

Worcestershire Pension Fund Pension Administration Strategy

PREFACE

This Pension Administration Strategy has been produced to:

- Set out the Local Government Pension Scheme (LGPS) roles and responsibilities of Worcestershire Pension Fund and our employers.
- Establish the levels of performance we and our participating employers are expected to achieve in carrying out their responsibilities.
- Support our stakeholders and offer more efficient ways of providing information.

Help us: to administer the LGPS on behalf of our employers, as the scheme administrator need our employers (in a manner that is data secure) to do several things including:

1. Provide us with **one named lead contact / account manager** who will liaise with us on behalf of their organisation, co-ordinating delivery of all LGPS requirements across their whole organisation (i.e. Finance Manager, Human Resources representative, Business Manager, Chief Executive, Payroll representative, etc.).
2. Maintain and supply us with an [Employer's contacts at my organisation Excel spreadsheet](#).
3. **Calculate, notify and deduct employee contributions** for each employee in the LGPS (using a unique pensions identifier number for each employment) in accordance with the LGPS HR Guide (see: <http://www.lgpsregs.org/resources/guidesetc.php>) and the annual update issued by the LGA every March (see <http://www.lgpsregs.org/bulletinsetc/bulletins.php>).
4. By the 19th of the month following the month of deduction **remit to us all contributions**, including employer contributions) at the appropriate rate for the LGPS scheme year in question.
5. **Remit to us any additional pension contributions (APCs)** relating to their employees.
6. **Remit to Scottish Widows any additional voluntary contributions (AVCs).**
7. **Allocate trained resources** to supply us within the required timescales with:
 - a. The various pension administration forms and spreadsheets that we require for each life event e.g. an address change that affects their employees.
 - b. The various regular and ad hoc pay, service, contributions, and personal information that we require for their employees, for example past hours changes and service breaks to deliver the McCloud remedy.
8. **Publish and forward to us an up-to-date employer policy statement** for all employer [discretions](#) under the LGPS regulations.
9. Appoint an adjudicator to **handle appeals** in accordance with the LGPS regulations.
10. **Keep abreast of** the range of material we make available.

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CONTACT US

Website: www.worcestershirepensionfund.org.uk

By email: pensions@worcestershire.gov.uk

By post: Worcestershire Pension Fund, County Hall, Spetchley Road, Worcester, WR5 2NP

By phone: [Find out who to contact](#)

1. OUR RESPONSIBILITIES TO OUR EMPLOYERS AND MEMBERS

Our general responsibilities:

1. To comply with all relevant legislation and guidance (for example from [The Pensions Regulator](#)).
2. To apply [the LGPS regulations](#) in line with our [Policy Statement on our LGPS discretions](#). NB we can recover costs from an employer where costs have been incurred because of that employer's level of performance in carrying out its functions, for example arising from members appealing their level of benefits after an employer has provided insufficient / incorrect data for us to apply the McCloud remedy.
3. To accurately record and update member records on the pension administration system.
4. To maintain a compliant [website](#) that provides stakeholders with a first port of call for all of their pensions information needs, so that they can make informed decisions. NB we will make it clear that we are not able to provide financial advice.
5. To invest in digitalisation to maximise self-service and automation of systems for our members and employers.
6. To maintain an appropriate range of up-to-date forms and guides.
7. To produce newsletters for all members at least annually.
8. To provide guidance on the secure submission of data.
9. To chase up information that we have asked for.
10. To agree timescales for dealing with bulk work / queries.
11. To appoint and manage appropriate specialist professional services organisations.
12. To review the Pension Administration Strategy annually in consultation with employers.

Governance – our responsibilities:

1. To operate with a [Pensions Committee](#) and a [Pension Board](#) including employer and employee representatives.
2. To deliver appropriate training for the members of the Pensions Committee and Pension Board.
3. To maintain a [Risk Register](#).
4. To produce, operate according to and maintain a [Governance Policy Statement](#).

5. To report any failures to [The Pensions Regulator](#) / [Scheme Advisory Board](#).
6. To deliver complaints and [Internal Dispute Resolution Procedures \(IDRP\) appeal procedures](#).
7. To comply with any audit requirements / recommendations.

Funding and investments – our responsibilities:

1. To set out a clear and transparent [Funding Strategy Statement](#) and consult with employers on this.
2. To manage employers' annual covenant reviews to help us to manage risk.
3. To produce and maintain the Fund's [Investment Strategy Statement](#), [Climate Change Risk Strategy](#) and [Climate-Related Financial Disclosures](#).
4. To appoint and manage LGPS Central Limited, and the Fund's other investment managers.
5. To monitor the performance of the Fund's assets.
6. To maintain our signatory status to the UK Stewardship Code 2020.
7. To produce [responsible investment](#) information to include information about climate change / climate risk monitoring and our Environmental, Social and Governance (ESG) audits.
8. To consult and inform employers which [investment pot](#) they have been allocated to and how this will be monitored / managed in future

Financial and data obligations – our responsibilities:

1. To allocate the contributions received correctly to each employee record.
2. To keep a log of contributions received from each employer.
3. To retain the right to charge interest at 7% for persistent and ongoing late payment in the following circumstances:
 - a. If employer contributions (including deficit recovery payments) are overdue (if they are not received a month later than the due date specified).
 - b. If any other payments are overdue (if they are not received by the due date specified).
4. To pass on any fines levied by third parties or additional costs for example arising from members appealing their level of benefits after an employer has provided insufficient / incorrect data for us to apply the McCloud remedy arising from employer performance.

5. To inform each employer of any new contribution bandings table in place from each April.
6. To inform employers of any rechargeable items e.g. actuarial fees as they become due / at the end of financial year.
7. To produce an [Annual Report and Financial Statements](#).
8. To manage admission agreements / the processes for admitting new employers.
9. To manage the delivery of Financial Reporting Standards (FRS) / International Accounting Standards (IAS) information to employers.
10. To take account of covenant reviews in setting employer contribution rates.
11. To advise employers when strain costs / compensatory added years payments are due.
12. To retain the right to charge employers £100 per member for the additional administration costs associated with setting up shared cost additional voluntary contribution arrangements linked to salary sacrifice arrangements.

Annual return, actuarial valuations when being undertaken and annual benefit statements – our responsibilities:

1. To process employer year end contribution returns within 1 month of receipt i.e. 31 May.
2. To produce annual benefit statements (ABS) for all employee and deferred members by 31 August.
3. To highlight annually if a member has exceeded their annual allowance and issue a Pension Savings Statement by 6 October.
4. To provide data to the Fund Actuary and Governments Actuary's Department to enable employer contribution rates to be accurately determined.
5. To provide an electronic copy of the [actuarial valuation report](#) and contributions certificate to each employer.

New starts – our responsibilities:

1. To accurately create member records on the pension administration system within 40 working days of notification from an employer of a new entrant to the LGPS.

Changes in circumstances for employee members – our responsibilities:

1. To accurately record and update member records on the pensions administration systems within 10 working days of completed notification.

Employee members – our responsibilities:

1. To update employee members' career average revalued earnings (CARE) accounts for the annual revaluation on 1 April.

Transfer in / out estimates – our responsibilities:

1. To provide transfer in information to the member within 10 working days of all information required being received.
2. To provide transfer out information within 10 working days of all information required being received.

Divorce estimates – our responsibilities:

1. Where a request for divorce information including a cash equivalent transfer value (CETV) is received from the member, or the Court, we will provide the member with a schedule of our charges and then issue the estimate within 45 working days of the receipt of the signed request from the member / receipt of the Court order.

Outsourcing estimates – our responsibilities:

1. To provide guidance to and the estimated fees (these are likely to be at least £5,000) that will be incurred by current employers participating in the LGPS who are considering outsourcing.

Actual retirements – our responsibilities:

1. To issue individual quotations / information within 15 working days after all information required to process a quotation has been received.
2. To issue employee members with a letter notifying them of their actual retirement benefits within 15 working days following receipt of the completed [Leavers Form](#).
3. To issue deferred members with a letter notifying them of their actual retirement benefits within 15 working days following receipt of all documentation from the member.

Ill health retirements – our responsibilities:

1. To calculate and pay the benefits within 15 working days following receipt of all documentation.
2. To assist employers in discharging their responsibility to review Tier 3 ill health cases at 18 months.

3. To assist employers to understand the differences between the benefits paid on death in service and the benefits paid on death in retirement for members who are terminally ill.

Members leaving employment before retirement – our responsibilities:

1. To provide members with [Opt Out forms](#) and information about going 50/50 / refunds / becoming deferred / transfers out.
2. To provide members becoming deferred with the options available to them within 30 working days of receipt of all the correct information from the employer via the [Leavers Form](#).
3. To process and pay a refund within 10 working days to an eligible member following receipt of all relevant documentation.

Deferred members – our responsibilities:

1. To update deferred members' benefits for the annual pensions increase award / annual CARE revaluation as appropriate.
2. To provide estimates of benefits that may be payable and any resulting employer costs within 15 working days of request.

Death in service – our responsibilities:

1. To provide an initial letter of acknowledgement to the next of kin / informant within 5 working days following a notification of death.
2. To provide a letter notifying dependents of benefits within 10 working days following receipt of identification / certificates and relevant documentation.
3. To expedite the payment of any benefits in an appropriate and caring manner.

Additional voluntary contributions (AVCs), Additional Pension Contributions (APCs) and shared cost APCs (SCAPCs) – our responsibilities:

1. To appoint and manage an in-house AVC provider.
2. To direct members / employers to [information on these options](#) as requested.

Pensioners – our responsibilities:

1. To make payment of any lump sum within 23 working days of receipt of all relevant fully completed retirement forms and certificates from the member, or retirement date if later.

2. To pay pension payments on the last working day of each month following retirement unless this falls on a weekend or bank holiday when the payment will be made on the last working day before.
3. To pay LGPS benefits to their qualifying dependents.
4. To obtain annual life certificates from certain members e.g. those either resident overseas or with ongoing power of attorneys.
5. To pay Her Majesty's Revenue & Customs.
6. To increase pensions annually if appropriate.
7. To provide payslips / P60s.

Complaints / adjudication of disagreements – our responsibilities:

1. To appoint an adjudicator to deal with disagreements and in accordance with the regulations reply within 2 months or any extension provided by the regulations.
2. To acknowledge complaints within 10 working days of receipt of the completed documentation.
3. To review and provide updates to the member in a timely manner.
4. To notify the employer of decisions and / or appeals as requested.
5. To listen sympathetically to complaints and respond to them within 10 days.

Performance monitoring and reporting – our responsibilities:

1. We will report on our key performance indicators (KPIs) to the Pensions Committee and the Pension Board. This will provide a mechanism for service level review and recognition of best practice.
2. We will seek to work closely with employers to:
 - Identify areas of poor performance.
 - Provide the necessary training and development.
 - To put in place appropriate processes to improve the level of service in the future.

Reporting breaches – our responsibilities:

1. To have procedures to be followed in relation to reporting breaches of the law to The Pensions Regulator.
2. To report data breaches to the Information Commissioner's Office (ICO).
3. To report all breaches to the [Pensions Committee](#) and the [Pension Board](#).

2. EMPLOYERS' RESPONSIBILITIES

Employers' general responsibilities:

1. To support us in engaging with our members and prospective members, making it clear that Worcestershire Pension Fund is not able to provide financial advice.
2. To be familiar with the HR and Payroll guides available at <http://www.lgpsregs.org/resources/guidesetc.php>
3. To provide us with up to date and correct information e.g. re an employer's covenant as and when requested in accordance with our timescales and data protection / pensions regulations, retaining information about employees in line with our [Personal Data Retention Guidance for Employers](#) and our guidance about the McCloud remedy where if no data is available assumptions that employees could challenge would have to be made.
4. For larger bulk estimates, to make requests via the spreadsheet template provided by us and to give us as much notice in advance, for example when any redundancy exercises are planned.
5. To operate controlled, authorised processes and procedures.
6. To familiarise themselves with our:
 - a. [Policy Statement on Communications](#).
 - b. [Funding Strategy Statement](#), investment pots and arrangements for ceasing participation in the Fund.
 - c. [Governance Policy Statement](#).
 - d. [Investment Strategy Statement](#).
 - e. [Actuarial valuation report](#).
 - f. [Climate Change Risk Strategy](#)
 - g. [Climate-Related Financial Disclosures](#)
7. To comply with [the Pensions Regulator's](#) requirements of employers offering pensions to their employees, including automatic enrolment and data quality.
8. To publish and forward to us an up-to-date employer policy statement for all [employer discretions under the LGPS regulations](#).

Financial and data obligations - employer responsibilities:

1. To calculate, collect and pay us no later than the 19th day of the month following the period of deductions:
 - All employee contributions deducted from payroll (excluding AVCs).
 - Employer contributions.
 - Any deficit lump sum payments due monthly.

2. To on the same day as making a payment provide us with the [Contribution Remittance Payover Form PCF1 spreadsheet and a monthly CARE spreadsheet](#).
3. To pay all rechargeable items to the Fund on receipt of the invoice within the timescales specified.
4. To provide us with accurate member data, using the [monthly CARE spreadsheet](#).
5. To provide us with the annual Covenant data we require.

Annual return, actuarial valuations when being undertaken and annual benefit statements - employer responsibilities:

1. To ensure we receive accurate year end information to 31 March through the [Year End Spreadsheet](#) by 30 April.
2. To submit accompanying paperwork detailing this together with payment or a formal request for a refund should there be any under / over payment discovered whilst reconciling.
3. To provide any additional information that may be requested to produce annual benefit statements for service up until 31 March in each particular year by the 30 April each year.
4. To ensure that all errors highlighted from the annual contribution and pensionable pay posting exercise are responded to and corrective action taken promptly.

New starts - employer responsibilities:

1. To ensure that pension information is included as part of any new employment induction process, in contracts of employment and appointment letters.
2. To ensure that all employees subject to contractual admissions are bought into the LGPS from their relevant start date.
3. To provide us with accurate new member data, using the [Pension Starter Form](#) / interface within 4 weeks or at the members' start date or within 14 days of the first time the new employee is included on the employer's payroll run.
4. To provide each new employee with a link to our [Guide to the LGPS](#) and a [Pension Starter Form](#) with their contract of employment.
5. To determine the appropriate contribution rate (whether individually or by an automated process on payroll) and as soon as is reasonably practicable, notify the employee of the contribution rate which is to be deducted from the employee's pensionable pay and the date from which the rate will become payable. It is for the employer to determine the method by which the notification is given to the employee, but the notification must contain a statement giving the address from which further information about the decision may be obtained. The notification must also notify the employee of the right to appeal, including the process and timescales involved. Furthermore, the correct employee contribution rate should be applied and (if

appropriate) adjusted throughout the year according to the employer's Policy Statement on discretions.

Important note: Where there is more than one contract of employment with the same employer, each membership shall be maintained separately and notified to us as above.

Changes in circumstances for employee members - employer responsibilities:

1. To ensure that we are informed of any changes in the circumstances of employees, by completing the [Employer Notification of Changes relating to Pensionable Employment Form / Leavers Form / Ill Health Form / 50:50 cancel form / 50:50 Option Form / etc.](#) within 4 weeks of the change. Changes include:
 - a. Name.
 - b. Marital status.
 - c. NI number.
 - d. Contractual hours.
 - e. Any remuneration changes due to promotion and down grading.
 - f. Full time equivalent pensionable pay according to the pre 2014 definition.
 - g. Actual pensionable pay (including overtime/additional hours) in 100/100 and 50/50 according to the post 2014 definition (CARE).
 - h. Employee contribution rate.
 - i. Employee number and / or post number.
 - j. Date joined LGPS (if adjusted).
 - k. Confirmation of 50/50 or 100/100 entry.
 - l. Additional Voluntary Contributions (AVC) contributions.
 - m. Additional Pension Contributions (APC).
 - n. Notification of Flexible Retirement.
 - o. Address change.
2. To apply assumed pensionable pay (APP) for pension purposes during periods of reduced or nil pay as a result of sickness, injury, or relevant child related leave (i.e. ordinary maternity, paternity or adoption leave or paid shared parental leave and any paid additional maternity or adoption leave). **Important note:** If the employee receives no pay, employer contributions should still be paid.
3. To calculate and provide to the member the APP amount should an employee wish to purchase an Additional Pension Contributions (APC) or a Shared Cost Additional Pension Contribution (SCAPC) contract to buy back the pension 'lost' during the absence, **Important note:** before a period of absence employers must bring to the attention of the employee that they can buy back the 'lost' pension and also direct employees to the APC calculator at:
<https://www.lgpsmember.org/more/apc/index.php>

Retirement estimates - employer responsibilities:

1. To submit a request using the [Request for Estimate Form](#). Each form must be signed by an authorising officer.
2. To provide pay and other relevant information such as details of the maximum strain the employer can pay given other exit payments and whether the exit cap is

applicable requested by us either on an individual basis within 10 working days of the request, or for bulk / group requests by an agreed timescale with us.

Transfer in / out estimates - employer responsibilities:

1. To submit a request.
2. To provide pay and other relevant information requested by us either on an individual basis within 10 working days of the request, or for bulk / group requests by an agreed timescale with us.

Divorce estimates - employer responsibilities:

1. To provide pay and other relevant information requested by us either on an individual basis within 10 working days of the request, or for bulk / group requests, by an agreed timescale with us.

Outsourcing estimates - employer responsibilities:

1. To provide pay and other relevant information requested by us either on an individual basis within 10 working days of the request, or for bulk / group requests, by an agreed timescale with us.
2. Re staff transfers e.g. outsourcings, in line with our [guidance notes on transfers of staff between our employers including academy conversions](#) to ensure early notification / liaison with us when considering an outsourcing exercise which affects members / eligible members of the LGPS.

Actual retirements - employer responsibilities:

1. To within 5 working days submit the appropriate [Leavers Form](#) and details such as the maximum strain the employer can pay given other exit payments and whether the exit cap is applicable to us as soon as the information is available. N.B. The Leavers Form must be completed fully and be signed by an authorising officer, as it confirms the information required to enable the benefits to be calculated and the employer's decision as to the type of benefit that is to be paid to the member.
2. To include a reference in the retirement letter to remind employees to advise us directly if they subsequently move house so that we can maintain contact with the retired member.

Ill health retirements - employer responsibilities:

1. To determine whether an ill health benefit award is to be made, based on medical evidence and the criteria set in the LGPS regulations.

2. After obtaining an opinion from an Independent Registered Medical Practitioner (IRMP) on the appropriate [Medical Certificate](#), determine which tier (1, 2, or 3) is to be awarded.
3. Submit the completed [Medical Certificate and Leavers Form](#) to us with all related paperwork and a copy of the notice letter issued to the member (which must confirm the level of ill health benefits awarded and the appeal information).
4. To keep a record of and at 18 months review all Tier 3 ill health retirements, arranging as appropriate a further [medical certificate](#).
5. To notify us to recover any overpayment of benefits following a discovery of gainful employment.
6. To include a reference in the dismissal letter to remind employees to advise us directly if they subsequently move house, so that we can maintain contact with the retired member.
7. To consider taking out [ill health liability insurance](#) (IHLI).

Members leaving employment before retirement - employer responsibilities:

1. To notify us using the [Leavers Form](#), ensuring all relevant information is included on the form, within 5 working days of the members leave date.
2. To include a reference in the acknowledgement letter to remind employees to advise us directly if they subsequently move address so that we can maintain our contact with the retired member.
3. To send us notification of any eligible employees subject to automatic enrolment, who opt out of the LGPS within 6 weeks of joining.
4. To check the date on all [Opt out forms](#) is not earlier than the end of the current pay period.

Deferred members - employer responsibilities:

1. To keep adequate records of the following for members who leave the LGPS with deferred benefits, as early payment of benefits may be required:
 - a. Name.
 - b. Last known address.
 - c. NI Number.
 - d. Payroll number.
 - e. Date of birth.
 - f. Last job information including job description.
 - g. Salary details.
 - h. Date and reason for leaving.
2. To determine, following an application from the former employee to have their deferred benefits paid early, whether or not they are eligible for early payment on ill

health grounds in line with the criteria set in the relevant (NB these depend on date of leaving) regulations and after seeking suitable medical opinion from an IRMP.

3. To determine whether any actuarial reduction can be waived on compassionate grounds in accordance with the employer's [Policy Statement on discretions](#).

Death in service - employer responsibilities:

- 1 To inform us immediately of an employee who has died – this can initially be by telephone or email to enable us to calculate or cease benefits.
- 2 Any notification of death in service should within 5 working days be followed with the receipt of a completed [Leavers Form](#).

Death of pensioner / deferred member - employer responsibilities:

1. Although employers have no responsibilities on the death of these members, it would be helpful if they could help when a dependent contacts them by advising the dependent to contact us.

Additional voluntary contributions (AVCs), Additional Pension Contributions (APCs) and shared cost APCs (SCAPCs) - employer responsibilities:

1. To communicate to employees the option of SCAPCs to cover periods of 'lost pensions' and the timeframe they must elect to purchase a SCAPC. **Important note:** Members must elect to make APCs within 30 days of returning to work following the absence, but employers have the discretion to extend this period. This should be laid out in the employer's Policy Statement on discretions.

Adjudication of disagreements – employer responsibilities

1. Under regulation 72 of the [LGPS 2013 Regulations](#), any decisions made by an employer affecting an employee's rights to membership, or entitlement to benefits must be made as soon as is reasonably practicable and notified to the employee in writing including a reference to their right to appeal in line with regulation 73 of the LGPS regulations.
2. An employer must notify us of a decision made under Regulation 72. Every notification must:
 - Specify the rights under Stage 1 and Stage 2 of the appeals procedure quoting the appropriate regulations.
 - Specify the time limits within the appeal, under either stage, which apply.
 - Specify to whom an application for appeal must be made to. For first stage appeals this must be the nominated person of the employer who made the decision. For second stage appeals this will be the appointed person at the Administering Authority.

3. Employers must notify us of any first stage appeals they receive.
4. Each employer is required to nominate and name the person to whom applications under stage 1 of the Appeals Procedure should be made.

3. FURTHER INFORMATION

As at 31 January 2024 we managed £3,753 million of worldwide assets on behalf of about 190 LGPS employers and 66,000 member records (22,676 active / 24,160 deferred / 19,727 pensioner).

As at 31 January 2024 we were estimated to be 97% funded.

We have a budget of £1.75m for pensions administration and as of 31 January 2024 we have 36 staff in our pension administration department. We work with the following:

AEW
Barclays
BNY Mellon
Bridgepoint
Grant Thornton UK LLP
Gresham House
Hermes Investment Management
Hymans Robertson
Igneo
Invesco Real Estate
Independent Investment Advisor (P Hebson)
Legal & General Investment Management
LGPS Central Limited
Nomura Asset Management UK Ltd
Northern Trust
Scottish Widows
Stonepeak Infrastructure partners
UK Green Investment Bank
Venn Partners
Walton Street Capital, LLC

This Pension Administration Strategy has been prepared in accordance with LGPS regulations, see (reg 59): <http://www.lgpsregs.org/schemeregs/lgpsregs2013/timeline.php>

Audit

We are subject to audit of our processes and internal controls. Employers are expected to fully comply with any requests for information from both internal and approved external auditors. Any subsequent recommendations will be considered and where appropriate implemented with employer cooperation.

Benchmarking

We will regularly monitor our costs and service performance by benchmarking with other administering authorities. Details of the costs of administration, quality measures and standards of performance will be published in our [Annual Report and Financial Statements](#).

Data Protection Act 2018

We are a Data Controller as part of the Data Protection Act 2018 which incorporates the General Data Protection Regulation (GDPR). This means we store, hold, and manage personal data in line with statutory requirements to enable us to provide pension administration services. To enable us to carry out our statutory duty, we are required to share information with certain bodies, but will only do so in limited circumstances. More information about how we hold data and who we share it with can be found in our Privacy Notice at www.worcestershirepensionfund.org.uk

Secure Data Transfer

We will follow Worcestershire County Council's (the Fund's Administering Authority) data security guidelines when sending any personal data, including its published data sharing policy. This means that member's personal data will only be transferred from one party to the other via an acceptable method specified by the Administering Authority which may include any of the following:

- Secure email.
- Paper forms signed by an authorising officer from the employer.
- Password protected Excel spreadsheets.
- Password protected portal.

FOR OFFICE USE ONLY:

Worcestershire Pension Fund Pension Administration Strategy

Version: FINAL (of the fourth annual review)

Author: Richard Sultana, Head of Pensions Administration

Dated: 07 03 2024

Signed off at: Pensions Committee 20 03 2024