



Pensions administration strategy

**Sutton Council Pension Fund and
Kingston Council Pension Fund**

January 2021

Introduction

The pensions administration strategy (“the strategy”) sets out the responsibilities of the administering authority and scheme employers in administering the LGPS.

The role of administering authority for Sutton Council and Kingston Council is discharged by the shared pensions administration service and the shared finance service. Both of these services are hosted by Sutton Council. The shared HR service, hosted by Kingston Council, provides the pensioner payroll.

The strategy has been created pursuant to [regulation 59](#) of the Local Government Pension Scheme Regulations 2013 and shall be reviewed at least every three years.

There are four sections of the strategy and those are:

- Roles and deadlines of all parties
- Administering authority’s performance standards
- A statement about scheme communications
- Scope of additional costs that will be recovered from scheme employers

Roles and deadlines

Each of the parties to the LGPS has specific roles and responsibilities. It is important that this is clear to ensure we all discharge them fully.

If a stated deadline falls on a weekend or bank holiday then the deadline is the working day immediately prior.

Role	Deadline
Administering authority	
Shared Finance Service	
Appoint a fund actuary, investment advisors, custodians and fund managers	As required
Lead and publish the triennial valuation (as at 31st March 2016 and on 31st March in every third year afterwards) and annual summary valuation pursuant to regulation 62	Every three years and annually
Publish the audited fund annual accounts pursuant to regulation 56	Annually
Publish a pension fund annual report pursuant to regulation 57	Annually
Publish a funding strategy statement pursuant to regulation 58	At least every three years
Publish an investment strategy statement pursuant to regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016	At least every three years
Publish a governance compliance statement pursuant to regulation 55	At least every three years
Produce the business strategy for the fund	Every three years
Support the Pensions Committee/Panel and the Pension Board	Quarterly
Maintain the fund risk register	Quarterly
Manage fund cash and bank accounts	As required

Monitor fund investments and performance reporting	At least quarterly
Complete the SF3 and other investment returns	Annually and as required
Complete the quarterly Office for National Statistics financial survey of pension schemes	Quarterly
Monitor the financial strength of scheme employers	Annually
Sign off admission agreement terms regarding the financial arrangements between the parties	As required
Shared Pensions Administration Service	
Publish annual benefit statements to all active and deferred members via Pensions Online	31st August
Publish pensions saving statements to scheme members that may have breached their annual and/or lifetime allowances	6th October
Set up and amend admission agreements for admitted bodies	As soon as practicable
Manage the internal dispute resolution procedure	In accordance with the procedure
Apply the annual pensions increase as directed by HM Treasury	April pensioner payroll cut-off
Submit a quarterly tax return to HM Treasury and pay the required tax charges	14th day of the second month following the end of the relevant period
Maintain a membership database	Not applicable
Undertake an annual data review and complete The Pension Regulator scheme return notice	November, as directed by The Pension Regulator
Process tasks in accordance with the performance standards	See table below
Maintain a 'breaches of law' register and notify The Pension Regulator of any	As soon as practicable

<p>materially significant breaches, which may result from:</p> <ul style="list-style-type: none"> ● A failure to issue annual benefit statements or pension savings statements in time ● Errors and omissions identified by the internal dispute resolution procedure ● Scheme employers failing to pay contributions on time or accurately ● Other breaches of a legal requirement 	
<p>Provide information and manage the production of admission, cessation and IAS19/FRS102 (financial statement) reports via the fund actuary and share with those reports with scheme employers</p>	<p>As required</p>
<p>Shared HR Service</p>	
<p>Pay pensioners their monthly LGPS benefits</p>	<p>29th day of the month for Kingston pensioners and the last Thursday of the month for Sutton pensioners.</p>
<p>Issue pension payslips in March, April and if the net monthly pension changes by £5 or more</p>	<p>Issued on the relevant pay date.</p>
<p>Scheme employers</p>	
<p>Submit the monthly contributions return in the required format</p>	<p>19th day of the month after which the deductions are made</p>
<p>Pay the monthly contributions to the fund pursuant to the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014</p>	<p>Payment received by 19th day of the month after which the deductions are made</p>
<p>Submit an annual return in the required format</p>	<p>7th May</p>
<p>Calculate and pay redundancy and/or severance payments</p>	<p>As soon as practicable</p>
<p>Provide the data required for FRS17 (retirement benefits) calculations if requested</p>	<p>20 working days prior to the accounting date (ie 31st March, 31st July, 31st August etc).</p>

Provide any additional data required for interim and/or cessation valuations	As soon as practicable
Publish a statement of policy about the exercise of discretionary functions pursuant to regulation 60	Within six months of becoming a scheme employer
Calculate pensionable pay and determine a scheme member's final pay, when required	As required
Admit its employees into LGPS	By their starting date or auto enrollment date
Inform us about new scheme members, members leaving the scheme, or changes to employment (working hours, unpaid leave, unauthorised absences, reductions in pay and 50/50 scheme elections) using the required form or template	20 working days after their starting date, leaving date or date of the change
Give notice of a scheme member's intention to retire	20 working days prior to the intended retirement date
Make the first instance decision about an ill-health retirement following receipt of the independent registered medical practitioner's report	As soon as practicable
Respond to general queries from the administering authority	10 working days
Respond to errors or missing information identified by the administering authority	20 working days or sooner if required
Pay invoices for any recoverable additional costs	30 calendar days from the invoice date
Commence the deduction of additional contributions (APCs or AVCs) following an election from the scheme member or instruction from the administering authority	As soon as practicable
Scheme members	
Use Pensions Online to: <ul style="list-style-type: none"> ● calculate a retirement quotation (over 55s only) ● update your personal details 	Not applicable

<ul style="list-style-type: none"> view your service, earnings and contributions information view your annual benefit statements 	
Complete an expression of wish form for any potential death grant payment	Not applicable
Give notice to their scheme employer of an intention to retire	60 working days prior to the intended retirement date
When joining, complete a previous service form to notify the administering authority about any existing LGPS pension benefits	1 year from date of joining
Fund actuary	
Undertake the triennial valuation (including the recommended contribution schedules) and annual summary valuations	Every 3 years (next due 2022) and annually
Produce admission, cessation, conversion and IAS19/FRS102 (financial statement) reports	As required

Performance standards for processing tasks

The service target is the shared pensions administration service's target but in order to meet the overall process targets it will need to rely on other parties acting promptly. The targets have been set after accounting for any legal requirements and to achieve a suitable service level for scheme members.

Process	Service target	Overall process target	Legal deadline
Send a notification of joining the LGPS to a scheme member	20 working days from receipt of all information	40 working days from date of joining	Two months from date of joining the scheme
Inform a scheme member who left the scheme of their calculated benefits (refund or deferred)	30 working days from receipt of all information	40 working days from date of leaving	No more than two months from date of initial notification
Request transfer details for transfer in (including interfunds)	5 working days from receipt of the request	40 working days from member's initial request	Two months from the date of request
Calculate and provide transfer in	15 working days		

(including interfunds) quotation to scheme member	from receipt of all information		
Provide details of transfer value (including interfunds) for transfer out or divorce proceedings	20 working days from receipt of all information	60 working days from date of request	Three months from date of request
Notify a scheme member of their final retirement benefits	10 working days from receipt of all information	20 working days from date of retirement	One month from date of retirement if on or after normal pension age or two months from date of retirement if before normal pension age
Request financial information for retirement from scheme employer's payroll provider	10 working days from date of request	40 working days from date of request	No more than two months from date of request unless there has already been a request in the last 12 months
Provide a retirement quotation (limited to once per 12 month period)	20 working days from receipt of all information		
Calculate and notify dependant(s) of their amount of death benefits	10 working days from receipt of all information	40 working days from date of death	No more than two months from date of becoming aware of death
Pay contribution refund to scheme member following their election	10 working days from receipt of all information	20 working days from date of request	Not applicable
Answer general correspondence	10 working days from receipt of correspondence	Not applicable	Not applicable

Communication statement

This statement confirms the procedures used for communication and information sharing between the various LGPS parties, including scheme members and their representatives, prospective members, and scheme members. It is required by [regulation 61](#).

There are certain key principles that form the basis of approach to communication. They are:

- Digital first communication but alternative methods as required
- Self service when appropriate
- Using plain language to help parties to make informed decisions

Provision of information and publicity about the scheme

The policy will set out the channels of communication that will be communicated and their frequency. It will include an engagement plan that will include events for employers, members of the scheme and prospective members of the scheme.

We are committed to using technology to enhance services, improve accessibility and broaden inclusion. We are developing our use of digital communication through our secure member portal, [Pensions Online](#), and email. Wherever possible, we will use a digital first means of communication, however, we recognise that individuals may have specific needs with regards to the format or language of our communication. As such, reasonable alternative material will always be made available on request.

Annual benefit statements are digitally published on [Pensions Online](#) and unless requested, a scheme member will not receive a paper copy. Using [Pensions Online](#), active and deferred scheme members can view their statements, other documents and membership information.

We shall maintain the service's web pages on both [Sutton Council's website](#) and [Kingston Council's website](#) to provide information about the LGPS. The contents shall be reviewed at least twice per year. This is where we will publish the key scheme documents, such as the annual accounts. The web pages will not duplicate the core scheme information found on the [LGPS website](#) but rather link to it where possible and only add information that is specific to the respective fund.

When it is prudent to share scheme updates to scheme members, these messages will be added to the council websites. In addition, we will ask every scheme employer to cascade such messages to its active scheme members. If it is relevant to share the message with deferred or retired scheme members, we will circulate it using the principle of digital first, where possible. These updates may include changes to the scheme regulations.

During an actuarial valuation year, we shall hold meetings with scheme employers and the fund actuary to discuss the results and implications of the valuation and other actuarial matters.

The LGPS and other pension schemes can prove confusing to its members. As such, all communication sent by us will be written using plain language where possible and where not, will include suitable definitions. We will also utilise 'drop-in' sessions for scheme members after the publication of key annual documents like the annual benefit statements and pensions savings statements. This will give active members an opportunity to discuss their options in person, without offering them any financial advice.

Each fund's governance arrangements include a committee/panel and a board, which receives reports from the administering authority. These reports are presented by officers and will include general updates and specific recommendations for decisions where the power to decide them has not been delegated to officers.

Forms and templates for scheme employers

Forms

Scheme employers need to submit information in accordance with specific requirements to support the efficient administration of the LGPS. The following forms must be used and can be found on the council websites:

- Notification of joining employee (LG2)
- Notification of leaving employee (LG3)
- Notification of an employment change (LG4)
- Notification of changes to multiple post employee (LG5)

Templates

In some situations, often due to a scheme employer's payroll provider, it is not always possible to use specific templates. As such, our templates are optional and scheme employers can choose to use their own format. However, the returns must still contain all of the fields found in our template. The following templates can be found on the council websites:

- Monthly contributions return (LG1)
- Annual return
- BDI return for bulk notification of joining employees

Sharing information with external bodies

From time to time the administering authority shall share scheme member and scheme employer information with the following external bodies:

- Cabinet Office
- Ministry of Housing, Communities & Local Government
- Department for Work & Pensions
- Government Actuary's Department
- HM Revenue & Customs
- Local Government Association
- The fund actuary (Barnett Waddingham LLP and Hymans Robertson LLP)
- The external auditor (Grant Thornton UK LLP)
- The member data service provider (Accurate Data Services)

Recoverable additional costs

The standard cost of administering the fund is factored into the contribution rates but there are circumstances that will require the recovery of additional costs.

Any such costs will be monitored by the administering authority and the relevant party will be invoiced for payment, either annually or on an ad-hoc basis depending on the type of cost.

Performance penalties

This type of recovery is dealt with according to [regulation 70](#), which allows the administering authority to levy such charges on account of a scheme employer's unsatisfactory performance in carrying out its functions. These recoveries are required as a penalty to ensure the smooth running of the LGPS.

Any such recovery should be avoided where possible and scheme employers should seek advice from the administering authority if they experience any difficulties. The administering authority will not seek a recovery if there has been early engagement and suitable effort to comply. In the event that a recovery is required, the administering authority will provide the scheme employer with a written notice.

The penalties will be calculated as follows:

Unsatisfactory performance	Threshold	Charge
Late submission of joiner or leaver form	According to the roles and deadlines section	£50
High quantity of starters and leavers notified in annual return	More than 5% of scheme employer's active membership	£250 plus any other applicable charges
Late submission of annual return	According to the roles and deadlines section	£250 plus £50 per working day
Late submission of monthly contributions return	According to the roles and deadlines section	£125 plus £25 per working day
Poor quality of data in annual return or failure to provide information in the required format	More than 5% of data lines requiring amendment or deletion	Additional time spent to resolve at £125 per half day
Regulator fines as a result of scheme employer	Not applicable	The fine amount plus £100

Actuarial and other fees

Any requests for advice or work that is outside of the requirements of an administering authority as defined by the LGPS regulations will be recoverable from the relevant scheme employer or scheme member. This may include:

- Legal advice concerning admission or cessation
- Accounting valuation reports (FRS102, etc)
- Site visits or seminars

Such recoveries will recharge the cost incurred from the third party provider with no uplift or administration fee. If the work is to be undertaken by the administering authority itself, the fees will be agreed with the scheme employer or scheme member before work commences.

Interest on late payments

According to [regulation 71](#), scheme employers are liable for interest on late payments including contributions and performance penalties. Interest will be charged according to this regulation on any overdue amounts. In addition, there will be a £100 charge for the administration of such action.

Divorce proceedings

Scheme members shall be liable for the administration costs of implementing a pension sharing order or other order related to divorce proceedings. The charge for this work is fixed at £500.

Strain costs

Pension strain costs or capital costs can occur in a number of situations. Depending on the situation, the scheme employer may be liable for the costs or the costs will be paid from the pension fund (the employer contribution rates include an element to cover these risks). The typical situations are as follows:

- Death - costs paid from pension fund
- Ill-health retirement - costs paid from pension fund
- Redundancy of an employee over the age of 55 - costs paid by scheme employer
- Retirement of an employee over the age of 55 on grounds of efficiency or where the scheme employer chooses to waive the actuarial reduction that would otherwise apply - costs paid by scheme employer

Essentially, if the scheme employer controls when the costs occur (i.e. it chooses to do something) then they are liable for the costs. If it is out of their control/fortuitous, the pension fund pays.