



# Powys

## LOCAL GOVERNMENT PENSION SCHEME

### ADMINISTRATION STRATEGY STATEMENT

CYNGOR SIR *POWYS* COUNTY COUNCIL

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# Administration Strategy Statement

## Contents

Introduction

1. Aims

2. Legislative Framework

3. Key Objectives for the Fund and Scheme Employers

4. Achieving the Objectives

(a) Communications

(b) Training

(c) Embracing Technology / IT

(d) Performance

5. Oversight and Compliance and Data Quality

6. Improving Employer Performance

7. Implementation and Review

Annex 1 Legislative Framework for Administration Strategy

Annex 2 Performance Standards

# Administration Strategy Statement

## INTRODUCTION

Regulation 59 of the Local Government Pension Scheme Regulations 2013 enables Pension Fund Administering Authorities to introduce an Administration Strategy (“the Strategy”) for the purpose of improving the administrative processes within their LGPS Funds. These regulations are quite specific regarding the disclosure of information and performance statistics as part of this process but provide less guidance in terms of strategy.

The Powys County Council Pension Fund (“the Fund”) has therefore developed this Strategy which recognises that both employing bodies participating in the Fund (“Employers”) and the Fund have a joint role in the delivery of an efficient service and that any overall improvements can only be achieved in partnership. This Strategy recognises the many administrative challenges faced by the Fund and Employers and contains proposals to streamline processes and improve the services to members of the LGPS, Employers and other stakeholders.

## 1. AIMS

The aim of this Strategy is to move towards a seamless pension service, optimising the use of appropriate technology and best practice which both significantly improve the quality of information and the speed with which it is processed, to provide better information and a more efficient service to members of the LGPS, Employers and other stakeholders.

## 2. LEGISLATIVE FRAMEWORK

The Fund and its Employers should have regard to this Strategy when carrying out their LGPS functions. This Strategy is made in accordance with Regulation 59 of the Local Government Pension Scheme Regulations 2013 [SI. 2013 No. 2356] which enables administering authorities such as Powys County Council to prepare Pension Administration Strategy Statements following consultation with relevant Employers, to facilitate best practices and efficient customer service in respect of the following:

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

The Strategy can also set out circumstances in which the Fund may consider giving written notice to any of its Employers under regulation 70 for additional costs on account of that Employer’s unsatisfactory performance in carrying out its Scheme functions.

Levels of performance achieved must be included within the Fund's Annual Report along with other matters arising from the Strategy that are considered appropriate. All relevant regulations are set out fully in Annex 1.

### **3. KEY OBJECTIVES FOR THE FUND AND SCHEME EMPLOYERS**

The key objectives of this Strategy are to ensure that:

- The Fund and Employers are aware of and understand their respective roles and responsibilities under the LGPS Regulations and in the delivery of administrative functions.
- Communication processes are in place to enable both the Fund and Employers to proactively and responsively engage with each other and relevant LGPS stakeholders.
- Accurate records are maintained for the purpose of calculating pension entitlements and Employer liabilities, ensuring all information and data is communicated accurately, timely and in a secure manner.
- The Fund and Employers have the appropriate skills and that training is in place to deliver a high quality service and effectively contribute to the changing pensions agenda.
- Standards are set and monitored for the delivery of specified activities in accordance with regulatory requirements and recognised best practice.
- Potential risks to the Fund and Employers, in particular compliance risk, leading to financial penalties arising from poor administration, are identified, mitigated and monitored.
- Effective governance arrangements are established for the monitoring and improvement of this Strategy.
- Administrative services are delivered in a cost effective and efficient manner utilising appropriate technologies and best practice, in order to maintain costs at appropriate levels.
- The Fund had also produced an Employer Policy, which should be read in conjunction with this strategy. This is available on the Fund [website](#).

### **4. ACHIEVING THE OBJECTIVES**

There are currently (May 2023) 22 Employers participating in the Fund with active members. These Employers differ in size, structure and capability which represents a logistical challenge to the management of information, processes and services within the Fund. It is clear that because of these differences a "one-size fits all" approach would be

unlikely to deliver workable solutions; however standard ways of operating applicable to different employer groups would bring benefits. It is also likely that the number of Employers will grow, as will the demands for accurate information to improve liability management at both the local and national level.

The Pensions Regulator has set national standards for the quality of pensions data held by pension schemes in both the private and public sectors. These standards require that pension data is 100% accurate, 100% of the time.

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

a) A Communications Strategy that:

- (i) seeks to ensure pension Scheme members have accessible and timely information on all aspects of their pension benefits which informs and enables appropriate decisions in respect of those benefits.
- (ii) seeks to enable Scheme Employers to make effective decisions in the management of risks and liabilities as well as facilitating engagement in the wider pensions debate.

b) Investment in skills and knowledge development both within the Fund and with Scheme Employers to ensure efficient administration and active engagement in the issues facing the LGPS in the future

c) Optimal use of technology for accessing, storing and disseminating information between the Fund and Scheme Employers in a seamless and secure way. The Fund currently implements a secure data exchange facility with employers (iConnect). It currently receives over 90% of data in an electronic format and is working to increase that towards the target of 100%.

d) Set performance standards which support the effective working of the Fund and Scheme Employers towards a higher standard of service and continuous improvement

## **(a) Communications**

Since 2005 the Fund has been required to produce a Communications Strategy Statement. The intention of the legislation is to ensure that LGPS Funds have effective communication processes in place for all LGPS stakeholders. To this end, the Fund's Communications Strategy is already well developed.

However, the introduction of significant Scheme design changes in April 2008 and April 2014 added layers of complexity to the LGPS benefit structure. These changes have given rise to a greater demand for information and engagement, from both Scheme members and Scheme Employers.

The following priorities for communication have been identified to complement the range of activities already in place;

- To develop secure web-based facilities to enable controlled access to information and data, sending and receiving data, providing greater self-service for Scheme members and Employers.
- To further improve the content and timeliness of web-based information to raise the awareness of Scheme members and Scheme Employers on LGPS and wider pensions issues.
- To continue to organise and develop an appropriate meeting structure and delivery to support the effective engagement of Scheme Employers in ongoing and emerging issues.
- To ensure the effectiveness of distributing the pensions message across the broad spectrum of stakeholders.
- To maintain the level of investment in the full range of communication materials and methods to ensure maximum stakeholder awareness, coverage and engagement.
- To use feedback to identify areas for improvement. The fund has produced a [Compliments and Complaints policy](#) to help with this.

The Communications Strategy Statement is available on the Fund's website [www.powyspensionfund.org](http://www.powyspensionfund.org).

## **(b) Training**

The Fund has always endeavoured to keep stakeholders informed of new developments by providing training courses and workshops for Scheme Employers and the Fund's staff alike when new regulations are implemented or are under consideration.

It is widely anticipated that there will continue to be periodic change to the LGPS and pensions in general over the coming years which will have wide-ranging implications for Scheme members, Scheme Employers and Fund staff administering the Scheme. It is important that both Scheme Employers and the Fund ensure that their staff have the appropriate skills and knowledge to support any changes, starting with a sound foundation of existing regulations and administrative processes.

Notwithstanding future change, there is an existing and increasing requirement to improve the quality of Scheme member data and the administrative processes by which information is received from some Scheme Employers, in order to comply with the Pension Regulator data quality expectations and the upcoming Pensions Dashboards.

The aims of the training strategy are therefore:

- to maintain a high standard of customer service for Scheme members and Scheme Employers.
- to ensure that relevant staff within each Scheme Employer have appropriate knowledge and skills to effectively discharge administrative processes.

- to ensure that Scheme Employers are fully aware of the risks and consequences involved in poor administration and maintenance of Scheme member pension records.
- to support the implementation of new technologies within the Fund, enabling greater self-service flexibilities for Scheme Employers and to help streamline administration processes.
- to continually develop the technical skills and competencies of the Fund's staff.
- to identify and develop a staff development and succession strategy for the Fund to ensure the future management and professionalism of Fund administration.
- to ensure that members of both the Pensions & Investment Committee and the Local Pensions Board receive adequate training to properly discharge their responsibilities in relation to the Fund.

To achieve these training aims, the Fund will:

- Arrange workshops and forums for Scheme Employers to debate new issues as they emerge.
- Produce appropriate documentation and guides and make available digitally via the Fund's website for 24/7 access.
- Continue to invest in specific technical training and professional development for Fund staff, the Pensions and Investment Committee and Local Pension Board members.
- Invite all Scheme Employers to an Annual Meeting with the Fund.

This training strategy will ensure that both the Fund and Scheme Employers have a common understanding of their obligations under the LGPS, and that administrative processes are designed to optimise efficiency and to effectively manage risk.

### **(c) Embracing Technology / IT**

The Fund maintains a website ([www.powyspensionfund.org](http://www.powyspensionfund.org)) and an online self-service facility ([My Powys Pension](#)) available to all active, deferred and pensioner scheme members. These are regularly updated to ensure they meet the ways that scheme members interact with the internet and the Fund.

The Fund also implements a secure electronic data interface with Employers (iConnect) and receives over 90% of its data for active members monthly, in an electronic format. The Fund aspires to make that 100% as soon as is practicably possible.

## **(d) Performance**

The development of an Administration Strategy carries with it a legislative requirement to set performance standards and publish both the targets and achievement against those targets. The purpose of doing so is to secure continuous improvement of the administration function. The Fund has produced a [Data Improvement](#) Plan that is regularly reviewed. Annex 2 details the performance measures and proposed targets which will be monitored and reported to the Council's Pensions & Investment Committee and Local Pensions Board. It should be noted that many of these targets are set to ensure compliance with statutory benchmarks.

In addition, it is anticipated that Service Level Agreements ("SLAs") will be agreed with principal Scheme Employers to set and monitor performance at the local level and will include all the targets for both the Fund and the Scheme Employer. The aggregated performance would then be reported to the Council's Pensions & Investment Committee on an annual basis.

The Fund currently monitors employer performance in respect of their statutory obligations and can report on them.

## **Role of the Pensions & Investment Committee**

The Council's Pensions & Investment Committee is representative of all the Scheme Employers in the Powys Pension Fund and as such has a duty to ensure that the management and administration of the Fund is carried out efficiently, cost effectively and in compliance with statutory obligations. The Committee's roles and responsibilities are set out in the Fund's Governance and Compliance Statement which is available on the Powys Pension Fund website [www.powyspensionfund.org](http://www.powyspensionfund.org).

## **5. OVERSIGHT OF COMPLIANCE AND QUALITY**

Ensuring compliance is the responsibility of the administering authority and the employers in the Fund. The administering authority has a range of internal controls in place to assist with ensuring compliance and which are articulated in the Fund's risk register. However, there are ways in which they are subject to elements of scrutiny or oversight:

### **Audit**

The Fund is subject to a regular audit of its processes and internal controls. The administering authority, the Fund and the employers are expected to fully comply with any reasonable requests for information from both internal and approved external auditors. Any subsequent recommendations made will be considered by the Pensions and Investment Committee and, where appropriate, duly implemented (following discussions with employers where necessary).

### **Local Pension Board (LPB), the national Scheme Advisory Board (SAB) and the Pensions Regulator**



The Public Service Pensions Act 2013 introduced greater oversight through these entities. As a result, the LPB of the Powys Pension Fund was established from 1 April 2015 to support the scheme manager with regards to risk mitigation and scrutiny of the administration services of the Fund. 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 employers are expected to fully comply with any guidance produced by the SAB and the Pensions Regulator. Any recommendations made by these entities will be considered by Powys County Council, in its role as administering authority, and where appropriate, duly implemented following discussions with employers where necessary.

## **CIPFA**

The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional body for people involved in public finance, which includes local authorities such as Powys County Council. Periodically CIPFA issues guidance (which is sometimes statutory) and information to promote sound public financial management and good governance. There are several sets of guidance that apply to the administration of LGPS Funds including information to be included in Funds' Annual Report and Accounts together with advice on risk management and internal controls.

## **6. IMPROVING EMPLOYER PERFORMANCE**

This Administration Strategy has been developed with good partnership working between the administering authority and the Fund's employers in mind. However, it is recognised there may be circumstances where employers are unable to meet the required standards expected of them (such as the repeated late payment of Employer Contributions with supporting documentation and the possible interest payments arising as a result).

In this instance, The Pensions Administration Manger will seek, at the earliest opportunity, to work closely with the employer in identifying any areas of poor performance or potential misunderstanding, then provide opportunities for necessary training and development and, where required, put in place appropriate processes to improve the level of service delivery in the future.

With these processes in place, it is not expected that these problems will continue however, 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, then the procedure below will be followed:

1. 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 will be issued.
2. A meeting will be arranged 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.

3. A written record of what was agreed at the meeting will be issued to the person nominated by the employer, outlining to how the area(s) of poor performance will be addressed and the timescales in which they will be addressed.
4. A copy of this communication will be sent to:
  - The Pension Fund Manager
  - An appropriate senior officer at the employer.

The improvement plan will be monitored and written updates at agreed periods will be provided to the person nominated by the employer, with copies being provided to the Pension Fund Manager and an appropriate senior officer at that employer.

Where the improvement plan is not being delivered to the standards and/or timescales agreed, matters will be escalated and a decision on the next steps that will be taken. This may include (but is not limited to):

- Meetings with alternative senior officers at the employer
- Escalation to the Pensions and Investment Committee and/or Pension Board, including as part of the Fund's Procedure for Recording and Reporting Breaches of the Law
- Reporting to The Pensions Regulator or Scheme Advisory Board, as part of the Fund's Procedure for Recording and Reporting Breaches of the Law, as detailed in the Fund's [Breaches Policy](#).

### **Circumstances where the Administering Authority may levy costs associated with an Employer's poor performance**

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

The 2013 LGPS Regulations (appropriate regulations referenced in Annex 1 of this document) provide that an administering authority may recover from an employer, any additional costs associated with the administration of the scheme, incurred as a result of the unsatisfactory level of performance of that employer.

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.
- The provisions of the Administration Strategy Statement relevant to both the power to levy such charges and to the decision to give notice.

The administering authority will generally not recharge to an employer any additional costs incurred by the Fund in the administration of the LGPS as a direct result of such

unsatisfactory performance. However, in instances where the performance of the employer results in:

- fines being levied against the administering authority by the Pensions Regulator, Pensions Ombudsman or other regulatory body, an amount no greater than the amount of that fine will be recharged to that employer.
- the improvement plan as outlined in the previous section is not being adhered to, the Pensions and Investment Committee may determine that any other additional costs, such as additional actuarial costs incurred, will be recharged. In these circumstances, the Pensions and Investment Committee will determine the amount to be recharged and how this is to be calculated. The employer in question will be provided with a copy of that report and will be entitled to attend the Pensions and Investment Committee where this matter is being considered.

## **7. IMPLEMENTATION AND REVIEW**

This Strategy sets out the key objectives of all the major areas of pension administration within the Fund and takes effect from the date of publication. Prior to implementation, Scheme Employers have been invited to comment on this Strategy.

This Strategy will be subject to a full review every 2 years. When the Strategy is reviewed, further consultation with Scheme Employers will be considered where appropriate.

## Annex 1

### Legislative Framework for this Statement Regulation 59 of The Local Government Pension Scheme Regulations 2013

#### Pension Administration Strategy

**59** (1) An administering authority may prepare a written statement of the authority's policies in relation to such of the matters mentioned in paragraph (2) as it considers appropriate ("its pension administration strategy") and, where it does so, paragraphs (3) to (7) apply.

(2) The matters are-

(a), procedures for liaison and communication with Scheme employers in relation to which it is the administering authority ("its Scheme employers");

(b), the establishment of levels of performance which the administering authority and its Scheme employers are expected to achieve in carrying out their Scheme functions 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 considers appropriate;

(c), procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;

(d), procedures for improving the communication by the administering authority and its Scheme employers to each other of information relating to those functions;

(e), the circumstances in which the administering authority may consider giving written notice to any of its Scheme employers under regulation 70 (additional costs arising from Scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);

(f), the publication by the administering authority of annual reports dealing with-

- (i), the extent to which that authority and its Scheme employers have achieved the levels of performance established under sub-paragraph (b), and
- (ii), such other matters arising from its pension administration strategy as it considers appropriate; and

(g), such other matters as appear to the administering authority after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

(3) An administering authority must-

(a), keep its pension administration strategy under review; and

(b), make such revisions as are appropriate following a material change in its policies in relation to any of the matters contained in the strategy.

(4) In preparing or reviewing and making revisions to its pension administration strategy, an administering authority must consult its Scheme employers and such other persons as it considers appropriate.

(5) An administering authority must publish-

(a), its pension administration strategy; and

(b), where revisions are made to it, the strategy as revised.

(6) Where an administering authority publishes its pension administration strategy, or that strategy as revised, it must send a copy of it to each of its Scheme employers and to the Secretary of State as soon as is reasonably practicable.

(7) An administering authority and its Scheme employers must have regard to the pension administration strategy when carrying out their functions under these Regulations.

(8) In this regulation references to the functions of an administering authority include, where applicable, its functions as a Scheme employer.

## **Pension fund annual report**

**57** (1) An administering authority must, in relation to each year beginning on 1st April 2014 and each subsequent year, prepare a document ("the pension fund annual report") which contains—

- a report about the management and financial performance during the year of the pension fund;
- a report explaining the investment policy of the pension fund and a review of the fund's investment performance during the year;
- a report explaining the arrangements for the administration of the pension fund;
- a statement by the actuary who carried out the most recent valuation of the assets and liabilities of the pension fund of the level of funding disclosed by the valuation;
- the current version of the pension fund's governance compliance statement;
- the fund account and net asset statement together with supporting notes and disclosures;
- an annual report dealing with the extent to which the administering authority and Scheme employers have achieved any levels of performance as set out in the pension administration strategy;
- such other matters arising from the pension administration strategy as the fund considers appropriate;
- the current version of the funding strategy statement;
- the current version of the statement of investment principles;
- the current version of the communications strategy;
- any other material that the fund considers appropriate.

(2) The annual report is to be completed and published on or before 1<sup>st</sup> December following the end of the scheme year.

(3) In the preparation and publication of the annual report the fund must have regard to guidance issued by the Secretary of State.

### **Additional costs arising from Scheme employer's level of performance**

**70** (1) This regulation applies where, in the opinion of an administering authority, it has incurred additional costs which should be recovered from a Scheme employer because of that employer's level of performance in carrying out its functions under these Regulations.

(2) The administering authority may give written notice to the Scheme employer stating—

(a) the administering authority's reasons for forming the opinion mentioned in paragraph (1);

(b) the amount the authority has determined the Scheme employer should pay in respect of those costs and the basis on which the specified amount is calculated and;

(c) where the administering authority has prepared a pension administration strategy, the provisions of the strategy which are relevant to the decision to give the notice and to the matters in sub-paragraph (a) and (b).

### **Statements of policy about exercise of discretionary functions**

**60** (1) A Scheme employer must prepare a written statement of its policy in relation to the exercise of its functions under regulations-

(a), 16(2)(e) and 16(4)(d) (funding of additional pension);

(b), 30(6) (flexible retirement);

(c), 30(8) (waiving of actuarial reduction); and

(d), 31 (award of additional pension),

and an administering authority must prepare such a statement in relation to the exercise of its functions under regulation 30(8) in cases where a former employer has ceased to be a Scheme employer.

(2) Each Scheme employer must send a copy of its statement to each relevant administering authority before 1<sup>st</sup> July 2014 and must publish its statement.

(3) A body required to prepare a statement under paragraph (1) must—

(a) keep its statement under review; and

(b) make such revisions as are appropriate following a change in its policy.

(4) Before the expiry of a month beginning with the date any such revisions are made, each Scheme employer must send a copy of its revised statement to each relevant administering authority, and must publish its statement as revised.

(5) In preparing, or reviewing and making revisions to its statement, a body required to prepare a statement under paragraph (1) must have regard to the extent to which the exercise of the functions mentioned in paragraph (1) in accordance with its policy could lead to a serious loss of confidence in the public service.

(6) In this regulation, a relevant administering authority, in relation to an employing authority, is any authority which is an appropriate administering authority for that employer's employees.

### **Statements of policy concerning communications with members and Scheme employers**

**61** (1) An administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with members; representatives of members; prospective members; and Scheme employers.

(2) In particular the statement must set out its policy on the provision of information and publicity about the Scheme to members, representatives of members, and Scheme employers; the format, frequency and method of distributing such information or publicity; and the promotion of the Scheme to prospective members and their employers.

(3) The statement must be revised and published by the administering authority following a material change in their policy on any of the matters referred to in paragraph (2).



## Annex 2

### Performance Standards –

Process		Legal requirement (from notification)	Overall Target	PPF Administration Target
Joiners	Send notification of joining the LGPS to scheme member	2 months from date of joining (assuming notification received from the employer), or within 1 month of receiving jobholder information where the individual is being automatically enrolled / re-enrolled	46 working days from date of joining (i.e.2 months)	Within 1 month from receipt of all information
Leavers	To inform members who leave the scheme before retirement age of their rights and options	As soon as practicable and no more than 2 months from date of initial notification (from employer or from scheme member)	46 working days from date of leaving	Within 2 months statutory period from receipt of all information
Death	Calculate and notify dependent(s) of amount of death benefits	As soon as possible but in any event no more than 2 months to beneficiary from date of becoming aware of death, or from a date of request by a third party (e.g. Personal representative)	25 working days from date of death	10 working days from receipt of all information
Transfer In	Obtain transfer details for transfer in, calculate and provide quotation to member	2 months from date of request	46 working days from date of request	20 working days from receipt of all information
Transfer Out	Provide details of transfer value for transfer out, on request	2 months from date of request (Cash Equivalent Transfer Value estimate) or within a reasonable period (cash transfer sum)	46 working days from date of request	20 working days from receipt of all information
Retirement	Notification of amount of retirement benefits	1 month from date of retirement if on or after Normal Pension Age 2 months from date of retirement if before Normal Pension Age	23 working days from date of retirement	20 working days from receipt of all information
Estimates	Providing quotations on request for retirements	As soon as is practicable, but no more than 2 months from date of request unless there has already been a request in the last 12 months	46 working days from date of request	15 working days from receipt of all information