pension Scheme Regulations 2013 (as amended).

The following link to the Local Government Association's (LGA) "LGPS Regulations and Guidance" website provides an up to date version of the LGPS Regulations 2013, including changes made subsequently through amending statutory instruments:

[lgpsregs.org/schemeregs/lgpsregs2013.php](https://lgpsregs.org/schemeregs/lgpsregs2013.php)

The Administering Authority and the Fund's employers are required to comply with any relevant overriding legislation and follow any regulatory guidance or Code of Practice issued by The Pensions Regulator in discharging their roles and responsibilities under these regulations with regard to data quality, completeness and timeliness.

The legal context for this Strategy is Regulation 59 of The Local Government Pension Scheme Regulations 2013, which allows Administering Authorities the opportunity to prepare a Pension Administration Strategy.

This strategy sets out the standards of performance and best practice that the Administering Authority and the Fund's employers should aim to meet when carrying out their scheme functions. It is reviewed annually and will be revised to reflect changes to:

- LGPS regulations
- policies determined by the Administering Authority
- administrative practices executed by the Fund and its employers in fulfilling its functions

It also includes a schedule of additional administration costs in accordance with Regulation 70 of the LGPS Regulations 2013, which provides scope for pension funds to recover costs where additional costs are being incurred due to an employer's level of performance.

Levels of performance achieved by both the Fund and scheme employers are reported;

- as part of a Pension Administration Report at the Administering Authority's Pensions and Investments Committee
- at Derbyshire Pension Board meetings
- in the Fund's Annual Report

This strategy is published on the Fund's website ([derbyshirepensionfund.org.uk/aboutthefund](https://derbyshirepensionfund.org.uk/aboutthefund)) and signposted to all participating employers in an Employer Newsletter. This is following its formal approval by the Pensions and Investments Committee in its role as the Administering Authority of the Fund. A copy will also be submitted to the Secretary of State as required in Regulation 59.

## 2. Aims of the Strategy

The aims of this Pension Administration Strategy are to:

- Support the provision of a high-quality pension service to Fund members delivered through efficient working practices
- Clearly set out the respective roles and responsibilities of the Administering Authority and scheme employers
- Ensure that the Fund operates in accordance with LGPS regulations and Codes of Practice issued by The Pensions Regulator
- Set out the quality and performance standards expected of the Administering Authority and its scheme employers in relation to each other
- Promote good working relationships and improve efficiency between the Administering Authority and its scheme employers for the benefit of Fund members
- Provide a framework to enable administration costs relating to significant employer underperformance to be met directly by the employer responsible, rather than shared across all the employers in the Fund<sup>1</sup>

The efficient delivery of the benefits of the scheme is dependent upon effective administrative procedures being in place between the Administering Authority and scheme employers, principally the timely exchange of accurate information in relation to scheme members.

This strategy sets out the expected levels of performance of the Administering Authority and the scheme employers and provides details about the monitoring of performance levels.

The strategy is implemented from 1 April 2021 following consultation with the Fund's employers and will be kept under review and updated as required to reflect changes in scheme regulations and Fund working practices.

Derbyshire Pension Board, in its role of assisting the administering authority to ensure the effective and efficient administration and governance of the Scheme, will also monitor the operation of this strategy: [derbyshirepensionfund.org.uk/pensionboard](http://derbyshirepensionfund.org.uk/pensionboard)

## 3. Record Keeping

Record keeping is an essential part of running a scheme such as the LGPS. Funds and their employers have a legal obligation to collate and maintain certain data which is key to managing the scheme.

Derbyshire Pension Fund must keep accurate, up-to-date and long-term records, within the parameters of data protection legislation to ensure it can govern and administer the Fund efficiently for all scheme members.

Employers provide the data needed by the Fund and must ensure that they are meeting their legal obligations to the scheme.

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<sup>1</sup> Regulation 70 of the 2013 LGPS Regulations permits the recovery of additional costs from an employer where its level of performance has caused additional costs to the Fund



The Fund has a legal duty to provide its members with accurate and timely information about their benefits, which cannot be issued without data from employers.

## 4. Development of the Fund's administration

### i-Connect

Since 2019, the Fund has been working towards the full implementation of i-Connect. This is an additional module of the Aquila Heywood pension administration platform. The i-Connect module allows the Fund's scheme employers to automate the transfer of member data from their payroll systems to the Fund's pension administration system (Altair) on a monthly basis.

By onboarding the Fund's scheme employers onto i-Connect, this efficient solution will:

- reduce the need for manual inputting of pension related data
- allow ongoing data validation and a more timely resolution of queries
- reduce the workload of year-end reconciliation and reporting
- ensure the maintenance of a stable and accurate membership database
- receive data in line with statutory rules thus avoiding the risk of enforcement action and financial penalties by The Pensions Regulator for breaching legislative time limits and other requirements

Maintaining up to date member records ensures the accurate calculation of employers' pension contribution rates and the provision of a better service for fund members.

This strategy applies a deadline of 31 December 2021 for all the scheme employers to have commenced the implementation of i-Connect and the monthly transfer of its data submissions.

Where an employer declines to work towards the implementation of i-Connect, an administrative charge may be applied for the resources needed to administer active members of the Fund outside of the i-Connect process.

Charges may be levied annually for non-participating employers. These will be set by the Fund at the end of the implementation of the i-Connect project after 31 December 2021 and notified to the Fund's employers.

### Member Self Service: My Pension Online

The Fund plans to introduce a secure, online portal to allow active, deferred and pensioner members to view certain parts of their pension information, to undertake a restricted number of data amendments and to carry out benefit projections on-line. This online service is known as "My Pension Online", which will eventually become the Fund's default method of communication with members.

The Fund will promote this service to scheme members and reflect it in the Fund's Communication Strategy. Employers will be expected to assist in the promotion of the "My Pension Online" service and encourage their employees who contribute to the LGPS to register for the service.

In the first instance, My Pension Online will deliver the electronic provision of Annual Benefit Statements to active and deferred members.



## 5. Roles and responsibilities

The aims of this strategy will be achieved by:

- Clearly defining the respective roles of scheme employers and the Administering Authority
- Setting clear and achievable standards of service levels for the functions carried out by scheme employers and the Administering Authority
- Setting out clear procedural guidance for the secure and effective exchange of information between scheme employers and the Administering Authority
- Monitoring service delivery, identifying poor performance and establishing a platform for the provision of support to improve performance where required
- Applying additional charges where an employer consistently fails to meet deadlines to ensure the resulting additional administrative strain is not a burden on all employers

## 6. Employer roles and responsibilities

The primary responsibilities for the employer are to:

- **Communicate** the LGPS to eligible staff
- **Apply** the scheme via the collection and payment of the correct levels of pension contributions
- **Report** information and data to the Pension Fund as set out in this strategy

The delivery of an efficient and cost-effective administration is dependent upon a successful joint working partnership between the Pension Fund and key individuals within or representing the scheme employer.

To support and develop the joint working partnership with the Fund, each employer is asked to designate a primary contact to liaise with the Fund about their employer responsibilities in the administration of the scheme.

The employer responsibilities are to ensure that the standards and levels of service set out in this Administration Strategy are delivered and regulatory responsibility is complied with.

This section outlines a brief summary of key employer's responsibilities, along with a more detailed listing of the responsibilities of each participating scheme employer in the Fund and the performance standards employers are expected to achieve to enable the Fund to deliver an efficient service.

### Summary of key employer responsibilities:

- Ensure that the standards and levels of service set out in this Administration Strategy are delivered and regulatory responsibility is complied with.  
In brief summary, the main elements are:
  - Monthly payment and reporting of pension contributions
  - Monthly submission of i-Connect data transmissions
  - Accurate submission of a Year-End Return where required
  - Notification of New Starter/Joiner Information
  - Changes to Personal Details

- Changes to Employment Details
  - Unpaid absence details
  - Leaver Notifications
  - Provision of evidence supporting employer's pension-related decisions (eg Ill-Health Retirements, Flexible Retirement, Redundancy, the early release of benefits to deferred members on compassionate or ill-health grounds etc)
- Channel communications to appropriate staff within the employer - for example, Human Resources, Payroll teams, Director of Finance.
  - Arrange distribution of LGPS related communications to scheme members, as and when required.
  - Assist and liaise with the Fund on promotional activities, including encouraging registration for the "My Pension Online" service.
  - Inform the Fund of any outsourcings of service which involve the transfer via TUPE of LGPS eligible staff as soon as possible to ensure that appropriate pensions information can be included in tender documentation, and employees' eligibility for, and membership of the LGPS is protected.
  - Inform the Fund of changes to service delivery arrangements (eg changing payroll provider)
  - Liaise with, and assist the Administering Authority in the identification, explanation, reporting and resolution of statutory breaches, as required by the Pensions Regulator's Code of Practice for public service pension schemes (code of practice 14)

## **Employer responsibilities – Roles, Functions and Performance Targets**

The following tables set out in more details each employer's roles in respect of the administration of the scheme in the areas of:

Scheme Governance and Administration

Individual Member Administration

The performance standards expected are expressed as targets expected in normal circumstances.

On an exceptional basis, it is accepted that it may not be possible to achieve the target indicated and a pragmatic approach will be adopted. This is subject to employers using their best endeavours to meet expected standards wherever possible.

## Scheme Governance and Administration

This section details the functions which relate to overall governance and administration, rather than functions that relate to individual scheme members' benefits.

- **Employer contacts**

Notification to the Fund of employer contacts

Function / Role	Description	Performance Target
<b>Main contact</b>	Nominate a named primary contact to liaise with the Fund. Notification by completion of AS12 Form available from the Fund on request.	<b>Within 1 month</b> of employer joining fund or change to nominated representative.
<b>All Authorised Contacts</b>	Designate and confirm other nominated representative(s) (Payroll, HR, Finance) to act on behalf of the employer in respect of administering the LGPS by submitting the Fund's Authorised Signatory forms to <a href="mailto:pensions.regs@derbyshire.gov.uk">pensions.regs@derbyshire.gov.uk</a> as follows: <b>AS12</b> – Contacts and Signatories <b>AS2</b> – Authorised Signatories Forms are available from the Fund on request.	<b>Within 1 month</b> of becoming a scheme employer or <b>within 1 month</b> of a change in nominated representative(s).
<b>Appeals Adjudicator</b>	Appoint a person to consider appeals under Stage 1 of the Applications for the Adjudication of Disagreements Procedure (AADP) and provide full, up to date contact details to the Fund. Notify the Fund via email to <a href="mailto:pensions.regs@derbyshire.gov.uk">pensions.regs@derbyshire.gov.uk</a>	<b>Within 1 month</b> of becoming a scheme employer or <b>within 1 month</b> of a change in adjudicator.
<b>Independent Registered Medical Practitioner</b>	Complete the AS3 – Medical Practitioners Form to appoint an Independent Registered Medical Practitioner(s) (IRMP) qualified in occupational health medicine, or arrange with a third party, and seek approval of the appointment from the Fund, for the consideration of all ill-health retirement applications from active and deferred members. AS3 Form is available from the Fund upon request: <a href="mailto:pensions.regs@derbyshire.gov.uk">pensions.regs@derbyshire.gov.uk</a>	<b>Within 1 month</b> of becoming a scheme employer or within 1 month of a change in IRMP(s).

- **Employer Discretions Policy**

Setting an Employer Discretions Policy and notifying the Fund

Function / Role	Description	Performance Target
<b>Preparing an Employer Discretions Policy</b>	Formulate and publish policies in relation to all areas where the employer may exercise a discretion within the LGPS (including providing a copy of the policy document to the Fund).	To be kept under review and a revised statement published <b>within 1 month</b> of any changes and no later than 6 months after being informed by the Fund of any relevant change in regulations.

- **Pension Contributions**

Applying, paying and reporting of pension and AVC contributions

Function / Role	Description	Performance Target
<b>The Employer's Rate</b>	Apply the employer contribution rate agreed with the Fund on becoming a scheme employer and adjust as instructed by the Fund from a date determined by the Fund.	<b>Immediately</b> on receipt of information from the Fund effective from a date determined by the Fund following advice from the scheme actuary.
<b>The Employee's Rate</b>	Calculate and review the correct employee contribution rate band for all members at commencement and on 1 <sup>st</sup> April each year. Also, to be reviewed at intervals during the year at the employer's discretion. Current employee contribution bandings and rates available at <a href="http://derbyshirepensionfund.org.uk/contributions">derbyshirepensionfund.org.uk/contributions</a>	Immediately on commencement, on <b>1<sup>st</sup> April each year</b> and as per the employer's discretionary policy on adjusting the employee's contribution rate at intervals during the year.
<b>Assumed Pensionable Pay</b>	Ensure the correct application of Assumed Pensionable Pay (APP) during periods of reduced or nil pay in accordance with the LGA's HR & Payroll Guides. Information available at <a href="http://www.derbyshirepensionfund.org.uk/employers/newsletters-and-guides/employer-guides-and-training.aspx">www.derbyshirepensionfund.org.uk/employers/newsletters-and-guides/employer-guides-and-training.aspx</a>	Review of eligibility for APP <b>immediately</b> upon a member moving to reduced/nil pay.
<b>Payment to the Fund</b>	Arrange payment of Employee, Employer and any Additional contributions <u>and</u> submit the Contributions Report Form (CR1) to the Fund.	By the <b>19<sup>th</sup></b> of the month after collection from pay.
<b>Payment of AVCs</b>	Arrange payment of Additional Voluntary Contributions (AVCs) <b>to the AVC provider(s)</b> .	By the <b>19<sup>th</sup></b> of the month after collection from pay.

- **Data Returns**

Submission of data returns to the Fund via i-Connect or Year-End Return

Function / Role	Description	Performance Target
<b>i-Connect</b> (Secure Data Transmission Service)	Provide an accurate and complete submission of data via i-Connect in the format required by the Fund via for each calendar month.	By <b>19<sup>th</sup></b> of the month following the relevant calendar month.
<b>Year-End Return</b> (Employers not yet live on i-Connect)	Provide a fully reconciled and completed year-end return to the Fund in the format set by the Fund in the instructions issued each February.	<b>By the date set by the Fund</b> in the April following the year-end.
<b>Queries from the Year-End Return</b>	To resolve all queries returned from the year-end return.	To respond fully to all queries from the Fund within <b>3 weeks</b> of receipt of the query. In circumstances where an employer submits a late year-end return limiting the Fund's time to complete its duties, the timescales may be reduced, as advised by the Fund.

- **Communications**

Supply of pension data to new and existing LGPS eligible employees

Function / Role	Description	Performance Target
<b>LGPS content in Contracts</b>	Ensure content approved by the Fund is included in all contract / appointment / adjustment communications for LGPS-eligible positions including direction to <a href="http://derbyshirepensionfund.org.uk">derbyshirepensionfund.org.uk</a>	Review LGPS content annually or within <b>2 weeks</b> of receipt of information about adjustment to Fund approved wording.
<b>Fund Communications to Scheme Members</b>	Distribute any information provided by the Fund to scheme members/potential scheme members. Refer new or prospective scheme members to the Fund's website <a href="http://derbyshirepensionfund.org.uk/newjoiners">derbyshirepensionfund.org.uk/newjoiners</a>	Within <b>2 weeks</b> of its receipt.  Within <b>2 weeks</b> of commencement of employment or change in contractual conditions.

- **Appeals**

Notification to the Fund of appeals submitted via the Applications for the Adjudication of Disagreements Procedure (AADP)

Function / Role	Description	Performance Target
<b>AADP Stage 1 Appeals</b>	The Employer's Adjudicator to notify the Fund of the <b>receipt</b> of a Stage 1 appeal via AADP. Notifications via secure email to <a href="mailto:pensions.regs@derbyshire.gov.uk">pensions.regs@derbyshire.gov.uk</a>	Within <b>1 week</b> of receipt of the appeal.
<b>AADP Stage 1 Appeals</b>	The Employer's Adjudicator to notify the Fund of the <b>decision</b> in respect of an appeal at Stage 1 of AADP. Notifications via secure email to <a href="mailto:pensions.regs@derbyshire.gov.uk">pensions.regs@derbyshire.gov.uk</a>	Within <b>1 week</b> of the decision.
<b>AADP Stage 2 Appeals</b>	The Employer's Adjudicator to provide the Fund with all documentation considered in the determination of the Stage 1 appeal for consideration in the adjudication of the appeal at AADP Stage 2	Within 1 week of the receipt of the request from the Fund.

- **Outsourcing / TUPE arrangements**

Notification to the Fund of the arrangements for outsourcing of services/functions involving the transfer via TUPE of LGPS eligible employees

Function / Role	Description	Performance Target
<b>Initial notification to Fund of intention to outsource</b>	Notify the Fund of contracting out of services which will involve a TUPE transfer of LGPS eligible staff to another organisation to enable LGPS information to be provided to potential contractors. Guidance available at <a href="http://derbyshirepensionfund.org.uk/admissionbodies">derbyshirepensionfund.org.uk/admissionbodies</a>	At the point of deciding to tender.
<b>Lead contacts</b>	Notify the Fund of lead strategic and operational officers in respect of outsourcing of service provision where a prospective contractor may request to join the Fund as a result of re-organisation or TUPE transfer. Notification form available at <a href="http://derbyshirepensionfund.org.uk/admissionbodies">derbyshirepensionfund.org.uk/admissionbodies</a>	At determination of successful tender.
<b>Admission arrangements for new contractor</b>	Work with Fund Officers to arrange for the admission of a contractor as a new employer in the Fund	A minimum of <b>2 months</b> in advance of the date of contract.
<b>Changes to the contract</b>	Notify the Fund of changes / extension / cessation of arrangements with a contractor	As soon as decision is agreed.
<b>Management of Admission Agreement</b>	Assist the Fund in ensuring that the terms of the contractor's admission as a scheme employer (Admission Agreement) are complied with.	Notify the Pension Fund if the terms of the Admission Agreement have been breached.

- **Strain / Shortfall Payments to the Fund**

Payment to the Fund of shortfall/strain costs and charges in respect of discretionary compensation/enhancements

Function / Role	Description	Performance Target
<b>Shortfall/Strain payments to the Fund</b>	Make shortfall/strain payments to the Fund in respect of early payment of benefits from redundancy, business efficiency and flexible retirements or where a member retires early with employer's consent.	<b>Immediate</b> payment upon receipt of invoice from the Fund.
<b>Payments in respect of discretionary compensation and enhancement arrangements</b>	Arrange payment of recharges in respect of pension members for example discretionary compensation or enhancement	<b>Immediate</b> payment upon receipt of invoice from the Fund.



- **Miscellaneous**

Other pension-related arrangements with the Fund

Function / Role	Description	Performance Target
<b>Payments in respect of FRS102/IAS19 reports</b>	Payments in respect of FRS102 and IAS19 work carried out on behalf of Employers by the Fund and the Fund Actuary	<b>Immediate</b> payment upon receipt of invoice from the Fund.
<b>Payment of other actuarial charges</b>	Payments in respect of all other work carried out on behalf of the Employer by the Fund's Actuary and connected data quality assurance undertaken by the Fund	<b>Immediate</b> payment upon receipt of invoice from the Fund.
<b>Payment for specific Fund services</b>	Prompt payment of invoices issued by the Fund for specific services provided.	<b>Immediate</b> payment upon receipt of invoice from the Fund.
<b>Non-standard Enquiries from the Fund</b>	Respond to enquiries from the Fund.	Within <b>2 weeks</b> from receipt of the enquiry.
<b>Non-compliance charges</b>	Make payment of additional costs to the Fund associated with non-compliance with performance standards of the scheme employer.	<b>Immediate</b> payment upon receipt of invoice from the Fund.
<b>Breaches of the law</b>	Respond to enquiries from the Fund relating to Breaches of the Law.	Within <b>1 week</b> of the request.

### Individual Member Administration

This section details the functions which relate to scheme member benefits from the LGPS.

- **New Starters**

Provision of information about new starters/joiners

Function / Role	Description	Performance Target
<b>Contract Wording</b>	Ensure Fund approved content relating to pensions is included in all contract / appointment communications for LGPS-eligible positions including direction to the Fund's web presence ( <a href="http://derbyshirepensionfund.org.uk">derbyshirepensionfund.org.uk</a> ).	As part of standard contract / appointment templates.
<b>Applying contributions to payroll</b>	<p>Ensure that the correct percentage and banding for employee's LGPS contributions is applied to the new joiners pay record.</p> <p>LGPS eligible employees must be entered into the scheme from the commencement of their employment, with the following exceptions;            Employees with a contract of less than 3 months            Casual and relief employees</p> <p>Such employees must be offered the opportunity to join the LGPS from commencement, or automatically entered upon meeting auto-enrolment criteria.</p>	From date of commencement or joining the scheme.



Function / Role	Description	i-Connect Return method	Standard return method	Performance Target
<b>Notifying the Fund</b>	Notify the Fund of new scheme joiners	Monthly submission of i-Connect data transmissions	S1 – Starter form or spreadsheet submission arranged with the Fund	Within <b>1 month</b> of member's entry into the scheme via contractual enrolment, auto-enrolment, re-enrolment date or election to join. Evidence of an employee's election to join the LGPS must be retained on personnel files and copied to the Fund on request. If an employee is entered into the LGPS incorrectly, the employer is responsible for the reimbursement of contributions paid in error to the employee (or former employee).

- **Changes**

Provision of information about changes to personal details, employment information and unpaid absence details:

Function / Role	Description	i-Connect Return method	Standard return method	Performance Target
<b>Changes to personal details</b>	Notify the Fund of changes in employees' personal details via the individual <b>C1. Change of Personal Details Form.</b> Change of Name Change of Address Correction of Date of Birth/NI number Change of Marital / Civil Partnership Status.	Monthly submission of i-Connect data transmissions.	C1 – Change of personal details form.	Within <b>1 month</b> of the event or receipt of information.
<b>Changes to Employment Details</b>	Notify the Fund of Changes in Employment Details via the individual <b>C2 Change of Employment Details Form</b> where required, including movement in and out of the 50/50 scheme, changes in hours etc.	Monthly submission of i-Connect data transmissions.	C2 – Change of employment details form.	Within <b>1 month</b> of the event or receipt of information.
<b>Notification of Unpaid Absences</b>	Notify the Fund of periods of unpaid absence not covered by Assumed Pensionable Pay (APP) via the <b>C3 Unpaid Absence Form.</b>	Monthly submission of i-Connect data transmissions.	C3 – Unpaid absence form.	Within <b>2 months</b> of the event or receipt of information.
<b>Dismissal</b> (Gross misconduct and recovery of financial losses)	Notify the Fund where recovery of financial loss is sought from the dismissed employee's pension.	C4 – Dismissal Form.	C4 – Dismissal Form.	Within <b>3 months</b> of the employee's date of conviction.

- Additional Pension Contributions (APCs)**

Payment and reporting of Additional Pension Contributions to cover lost pension due to authorised unpaid leave or industrial action, or to boost the member’s pension at retirement:

Function / Role	Description	i-Connect return method	Standard return method	Performance Target
<b>Notification to member of APC option – Buying lost pension</b>	Ensure members are notified of the option to pay Additional Pension Contributions following absences not covered by Assumed Pensionable Pay (APP).	Not applicable.	Not applicable.	Notify member within <b>2 weeks</b> of the return to work.
<b>APCs – Buying lost pension</b>	Apply APCs on receipt of application from member and notify the Fund with a copy of the application.	Not applicable.	Not applicable.	Apply to next available payroll and notify fund within <b>1 month</b> of receipt of members application.
<b>APCs – Buying extra pension</b>	Apply APCs on receipt of receipt of notification from Fund.	Not applicable.	Not applicable.	Apply to next available payroll.
<b>APC adjustments and ceasing</b>	Apply adjustments to APC amounts on notification from Fund.	Not applicable.	Not applicable.	Apply to next available payroll.
<b>Provision of APC data to the Fund</b>	Include APC payments in member notifications to the Fund.	Notification of payments to fund via monthly submission of i-Connect data transmissions.	Notification of payments to fund on year-end return.	<b>i-Connect:</b> 19 <sup>th</sup> of the month following the payment period. <b>Standard return:</b> Year-end return deadline set by the Fund.

- Additional Voluntary Contributions (AVCs)**

Payment and reporting of AVCs to Fund and AVC provider:

Function / Role	Description	i-Connect Return method	Standard return method	Performance Target
<b>Application of AVCs to payroll</b>	Arrange for the deduction of AVCs from scheme member’s pay following notification from AVC Provider.	Not applicable.	Not applicable.	Commence deduction of AVCs on the next available payroll as advised by payroll provider.
<b>Payment of AVC contributions to AVC Provider</b>	Ensure payment of AVC contributions to AVC provider within required timescale.	Not applicable.	Not applicable.	AVCs must be paid over to the AVC Provider by 19 <sup>th</sup> of the following month.

<b>Provision of AVC data to the Fund</b>	Include AVC payments in member notifications to the Fund.	Notification of payments to fund via monthly submission of i-Connect data transmissions.	Notification of payments to fund on year-end return.	<b>i-Connect:</b> 19 <sup>th</sup> of the month following the payment period <b>Standard return:</b> Year-end return deadline set by the Fund.
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- **Opt-Outs**

Function / Role	Description	i-Connect Return method	Standard return method	Performance Target
<b>Contributions</b>	Apply an election to opt out of the LGPS to the member's payroll record.	Not applicable.	Not applicable.	From the 1 <sup>st</sup> of the month for the next available payroll.
<b>Notification to the Fund</b>	If the member opts out <b>within 3 months</b> of joining the scheme, the member is treated as having opted out immediately upon entry. <sup>2</sup>	Notification of opt out via monthly submission of i-Connect data transmissions Employer to retain copy of Opt-out application form and provide to Fund only on request	Notify the Fund via an amended ' <b>S1 - Starter form</b> '. Employer to retain copy of Opt-out application form and provide to Fund only on request	Within <b>1 month</b> of the opt-out being actioned on payroll.
<b>Notification to the Fund</b>	If the member opts out <b>3 months</b> or more since joining the scheme <sup>3</sup>	Notification of opt out via monthly submission of i-Connect data transmissions Employer to retain copy of Opt-out application form and provide to Fund only on request	Notify the Fund via the ' <b>L1 – Leaver form</b> '. Employer to retain copy of Opt-out application form and provide to Fund only on request	Within <b>1 month</b> of the opt-out date. Where the opt-out is made within 3 months and is backdated to the start date, an <b>L1 – Leaver form must still be submitted</b> showing the scheme leaving date as the first date of employment.

<sup>2</sup> Note-The employer is responsible for reimbursement of pension contributions to employees who opt-out within 3 months of entry

<sup>3</sup> The Fund will determine if the member is eligible for a refund of contributions paid and contact them directly

- **Notifications of Leaver**

Notification of pay, contributions and other details in respect of leavers and retirements, including the accurate determination of the Final Pensionable Pay for all cases where the member had LGPS membership before 1 April 2014.

Function / Role	Description	i-Connect Return method	Standard return method	Performance Target
<b>Leavers under age 55</b>	Notification of leaver	Via monthly submission of i-Connect data transmissions, and manual completion of <b>L3 – Leaver Form i-Connect<sup>4</sup></b> to <a href="mailto:dpf.employers@derbyshire.gov.uk">dpf.employers@derbyshire.gov.uk</a>	Submission of completed Form L1 to <a href="mailto:dpf.employers@derbyshire.gov.uk">dpf.employers@derbyshire.gov.uk</a>	Within <b>1 month</b> of date of leaving / opt out date.
<b>Leavers age 55 or over</b>	Notification of leaver	Submission of completed Form L1 to <a href="mailto:dpf.employers@derbyshire.gov.uk">dpf.employers@derbyshire.gov.uk</a>	Submission of completed Form L1 to <a href="mailto:dpf.employers@derbyshire.gov.uk">dpf.employers@derbyshire.gov.uk</a>	For members in receipt of <b>regular</b> pay where the employer can accurately project pay to the date of retirement, up to <b>1 month</b> prior. For members in receipt of <b>variable</b> pay, within <b>1 week</b> of finalising the member's last contractual pay.
<b>Redundancy</b> <b>Business Efficiency</b> <b>Flexible Retirement</b>	Notification of employer decision and authorisation for payment of pension benefits.	Submission of completed Form L1 <b>and</b> letter to provide evidence of decision and agreement to shortfall/strain costs to <a href="mailto:dpf.employers@derbyshire.gov.uk">dpf.employers@derbyshire.gov.uk</a>	Submission of completed Form L1 <b>and</b> letter to provide evidence of decision and agreement to shortfall/strain costs to <a href="mailto:dpf.employers@derbyshire.gov.uk">dpf.employers@derbyshire.gov.uk</a>	For members in receipt of <b>regular</b> pay where the employer can accurately project pay to the date of retirement, up to <b>1 month</b> prior. For members in receipt of <b>variable</b> pay, within <b>1 week</b> of finalising the member's last contractual pay
<b>Ill-Health Retirement</b> <b>Active members</b>	Notification of employer decision relating to ill-health retirements.	Submission of completed Form L1 <b>and</b> Ill-Health Medical Certificate. to <a href="mailto:dpf.employers@derbyshire.gov.uk">dpf.employers@derbyshire.gov.uk</a>	Submission of completed Form L1 <b>and</b> Ill-Health Medical Certificate. to <a href="mailto:dpf.employers@derbyshire.gov.uk">dpf.employers@derbyshire.gov.uk</a>	For members in receipt of <b>regular</b> pay where the employer can accurately project pay to the date of retirement, up to <b>1 month</b> prior. For members in receipt of <b>variable</b> pay, within <b>1 week</b> of finalising the member's last contractual pay.

<sup>4</sup> Form L3 will be issued to employers by the Fund where required for notification of final salary details for scheme members who have LGPS membership before 1 April 2014  
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<b>III-Health Retirement</b> <b>Deferred members</b>	Notification of employer decision relating to applications for the early release of deferred pension benefits on the grounds of ill-health.	III-Health Medical Certificate (version to be completed based on member's last employment leaving date as determined by Fund) to <a href="mailto:dpf.employers@derbyshire.gov.uk">dpf.employers@derbyshire.gov.uk</a>	III-Health Medical Certificate (version to be completed based on member's last employment leaving date as determined by Fund) to <a href="mailto:dpf.employers@derbyshire.gov.uk">dpf.employers@derbyshire.gov.uk</a>	Within <b>1 week</b> of employer decision on the application.
<b>Serious ill health</b>	Notify the fund via email or phone without delay for guidance if a member has a limited life expectancy	Not applicable.	Not applicable.	Immediately on becoming aware that a member is seriously ill.
<b>Death in service</b>	Notify the Fund of the Death of an Employee	Provide Next of Kin details via an <b>L1 – Leaver Form</b> . <sup>5</sup> to <a href="mailto:dpf.employers@derbyshire.gov.uk">dpf.employers@derbyshire.gov.uk</a>	Provide Next of Kin details via an <b>L1 – Leaver Form</b> . to <a href="mailto:dpf.employers@derbyshire.gov.uk">dpf.employers@derbyshire.gov.uk</a>	Provide an initial notification within <b>3 working days</b> of the employer being informed of the death of the employee.

- **Communication with scheme members in respect of formal appeals against pension-related decisions**

Function / Role	Description	Performance Target
<b>AADP Stage 1 Acknowledgement</b>	The employer's adjudicator to acknowledge receipt of the Stage 1 AADP.	Immediately.
<b>AADP Stage 1 Decision</b>	Determine appeals against the employer at Stage 1 of AADP in accordance with <i>The Local Government Pension Scheme Regulations 2013</i> (Regs 74 & 75).	Within 2 months of receipt of the appeal. <i>(Where a decision cannot be reached within 2 months, notify the appellant of reasons for the delay and the date when a decision can expected to be reached).</i>

<sup>5</sup> To ensure the timely calculation and payment of pension benefits to members and, where applicable, beneficiaries, i-Connect employers are still required to submit a fully completed L1 – Leaver Form in all such cases.

## 7. The Administering Authority's roles and responsibilities

The responsibilities for the Administering Authority are to:

- administer the LGPS in respect of all scheme members (Active, Deferred and Pensioner members) in accordance with this Strategy
- maintain and review the Fund's policies, strategies, statements, reports and all other matters relating to the governance of the scheme. The fund's policies, strategies and statements can be viewed on the fund's website: [derbyshirepensionfund.org.uk/aboutthefund](http://derbyshirepensionfund.org.uk/aboutthefund)
- communicate and engage with employers on LGPS matters
- provide support and training to scheme employers
- maintain and develop an effective web presence for the benefit of members and scheme employers

The list of functions, which concentrates on the main roles, rather than being an exhaustive list, sets out the areas which involve interaction and liaison with scheme employers and / or scheme members.

### Scheme Governance and Administration

This section outlines the responsibilities of Derbyshire County Council as the Administering Authority for Derbyshire Pension Fund and the performance standards which scheme employers and scheme members should expect. It is focussed on the activities which involve interaction with scheme employers and / or scheme members and should not be viewed as an exhaustive list.

- **Fund policies, strategies and statements**

Published Fund policies, strategies and statement for periodic review:

Function / Role	Description	Performance Target
<b>Pension administration strategy</b>	Roles and responsibilities for Employers and Pension Fund.	Annual review.
<b>Admission, cessations and bulk transfer policy</b>	Employer admissions and exits, including bulk transfer policy.	Annual review.
<b>Communications policy and strategy</b>	Statements of communications policy and strategy for communication development.	Annual review.
<b>Complaints policy</b>	Policy for Fund complaints procedure.	Annual review.
<b>Fund discretions policy</b>	Pension Fund's LGPS discretions.	Annual review.
<b>Funding strategy statement</b>	Actuarial strategy, including employer funding levels and calculation of contribution rates.	Reviewed at each Fund valuation and published by 31 March following valuation date or as required.
<b>Governance policy and compliance statement</b>	Statement of Fund governance arrangements.	Annual review.



- **Reporting**

Statutory reports prepared by Fund involving employer information:

Function / Role	Description	Performance Target
<b>Annual Report</b>	Annual report of Fund management and performance, including annual statement of accounts.	By 1 December each year.
<b>Annual scheme return to The Pensions Regulator (TPR)</b>	Information for TPR's maintenance of register of pension schemes (including employer details).	Upon receipt of scheme return notice from TPR.

- **Fund Communications to employers**

Summary of communications to employers (Year-end return, forms, regulations, training etc):

Function / Role	Description	Performance Target
<b>Year-end return<sup>6</sup></b>	Provide scheme employers with information and guidance for the year-end return (including where applicable, the annual spreadsheet template).	No later than <b>28 February</b> before the year-end.
<b>Employer forms</b>	Maintain and publish all forms required for completion by scheme employers.	Within <b>1 month</b> of any revision.
<b>Changes in scheme regulations</b>	Notify scheme employers of changes to key scheme regulations and requirements.	Within <b>1 month</b> of the change(s) coming into effect.
<b>Employer meetings</b>	Host joint meetings for all scheme employers, in person or remotely.	At least <b>1 per year</b> .
<b>New employer training</b>	Provide training for new scheme employers.	All new employers invited to access training on employer responsibilities within <b>3 months</b> of becoming a scheme employer
<b>Further employer training</b>	Provide an ongoing programme of refresher or subject specific training or meetings with scheme employers.	As required.
<b>Employer newsletter</b>	Provision of a newsletter/briefing note to scheme employers.	At least <b>quarterly</b> .
<b>Employer non-compliance</b>	Notify a scheme employer of issues relating to its non-compliance with performance standards.	Within <b>1 month</b> of a performance issue becoming apparent.

<sup>6</sup> Not applicable for employers who are confirmed by the Fund as live on i-Connect Pension Administration Strategy 2021



- **Fund Communications – Scheme Members**

Summary of Fund communications to scheme members:

Function / Role	Description	Performance Target
<b>Member forms</b>	Publish and keep up to date all forms required for completion by scheme members or prospective scheme members.	Within <b>1 month</b> of any revision.
<b>Annual Benefit Statements</b>	Issue Annual Benefit Statements to active and deferred members as at 31 March each year (via “My Pension Online” service or by post)	By <b>31 August</b> following the year-end.
<b>Member information sessions</b>	Arrange information sessions for scheme members.	At least <b>1 programme</b> of sessions per year.
<b>Pension Saving Statements</b>	Issue Pension Saving Statements each year to scheme members who have exceeded their Annual Allowance.	By <b>6<sup>th</sup> October</b> , subject to the scheme employer having provided all required information.

- **Pension contributions**

Summary of valuations and employer contribution rate reviews:

Function / Role	Description	Performance Target
<b>Fund valuation</b> <b>Consult with employers</b>	Consult with employers on the outcome of the periodic Fund valuation.	At least <b>2 months</b> before the issue of the final Rates and Adjustments Certificate.
<b>Fund valuation</b> <b>Employer results – Funding level and contribution rate</b>	Issue formal valuation results to individual scheme employer following the periodic Fund Valuation.	No later than <b>1 month</b> before the issue of the final Rates and Adjustments Certificate.
<b>New employers</b> <b>Pension contribution requirements</b>	Notify new scheme employers of their contribution requirements.	Within <b>2 months</b> of joining the Fund.

- **Scheme Employer Admissions and Cessations**

Fund role regarding new employer admissions and employer exits: This includes Admission Bodies and Academies

Function / Role	Description	Performance Target
<b>New employer admissions</b>	Process the admission of new scheme employers into the Fund including signed admission, bond and guarantor agreements where required, and obtaining the Fund actuary's contribution rate/opening funding position report.	Within <b>2 months</b> of date joining the Fund subject to the new scheme employer providing all relevant information upon request.
<b>Bonds for new Admission Bodies</b>	Arrange where required for employers who outsource services/functions to undertake, to the satisfaction of the Fund, a risk assessment of the level of bond required to be arranged by the new admission body in order to protect other employers participating in the Fund.(i.e. where the original employer is not a guarantor in respect of pension liabilities)	To be completed before the body can be admitted to the Fund subject to the new scheme employer providing all relevant information upon request.
<b>Bond reviews for Admission Bodies</b>	Undertake a review of bonds or indemnity required to protect other scheme employers participating in the Fund.	<b>Annually</b> , or 3 months prior to bond expiry as necessary.
<b>Employer exits</b>	Carry out valuation assessments on cessation of admission agreements or a scheme employer ceasing participation in the Fund.	Within <b>2 months</b> of a cessation subject to the scheme employer providing all relevant information upon request. Where a cessation valuation reports a surplus position at the point of exit, the determination and payment of the exit credit to be completed within 6 months of the date of exit.

## Individual Member Administration

This section details the Administering Authority functions which specifically relate to the administration and processing of scheme member benefits from the LGPS.

- **General Enquiries**

Responding to general enquiries from scheme members:

Function / Role	Description	Performance Target
<b>Enquiries from scheme members</b>	Acknowledge or respond to written or verbal enquiries from scheme employers and scheme members or their representatives or dependents and other authorised persons.	<b>Within 10 working days</b> from receipt of an enquiry.

- **New Scheme Joiners and 50/50 Elections**

Actions relating to new scheme members and 50/50 elections:

Function / Role	Description	Performance Target
<b>New scheme joiner</b>	Set up a new scheme joiner and provide the statutory notification to the member.	<b>Within 1 month</b> from receipt of correctly completed starter form from a scheme employer.
<b>50/50 election from scheme member</b>	Set up a new 50/50 Membership.	<b>Within 1 month</b> from receipt of correctly completed 50/50 election from a scheme employer.

- **Aggregation, Transfers and Estimates**

Administration of aggregations, transfers and estimates:

Function / Role	Description	Performance Target
<b>Aggregations of LGPS memberships</b>	Issue statement to scheme member relating to the aggregation of previous LGPS membership.	Within <b>2 months</b> of receipt of all necessary information.
<b>Transfer-in requests Commencement</b>	Commencement of transfer-in requests.	Within <b>1 month</b> of receipt of request from scheme member.
<b>Transfer-in requests Completion</b>	Completion of transfer-in applications.	Information provided within <b>2 months</b> of receipt of all required information.
<b>Transfer out quotations Commencement</b>	Transfer-out quotations issued.	Within <b>3 months</b> of the date of request or up to 6 months if the reason for a delay is outside the Fund's control.

<b>Transfer out quotations Completion</b>	Transfer out payments processed and notification to scheme member.	If Transfer-Out finalised within 3 month guarantee period, payment made within <b>1 month</b> of guarantee date.
<b>Divorce administration – Requests for CETV</b>	Cash Equivalent Transfer Value (CETV) estimates for divorce purposes.	Within <b>1 month</b> of receipt of request.
<b>Estimate requests – Employees and employers</b>	Provide requested estimates of benefits to employees / employers including any additional shortfall / strain costs in relation to the early payment of benefits.	Within <b>2 months</b> of receiving all required information from the employer. Bulk requests of more than 10 estimates per month will be subject to prior agreement between the Fund and the employer. <sup>7</sup>

- **Additional Pension Contributions (APCs)**

Notifications to employers of APC applications for the purchase of extra pension:

Function / Role	Description	Performance Target
<b>Additional Pension Contributions – Notification to employers</b>	Notify the scheme employer of any scheme member's election to purchase additional pension contributions, including all required information to enable deductions to commence.	Within <b>2 weeks</b> of receipt of election from scheme member to meet the employer's next available payroll.

- **Deferred Benefits / Refunds**

Administration of deferred members and refunds:

Function / Role	Description	Performance Target
<b>Deferred members</b>	Deferred benefits options letter to members.	Within <b>2 months</b> of the leaving date subject to the receipt of all necessary information.
<b>Refunds of member contributions</b>	Determine eligibility and process refund payments.	Within <b>2 months</b> from receipt of all necessary information.

<sup>7</sup> Members may receive 1 estimate for a potential retirement date no later than 2 years ahead in any 12 month period

- **Retirements / Deaths**

Administration of retirements and deaths:

Function / Role	Description	Performance Target
<b>Retirement options to members who have ended active Fund membership aged 55 or over</b>	Provision of retirement options letters detailing member options.	Within <b>2 weeks</b> from receipt of all necessary information.
<b>Administration of retirement applications</b>	Process of retirement benefits, including deferred benefits, for payment following receipt of a request to access benefits.	Within <b>1 month</b> of retirement date or from the receipt of all necessary information with the first pension payment made on next available payroll run.
<b>Death notifications - Acknowledgement</b>	Notification of death.	Acknowledge within <b>1 week</b> of initial notification.
<b>Administration of death benefits (Death grant)</b>	Process of death grant for payment.	Within <b>2 weeks</b> of receipt of all necessary documentation.
<b>Administration of death benefits (Survivor's pension)</b>	Processing of beneficiaries' pensions for payment.	Within <b>2 weeks</b> of receipt of all necessary documentation.
<b>Pensioner members – Issuing of payslips</b>	Provide payslips to scheme members in receipt of a pension.	In March, April and May of each year and where the monthly pension amount changes by at least 1%.

- **Appeals**

Administration of AADP Stage 2 appeals

Function / Role	Description	Performance Target
<b>AADP Stage 2 appeal - Acknowledgement</b>	Acknowledge receipt of AADP Stage 2 appeal.	Within <b>1 week</b> of receipt of Stage 2 appeal.
<b>AADP Stage 2 appeal Preparation of report for Pensions and Investments Committee</b>	Prepare a report for the Pensions and Investments Committee to consider an AADP Stage 2 appeal.	Within <b>2 months</b> of receipt of the application, or such longer time as is required to process the application where further information or clarification is required.
<b>AADP Stage 2 appeal Notification of Committee decision</b>	Issue a formal letter to the appellant following the Committee's determination of the AADP Stage 2 Application.	Within <b>1 week</b> of the publication of the minutes of the Committee.

## 8. Performance monitoring

The partnership between the Fund and scheme employers is important for the successful, ongoing administration of the scheme. This document describes how the Fund supports employers in meeting their responsibilities, and how the cost of underperformance on the part of one employer is to be charged to that employer, rather than being shared across all employers.

If employers have concerns about the data they provide, they should contact the Fund without delay. This will allow the Fund to work with employers to resolve any issues and enable both parties to meet their requirements for the benefit of scheme members.

It is the responsibility of the Administering Authority and the scheme employers to ensure compliance with the LGPS regulations and the standards set out in this Pension Administration Strategy. This section describes how the Fund:

- monitors performance and compliance
- addresses the costs of underperformance
- sets the scale of the potential charges

The Fund and scheme employers must aim to ensure that all functions and tasks are carried out to the agreed quality standards set out in this strategy. The Fund will monitor, measure and report on the Fund's and scheme employers' compliance with the agreed service standards outlined in this document on a regular basis to the Pension Board and Pensions and Investments Committee.

The Fund will undertake a formal review of performance against this strategy on an ongoing basis and liaise with employers in relation to any concerns on performance.

The Fund monitors its own performance against internal key performance indicators (KPIs). Monitoring is carried out on a monthly basis and is reported to the Pensions and Investments Committee (the Committee) and Derbyshire Pension Board (the Board) periodically.

The performance of scheme employers against the standards set out in this document are incorporated into the reporting to the Committee and Board, as appropriate, including data quality.

The Fund will report back to employers where required about their individual performance, identifying any areas for improvement including outstanding data items.

Where an employer declines to work with the Fund to resolve problems and consistently fails to meet its responsibilities under the LGPS Regulations, the Fund (or stakeholders such as the Pension Board) has a duty to report such breaches to The Pensions Regulator, who has the regulatory power to take enforcement action and, if necessary, apply financial penalties.

### Policy on charging for employer underperformance

Regulation 70 of *The Local Government Pension Scheme Regulations 2013* provides pension funds with the ability to recover any additional costs associated with the administration of the scheme from a scheme employer incurred as a result of the underperformance.

The Fund works to support employers to be able to deal with the increased complexity of the data that they are required to provide. This includes:



- site visits or remote support
- training events
- electronic newsletters
- guidance and information on the Fund's website

A consultation in the form of an employer questionnaire was undertaken in 2017 and the responses reflected a common agreement amongst the Fund's employers that the additional administration costs generated by an underperforming employer should be met directly by that employer, rather than shared across all employers in the fund.

As a result, the Fund's administration team monitors any additional costs incurred in the administration of the scheme as a direct result of underperformance and reserves the right, at its own discretion, to recover these costs further to taking the following steps:

**a) Write to the scheme employer**

Set out area(s) of non-compliance with performance standards and offer support. The Fund may also request attendance at a training / coaching session if required.

**b) Attend a meeting with Fund representatives**

A scheme employer will be asked to attend a meeting with representatives of the Fund to discuss area(s) of non-compliance with performance standards and to agree an action plan where the scheme employer has not:

- demonstrated improvement
- taken the agreed actions
- responded the initial letter

Where appropriate in respect of Admission Bodies, the outsourcing/letting employer will be informed and expected to work with the Fund to resolve the issues.

**c) Formal written notice**

If no improvement is seen within one month of meeting with the employer, or a scheme employer declines to attend a meeting to resolve the issue, the Fund will issue a formal written notice, setting out:

- the area(s) of non-compliance with performance standards that have been identified
- the steps taken to resolve those area(s)
- how the underperformance contributed to the additional cost
- the amount of the additional cost incurred
- provide notice that the additional costs incurred by the Fund as a direct result of the employer's poor performance will now be reclaimed

An invoice will then be issued to the scheme employer with a notification setting out the calculations of any additional administration costs incurred by the Fund, or additional cost, taking account of time and resources in resolving the specific area(s) of poor performance, in accordance with the charging scales set out in this document.



A report will be presented to the Pensions and Investments Committee and the Pension Board meeting detailing charges levied against scheme employers and outstanding payments.

### Additional administration charges

Summary of the Fund's determination of additional administration charges:

Reason for charge or fine	Level of charge (£)
Late payment of Employer and / or Scheme Member contributions.	£150 per occurrence plus interest as defined in Regulation 71 of LGPS Regulations.2013
Late submission of monthly i-Connect data transmission	£150 per occurrence
Late provision of year end contributions returns in prescribed format.	£1,000 per occurrence plus £100 for each week plus part week of continued non-provision.
Late provision of starter information, per case.	£50 initial charge plus £50 per month or part month of continued non-provision.
Late provision of leaver information, per case.	£50 initial charge plus £50 per month or part month of continued non-provision.
Charges for persistent incorrect and incomplete information provided by the Employer to the Fund (where the case has to be returned for incorrect information on more than 2 occasions).	£50 per case
Fine from The Pensions Regulator.	Amount requested by The Pensions Regulator.
Fine from The Pensions Ombudsman.	Amount requested by The Pensions Ombudsman.
Delay causing unauthorised payments.	Cost of tax from the HMRC and or reimbursement of charges imposed by HMRC on Derbyshire Pension Fund.
Fines from any other statutory body incurred as a result of the employer's actions.	As levied.

If poor performance continues and impacts the Fund's ability to perform statutory functions and / or measures are not being taken by the employer to address this, the Fund will report the employer to The Pension Regulator.

Where it is necessary to ensure that Fund members' benefits are not delayed unduly as a result of employer underperformance in providing the required information, the Fund reserves the right to calculate and pay benefits based on the best information available. The basis of the calculation will be explained to the Fund member and employer in each case, and further to completing the process above, the costs of additional administration caused by the need for a subsequent revision of benefits will be charged to the employer.

Underperformance charges will apply at the discretion of the Head of Derbyshire Pension Fund, and will be calculated based on a combination of the standard tariff of charges plus time spent at the daily rate outlined below.

Charges for 'time spent' on underperformance issues will be made on a half day basis. For less than quarter of a day, no charge will be made. For more than half a day, the full day charge will be made.

## “Time spent” - Officer charges

Summary of officer charges for time spent on cases triggered by employer underperformance

Time taken	Charge levels		
	Level 1 (Work at Assistant Pension Officer Level)	Level 2 (Work at Pension Officer Level)	Level 3 (Work at Pension Administration Manager / Head of Pension Fund Level)
Daily	£90	£125	£180
Half day	£45	£65	£90

Where an employer fails to pay any amount due to the Fund (other than monthly contributions) within 30 days, interest for late payment will be charged accordingly.

This includes charges and recharges levied in respect of cost recovery.

## Feedback from employers

Employers who wish to provide feedback on the performance of the Fund against the standards in this administration strategy should send their comments via email to the Fund’s Regulations and Communications team: [pensions.regs@derbyshire.gov.uk](mailto:pensions.regs@derbyshire.gov.uk)

Any feedback received will be incorporated into reports provided to the Pensions and Investments Committee and the Pension Board.

## 9. Audit

The Fund is subject to regular audits of its processes and internal controls. The Fund and its scheme employers are expected to fully comply with any requests for information from both internal and appointed external auditors. Any subsequent recommendations made will be considered by the Fund and where appropriate, implemented accordingly.

## 10. General Data Protection Regulations (GDPR)

In May 2018, the General Data Protection Regulation (GDPR) came into force. The regulation changed the way organisations process and handle data, with the aim of giving greater protection and rights to individuals.

The GDPR applies to the processing of personal data that is:

- wholly or partly by automated means, or
- the processing other than by automated means of personal data which forms part of, or is intended to form part of, a filing system

The UK's Data Protection Act 2018 is the UK's implementation of the EU's General Data Protection Regulation and controls how personal information is used by organisations, businesses and the government.

Under the Data Protection Act 2018, everyone responsible for using personal data has to follow strict data protection principles. They must make sure the information is:

- used fairly, lawfully and transparently
- used for specified, explicit purposes
- used in a way that is adequate, relevant and limited to only what is necessary
- accurate and, where necessary, kept up to date
- kept for no longer than is necessary
- handled in a way that ensures appropriate security, including protection against unlawful or unauthorised processing, access, loss, destruction or damage

Employers necessarily supply the Fund with personal data relating to their employees.

Personal data collected/held by the Fund includes:

- Contact details: name, address, telephone number & email address
- Identifying details: date of birth, national insurance number & employee number and folder reference
- Assessment information: used to calculate and assess eligibility for benefits, e.g. length of service or membership and salary information
- Financial information: relevant to the calculation or payment of benefits, e.g. bank account and tax details
- Family information: dependents or personal circumstances, e.g. marital status and information relevant to the distribution and allocation of benefits payable on death
- Health information: e.g. to assess eligibility for benefits payable on ill health
- Criminal convictions: if this has resulted in a member owing money to their employer or the Fund and the employer or Fund may be reimbursed from the member's benefits

Employers are under a statutory obligation, as detailed in Regulation 80 of the LGPS Regulations 2013, to provide certain personal data relating to their members to their pension administrators, including (but not exhaustively): the Pay Reference Number, Post Number, National Insurance Number, Surname, Forenames (or Initials), Title, Gender, Date of Birth, Address, Postcode, Date Pensionable Service Started, Marital Status, Hours, Weeks, Pay, Basic Employee and Employer Contributions Paid, Additional Employee and Employer Contributions Paid, Date Left Pensionable Service, Reason Left Pensionable Service and Periods of Absence from Pensionable Service.

The Pension Fund uses members' personal data to:

- contact members
- assess eligibility for pension benefits, to calculate benefits and to provide members (and their beneficiaries upon their death) with benefits
- identify members' potential or actual benefit options
- allow alternative ways of delivering benefits (for example under a power of attorney)
- carry out statistical and financial modelling and for reference purposes (e.g. when the Fund assesses how much money is needed to provide members' benefits)
- comply with the Fund's legal and regulatory obligations

- address queries from members and other beneficiaries and to respond to any actual or potential disputes concerning the Fund
- manage the liabilities of the Fund
- to support the sale, merger or corporate reorganisation or transfer of, a business by employers that participate in the Fund

Employers must ensure that the personal data supplied to the Fund is correct. The supply of incorrect data (in particular, incorrect contact details) can lead to a data breach.

A personal data breach is a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data.

Breaches of personal data can expose the Fund/Administering Authority to substantial fines from the Information Commissioner's Office (ICO) [www.ico.org.uk](http://www.ico.org.uk), financial claims from individuals whose personal information has been inappropriately disclosed and to severe reputational damage.

### **Privacy Notice**

The Fund has published a full privacy notice in line with GDPR requirements, setting out why certain data is held, the reason for processing the data; who it shares the data with and how long the data will be retained. Within the notice, members are also provided with additional information about their rights under the legislation. The privacy notice is available from the Fund's website [derbyshirepensionfund.org.uk/GDPR](http://derbyshirepensionfund.org.uk/GDPR)

### **Memorandum of Understanding**

The Fund has issued a Memorandum of Understanding to its employers, which confirms the joint roles and responsibilities with regards to the sharing of information which enables it to provide an efficient and effective service to scheme members and stakeholders

[derbyshirepensionfund.org.uk/GDPR](http://derbyshirepensionfund.org.uk/GDPR)

Employers should inform all new employees that their personal data is shared with the Fund for both to meet their statutory responsibilities of administering the LGPS.