

**Teesside Pension Fund**

**Pensions Administration Strategy  
Administering the Local Government Pension  
Scheme**

**2017**

## Contents

|  |    |
|--|----|
| Introduction and Background .....  | 1  |
| Purpose and Intent .....   | 2  |
| Matters to be Considered .....   | 3  |
| Liaison & Communication .....  | 3  |
| Levels of Performance .....  | 5  |
| Statutory Requirements .....   | 9  |
| Circumstances for Giving Written Notice of Unsatisfactory Performance ....                                 | 10 |
| Improving Employer Performance .....   | 10 |
| Charging .....   | 11 |
| Secure Data Transfer .....   | 11 |
| Local Pension Board, National Scheme Advisory Board, and the Pensions Regulator .....                      | 12 |
| Monitoring and reporting .....   | 12 |
| Risks .....  | 14 |
| Approval and Review .....  | 14 |
| Further Information .....  | 14 |
| Appendix 1 .....   | 16 |
| Administration Legal Requirements within the LGPS .....  | 16 |
| Appendix 2 .....   | 19 |
| Statement of policy regarding the exercise of discretions within the local government pension scheme ..... | 19 |

## INTRODUCTION AND BACKGROUND

The LGPS is a statutory scheme, established by an Act of Parliament. The Local Government Pension Scheme Regulations 2013 provide the conditions and regulatory guidance surrounding the production and implementation of Administration Strategies.

In carrying out their roles and responsibilities in relation to the administration of the Local Government Pension Scheme the Administering Authority and employers will, as a minimum, comply with overriding legislation, including:

- Local Government Pension Scheme Regulations
- Pensions Acts 2004 and 2011 and associated disclosure legislation
- Public Service Pensions Act 2013 and associated record keeping legislation
- Freedom of Information Act 2000
- Equality Act 2010
- Data Protection Act 2003
- Finance Act 2013 and
- Relevant Health and Safety legislation.

As a result of the Public Service Pensions Act 2013, the Pensions Regulator now has responsibility for oversight of a number of elements of the governance and administration of Public Service pension schemes including the LGPS. The Regulator has the power to issue sanctions and fines in respect of failings of the Administering Authority, and also where employers in the Fund fail to provide correct or timely information to the Administering Authority. Should this happen, the Administering Authority would recharge any costs back to employers as set out later in this strategy.

More information relating to the requirements of the Local Government Pension Scheme Regulations is included in Appendix 1.

This statement has been developed with those provisions in mind, and has been developed following consultation with the Fund's third party administrators (Kier), employers in the Fund, Local Pension Board members and other interested stakeholders.

The purpose of the Pension Administration Strategy is to:

- ensure that the parties to which it relates are fully aware of their responsibilities under the Scheme, and
- outline the quality and performance standards expected of the Fund and its scheme employers to ensure the delivery of a high-quality, timely and professional administration service. These performance standards are explained further in the employer service level agreement.

Middlesbrough Council (the "Administering Authority") is responsible for the local administration of the Fund, which is part of the Local Government Pension Scheme ("the LGPS"). Operationally, the administration of the Fund is partly outsourced to a third party administrator (Kier), and partly carried out by Council staff. The third party administrator's staff and Council staff work together to provide a seamless service to scheme employers and members. It

is for that reason that references to Administering Authority in this document are not separated out between the Council and administrator.

The administering authority will regularly review this policy statement, at no less than every three years, and make revisions as are considered appropriate.

In subsequent reviews or when making revisions to this policy, the administering authority will consult with its employing authorities. Subsequent revisions will be published and copies provided to each employing authority and to the Secretary of State.

This Pension Administration Strategy does not supersede any contractual arrangements between the Administering Authority and the administrators or between the Administering Authority and the employers. However, it is intended to complement such arrangements and provide greater clarity in relation to each party's role and responsibilities.

This Strategy applies to all existing employers in the Fund, and all new employers joining the Fund after the effective date set out on page 12. The Statement sets out the expected levels of administration performance of both the Administering Authority and the employers within the Fund, as well as details on how performance levels will be monitored and the action that might be taken where persistent failure occurs.

## **PURPOSE AND INTENT**

Whilst this document is a statement of strategy prepared in line with the requirements of the Local Government Pension Scheme Regulations it is not intended to be a prescriptive document other than to outline legislative requirements.

In delivering this Administration Strategy, the Administering Authority has a number of specific objectives, as follows;

- Provide a high quality, professional, proactive, timely and customer focussed administration service to the Fund's stakeholders
- Administer the Fund in a cost effective and efficient manner utilising technology appropriately to obtain value for money
- Ensure the Fund's employers are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Fund
- Ensure the correct benefits are paid to, and the correct income collected from, the correct people at the correct time
- Maintain accurate records and ensure data is protected and has authorised use only.

To achieve these objectives we rely on the good will of all stakeholders; be they employer, administrator, scheme member or professional adviser.

This Strategy outlines how the Administering Authority will achieve these objectives, including the level of service the Administering Authority aims to

provide to scheme members and employers, as well as the role employers will need to play in providing that quality of service.

It is recognised that the aims and objectives in this Strategy are ambitious in some cases, and meeting these is dependent on the implementation of some changes in the existing ways of working.

Whilst we can, if required, resort to financial penalties, we will only do so as a final measure. From our point of view, as the administering authority, it is critically important that our focus is on building and maintaining strong relationships with the employers of the Fund, so our aim would be not to have to resort to financial penalties.

This Strategy is being implemented during a period which continues to present a number of challenges, not least:

- the need to carry out a major scheme reconciliation exercise as a result of the introduction of the new State Pension
- continuing pressure on resources and budgets for employers and the Administering Authority.

## **MATTERS TO BE CONSIDERED**

That matters that we consider within this Administration Strategy are:

1. Procedures for liaison and communication with employing authorities.
2. Establishment of levels of performance that both the administering and employing authorities are expected to achieve including:
  - a. the making of agreements about levels of performance and associated matters, and
  - b. such other matters, as the administering authority deems appropriate.
3. Procedures that aim to secure that the administering authority and its employing authorities comply with statutory requirements.
4. The circumstances under which the administering authority may consider giving written notice to any of its employing authorities under Regulation 70(1) of the Local Government Pension Scheme Regulations 2013 on account of that authority's unsatisfactory performance in carrying out its Scheme functions.

## **LIAISON & COMMUNICATION**

The delivery of a high quality, cost effective administration service is not the responsibility of just the administering authority, but depends on the joint working of the administering authority with a number of individuals in different organisations to ensure scheme members, and other interested parties, receive the appropriate level of service and ensure that statutory requirements are met.

Employing authorities must nominate a pension liaison officer to deal with certain enquiries from the administering authority. Key responsibilities of a Pensions Liaison Officer are:

- to act as a conduit for communications to appropriate staff within the employer – e.g. Human Resources, Payroll teams, Directors of Finance;
- to ensure that standards and levels of service are maintained;
- to ensure that details of all nominated representatives and authorised signatures are correct, and to notify the administration unit of any changes immediately;
- to arrange distribution of communications literature such as scheme guides, packs, newsletters and promotional material as and when required;
- to inform the administration unit of any alternative service arrangements required to ensure equitable member access, addressing the diverse needs of the membership;
- to assure data quality and ensure the timely submission of data to the Fund; and
- to assist and liaise with the Fund on promotional activities that aim to increase, where appropriate, the Scheme membership and knowledge in the overall benefits of the Scheme.

The administering authority will maintain a schedule of all employing authority contact officers and ensure that all pension administration staff utilise the contact details provided by the employer.

The administering authority will maintain a Pension Fund website with a dedicated employers' area. This will include:

1. General guidance and information on procedures for administering the Local Government Pension Scheme;
2. Employer bulletins used to communicate current issues pertaining to the Scheme;
3. Copies of all standard forms to be used by employers when providing information to the pensions unit;
4. Copies of all publications issued by the Pension Fund including newsletters, scheme guides and factsheets;
5. A copy of the LGPS regulations, LGE Circulars, CLG Guidance and consultation documents.

The administering authority will comply with the Communication Strategy Statement in its dealings with stakeholders of the Fund.

To enable the efficient transfer of data between the employing authority and the administering authority, the administering authority will maintain a number of data transfer interface methods for use by employing authorities. These will include manual transfer, indirect electronic transfer and direct input systems.

## LEVELS OF PERFORMANCE

Overriding legislation, including The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended), dictates minimum standards that pension schemes should meet in providing certain pieces of information to the various parties associated with the scheme. Further, the LGPS itself sets out a number of requirements for the Administering Authority or employers to provide information to each other, to scheme members and to prospective scheme members, dependants, other pension arrangements or other regulatory bodies. In addition to the legal requirements, local performance standards have been agreed which cover all aspects of the administration of the Fund. In many cases these go beyond the overriding legislative requirements.

We will keep these levels of performance under review to reflect changing expectations and legislation.

Although all the locally agreed performance standards will be monitored on an ongoing basis by the administering authority, the key standards are shown in the table below.

| Employers' Responsibility   | Administering Authority Responsibility   |
|---|--|
| <b>New Starters</b>   |  |
| <p>To provide each new employee with a pension information pack either with the letter of appointment or within two weeks of starting work</p> <p>To ensure that all employees who are eligible for automatic admission are brought into the scheme from the date of appointment</p> <p>To provide full details of all new members on approved forms or by agreed electronic templates / interface no later 19<sup>th</sup> of month following first pay period</p> | <p>To create member records on pensions administration system within 18 working days of receipt of notification</p> <p>To issue Certificates of Membership to members home address within 20 working days of receipt of notification</p> <p>To apply for any Transfer Value within 18 working days of receipt of the request</p> |

| Employers' Responsibility  | Administering Authority Responsibility  |
|--|---|
| <b>Change of details</b>   |   |
| <p>To ensure that the Fund is informed of any changes in the circumstances of employees on approved forms or by agreed electronic templates / interface no later 19<sup>th</sup> of month following first pay period.</p> <p><b>Personal Details:</b> name, marital status, address</p> <p><b>Conditions of Service:</b> contractual hours (for members who meet the underpin requirements), contractual weeks, pensionable pay (including Assumed Pensionable Pay), contribution rate, confirmation of 50/50 or main scheme entry</p> <p><b>Leave of Absence:</b> Maternity, Paternity &amp; Adoption Leave, Paid &amp; Unpaid leave of absence, Industrial Action and any other material period of absence</p> | <p>To accurately record and update member records on pension administration systems within 20 working days of receipt of notification from employer or member.</p>  |
| <b>Annual Benefit Statements</b>   |   |
| <p>To provide a year-end contribution return (including schedule of hours and days worked for employees with non-specified hours) in approved format by 30th April following relevant year end and ensure all errors and any additional information are resolved by 19th June or one month of request, whichever is later.</p>   | <p>To produce annual benefit statements for active and deferred members each year.</p> <p>To highlight annually if an individual has exceeded their Annual Allowance on their Teesside Pension Fund benefits.</p> |



| Employers' Responsibility  | Administering Authority Responsibility  |
|--|---|
| <b>Finance Administration</b>  |   |
| <p>To ensure that all member and employer contributions are deducted at the correct rate (including leave of absence) and paid to the fund no later than the 19th of the month following deduction.</p> <p>To collect from employee payroll AVC contributions, and to arrange prompt payment directly to the appropriate provider according to the published schedule no later than the 19th of the month following deduction.</p> | <p>To provide employers with details on the required format for the monthly contribution payment statement and annual year end return.</p>                                    |
| <b>Retirement Estimates</b>  |   |
| <p>To submit 'Estimate request form' at least 6 weeks before anticipated date of retirement</p>  | <p>To produce retirement estimates within 10 working days of receipt of complete and accurate information</p>   |
| <b>Retirements</b>   |   |
| <p>To ensure that a complete, and accurate, Leavers Form is submitted to the Pensions Unit at least 6 weeks before retirement. Include an Ill Health Certificate or Early Retirement Certificate where appropriate</p>   | <p>To calculate, and pay, required benefits within 10 days of retirement date or receipt of all completed forms and certificates from the member, whichever is the later.</p> |

| Employers' Responsibility  | Administering Authority Responsibility   |
|--|--|
| <b>Ill Health Retirements</b>  |  |
| <p>To refer members to the approved Occupational Health practitioner when considering termination of employment on permanent ill health grounds. Ensure that all relevant information is included in the medical referral form.</p> <p>To determine, taking into account the medical opinion of the Fund Doctor, whether to terminate employment on the grounds of permanent ill health or infirmity of mind or body and whether it will be a tier 1, 2 or 3 award.</p> <p>To notify the administrators of the scheme the relevant tier of ill health awarded.</p> | <p>To calculate and pay required benefits within 10 days of retirement date or receipt of all completed forms and certificates, including from the member, whichever is the latest.</p>  |
| <p>To review Tier 3 ill health retirements at 18 months from payment with regard to gainful employment and any subsequent referral to the Fund Doctor.</p> <p>To review Tier 3 retirements prior to discontinuance at 3 years.</p>   | <p>To assist the employer in performing their legislative responsibility to review Tier 3 ill health cases at 18 months</p> <p>To notify employers three months prior to scheduled discontinuation of pension payments and before updating the member records as becoming a "pensioner member with deferred benefits from the date of the suspension".</p> |
| <b>Additional Pension Contributions (APC's) and Shared Cost APC's</b>  |  |
| <p>To calculate and collect from the employee payroll contributions and to arrange the prompt payment to the Fund, according to the published schedule and to be no later than the 19th of the month following deduction, as stated in the 2013 Regulations (Reg 69(1)). More information can be found in the Employers Guide via <a href="http://www.employers.teespen.org.uk/">http://www.employers.teespen.org.uk/</a></p>  | <p>To provide information on APC's to members/employers via <a href="http://www.teespen.org.uk/">http://www.teespen.org.uk/</a> where a modeller can be found.</p>   |

## STATUTORY REQUIREMENTS

The following are key statutory requirements that must be undertaken by each employing authority.

1. Each employing authority is required to produce, publish and maintain a statement of policy regarding the exercise of certain discretionary functions available to them within the Local Government Pension Scheme Regulations. Each employing authority must regularly review this policy statement and, where revisions are made, the revised policy statement must be published before the expiry of one month from the effective date of revision. A copy of the policy statement must be sent to the administering authority. A template employing authority discretionary statement is included at [Appendix 2](#).
2. Each employing authority must specify the name, job title, and address of a person who will act as their referee under Stage 1 of the Internal Disputes Resolution Procedure. When an amendment to these details is made, a notification of the change should be sent to the administering authority immediately.
3. Any decision made by the employing authority under the Scheme regulations must be communicated to the employee in writing and must be accompanied by a statement informing the employee of their right of appeal and the contact details for such appeal. Any notification of a decision not to award a benefit must contain the grounds for the decision. There is no prescribed period for these notifications; we suggest however that you should send a notification to the member within 5 working days of the date of the decision.
4. Each employing authority must determine the rate at which its employees should contribute to the Scheme with effect from 1 April each year and, where an employee holds more than one post, the rate applicable to each post. Where there is a material change to a member's pensionable pay in the course of a financial year, the employer may re-determine the contribution rate to be applied.
5. Each employing authority must pay to the administering authority all contributions deducted from the pay of its employees and the respective employer contributions. Payment must be made no later than the 19<sup>th</sup> day of the month following the period for which the pension contributions have been deducted.
6. Each employing authority must pay to the administering authority any cost identified by the administering authority as a result of the employing authority's decision to release any pension benefits prior to a member's normal retirement age. Such payments should be made within 30 days of the date of receipt of an invoice as issued by the administering authority.
7. Each employing authority must also pay to the administering authority within 30 days of the receipt of an invoice, any charge identified by the administering authority because of the employing authority's decision to award any additional benefits to a scheme member in accordance with its statement of policy regarding the exercise of certain discretionary functions as described above.

## **CIRCUMSTANCES FOR GIVING WRITTEN NOTICE OF UNSATISFACTORY PERFORMANCE**

### **IMPROVING EMPLOYER PERFORMANCE**

This Strategy is focussed on good partnership working between the Administering Authority and the Fund's employers. However, it is recognised there may be circumstances where employers are unable to meet the required standards. The Pensions Manager will seek, at the earliest opportunity, to work closely with employers in identifying any areas of poor performance or misunderstanding, provide opportunities for necessary training and development and put in place appropriate processes to improve the level of service delivery in the future.

It is expected that it will be extremely rare for there to be ongoing problems but, where persistent and ongoing failure occurs and no improvement is demonstrated by an employer, and/or unwillingness is shown by the employer to resolve the identified issue, the steps the Administering Authority will take in dealing with the situation in the first instance are set out below:

- The Pensions Manager will issue a formal written notice to the person nominated by the employer as their key point of contact, setting out the area(s) of poor performance
- The Pensions Manager will meet with the employer to discuss the area(s) of poor performance, how they can be addressed, the timescales in which they will be addressed, and how this improvement plan will be monitored.
- The Pensions Manager will issue a formal written notice to the person nominated by the employer, setting out what was agreed at that meeting in relation to how the area(s) of poor performance will be addressed the timescales in which they will be addressed
- A copy of this communication will be sent to the Director of Finance or other senior officer at that employer.
- The Pensions Manager will monitor whether the improvement plan is being adhered to and provide written updates at agreed periods to the person nominated by the employer, with copies being provided to the Director of Finance (or alternative senior officer) at that employer.
- Where the improvement plan is not being delivered to the standards and/or timescales agreed, the Kier Pensions Manager will escalate the matter to Middlesbrough Council Head of Investments & Treasury Management who will determine the next steps that should be taken. This may include (but is not limited to):
  - Meetings with more senior officers at the employer
  - Escalating to the Teesside Pension Fund Committee and/or Pension Board
  - Reporting to the Pensions Regulator or Scheme Advisory Board.
- Where an employing authority fails to make payment of employee and employer contributions by the 19<sup>th</sup> of the month following the period in relation to which the contributions were deducted, the administering authority will give a written notice of unsatisfactory performance to the employing authority.

- Where an employing authority has failed to settle an invoice within the prescribed 30 day deadline, the administering authority will give a written notice of unsatisfactory performance to the employing authority.
- Any late payment of contributions will be raised with the Pension Board who may inform the Pensions Regulator of consistent, or prolonged, late payment. Any charge that the Pensions Regulator may raise will be charged direct to the employing authority.

## CHARGING

The Administering Authority will work closely with all employers to assist them in understanding all statutory requirements, whether they are specifically referenced in the LGPS Regulations, in overriding legislation, or in this Administration Strategy. The Administering Authority will also work with them to ensure that overall quality and timeliness is continually improved.

If, as a result of an employing authority's failure, the Pension Fund should become liable for the payment of interest or other financial penalty, the administering authority reserves the right to issue a written notice of unsatisfactory performance together with an invoice to the employing authority for the amount to which the Pension Fund has become liable.

Where an Administering Authority wishes to recover any such additional costs they must give written notice stating:-

- The reasons in their opinion that the employer's level of performance contributed to the additional cost
- The amount the Administering Authority has determined the employer should pay
- The basis on which this amount was calculated, and
- The provisions of the pension administration strategy relevant to the decision to give notice.

## SECURE DATA TRANSFER

The Fund will follow the below data security guidelines when sending any personal data in bulk.

Any bulk personal data will be transferred using the secure website <http://pensions.kier.co.uk/>. Access and guidelines will be issued by the Administering Authority to authorised representatives of the employer.

If data is sent by email:

- We will agree an authentication process and confirm that it is an appropriate person and contact number in the receiving organisation
- Encryption software will be used where required, which will be self-extracting, and allow the recipient to open the file, without the need for software, but with the requested password. We will follow delivery guidelines if the data is sent by courier.
- The appropriate agreed person will confirm the data has been received, request the password and confirm the file is successfully opened.

Full guidelines can be made available on request.

## LOCAL PENSION BOARD, NATIONAL SCHEME ADVISORY BOARD, AND THE PENSIONS REGULATOR

The Public Service Pensions Act 2013 introduced greater oversight of LGPS Funds. As a result, the Local Pension Board of the Fund was established from 1 April 2015. In addition, the Pensions Regulator's remit was extended to include the public sector, and a national Scheme Advisory Board was created.

The Administering Authority, and the participating employers, are expected to fully comply with any guidance produced by the Scheme Advisory Board and the Pensions Regulator. Any recommendations made from any of these entities will be considered by Middlesbrough Council, in its role as Administering Authority, and where appropriate duly implemented (following discussions with employers where necessary).

The Terms of Reference for the Local Pensions Board can be found on the Fund's website at:

<http://www.teespen.org.uk>

## MONITORING AND REPORTING

The Administering Authority will monitor performance in carrying out its responsibilities in relation to the scheme, and will regularly monitor performance by benchmarking against other administering authorities, using benchmarking clubs and other comparators available. How well the Fund performs will be reported in the Fund's Annual Report based on the statistics available at that time.

In addition, the Administering Authority will monitor success against its administration objectives in the following ways:

| Objectives   | Measurement  |
|--|--|
| Provide a high quality, professional, proactive, timely and customer focussed administration service to the Fund's stakeholders. | Key Performance Indicators achieved in 90% of cases* (100% for legal requirements).<br><br>Annual satisfaction surveys with employers and scheme members achieving 90% of scores in positive responses in these areas. |
| Administer the Fund in a cost effective and efficient manner utilising technology appropriately to obtain value for money.       | Cost per member is not in upper quartile when benchmarked against all LGPS Funds using national data (either SF3 or SAB)   |

| Objectives  | Measurement  |
|---|--|
| <p>Ensure the Fund's employers are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Fund.</p> | <p>Annual data checks (including ongoing reconciliations) resulting in few issues that are resolved within 2 months.</p> <p>Key Performance Indicators achieved in 90% of cases* (100% for legal requirements).</p> <p>Issues included in formal improvement notices issued to employers resolved in accordance with plan.</p> <p>Annual satisfaction surveys with employers achieving 90% of scores in positive responses in these areas.</p> |
| <p>Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount.</p>  | <p>Positive results in audit and other means of oversight/scrutiny.</p> <p>Key Performance Indicators achieved in 90% of cases* (100% for legal requirements).</p> <p>Minimal issues against the Fund identified by Internal Dispute Resolution Procedures and complaints.</p>   |
| <p>Maintain accurate records and ensure data is protected and has authorised use only.</p>  | <p>Annual data checks (including ongoing reconciliations) resulting in few issues that are all resolved within 2 months</p> <p>No breaches of data security protocols</p> <p>Positive results in audit and other means of oversight/scrutiny</p>   |

\*Employers are also expected to meet their targets in 90% of cases.

An overview of performance against these objectives and in particular against target standards for turnaround times will be reported within the Fund's annual report and accounts and also reported on regularly to the Pension Fund Committee and Pension Board. In addition, these will be reported to The Pensions Regulator (if deemed appropriate) under the Procedure for Recording and Reporting Breaches of the Law (Breaches Procedure Policy).

Where performance is substantially below standard (whether by a large margin for a short period of time or a small margin for a longer period of time) the Administering Authority will formulate an improvement plan. This will be reported to the Fund's Pension Fund Committee and Pension Board together with an ongoing update on achievement against the improvement plan.

## RISKS

The key risks to the delivery of this Strategy and its objectives are outlined below. The Middlesbrough Council Head of Investments and Treasury Management, Kier Pension Manager and other officers will work with the Pension Fund Committee and the Pension Board in monitoring these and other key risks and considering how to respond to them.

- Lack or reduction of skilled resources due to difficulty retaining and recruiting staff members and also staff absence due to sickness
- Significant increase in the number of employing bodies
- Significant external factors, such as national change
- Inadequate internal controls, such as checking of calculations or testing of systems
- Failure of employers to provide accurate and timely information
- Failure to maintain proper and accurate records
- Issues in production of annual benefits statements e.g. wrong address and printing errors due to external supplier
- System unavailability, failure or delayed upgrades

## APPROVAL AND REVIEW

This Strategy Statement was approved on xxxxxx by the Teesside Pensions Fund Committee. It is effective from xxxxx.

It will be formally reviewed and updated at least every three years or sooner if the administration management arrangements or other matters included within it merit reconsideration, including if there are any changes to the LGPS or other relevant Regulations or Guidance which need to be taken into account.

In preparing this Strategy the Administering Authority has consulted with the relevant employers, the scheme member and employer representatives on the Teesside Pension Board and other persons considered appropriate.

This Strategy Statement will be included within the Fund's Annual Report and Accounts and available on the Administering Authority's website at:

<http://www.teespen.org.uk>

## FURTHER INFORMATION

Any enquiries in relation to the day to day administration of the Fund should be sent to:

Mr Mike Hopwood  
Pensions Manager



Kier Pensions Unit  
PO Box 340  
Middlesbrough  
TS1 2XP

E-Mail: [pensionsunit@kier.co.uk](mailto:pensionsunit@kier.co.uk)

Telephone: 01642 727777

Any enquiries in relation to the principles or content of this Strategy should be sent to:

Paul Campbell,  
Middlesbrough Council,  
Head of Investments & Treasury Management  
Middlesbrough Town Hall,  
Albert Road,  
Middlesbrough,  
TS1 2QJ

E-mail: [Paul\\_Campbell@middlesbrough.gov.uk](mailto:Paul_Campbell@middlesbrough.gov.uk)

Telephone: 01642 729024.

## APPENDIX 1

### ADMINISTRATION LEGAL REQUIREMENTS WITHIN THE LGPS

Regulations 72, 74 and 80 of Local Government Pension Scheme Regulations 2013 require the following:

Employer Responsibilities:

- To decide any rights or liabilities of any person under the LGPS (for example, what rate of contributions a person pays and whether or not a person is entitled to any benefit under the scheme) as soon as is reasonably practicable\*
- To formally notify that person of the decision in relation to their rights or liabilities in writing as soon as is reasonably practicable (including a decision where a person is not entitled to a benefit and why not), including information about their internal dispute resolution procedure
- To inform the Administering Authority of all such decisions made
- To provide the Administering Authority with such information it requires so it can carry out its functions including, within three months of the end of each Scheme year\*\*, the following information in relation to any person who has been an active member of the scheme in the previous year:
  - name and gender
  - date of birth and national insurance number
  - a unique reference number relating to each employment in which the employee has been an active member
  - in respect of each individual employment during that year:
    - the dates during which they were a member of the scheme
    - the normal pensionable pay received and employee contributions paid
    - the pensionable pay received and employee contributions paid whilst there was any temporary reduction in contributions
    - the normal employer contributions paid
    - any additional employee or employer contributions paid
    - any Additional Voluntary Contributions paid by the employee or employer
- To appoint a person to consider complaints under stage 1 of the internal dispute resolution procedure relating to employer decisions (or a lack of a decision)\*\*\*

\*And at the latest within 1 month of the need for a decision

\*\*Note that, in practice, the Administering Authority will require this information by a specific date as outlined in the Service Level Agreement in order to meet statutory deadlines on benefit statements. This will be less than the three month basis mentioned above

\*\*\*Note that, in practice, employers in the Teesside Pension Fund may not use the same person to consider stage 1 IDRPs as used by the Administering Authority

Administering Authority Responsibilities:

- To decide the amount of benefits that should be paid, including whether the person is entitled to have any previous service counting towards this for LGPS purposes, as soon as is reasonably practicable
- To formally notify that person of the decision in relation to the amount of their benefits in writing as soon as is reasonably practicable, including a statement showing how they are calculated and information about their internal dispute resolution procedure
- To appoint a person to consider complaints under stage 1 of the internal dispute resolution procedure relating to Administering Authority decisions (or a lack of a decision)
- To appoint a person to consider complaints under stage 2 of the internal dispute resolution procedure (which covers both employer and Administering Authority decisions or lack of decisions)
- To provide on request any information to an employer about a complaint under the internal dispute resolution procedure that may be required by an employer

Regulation 59(1) enables an LGPS Administering Authority to prepare a written statement ("the pension administration strategy") to assist in delivering a high-quality administration service to its scheme members and other interested parties, by setting out local standards which often go beyond the minimum requirements set out in overriding legislation as outlined above, and which the Administering Authority and employers should comply with. The statement can contain such of the matters mentioned below as they consider appropriate:-

- Procedures for liaison and communication with the relevant employers in their Fund.
- The establishment of levels of performance which the Administering Authority and the employers are expected to achieve in carrying out their functions under the LGPS by-
  - i. the setting of performance targets;
  - ii. the making of agreements about levels of performance and associated matters; or
  - iii. such other means as the Administering Authority consider appropriate;
- Procedures which aim to secure that the Administering Authority and the employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance.

- Procedures for improving the communication by the Administering Authority and the employers to each other of information relating to those functions.
- The circumstances in which the Administering Authority may consider giving written notice to an employer on account of that employer's unsatisfactory performance in carrying out its functions under the LGPS Regulations when measured against the desired levels of performance.
- The publication by the Administering Authority of annual reports dealing with—
  - i. the extent to which the Administering Authority and the employers have achieved the desired levels of performance, and
  - ii. such other matters arising from its pension administration strategy as it considers appropriate
- Such other matters as appear to the Administering Authority to be suitable for inclusion in that strategy.

Regulation 59(2)e allows an Administering Authority to recover additional costs from an employer where they are directly related to the poor performance of that employer. Where this situation arises the Administering Authority is required to give written notice to the scheme employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.

In addition, regulation 59(6) also requires that, where a pension administration strategy is produced, a copy is issued to each of their relevant employers as well as to the Secretary of State. It is a requirement that, in preparing or revising any pension administration strategy, that the Administering Authority must consult its relevant employers and such other persons as it considers appropriate.

Both the Administering Authority and employers must have regard to the current version of the pension administration strategy when carrying out their functions under the LGPS Regulations.

## APPENDIX 2

### STATEMENT OF POLICY REGARDING THE EXERCISE OF DISCRETIONS WITHIN THE LOCAL GOVERNMENT PENSION SCHEME

[Name of Authority/Organisation]

[Address]

Please complete this pro forma and return a copy to:

**Kier Pensions Unit**

**PO Box 340**

**Middlesbrough**






**TS1 2XP**







Or e-mail








[penemp@kier.co.uk](mailto:penemp@kier.co.uk)

DISCRETIONS FROM 01/04/2014 IN RELATION TO POST 31/03/2014 ACTIVE MEMBERS (EXCLUDING COUNCILLOR MEMBERS) AND POST 31/03/2014 LEAVERS (EXCLUDING COUNCILLOR MEMBERS), BEING DISCRETIONS UNDER:






- The Local Government Pension Scheme Regulations 2013 [prefix R]
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 [prefix TP]
- The Local Government Pension Scheme (Administration) Regulations 2008 [prefix A]
- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended) [prefix B]
- The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 [prefix T]
- The Local Government Pension Scheme Regulations 1997 (as amended) [prefix L]






| Importance   | Discretion  | Regulation                             | Employer Policy                     |
|--|---|--|-------------------------------------|
|  Mid  | To whom to offer membership of the LGPS (designation bodies)  | R3(1)(b) & RSch 2, part 2              | Formerly A4(3) & ASch2(Pt2) & A8(1) |
|  Mid  | Which employees to designate for membership (admission bodies)  | R3(1)(c) & R4(2)(b)                    |                                     |
|  Mid  | Determine rate of employees' contributions  | R9(1) & R9(3)                          | Formerly B3 & T9                    |
|  High | Whether, how much, and in what circumstances to contribute to a shared cost APC scheme  | R16(2)(e) & R16(4)(d)                  | New discretion                      |
|  Low  | Whether, how much, and in what circumstances to contribute to a shared cost AVC arrangement entered into on or after 01/04/14 | R17(1) & definition of SCAVC in RSch 1 | New discretion                      |



|  |  |   |                                     |
|--|--|---|-------------------------------------|
|  <p>Low</p>   | <p>Whether, how much, and in what circumstances to contribute to a shared cost AVC arrangement entered into before 01/04/14</p>  | <p>TP15(1)(d) &amp; A25(3)</p>                        | <p>Formerly A25(3) &amp; B15(3)</p> |
|  <p>Low</p>   | <p>Allow late application to convert scheme AVCs into membership credit i.e. allow application more than 30 days after cessation of active membership (where AVC arrangement was entered into before 13/11/01)</p> | <p>TP15(1)(b) &amp; L66(8) &amp; former L66(9)(b)</p> | <p>New discretion</p>               |
|  <p>Mid</p> | <p>No right to return of contributions if member left due to offence of a fraudulent character or grave misconduct unless employer directs a total or partial refund is to be made</p>                             | <p>R19(2)</p>   | <p>Formerly A47(2)</p>              |
|  <p>Mid</p> | <p>Specify in an employee's contract what other payments or benefits, other than those specified in R20(1)(a) and not otherwise precluded by R20(2), are to be pensionable</p>                                     | <p>R20(1)(b)</p>                                      | <p>Formerly B4(1)(b)</p>            |
|  <p>Mid</p> | <p>In determining Assumed Pensionable Pay, whether a lump sum payment made in the previous 12 months is a "regular lump sum"</p>   | <p>R21(5)</p>   | <p>New discretion</p>               |
|  <p>Mid</p> | <p>Whether to extend the 12 month option period for a member to elect that deferred benefits</p>   | <p>R22(8)(b)</p>                                      | <p>New discretion</p>               |

|   |  |  |                             |
|---|--|--|-----------------------------|
|   | should not be aggregated with a new employment   |  |                             |
|    | Whether to extend the 12 month option period for a member to elect that deferred benefits should not be aggregated with an ongoing concurrent employment | R22(7)(b)  | New discretion              |
|    | Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement)   | R30(6) & TP11(2)   | Formerly B18(1) (no change) |
|    | Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement   | R30(8)   | Formerly B18(3)             |
|  | Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age                        | R30(8)   | New discretion              |
|  | Whether to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60                                   | TPSch 2, paras 2(1) and 2(2)                             | New discretion              |
|  | Whether to waive any actuarial reduction on pre and/or post April 2014 benefits  | TP3(1), TPSch 2, paras 2(1) and 2(2), B30(5) and B30A(5) | Extension of B30(5)         |
|  | Whether to grant additional pension to an active member or within 6 months of  | R31  | Extension of B13            |






|   |  |         |                      |
|---|--|---------|----------------------|
|   | ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500 pa)   |         |                      |
|    | Whether to use a certificate produced by an IRMP under the 2008 Scheme for the purposes of making an ill health determination under the 2014 Scheme  | TP12(6) | New discretion       |
|    | Determine whether a member is entitled to an ill health retirement pension, and what tier of benefit to be awarded.  | R36     | Old B20              |
|  | Whether to recover any overpaid Tier 3 pension following commencement of gainful employment  | R37(3)  | Old B 20             |
|  | Decide whether deferred beneficiary meets criteria of being permanently incapable of former job because of ill health and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is the sooner | R38(3)  | Extension of B31(4)  |
|  | Decide whether a suspended ill health tier 3 member is unlikely to be capable of undertaking gainful employment before normal pension age because of ill health  | R38(6)  | Extension of B30A(3) |

|  |  |                         |  |
|--|--|-------------------------|--|
|  <p>Low</p>   | <p>Whether to extend six month period to lodge a stage one IDR appeal</p>  | <p>R74(4)</p>           | <p>Formerly A58(7)(b) This is the discretion of the Adjudicator at stage 1</p> |
|  <p>Mid</p>   | <p>Whether to apply to Secretary of State for a forfeiture certificate (where member is convicted of a relevant offence)</p>   | <p>R91(1) &amp; (8)</p> | <p>Formerly A72(1) &amp; (6)</p>   |
|  <p>Mid</p>   | <p>Where forfeiture certificate is issued, whether to direct that benefits are to be forfeited (other than rights to GMP – but see R95 below)</p>  | <p>R91(4)</p>           | <p>Formerly A72(3)</p>   |
|  <p>Mid</p> | <p>Where forfeiture certificate is issued, whether to direct interim payments out of Pension Fund until decision is taken to either apply the certificate or to pay benefits</p>   | <p>R92(1) &amp; (2)</p> | <p>Formerly A73(1) &amp; (2)</p>   |
|  <p>Mid</p> | <p>Whether to recover from Fund any monetary obligation or, if less, the value of the member's benefits (other than benefits from transferred in pension rights or APCs or AVCs or subject to R95 below, in respect of any GMP) where the obligation was incurred as a result of a grave misconduct or a criminal, negligent or fraudulent act or omission in connection with the employment and as a result of which the person has left employment</p> | <p>R93 (2)</p>          | <p>Extension of A74(2)</p>   |







|  |  |                 |                        |
|--|--|-----------------|------------------------|
|  <p>Low</p> | <p>Whether, if the member has committed treason or been imprisoned for at least 10 years for one or more offences under the Official Secrets Acts, forfeiture under R91 or recovery of a monetary obligation under R93 should deprive the member or member's surviving spouse or civil partner of any GMP entitlement.</p> | <p>R95</p>      | <p>New discretion</p>  |
|  <p>Mid</p> | <p>Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS</p>  | <p>R100(68)</p> | <p>Formerly A83(8)</p> |

DISCRETIONS IN RELATION TO SCHEME MEMBERS (EXCLUDING COUNCILLOR MEMBERS) WHO CEASED ACTIVE MEMBERSHIP ON OR AFTER 01/04/2008 AND BEFORE 01/04/2014, BEING DISCRETIONS UNDER:

- The Local Government Pension Scheme (Administration) Regulations 2008 [prefix A]
- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 [prefix B]
- The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 [prefix T]
- The Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014 [prefix TP]
- The Local Government Pension Scheme Regulations 2013 [prefix R]
- The Local Government Pension Scheme Regulations 1997 (as amended) [prefix L]






| Importance  | Discretion  | Regulation                        | Employer Policy |
|---|---|-----------------------------------|-----------------|
|  | Whether, for a member leaving on the grounds of redundancy or business efficiency on or before 31 <sup>st</sup> March 2014, to augment membership (by up to 10 years). The resolution to do so would have to be made within 6 months of the date of leaving. Hence this discretion is spent entirely after 30 <sup>th</sup> September 2014. | B12                               |                 |
|  | Allow late application to convert scheme AVCs into membership credit i.e. allow application more than 30 days after cessation of active membership  | Tsch1 & L66(8) & former L66(9)(b) |                 |
|  | No right to return of contributions due to offence of a fraudulent character or grave misconduct unless   | A47(2)                            |                 |

|     |   |              |  |
|-----|---|--------------|--|
|     | employer directs a total or partial refund is to be made  |              |  |
| Mid | Whether to apply to Secretary of State for a forfeiture certificate (where member is convicted of a relevant offence)   | A72(1) & (6) |  |
| Mid | Where forfeiture certificate is issued, whether to direct that benefits are to be forfeited   | A72(3)       |  |
| Mid | Where forfeiture certificate is issued, whether to direct interim payments out of Pension Fund until decision is taken to either apply the certificate or to pay benefits   | A73(1) & (2) |  |
| Mid | Whether to recover from Fund any monetary obligation or, if less, the value of the member's benefits (other than transferred in pension rights or AVCs/SCAVCs) where the obligation was incurred as a result of a criminal, negligent or fraudulent act or omission in connection with the employment and as a result of which the person has left employment | A74(2)       |  |
| Mid | Whether to recover from Fund any financial loss caused by fraudulent offence or grave misconduct of employee (who has left  | A76(2) & (3) |  |

|   |   |         |  |
|---|---|---------|--|
|   | because of that), or amount of refund if less   |         |  |
|    | Whether to grant application for early payment of deferred benefits on or after age 55 and before age 60                        | B30(2)  |  |
|    | Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30           | B30(5)  |  |
|    | Whether to grant an application for early payment of a suspended tier 3 ill health pension on or after age 55 and before age 60 | B30A(3) |  |
|  | Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30A                   | B30A(5) |  |
|  | Decide whether deferred beneficiary meets permanent ill health and reduced likelihood of gainful employment criteria            | B31(4)  |  |
|  | Decide whether a suspended ill health tier 3 member is permanently incapable of undertaking any gainful employment              | B31(7)  |  |

**DISCRETIONS UNDER THE LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 1997 (AS AMENDED) IN RELATION TO:**

- a) active councillor members, and**
- b) councillor members who ceased active membership on or after 01/04/1998, and**
- c) any other scheme members who ceased active membership on or after 01/04/1998 and before 01/04/2008**



| Importance  | Discretion   | Regulation | Employer Policy |
|---|--|------------|-----------------|
|    | Grant application from a post 31/03/98 / pre 01/04/08 leaver for early payment of benefits on or after age 50/55 and before age 60 (see Note below)  | 31(2)      |                 |
|   | Waive, on compassionate grounds, the actuarial reduction applied to benefits paid early to a post 31/03/98 / pre 01/04/08 leaver.  | 31(5)      |                 |
|  | Pre 01/04/08 optants out only to get benefits paid from NRD if employer agrees   | 31(7A)     |                 |
|  | Decide, in the absence from a post 31/03/98 / pre 01/4/08 leaver of an election from the member within 3 months of being able to elect, which benefit is to be paid where the member would be entitled to a pension or retirement grant under 2 or more regulations in respect of the same period of Scheme membership | 34(1)(b)   |                 |
|  | No right to return of contributions due to offence of a fraudulent character unless employer directs a total or partial  | 88(2)      |                 |

|     |   |              |  |
|-----|---|--------------|--|
|     | refund is to be made (pre 01/04/08 leavers)   |              |  |
| Mid | Forfeiture of pension rights on issue of Secretary of State's certificate (pre 01/04/08 leavers)  | 111(2) & (5) |  |
| Mid | Where forfeiture certificate is issued, direct interim payments out of Pension Fund until decision is taken to either apply the certificate or to pay benefits (pre 01/04/08 leavers) | 112(1)       |  |
| Mid | Recovery from Fund of monetary obligation owed by former employee or, if less, the value of the member's benefits (other than transferred in pension rights) (pre 01/04/08 leavers)   | 113(2)       |  |
| Mid | Recovery from Fund of financial loss caused by employee, or amount of refund if less (pre 01/04/08 leavers)   | 115(2) & (3) |  |

**Note:** benefits paid on or after age 50 and before age 55 are subject to an unauthorised payments charge and, where applicable, an unauthorised payments surcharge under the Finance Act 2006. Also, any part of the benefits which had accrued after 5 April 2006 would generate a scheme sanction charge.



DISCRETIONS UNDER THE LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 1995 (AS AMENDED) IN RELATION TO PRE 01/04/1998 SCHEME LEAVERS

| Importance   | Discretion   | Regulation       | Employer Policy |
|--|--|------------------|-----------------|
|  <p>Mid</p>   | <p>Grant application from a pre 01/04/98 leaver for early payment of deferred benefits on or after age 50 on compassionate grounds (see Note below)</p>  | <p>D11(2)(c)</p> |                 |
|  <p>Low</p> | <p>Decide, in the absence from a pre 01/04/98 leaver of an election from the member within 3 months of being able to elect, which benefit is to be paid where the member would be entitled to a pension or retirement grant under 2 or more regulations in respect of the same period of Scheme membership</p> | <p>D10</p>       |                 |

**Note:** benefits paid on or after age 50 and before age 55 are subject to an unauthorised payments charge and, where applicable, an unauthorised payments surcharge under the Finance Act 2006. However, as the benefits had accrued prior to 6 April 2006, they would not generate a scheme sanction charge.

I warrant that the above policies reflect the policy intention of [Authority/Organisation] as at [date].

Signed:.....

Position:.....

Official Seal/Company stamp: