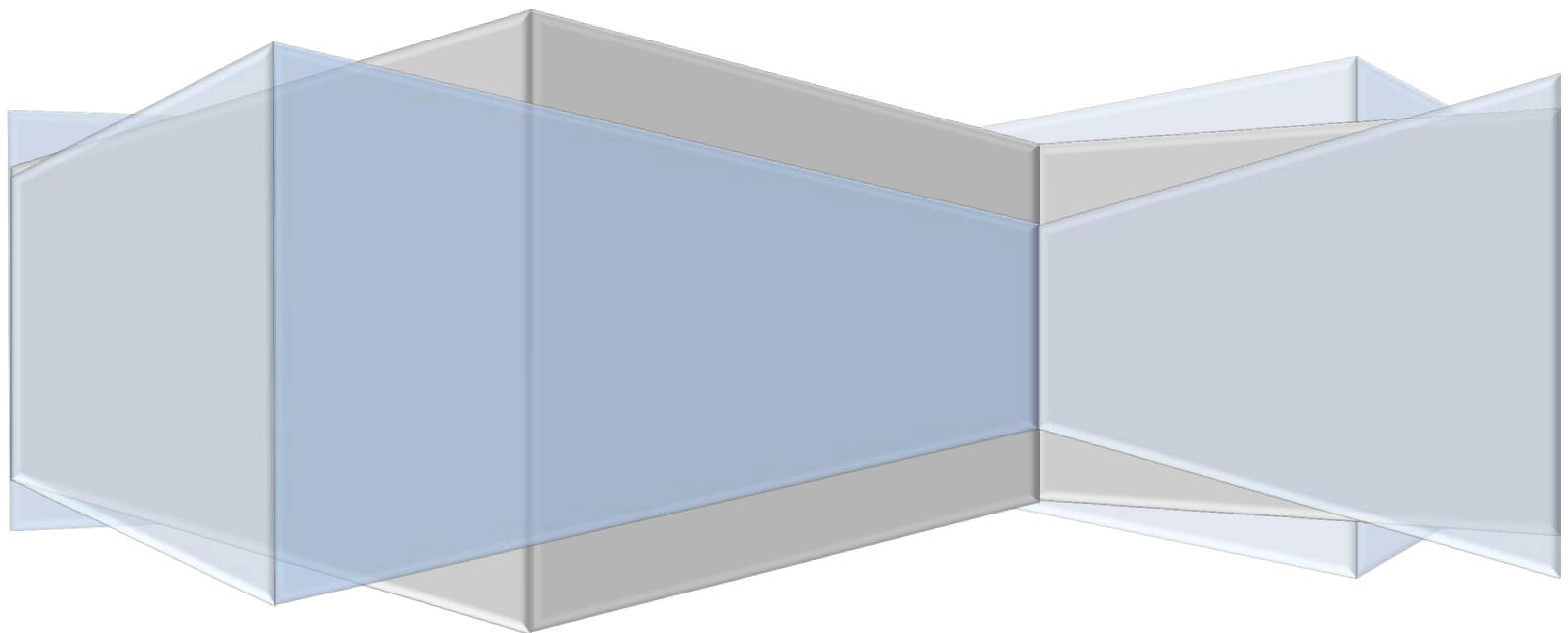




# Pensions Administration Strategy

April 2018

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This document has been presented, considered and approved by Pensions Committee on 13 November 2017, following consultation with all employers and the Local Pension Board.

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# 1. Introduction

This is the Pensions Administration Strategy of Merseyside Pension Fund (the Fund) in relation to the Local Government Pension Scheme (LGPS), which is administered by Wirral Borough Council (the administering authority)

The LGPS Regulations 2013 allow Administering Authorities to prepare a Pensions Administration Strategy (“the Strategy”) for the purpose of improving administrative processes in compliance with regulatory provisions and the Code of Practice No.14 as issued by the Pension Regulator (tPR).

The legislative framework outlines the statutory pension benefit information and services which the Fund must provide free of charge and allows funds to recover costs incurred as a result of unsatisfactory employer performance. It is also permissible to levy an administration charge for the provision of additional information not covered by the general maintenance allowance factored into the employer contribution rate.

The Fund has revised the Strategy to ensure adoption of best practice and compliance with standards set by the Pensions Regulator in regard to data quality, completeness and timeliness. Changes since 2013 in regard to the benefit structure, statutory time limits and the requirement for public service pension schemes to deliver efficiencies, necessitates the introduction of a schedule of charges for non-statutory administrative services and to recover costs incurred by the Fund as a consequence of an employer’s unsatisfactory performance .

This document has been developed in consultation with employers and the Local Pension Board with the purpose of setting out a framework outlining the policies and performance standards to be achieved to enable provision of a cost-effective and high quality pension administration service.

A copy of this strategy is issued to each of the relevant employers as well as to the Secretary of State.

# 2. Review

The Fund will review this policy document as required to reflect changes in regulations and Fund working practices. Employers will be consulted and informed of the changes and a revised statement will be supplied to the Secretary of State.

# 3. Aims

The aim of this Strategy is to continue progress towards an automated pension service, employing appropriate technology to improve the quality of information, the speed of operational processing for employers and a more efficient service to members. The Strategy recognises that significant work will need to be undertaken in achieving the Pension Regulator’s compliance requirements and both the Fund and its Employers will need to work in partnership to meet this challenge.

## 4. Legislative Framework

### LGPS Regulations 2013

The Fund and its Employers must have regard to this Strategy when carrying out their Scheme functions and Regulation 59 sets out a number of requirements to facilitate best practice and efficient customer service in respect of the following;

- The establishment of levels of performance which the administering authority and its Employers are expected to achieve in carrying out their Scheme functions
- Ensuring the Fund and its Employers comply with statutory requirements in respect of those functions
- Improving the communication between the administering authority and its employers of information relating to those functions

The Strategy also sets out a schedule of additional administration charges by virtue of Regulation 4(5) of the **LGPS (Management and Investment of Funds) Regulations 2016** which provides scope for Funds to levy charges in circumstances where disproportionate costs are being incurred for additional administration tasks relating to individual members or specific employers.

In addition, the circumstances are outlined where financial penalties will be incurred with written notice provided to employers in accordance with Regulation 70 for recovery of fund costs as a result of unsatisfactory performance in carrying out its function as a scheme employer.

Levels of performance achieved will be reported as part of the Pension Administration Monitoring Report at each Local Pension Board meeting and documented in the Fund's Annual Report & Accounts.

## 5. Key Objectives

The key objectives 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 and in the delivery of administrative functions;
- the fund operates in accordance with LGPS regulations and the Pension Regulator Code of Practice 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 partners;

- accurate records are maintained for the purpose of calculating pension entitlements and employer liabilities; ensuring all information and data is communicated accurately, on a timely basis and is secure and compliant;
- the fund and employers have appropriate skills and that training is in place to deliver a high quality service;
- standards are set and monitored for the delivery of specified activities in accordance with the relevant regulations;
- administrative services are developed and delivered digitally in order to streamline processes and minimise service costs.

## 6. Achieving the Objectives

The localism agenda to devolve power from central government control to boroughs has resulted in an increase to the Fund's employer base as local authorities transform service delivery together with the increase of maintained schools converting to Academy status

The differing characteristics, size and required support of individual employers presents a significant logistical challenge to the management of information, processes and services within the Fund. It is clear that because of these differences a "one size fits all approach" would be unlikely to deliver a workable solution; however standard ways of operating applicable to different employer groups would realise benefits and cost efficiencies.

As the number of disparate employers continues to grow there is the need for more accurate and timely information to improve liability management at both the local and national level. In addition the Pensions Regulator has introduced higher levels of compliance and the Fund will be required to demonstrate heightened governance and administrative efficiency.

There are four key elements necessary to achieving the Fund's administrative objectives:

- a) Communications Policy
  - ensures members have accessible and timely information on all aspects of their pension benefits and informs decisions in respect of entitlements
  - enables employers to make effective decisions in the management of risks and liabilities as well as encouraging engagement in the wider pension debate
- b) A training plan that will offer support to employers and continue to enhance staff knowledge and skills to ensure efficient administration compliant with the Pension Regulator requirements
- c) An ICT development programme which will deliver high quality, efficient and integrated digital services to employers and members in an increasingly regulated and financially complex environment
- d) A performance framework which will support the effective working of the Fund and enable both the Fund and Employers to deliver continuous improvement and move towards a higher standard of service

## 7. Use of ICT

As part of its ICT development programme, the Fund has procured a comprehensive benefit and electronic document management system; this investment will enable the Fund to achieve a fully integrated self-service application for both employers and members. The new system creates the foundation to further digitalise the administration activities in the coming years.

At the time of writing, approximately 80% of active scheme membership is covered by electronic data submissions from employers. The Fund plans to achieve a digital step change in service delivery of full electronic data submissions from all employers over the next four year period. This will be delivered by a number of key work streams alongside the system supplier.

### Online access to Fund IT systems

The Fund can provide secure online access for suitably large employers, in order for employing authority staff to produce retirement estimates and enquire on their employee's record of membership. The system is available during normal office hours with the exception of any necessary scheduled maintenance of the system.

As there are system and resource costs associated with granting online access, the Fund reserves the right to only agree where there is a mutual benefit in managing data quality and overall administration costs.

The Fund reserves the right to revoke access based on licence cost and employer performance.

### 'MyPension' Member Self Service

All active, deferred and pensioner members of the Fund are able to view their membership records online via a self-service website called 'MyPension' <http://mpfund.uk/my pension>

Annual Benefit Statements and Pensioner Payslips are viewable online and the Fund has made significant savings in paper and postage costs. As part of the ICT development programme, the Fund will be working with its supplier to extend the self-service system to cover more administrative tasks, improving service efficiency and reducing administration costs.

Employers are asked to support the Fund in encouraging member registration with the 'MyPension' self-service system, by providing information on intranets and within appropriate communications to the workforce.

## 8. Performance Standards

A key purpose of the Administration Strategy is to set performance standards and publish both the targets and achievements against those targets to evaluate continuous improvement of the administration function. The performance measures which will be monitored are outlined below, with the outcomes subject to scrutiny by the Pensions Regulator, the Local Pension Board and Pensions Committee; with summary information published in the Fund's Annual Report & Accounts.

## Performance Standards - Scheme Employer

### Duties and Responsibilities

Function/Task	Performance Target
<b>Governance</b>	
Designate a named individual to act as a Pensions Liaison Officer who is the main contact with regard to any aspect of administering the LGPS via submission of Fund documents “Your LGPS Contacts” and Authorised Signatories	Within 30 days of becoming a scheme employer or within one month of the change in officer role
Confirm designated contact information for officers authorised to perform key policy decisions and administrative roles within the organisation	Within 30 days of becoming a scheme employer or within one month of the change in officer role
Appoint person for stage 1 of the pension 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
Notify the Fund of the receipt of a complaint under the IDRP process	Within 7 working days of receiving the complaint
Notify the Fund that the stage 1 decision has been issued	Within 7 working days of making the determination
Appoint an independent registered medical practitioner qualified in occupational health medicine or arrange contract with third party, in order to consider all ill health retirements applications and agree appointment with Administering Authority	Within 30 days of commencing participation in the scheme or date of resignation of existing medical officer
Formulate, publish and keep under review policies in relation to all areas where the employer may exercise discretion within the LGPS	A copy of the policy document is to be submitted to the Fund within one month of a change in policy
Distribute any information provided by the Fund to scheme members/potential scheme members (e.g financial information or generic news alerts)	In a timely manner as required

Function/Task	Performance Target
<b>Financial Administration</b>	
Ensure correct employee contribution rate is to be determined each scheme year in line with the appropriate contribution banding table	Immediately upon commencing scheme membership, reviewed as per policy on adjusting employee contribution rates
Remit employer and employee contributions and Remittance Advice Slip (LGP41) to the Fund	<p>By 22nd of the month following deduction of payroll if made electronically or 19th if paid by cheque</p> <p>Under the Pensions Act 2004 and the Public Service Pensions(Record Keeping and Miscellaneous Amendments) Regulations 2014, the Pensions Regulator may be notified if the above measurement is not met</p>
Implement changes to employer contribution rates as instructed by the Fund at the date specified by the Fund Actuary	In line with the Rates Adjustment Certificate as per the valuation
Ensure and arrange for the correct deduction of employee contributions from a member's pensionable pay including any period of child related leave, trade dispute or other forms of leave of absence from duty	As required by payroll cycle, monthly or weekly
Manage the deduction of all additional contributions or amend such deductions, as appropriate	As required
Arrange for the deduction of AVCs and payment over of contributions to the AVC provider( s) and inform the Fund as required	As required by payroll cycle, typically monthly
Refund any employee contributions when employees opt out of the pension scheme within 3 months and submit LGP9A	Within 42 days of the opt-out date
Remit additional fund payments in relation to early payment of benefits from flexible retirement, redundancy or business efficiency retirement or where a member retires early with employer's consent and a funding strain cost arises	Within 30 days of receipt of invoice from the Fund



<b>Function/Task</b>	<b>Performance Target</b>
<b>Financial Administration continued...</b>	
Remit Recharge payments in respect of pension members – e.g Compensatory Added Years	To be paid within 30 days of the invoice from the Fund
Payments in respect of FRS102 and IAS19 work carried out on behalf of Employers by the Fund Actuary and Accounts Team	To be paid within 30 days of the invoice from the Fund
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’s Administration Team	To be paid within 30 days of the invoice from the Fund

<b>Function/Task</b>	<b>Performance Target</b>
<b>Alternative Service Delivery Models / TUPE Transfer - New Employers</b>	
Notify the Fund of contracting out services which will involve a TUPE transfer of staff to another organisation so that information can be provided to assist in the decision	At the point of deciding to tender
Notify Fund of lead decision making and operational officers in circumstances where a prospective new employer or admitted body may request to join the Fund as a result of re-organisation or TUPE transfer	At commencement of business review project
Work with Fund Officers to arrange for an admission agreement to be established	A minimum of 90 days in advance of the date of contract
Notify the Fund if the employer ceases to admit new scheme members or is considering terminating membership of the Fund	As soon as decision is agreed

Function/Task	Performance Target
<b>Member Information/Data Quality and general administration</b>	
Provide the Financial Statement (LGP40) as specified by the Fund including granular breakdown per employee of contribution, CARE/FTE pay and service related data (annual year-end return) to feed into valuation/GAD cost sharing exercise and annual benefit/annual allowance statements for members	Completed and validated return to be submitted no later than the end of business on the second Friday within the month of May
To ensure optimum accuracy of year-end information, in line with specified extract	Less than 5% of entries to be queried following digital alignment of members and memberships
To resolve digital alignment and financial discrepancies ( sanity queries) resulting from the annual return process	<p>To fully answer all queries from the Fund within 15 working days of receipt of the query</p> <p>In circumstances where an employer submits a late annual return and the Fund can only query within the month of July, the timescales may be shorter than 15 days, as advised by the Fund</p>
To action requests for data reconciliations of member records	To fully answer data reconciliations/member queries from the Fund within three weeks of receipt of data
Notify the Fund of new joiners/additional employment electronically in agreed format and secure data transfer or manual LGP1 form	Within 42 days of member's contractual auto-enrolment or re-enrolment date
Provide new joiner with Membership Form LGP2 -To assist Fund to establish previous pension entitlements	Within 30 days of the member's first day of entry to the scheme
Direct all eligible new employees to the member guide to the pension scheme on the Fund website	At date of employee appointment
Change in employees' circumstances which may impact on pension benefits, (movement in and out 50/50 scheme, marital or civil partnership status, maternity, paternity, absence, name etc) electronically in agreed format and secure data transfer or manual LGP4 Form	Within 42 days of the event or receipt of information

Function/Task	Performance Target
<b>Member Information/Data Quality and general administration continued...</b>	
Notify the Fund of early leaver/opt over three months for member's entitled to a refund or deferred benefit and submit both LGP9 / Termination Form LGP1A in electronic or manual format	Within 42 days of date of leaving/opt out date
On leaving employment, an LGP1C is required for the opted out former member	No later than 30 days of termination of employment
Notify the Fund when a member leaves with immediate entitlement to benefits submit Termination Form LGP1A and issue Retirement Option Form LGP1B in electronic or manual format to the employee	No later than 30 days of retirement
Notify the Fund of the death of an employee and provide next of kin details and submit Termination Form LGP1A. In addition raise awareness of Fund's Welfare Officer when a member is suffering from a terminal illness	Within 3 working days of knowledge of the death of the employee
To determine based on medical opinion and advice whether an ill health award is to be made and determine where relevant which tier 1,2 or 3  Arrange for the completion of the appropriate LGP12 form and submit along with LGP1A/LGP1B to the Fund	No later than 30 days of date of retirement
To submit request form LGP88 for estimate of benefits	No later than four months, before retirement but the Service Area Manger can modify the target in exceptional circumstances
To Notify the Fund of final salary and pensionable pay figures for divorce valuations	Within 10 working days of request
To Notify the Fund of a workforce planning exercise and the intent to request a bulk estimate retirement calculation to seek both member pension details and employer strain costs	As soon as practicable to allow the Fund to consider resource planning

## Performance Standards - Administering Authority

### Duties and Responsibilities

Function/Task	Performance Target
<b>Governance</b>	
Regularly review the Fund's pension administration strategy and consult with all scheme employers	To review at least triennially and revise following any material change in policies that relate to the PAS
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 required
Review the Fund's Communication policy statement	Annual review and publish within 30 days of any revision to the policy being agreed by Pension Committee
Review the Fund's Governance and compliance statement	Annual review and publish within 30 days of any revision being agreed by Pension Committee
Formulate and publish policies in relation to all areas where the administering authority may exercise a discretion within the scheme	Annual review and publish within 30 days of any revision being agreed by Pension Committee
Publish the Fund's Annual report and Financial Statement	By 30 September following the year-end or following the issue of the auditors opinion
Notify scheme employer of issues relating to scheme employer's unsatisfactory performance	Within 10 working days of discernible performance issue

<b>Function/Task</b>	<b>Performance Target</b>
<b>Financial Administration</b>	
Consult with employers on the outcomes of the triennial valuation	At least 90 days in advance of the signing of the final Rates and Adjustment Certificate
Notify employers of contribution requirements for 3 years effective from April following the actuarial valuation date	At least 30 days before signing off the Rates and Adjustment Certificate
Notify new scheme employers of their contribution requirements	Within 60 days of receipt of the data profile for onward submission to the Fund Actuary
Carry out termination valuations on admitted bodies or scheme employers ceasing participation in the Fund	Within 60 days of receipt of termination forms from exiting employer
Notify scheme employer of decision to recover additional costs associated with the scheme employer's unsatisfactory performance	Within 10 working days of scheme employer failure to improve performance as agreed

<b>Function/Task</b>	<b>Performance Target</b>
<b>Alternative Service Delivery Models / TUPE Transfer - New Employers</b>	
Arrange for the setting up of separate admission agreement/new scheme employers including the allocation of assets and notification to the Secretary of State	Within 90 days of all necessary information
Arrange for all new prospective admitted bodies/new scheme employers to undertake, to the satisfaction of the Fund, a risk assessment of the level of bond or guarantee required in order to protect other scheme employers participating in the Fund	To be completed prior to the body being admitted timings predicated on timely submission of staff profile for submission to the Fund Actuary
Undertake a review of the level of bond/guarantee to protect other constituent employers	Annual review or upon material change in an employer's structure

Function/Task	Performance Target
<b>Member Information/Data Quality and general administration</b>	
Provide support for employers through a dedicated employer website, technical notes, forums, employer bulletins/alerts and day to day contact	Forums and ongoing support as required
Organise and provide coaching sessions on an employer's roles and responsibilities	Upon request of scheme employers or as Fund Officers deem necessary
Notify scheme employers and scheme members of changes to the scheme rules	Within 60 days of regulatory change
Produce annual benefit statements to active and deferred members as at 31 March each year	By 31 August following the year-end
Produce and issue pension saving statements each year to members who have exceeded their annual allowance	By 6 October following the end of tax year (subject to receipt of all relevant information from the scheme employer)
Publish and keep up to date all forms required for completion by scheme members or employer	30 days from any revision
Issue and keep up to date web based employer guides	Within 30 days from date of change/amendment
Issue and keep up to date scheme guide and all other literature for issue to scheme members	Within 30 days from date of change/amendment
Set up new joiner and provide statutory notification to member	Within 30 days of receipt of correct notification from a scheme employer
Process changes in employees' circumstances which may impact on pension benefits	Within 30 days of receipt of correct notification from a scheme employer
Process transfer in quotations	Within 10 working days of receipt of all required information
Transfer notification of credited membership/accrued pension account to be notified to the scheme member	Within 10 working days of receipt of payment

Function/Task	Performance Target
<b>Member Information/Data Quality and general administration continued...</b>	
Transfer out quotations processed	Within 10 working days of receipt of all necessary information
Transfer out payments processed	Within 7 working days of receipt of all necessary information*
Determine necessary category in relation Aggregation/Interfund cases and issue notification to member of service credit and accrued pension account	Within 10 working days of receipt of all necessary information
Process Divorce Valuation	Within 10 working days of receipt of all necessary information
Notify the scheme employer of any scheme member's election to pay additional pension contributions ,including all required information to enable deductions to commence	Within 10 working days of receipt of election from a scheme member
Process scheme member requests to pay/amend/cease additional voluntary contributions	Within 7 working days of receipt of request from scheme member
Deferred benefits calculated	Within 20 working days of receipt of all necessary information
Deferred benefits processed for payment	Within 7 working days of receipt of election and all necessary information*
Refund payments	Within 10 working days of receipt of all necessary information*
Provision of estimate of Pension Benefits	Within 10 working days of receipt of all necessary information*
Provision of retirement options to members	Within 10 working days of receipt of all necessary information
New retirement benefits processed for payment following receipt of options	Lump sum payment plus first payment of pension within 7 working days of receipt of all necessary documentation*  Thereafter pension payment on monthly payroll run

Function/Task	Performance Target
<b>Member Information/Data Quality and general administration continued...</b>	
Acknowledgement of a death	Within 5 days of receiving the notification
Payment of death lump sum	Within 7 working days of receipt of all necessary information*
Notification of benefits payable to dependents	Within 7 working days of receiving the required information*
Provide an answer or acknowledgement to scheme members/scheme employers/personal representatives/dependents and other authorised persons	Within 10 days from receipt of enquiry
Undertake data reconciliation exercises against Fund and employer payroll system	Periodically throughout year
To produce year end year digital alignment queries and financial discrepancies for employers	Within 30 days of receipt of complete and correct return with less than 5% of entries to be queried after digital alignment of members and memberships
Provision of bulk estimate data including both member pension details and employer strain costs	Within the timescales agreed between the Fund and employer to inform the workforce planning exercise

**\*All performance targets relating to payments exclude BACS processing period**



## 9. Monitoring Performance

It is the responsibility of the Fund and scheme employers to ensure compliance with the LGPS regulations and this associated Pensions Administration Strategy; with all parties required to undertake functions and tasks to the agreed quality standards.

The Fund will measure and report the Funds and scheme employer's compliance with the agreed service standards on a regular basis.

The Fund monitors its own performance against internal key performance indicators on a monthly basis; performance against the PAS by both the Fund and employers is reported to the Pension Board three times a year. The Fund will also report back to employers about their individual performance identifying any areas for improvement including outstanding data items

### Audit

The Fund is subject to an annual audit of its processes and internal controls and the administering authority's auditors may request member data or may ask to attend at employer offices to carry out audits regarding the calculation of final salary pays, career average pays and assumed pays. Employers are requested to co-operate with these activities.

### Escalation policy on charging employers for unsatisfactory performance

The Fund's preferred route to resolution in regard of data gaps is to support and work closely with employers via the Pension Liaison Officer; who will receive opportunity to correct the issue before invoking the Escalation Policy.

However, where persistent failure (which is defined as an ongoing failure to positively engage with the Fund) occurs in relation to administration requirements and no improvement is demonstrated by an employer or willingness to resolve the matter the following actions will be taken:

- Write to the scheme employer, setting out area(s) of non – compliance with performance standards offering support and where appropriate request attendance at a training session
- When no improvement has been demonstrated or where there has been a failure to take agreed action by the scheme employer they will be requested to attend a meeting with representatives of the Fund to agree an action plan.
- If no improvement is evident within one month or the employer is unwilling to attend a meeting to resolve the issue a formal notice will be issued setting out;
  - the area(s) of non-compliance with performance standards that have been identified
  - the steps taken to resolve those area(s) and;

- issue notice that the additional costs will now be reclaimed providing the basis on how the additional cost was calculated .

An invoice will then be issued to the employer clearly setting out the calculations of any loss resulting to the Fund, or additional cost, taking account of time and resources in resolving the specific area(s) of unsatisfactory performance in accordance with the charging schedule outlined overleaf.

A report will be presented to the Local Pension Board detailing charges levied against scheme employers and outstanding payments.

If unsatisfactory performance impacts the Fund's ability to perform statutory functions and measures are not being taken by the employer to address this the Fund will consider reporting the employer to the Pension Regulator.

## Schedule of charges for additional administration tasks

<b>Charges</b>		
Implementation of Pension Sharing Order	<b>Member</b>	<b>£500 + VAT</b>
An additional CETV request made within 12 months of an earlier CETV being provided including circumstances for divorce valuations	<b>Member</b>	<b>£150 + VAT</b>
A replacement guaranteed CETV where the transfer option forms are not returned within three months of the guarantee date	<b>Member</b>	<b>£150 + VAT</b>
<p>An employer request for multiple benefit estimates for a member within a 12 month period e.g. for a variety of reasons for leaving or potential retirement dates</p> <p>This excludes estimates provided via a bulk exercise</p> <p><b>The Fund will provide an estimate for a single date and reason for leaving free of charge</b></p>	<b>Employer</b>	<b>£100 + VAT for each individual item requested</b>
Request for copies of correspondence, documents or duplicate statement	<b>Member / Employer</b>	<b>£10 + VAT</b>
Correspondence provided to third parties in relation to member pension entitlements and benefit structure	<b>Member / Employer</b>	<b>£100 + VAT *</b>
Individual Protection 2016 (IP2016) Valuation to calculate an Individual's protected LTA	<b>Member</b>	<b>£150 + VAT</b>
Production of non-statutory Pension Saving Statements and forecasts of annual allowance usage	<b>Member</b>	<b>£150 + VAT *</b>
<p>Administration of information in relation to Accounting Standards Exercises **</p> <p>(Recharge of actuary fee in accordance with contractual arrangement)</p>	<b>Employer</b>	<b>£100 + VAT *</b>

<b>Charges continued</b>		
Bespoke Pension Administration Work	<b>Employer</b>	<b>At the appropriate hourly officer rate on a cost recovery basis</b>
Data quality and en-masse calculation/operational processing in connection with on-boarding of new employers including academies  (Recharge of actuary fee in accordance with contractual arrangement)	<b>Employer</b>	<b>£2,000 + VAT *</b>
Data quality and en-masse calculation/operational processing in connection with employer de-participation  (Recharge of actuary fee in accordance with contractual arrangement)	<b>Employer</b>	<b>£2,000 + VAT *</b>
Provision of an indicative funding/termination valuation based on membership and cashflow data assessed to determine the previous triennial results	<b>Employer</b>	<b>£500 + VAT per Valuation</b>
Setup de-risking framework to monitor an employer funding position to lock down pension liabilities and switch to an alternative investment strategy to reduce volatility of pension costs  Annual monitoring of the funding level and engagement with employer on proposed funding trigger	<b>Employer</b>	<b>Actuarial recharge of £3,500 + VAT</b>  <b>£3,000 + VAT, per annum</b>

\* These are standard charges which may be subject to adjustment based on resource required

\*\* MPF would be willing to bring forward the schedule deadline for issue of accounting disclosure; however it may result in more estimates being needed, in particular the calculation of the investment return, and share of the plan assets achieved over the year. The actuary will need to estimate these using market indices for a longer period than is currently the case. Employers will need to agree that the 'estimation' is acceptable with their auditor and alert the Fund of an earlier response deadline.

## Schedule of Financial Penalties for Employers

<b>Financial Penalties</b>	
Failure to remit payment of monthly employee and employer contributions in full by the 22nd of the following month	Interest at base rate plus 1% as per the 2013 regulations
<p>Failure to submit monthly contributions LGP41 forms with or before remittance of payment, except where payment is made early and LGP41 is received on/before the payment method submission date.</p> <p>Note: In order to streamline accountancy procedures the recommended best practice is to submit the LGP41 prior to or with payment of contributions.</p>	£100 per occasion
<p>Failure to comply with one or both of the following requirements:</p> <ul style="list-style-type: none"> <li>• Submission of completed and validated year-end return in accordance with the prescribed specification by the end of business on the second Friday within the month of May</li> <li>• Submission of the certified year end LGP40 Financial Statement</li> </ul>	<p>A fixed penalty of £250</p> <p>plus a further fixed penalty of £100 for every further week late following that deadline</p>
Quality of the year-end information provided is below the acceptable tolerance level set at 5% of entries to be queried after digital alignment of members and memberships	<p>The Fund will recover costs for the work involved to resolve these errors</p> <p>Typically costs will be based on officer hourly rates but will be determined on the resource required to address errors above the tolerance</p>

**Please note:**

- If an employer annual return is received by the end of business on the second Friday within the month of May and the return is accepted, no charge will apply
- If a completed and validated annual return is received by the end of business on the second Friday within the month of May and the return is rejected following initial conformity checks, but subsequently re-submitted and accepted within 2 weeks of being notified of the rejection, no charge will apply.

- In regard the 5% error rate in resolving annual return data, charges will not be applied during the 2018/19 scheme year (1 April 2018 - 31 March 2019). This will provide opportunity for both the fund and employers to reconcile data and clarify specific requirements for future provision of data.

**These charges are reviewed annually by the Fund and in exceptional circumstances can be waived at the discretion of the Service Area Manager.**

## Payment method

Payments in respect of administration activity directly requested by the member or third party representatives must be agreed with a Fund officer and paid in advance via online banking before the requested information can be provided.

The bank account details for electronic payment are as follows:

<b>Account Name</b>	Merseyside Pension Fund
<b>Bank sort code</b>	30-95-11
<b>Bank account number</b>	01140818

The payment reference is to include the members name and National Insurance number.

Charges in respect of administration work commissioned by an employer must also be agreed and paid in advance electronically before provision of the information or depending on the organisations financial arrangement upon receipt of a purchase order. Payments must include a reference as provided by the Fund for the purposes of reconciliation by the accounts team with our bank account.

In circumstances where financial penalties are incurred the Fund will issue an invoice for payment.

## Feedback from employers

Employers who wish to provide feedback on the performance of the Fund against the standards in this administration strategy should complete the online form available on the secure employers' website:

<http://mpfemployers.org.uk>

## 10. Employer Guides for Administration

The Fund provides comprehensive guides in regards employer administration under the LGPS regulations from 1 April 2014.

### HR Guide for Employers

This guide sets out the requirements for HR sections in respect of the Local Government Pension Scheme regulations, effective from 1st April 2014.

### Payroll Guide for Employers

This guide sets out the requirements for payrolls in respect of the Local Government Pension Scheme regulations, effective from 1st April 2014. It is intended to inform payroll providers and employers of the minimum information needed to effectively manage the 2014 Scheme (and its interaction with the 2008 Scheme) and contains illustrative examples.

These employer guides are available on the dedicated employer website.

**<http://mpfemployers.org.uk/content/hr-payroll-guides>**

### Automatic Enrolment Guide for LGPS Employers

The Local Government Pension Committee (LGPC) produced two guides which explain how employers' responsibilities under the Local Government Pension Scheme regulations interact with those automatic enrolment responsibilities under the provisions of the Pensions Act 2008.

These are available on the dedicated employer website.

**<http://mpfemployers.org.uk/content/automatic-enrolment-guide-lgps-employers>**

## 11. Associated Policy Statements & Discretions

### Records & Data Improvement Policy

The Fund collects and holds large amounts of digital and paper based data and is heavily reliant on the timely receipt of quality data from employers, in order to effectively administer the Local Government Pension Scheme (LGPS). This document is supplemental to the Pension Administration Strategy.

The Fund website has the latest copy of this policy which can be found at:

**<http://mpfemployers.org.uk/content/records-data-improvement-policy>**

### Communications Policy

This statement outlines the Fund's policy on:

- Information to members, representatives and employers;
- The format, frequency and method of distributing such information;
- The promotion of the Scheme to prospective members and their employing authorities.

The Fund website has the latest copy of this policy which can be found at:

**<http://mpfmembers.org.uk/content/riskdocs>**

### Governance Policy

Wirral Metropolitan Borough Council is the Administering Authority for Merseyside Pension Fund. The Council has delegated to the Pensions Committee various powers and duties in respect of its administration of the Fund.

This statement sets out the scheme of delegation and the terms of reference, structure and operational procedures of the delegation and can be found on the Fund website at:

**<http://mpfmembers.org.uk/content/riskdocs>**



## Employer Discretions

Since 1997, the LGPS Regulations have required every employing authority to:

- issue a written policy statement on how it will exercise the various discretions provided by the Scheme;
- keep it under review;
- revise it as necessary.

A list of employer discretions can be found on the Employers website at:

**<http://mpfemployers.org.uk/content/employer-discretions-april-2014>**

**Approved by:** Pensions Committee

13 November 2017

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