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# London Pensions Fund Authority **Pension Administration Strategy (PAS)**

2014



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# London Pensions Fund Authority

## Pensions Administration Strategy (PAS)

### 1. Introduction

The aim of the Pensions Administration Strategy is to ensure that both LPFA and its employers are fully aware of their responsibilities under the Scheme and to identify acceptable levels of performance. All employers were originally asked to sign up to the Strategy by 1st April 2010 and to comply with standards set by the Service Level Agreement. It should be highlighted that under the LGPS regulation the terms of the Strategy apply to all employers whether they have signed up or not, it is however preferable that all employers engage with LPFA on this matter.

The ultimate aim of this strategy is to educate employers to provide accurate and timely data to LPFA which will improve the service provided to scheme members. Failure to comply however could result in a charge being levied in accordance with terms set out in the schedule of charging.

Please see the final version of the PAS documents below which set out service standards expected to be met by both employers and LPFA.

Since April 2010 we have seen a significant improvement with information and data flow between employers and LPFA. We now receive in excess of 98% of forms via the [www.yourfund.org.uk](http://www.yourfund.org.uk) website. The total number of year end queries generated from 2011/12 had improved by 1% on the previous year, and things continue to move in the right direction with improving the quality of data year on year.

The collaborative working between LPFA and its employers has helped us achieve a more efficient service to the Scheme member, with significant reductions in the overall elapsed times of our top 10 cases. The results as at January 2013 are as follows:

Average elapsed time for cases completed within six months of receipt	2010-11		2011-12		2012-13		Target 2012-13
	Total cases	Average elapsed time	Total cases	Average elapsed time	Total cases	Average elapsed time	
Admissions	2594	11	2160	4	1836	4	5
Transfers in	1214	70	942	67	824	64	64
Transfers out	1399	32	1107	26	838	16	23
Estimates employee	1674	16	1473	11	1230	10	10
Estimates employer	966	8	848	7	1031	6	9
Retirements	1945	49	1900	54	1546	56	53
Deferred benefits	2723	28	2712	23	1892	19	23
Refunds	167	34	272	33	178	29	28
Deaths	1509	44	2044	43	1694	44	44
Correspondence	5603	9	3970	7	2962	5	7

These results could not have been achieved without the ongoing support from our employers and we would like to thank you for your continued efforts.

### 2. PAS Policy Statement

#### 2.1 Pensions Administration Strategy Statement

The statement sets out the aims and objectives of the Pensions Administration Strategy of LPFA and gives a summary of the major elements contained in the other documents which together make up this strategy.

#### 2.2 Legislative context

Regulation 65 of the Local Government Pension Scheme (Administration) Regulations 2008 allows for administering authorities to create a Pensions Administration Strategy (PAS) which sets out the roles and responsibilities of the administering authority and the scheme employers in administering the LGPS. Regulation 43 allows for administering authorities to vary employer contribution rates to reflect the performance of employers in carrying out their functions.

#### 2.3 Aims

In making this strategy LPFA aims are:

- To clarify the roles and responsibilities of LPFA and scheme employers in administering the Local Government Pension Scheme.
- To ensure the services provided by LPFA are equitable and transparent
- To assist employers in the effective provision of necessary data

## 2.4 Objectives

The strategy will meet those objectives by introducing:

- A Service Level Agreement (SLA) between LPFA and scheme employers
- A clear and regularly reviewed range of fees and charges for services outside of the SLA
- A comprehensive range of web enabled services for employers
- A clear and fair scheme to vary contribution rates in line with performance against the SLA

## 2.5 Documents which make up the strategy

Together with this statement the strategy is set out in the following documents:

**Pensions Administration Strategy** – Service level agreement (SLA). The SLA sets out the roles and responsibilities of the LPFA and the scheme employers together with the Key Performance Indicators (KPI's) and the methods of monitoring and reporting performance against those KPI's. The SLA will also define those services for which additional charges will be made and the extent of those charges.

**Pensions Administration Strategy** – Employer guide. The guide sets out the processes and procedures employers should follow in order to comply with their responsibilities under the LGPS regulations. A summary guide will be also be produced to assist employers in meeting these responsibilities

**Pensions Administration Strategy** –The Agreement. This document sets out the trigger points, extent and manner in which employer contribution rates will be varied under the strategy.

## 3. Service Level Agreement

### 3.1 Employer functions

The following functions have been designated Employer functions. This means that they are outside the responsibilities of the administrating authority. LPFA is however willing to provide these services for a fee the amount of which is set out in Section 4 of this document.

Task	Description
Redundancy and severance	Calculation and payment of redundancy and/or severance payments
Injury payments	Calculation and payment of injury payments
FRS 17	Provision of data required for FRS17 calculations
Cessation and interim valuation data	Provision of data required for interim and/or cessation valuations
Payment of compensation pensions	Payment of non LGPS pensions either alongside or separate to LGPS benefits
Misc non LGPS	Any requests for advice or work which are outside of the requirements of an administrating authority as defined by the LGPS regulations.
Admission agreements	Setting up and amendment of admission agreements
3rd Party activity	Recharges will apply to any work for which a third party is required e.g lawyer or actuary, and the cost will be incurred by the employer.

The following functions have been designated actuarial functions which you as an employer will require input from both LPFA and the fund actuary. This means that they are functions which, if required, must be provided by LPFA, but for a fee the amount of which is set out in Section 5 of this document.

Task	Description
Legal work and non standard actuarial work	Any work in relation to this will require input from both LPFA and the fund actuary
Cessation valuations	Any work in relation to this will require input from both LPFA and the fund actuary
Employer actuarial valuations	Any work in relation to this will require input from both LPFA and the fund actuary
Academy conversion	Any work in relation to this will require input from both LPFA and the fund actuary
Valuation of unfunded liabilities	Any work in relation to this will require input from both LPFA and the fund actuary

### 3.3 Administrating authority functions

The following functions have been designated administrating authority functions since they relate directly to the core purpose of administering the scheme.

These will be provided as standard and met by that element of the employers contribution rate include for administration costs, however there may be limitations attached – in terms of the number or scope of the task in order to best match resource to demand and ensure equality of access to the service for all employers. Any requests beyond the limitation shown may be subject to the fees in force at the time.

Also shown are the timescales we will complete the task within (from receipt of all information) and the on time target for each task.

Case type/task	Limitation	Timescale (working days)	Target (% within timescale)
Admissions	No	10	95%
Transfers in	No	10	95%
Transfer out	No	15	95%
Estimates (employee)	No	10	95%
Retirements	No	5	95%
Deferred benefits	No	10	95%
Refunds	No	10	95%
Deaths	No	5	95%
Correspondence	No	5	95%
Estimates – employer	Yes – 20 per 100 active members per annum – requests above the limit are chargeable	5	95%
Contribution return validation and posting	No	35	95%
PR update	No	20	95%
Queries to employer	No	15	95%
Contribution reconciliation	No	20	95%
Contribution refunds to employer	No	5	95%
On-site visits and seminars requested by employer	Yes – all chargeable	Organised within one month of request	100%
All employer forums/seminars	Yes – Limited to two each year others chargeable if requested by employers	Organised within one month of request	100%
Requests for legislative advice	Yes – limited to monthly updates via email and annual forum plus a reasonable amount of hours per employer per annum. Hours in excess would be chargeable	10	100%
Requests for technical website advice	Yes – limited to 10 support calls per annum. Any other support calls or assistance in the running of files will be chargeable	10	100%

### 3.4 Employer responsibilities

Under this SLA employers will be responsible for the following functions/tasks to be performed/ supplied in the manner and timescale set out below. Full details of employer responsibilities and procedures can be found in the Employer Guide <http://www.lpfa.org.uk/Employers/EMPLOYERGUIDE.aspx>. A Brief Employer Guide has also been prepared to provide a quick reference or guidance point for administrators.

<b>Payments of monies due</b>	Monthly contributions (LG221) – on time, correct amount and online LG221 submitted and authorised <ul style="list-style-type: none"> <li>• Payroll Recharge – on time, correct amount</li> <li>• Capital Sums – on time, correct amount</li> <li>• Single payments of contributions</li> </ul>
<b>End of year error rates</b> <b>What is an end of year error?</b> <ul style="list-style-type: none"> <li>• A missing joiner form</li> <li>• A missing leaver form</li> <li>• A missing change of hours</li> <li>• A missing notification of absence / return from absence</li> <li>• Missing additional contributions</li> <li>• Significantly low/high pensionable remuneration compared to the previous year with no explanation as to the reason</li> </ul>	<ul style="list-style-type: none"> <li>• Less than 10% record error rate at year end 2012/13</li> <li>• Less than 7% record error rate at year end 2013/14</li> <li>• Less than 5% record error rate at year end 2014/15</li> </ul> Respond to errors within three months of notification by LPFA
<b>Submission of year end return</b>	You must submit your year end return by 30th April
Response to other queries raised (e.g. by the Pensions Services or Employer Services teams) There are times where we may need to confirm with you that a members record is correct before issuing them with a benefit calculation. It is these types of queries that we are referring to here.	Two weeks from notification by team
<b>On-line access</b>	Use of online forms or interfaces for all relevant tasks
<b>Data match</b>	Use of this facility to identify any missing joiners, leavers or changes in hours throughout the year
<b>Submission of joiners/leavers</b>	<ul style="list-style-type: none"> <li>• Notification of joiners within two weeks of joining the scheme</li> <li>• Notification of leavers within one month of leaving scheme</li> <li>• Notification of retirement one month prior to the last day of service</li> </ul>
<b>Notification of other changes during employment</b>	Relevant changes e.g. change of hours, absence notification online within one month of the event
<b>Correct admission of members into the LPFA Fund</b>	You must ensure that you are correctly admitting members into the LPFA Fund
<b>Up to date discretions policies in place</b>	Discretionary policies to be in place and up to date
<b>Customer Relationship Management (CRM) contacts</b>	LPFA notified of contact change or new contact within one month of alteration via the employer contacts form available at <a href="http://www.lpfa.org.uk/employers/admin-forms/employer-forms.aspx">www.lpfa.org.uk/employers/admin-forms/employer-forms.aspx</a>

### 4 Staff charging schedule

LPFA Staffing charges for work over and above the responsibilities of the administering authorities.

Staffing level	Charge per day (exc. VAT)	Charge per hour (exc.VAT)
Admin staff	£285	£40
Asst manager	£435	£60
Specialist	£435	£60
Manager	£545	£80
Senior manager	£700	£100
Director	£1,185	£170

## 5. Pensions Administration Strategy – Schedule of charging

### 5.1 Employer functions

Task	Description	Administration fee (exc.VAT)
Redundancy and severance	Calculation and payment of redundancy and/or severance payments	LPFA Staffing charges apply @ charge per day/ hour
Injury payments	Calculation and payment of injury payments	LPFA Staffing charges apply @ charge per day/ hour
FRS17	Provision of data required for FRS17 calculations	LPFA Staffing charges apply @ charge per day/ hour
Cessation and interim valuation data	Provision of data required for interim and/or cessation valuations	LPFA Staffing charges apply @ charge per day/ hour
Payment of compensation payments	Payment of non LGPS pensions either alongside or separate to LGPS benefits	LPFA Staffing charges apply @ charge per day/ hour
Misc non LGPS	Any requests for advice or work which are outside of the requirements of an administering authority as defined by the LGPS regulations	LPFA Staffing charges apply @ charge per day/ hour
Admission agreements	Setting up and amendment of admission agreements	LPFA Staffing charges apply @ charge per day/ hour
3rd Party activity	Recharges will apply to any work for which a third party is required e.g. lawyer or actuary, and the cost will be incurred by the employer	LPFA Staffing charges apply @ charge per day/ hour

### 5.2 Actuarial work

Task	Administration fee (exc.VAT)
Legal work and non standard actuarial work	LPFA Staffing charges apply @ charge per day/ hour plus any additional actuarial / legal fees
Cessation Valuations	LPFA Staffing charges apply @ charge per day/ hour plus any additional actuarial / legal fees
Employer actuarial valuations	LPFA Staffing charges apply @ charge per day/ hour plus any additional actuarial / legal fees
Academy conversion	LPFA Staffing charges apply @ charge per day/ hour plus any additional actuarial / legal fees
Valuation of unfunded liabilities	LPFA Staffing charges apply @ charge per day/ hour plus any additional actuarial / legal fees

### 5.3 Administrating authority functions

Task	Description	Administration fee (exc.VAT)
Estimates – employer	20 per 100 active members per annum – requests above the limit chargeable	Each estimate above the limit is charged at £50 per estimate
On-site visits and seminars requested by employer	All chargeable	LPFA Staffing charges apply @ charge per day/ hour
All employer forums/seminars	Limited to two each year others chargeable if requested by employers	LPFA Staffing charges apply @ charge per day/ hour
Requests for legislative advice	Limited to monthly updates via email and annual forum plus a reasonable amount of hours per employer per annum. Hours in excess would be chargeable	LPFA Staffing charges apply @ charge per day/ hour – This will apply if the legislative advice is specific to you as an Employer. Should the information requested by you be chargeable, you will be notified in advance
Requests for technical website advice	Limited to 10 support calls per annum. Any other support calls or assistance in the running of files will be chargeable	LPFA Staffing charges apply @ charge per day/ hour

## 5.4 Employer responsibilities

Task	Description	Administration fee (exc.VAT)
Payments of monies due	<p>Monthly contributions (LG221) – on time, correct amount and online</p> <p>LG221 submitted and authorised</p> <p>Payroll Recharge – on time, correct amount</p> <p>Capital Sums – on time, correct amount</p> <p>Single payments of contributions</p>	<ul style="list-style-type: none"> <li>Any late or incorrect LG221 forms will be charged at £50</li> <li>Any late or incorrect payments will be charged at £100</li> <li>If both the LG221 form and payment is late/incorrect then the charge will be £150</li> </ul> <p>We reserve the right to charge interest in accordance with regulation 44 of the LGPS Administration regulations, which states interest should be charged at Bank of England Base Rate plus one percent.</p>
<p>End of year error rates</p> <p>What is an end of year error?</p> <ul style="list-style-type: none"> <li>A missing joiner form</li> <li>A missing leaver form</li> <li>A missing change of hours</li> <li>A missing notification of absence / return from absence</li> <li>Missing additional contributions</li> <li>Significantly low/high pensionable remuneration compared to the previous year with no explanation as to the reason</li> </ul>	<ul style="list-style-type: none"> <li>Less than 10% record error rate at year end 2012/13</li> <li>Less than 7% record error rate at year end 2013/14</li> <li>Less than 5% record error rate at year end 2014/15</li> </ul> <p>Respond to errors within three months of notification by LPFA</p>	<p>Errors in excess the set tolerance will be chargeable at £50 per query. We reserve the right to charge the LPFA staffing charges @ charge per hour should the response received not resolve the outstanding query.</p>
Submission of year end return	You must submit your year end return by 30th April	£50 per working day from 1 May to date return is received
Response to other queries raised (e.g. by the Pensions Services or Employer Services teams) There are times where we may need to confirm with you that a members record is correct before issuing them with a benefit calculation. It is these types of queries that we are referring to here.	30 day turnaround	We will record and monitor cases where the Pensions Services Team have raised an individual query and a response has not been received within two weeks of being notified by the team. LPFA reserve the right to charge a fee of £50 for cases where a response is not received within 2 weeks.
On-line access	Use of online forms or interfaces for all relevant tasks	100% of forms to now be submitted online – LPFA reserve the right to charge £50 per form not submitted online
Data match	Submission of data match files every month / quarter dependent on size of employer	The data match facility is available for employers to check that they do not have any missing joiners, leavers or change of hour's forms throughout the year. If, at year end, you have a significant number of missing submissions, LPFA reserve the right to insist on regular use of the facility in the following year to ensure that the number of queries raised are kept to a minimum. Where an employer is not making best use of this facility, we reserve the right to levy a charge in line with LPFA's staff charges @ charge per day / hour.
Submission of joiners/leavers	<p>Notification of joiners within two weeks of joining the scheme</p> <p>Notification of leavers within one month of leaving the scheme</p> <p>Notification of retirement one month prior to the last day of service</p>	This is good practice and LPFA will use this information to record and monitor the employer's performance against the overall SLA. Should LPFA require any additional resources to process cases as a result of late notification, we reserve the right to charge the LPFA staffing charges @ charge per hour
Notification of other changes during employment	Relevant changes e.g. change of hours, maternity leave notification online within one month of event	This is good practice and LPFA will use this information to record and monitor the employer's performance against the overall SLA. Should LPFA require any additional resources to process cases as a result of late notification, we reserve the right to charge the LPFA staffing charges @ charge per hour
Correct admission of members into the LPFA Fund	You must ensure that you are correctly admitting members into the LPFA Fund	In cases where an employer has incorrectly admitted an employee into the LPFA Fund where they were not eligible to be in this Fund, we reserve the right to charge the LPFA staffing charges @ charge per hour to correct this error
Up to date discretion policies in place	Discretionary policies to be in place and up to date	This is a legal requirement. LPFA will continue to pursue these policies and reserve the right to charge if having to chase employers. Charging will be based on the LPFA staffing charges @ charge per hour
Customer Relationship Management (CRM) contacts	LPFA notified of contact change or new contact within one month of alteration via the employer contacts form available at <a href="http://www.lpfa.org.uk/employers/admin-forms/employerforms.aspx">www.lpfa.org.uk/employers/admin-forms/employerforms.aspx</a>	We will run a quarterly check on each employers contact details. It is important that we are informed of changes in contacts, this will ensure each employer does not miss out on any important information

## i Appendix 1 – Regulation extract

Pension Administration Strategy – Extract from the Local Government Pension Scheme (Administration) Regulations 2008 Pension administration strategy 65. –

- (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:
- procedures for liaison and communication with employing authorities in relation to which it is the administering authority ("its employing authorities");
  - the establishment of levels of performance which the administering authority and its employing authorities 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;
  - procedures which aim to secure that the administering authority and its employing authorities 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 its employing authorities to each other of information relating to those functions;
  - the circumstances in which the administering authority may consider giving written notice to any of its employing authorities under regulation 43(2) on account of that authority's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);
  - the publication by the administering authority of annual reports dealing with –
    - (i) the extent to which that authority and its employing authorities 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
  - such other matters as appear to the administering authority, after consulting its employing authorities and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

- (3) An administering authority must –  
keep its pension administration strategy under review; and 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 employing authorities and such other persons as it considers appropriate.
- (5) An administering authority must publish – its pension administration strategy; and where revisions are made to it, the strategy as revised.
- (6) When an administering authority publishes its pension administration strategy, or that strategy as revised, it must send a copy of it to each of its employing authorities and to the Secretary of State.
- (7) An administering authority and its employing authorities must have regard to the current version of any pension administration strategy when carrying out their Scheme functions.
- (8) In this regulation references to the functions of an administering authority include, where applicable, its functions as an employing authority.

### **Additional costs arising from employing authority's level of performance 43:**

- (1) This regulation applies where, in the opinion of the appropriate administering authority, it has incurred additional costs which should be recovered from an employing authority because of that employing authority's level of performance in carrying out its functions under these Regulations or the Benefits Regulations.
- (2) The administering authority may give written notice to the employing authority stating – the administering authority's reasons for forming the opinion mentioned in paragraph (1); the authority's opinion that the employing authority's contribution under regulation 42(1)(d) should include an amount specified in the notice in respect of the additional costs attributable to that authority's level of performance; the basis on which the specified amount is calculated; and where the administering authority has prepared a pension administration strategy under regulation 65, the provisions of the strategy which are relevant to the decision to give the notice and to the matters in sub-paragraph (a), (b) or (c).

## ii Appendix 2 – The Agreement

Dated \_\_\_\_\_

(Please write date)

(1) THE LONDON PENSIONS FUND AUTHORITY

And

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(2) (EMPLOYER – Please write name of organisation)

The Agreement

In relation to the London Pensions Fund Authority

2nd Floor  
169 Union Street  
London  
SE1 0LL

This Agreement is made the \_\_\_\_\_ day of \_\_\_\_\_ 2014

**Between:**

(1) **THE LONDON PENSIONS FUND AUTHORITY** of 2nd Floor, 169 Union Street, London SE10LL  
(the “**Administering Authority**”); and

(2) [Please write name \_\_\_\_\_] of \_\_\_\_\_  
[ \_\_\_\_\_ ] (the “Employer”)

Background

(A) The Administering Authority is an administering authority. It administers and maintains the Fund in accordance with the Regulations.

(B) The Employer is a [community/transferee admission] body [listed in Schedule 2 of the Administration Regulations].  
**[Please delete as appropriate]**

(C) In accordance with Regulation 65 of the Administration Regulations, the Administering Authority has prepared the Pension Administration Strategy Statement setting out amongst other things the Service Level Agreement.

(D) In preparing the Pension Administration Strategy Statement, the Administering Authority consulted the employing authorities in the Fund (including the Employer) [and such other persons it considered appropriate]. The Administering Authority published the Pension Administration Strategy Statement and sent a copy of it to each of the employing authorities in the Fund (including the Employer) and to the Secretary of State.

(E) The Administering Authority will keep the Pension Administration Strategy Statement (including the Service Level Agreement) under review and will make such revisions as are appropriate following any material change in its policies in relation to any of the matters \_\_\_\_\_ contained in the Pension Administration Strategy Statement.

(F) The Administering Authority and the Employer have agreed to enter into this Agreement to document their agreement to comply with and be bound by the terms of the Service Level Agreement.

**Now it is agreed** as follows:

## 1. Interpretation

1.1 The following expressions have the following meanings:

<b>“1997 Regulations”</b>	The Local Government Pension Scheme Regulations 1997 (to the extent applicable by reason of the Transitional Regulations).
<b>“Administration Regulations”</b>	The Local Government Pension Scheme (Administration) Regulations 2008.
<b>“Benefit Regulations”</b>	The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007.
<b>“Core Scheme Functions”</b>	The functions identified in the Service Level Agreement as being core Scheme functions.
<b>“Fund”</b>	The London Pensions Fund Authority’s Pension Fund.
<b>“Pension Administration Strategy Statement”</b>	The Administering Authority’s statement prepared in accordance with Regulation 65 of the Administration Regulations as revised from time to time in accordance with that Regulation.
<b>“Regulations”</b>	The Administration Regulations, the Benefit Regulations, the Transitional Regulations and the 1997 Regulations.
<b>“Scheme”</b>	The Local Government Pension Scheme established by the Regulations made by the Secretary of State under sections 7 and 12 of the Superannuation Act 1972.
<b>“Service Level Agreement”</b>	The section of the Pensions Administration Strategy Statement setting out the levels of performance which the Administering Authority and its employing authorities are expected to achieve in carrying out their Scheme functions including performance targets. The Service Level agreement may be revised from time to time as part of the Pensions Administration Strategy Statement. A copy of the Service Level Agreement current as at the date of this Agreement is included in the documentation.
<b>“Transitional Regulations”</b>	The Local Government Pension Scheme (Transitional Provisions) Regulations 2008.

1.2 Expressions have the same meaning as in the Regulations except where the context otherwise requires.

1.3 Any reference in the Agreement to any law or piece of legislation shall include any subsequent amendment to it and any ancillary legislation made under it.

## 2. The Service Level Agreement

- 2.1 With effect from the date of this Agreement, the Administering Authority and the Employer agree to use their best endeavours to comply with and be bound by the terms of the Service Level Agreement.
- 2.2 In consideration of this Agreement the Administering Authority will charge the Employer a contribution towards the cost of the administration of the Fund which reflects the fact that compliance with the Service Level Agreement will result in greater efficiencies and lower administration costs for the Fund.
- 2.3 If in the opinion of the Administering Authority the Employer has not complied with the terms of the Service Level Agreement the Administering Authority may charge the Employer a higher contribution towards the cost of the administration of the Fund.
- 2.4 When considering whether to charge the Employer a higher contribution towards the cost of the administration of the Fund in accordance with Clause 2.3 the Administering Authority shall take into account any failure on its own part to comply with the terms of the Service Level Agreement.
- 2.5 Clause 2.3 shall not affect the Administering Authority’s ability under Regulation 43 of the Administration Regulations to give written notice to the Employer where it has incurred additional costs which should be recovered from the Employer because of the Employer’s level of performance in carrying out its functions under the Regulations or the Service Level Agreement.
- 2.6 The Employer acknowledges that the Service Level Agreement may be revised from time to time by the Administering Authority in accordance with Regulation 65 of the Administration Regulations and that the Employer will comply with and be bound by the terms of the revised Service Level Agreement.

## 3. Other charges

- 3.1 The Employer acknowledges that the contribution it is required to pay towards the cost of the administration of the Fund is to cover the cost of meeting the Core Scheme Functions.
- 3.2 Where the Employer requests that the Administering Authority provides services beyond these functions the Administering Authority reserves the right to charge the Employer for the provision of such services. Non-core services include by way of example and without limitation the provision of FRS17 reports, bulk redundancy calculations, bulk information requests, member presentations, site visits and the payment of compensatory added years benefits. Such services will be provided on terms agreed at the time with the Administering Authority and the Employer.

## 4. Notices

- 4.1 Any notices under this Agreement shall be in writing and shall be served by sending the same by first class post, facsimile or by hand or leaving the same at the headquarter address of the Employer or the headquarter address of the Administering Authority.

**5. Waiver**

Failure or neglect by the Administering Authority to enforce at any time any of the provisions of this Agreement shall not be construed nor shall be deemed to be a waiver of the Administering Authority’s rights nor in any way affect the validity of the whole or any part of this Agreement nor prejudice the Administering Authority’s rights to take subsequent action.

**6. More than one counterpart**

This Agreement may be executed in more than one counterpart, which together constitute one agreement. When each signatory to this Agreement has executed at least one part of it, it will be as effective as if all the signatories to it had executed all of the counterparts. Each counterpart Agreement will be treated as an original

**7. Laws**

7.1 This Agreement will be governed by and interpreted in accordance with the laws of England and Wales.

7.2 Any rights that a third party may have under the Contracts (Rights of Third Parties) Act 1999 are excluded.

.....

**SIGNED FOR AND ON BEHALF OF  
THE LONDON PENSIONS FUND AUTHORITY**  
was affixed in the presence of:

.....

**SIGNED FOR AND ON BEHALF OF EMPLOYER**

### iii Appendix 3 – Brief employer guide

#### Brief Employer Guide

What the LPFA needs from you to administer your employees' pensions and the pension fund smoothly

#### Clean and accurate data

This means that we need to know details of all changes to your employees regarding their pension.

This includes:

- Joining the scheme
- Changing their working hours and/or working weeks
- Any unpaid leave (i.e. authorised absences, whether maternity/paternity/adoption leave, or ordinary unpaid leave)
- Any unauthorised absences (these are automatically entered as breaks in service as the member is not allowed to repay pension contributions for that period)
- Any strike periods
- Any reductions in pay
- Leaving the scheme (whether opting out, normal leaver or retiring)

The quickest and easiest way of informing the LPFA of any of the above changes is by completing the relevant online form that is available through [www.yourfund.co.uk](http://www.yourfund.co.uk).

#### **It is also a key requirement under the Pension Administration Strategy.**

We also need accurate data for the end of year returns. This enables us to identify any missing data in our records quickly, thus enabling accurate valuation of the fund and thereby keeping employer contribution rates down.

#### Brief Summaries of Actions needed

##### Joining the scheme

The online form must be completed with the following information:

- Date from which the member first had contributions deducted
- The contribution rate
- The weekly hours the member works, and, if appropriate, the weeks per year that they work
- What pensionable pay the member receives, and, if appropriate, the full-time equivalent pensionable pay
- Confirmation that the member has a contract of employment that lasts at least three months

##### Change of hours

The online Change of Hours form must be completed when you need to inform the LPFA that a member has changed their weekly working hours, their working weeks per year, or both. We will need to know the hours (and/or weeks) they are changing to, and also the hours (and/or weeks) that they have changed from to enable us to check that our records are completely up to date.

##### Sick leave

The LPFA does not need to be informed if a member of the scheme is placed on reduced pay, or no pay due to sick leave.

##### Unauthorised absence

It is not common for an employee to have a leave of absence that is not authorised by their employer. However, if a member does have such a period, we do need to be informed as this period will not count towards the calculation of their benefits and they will not have the opportunity to repay the contributions for that period. Therefore, please complete the relevant online form if such a situation occurs.

##### Unpaid leave (inc. maternity/paternity/adoption leave)

Any period of ordinary unpaid leave (or leave on reduced pay) that lasts less than 31 days does not need to be notified to LPFA, although the member MUST have contributions for that period deducted from his pay on his return, and employer contributions must also be paid.

If the ordinary unpaid leave (or leave on reduced pay) lasts 31 days or more, then the LPFA MUST be informed. The online Notification of Absence and Return from Absence forms must be completed.

A strike period must be treated differently to ordinary unpaid leave, but it is not classified as unauthorised absence. The online Notification of Absence and Return from Absence forms must be completed.

A member who goes on parental leaves must continue to have contributions deducted, but on the pay that they are actually receiving (including any statutory entitlement), not the pay they would have received, but for being on leave.

Once the member goes onto unpaid parental leave, the online Notification of Absence form must be completed.

The LPFA do not need to be informed if a member has a period of leave to enable them to perform jury service, but the contributions for that period must be paid by both employer and employee and must be based upon the pay that the member would have received if not performing jury service.

##### Leaving the scheme

It is essential that the LPFA receives accurate, timely information regarding a member's pay when they cease to contribute to the pension scheme. When a member leaves the scheme, please complete the online Leaver form. The appropriate ill health declaration, form LG/103, must also be completed if the member is retiring on the grounds of ill-health.

A member who opts-out of the scheme with less than three months membership must have their pension contributions refunded to them via your payroll and will be treated as never having been in the scheme. In such cases, please complete the online Leaver form.

If a member leaves your employment with less than three months membership, the LPFA will refund their contributions. Please complete the online Leaver form.

## Monthly remittance/End of year returns

Each month, form LG/221 must be completed & authorised online at [www.yourfund.org.uk](http://www.yourfund.org.uk) and must be completed with details of:

- Total pensionable remuneration against which contributions calculated
- The total employees' contributions
- The total employer's contributions
- Any cash payments that may be due from the employer
- The payment method and date

The form must be completed by one person and authorised by another. The completed form and the contributions must be received by the LPFA within 19 days of the end of the month within which they were deducted from the employees' pay.

At the end of each year, a full submission of contributions must be submitted by each employer via the Your Fund website. Full details of how to use the submission process are included on the website. Please note that late submission of end of year returns will result in delayed annual benefit statements being sent to your employers, and could result in the fund being incorrectly valued, leading to an increase in your employer contribution rate.

## Using online forms

To fully co-operate with the terms of the Pension Administration Strategy, online forms must be used. To enable you to do this, a member of staff must be nominated to be your "Site Administrator" who will be able to/responsible for:

- Set up new users and determine their access levels
- Reset usernames and password
- Unlock locked accounts
- Disable user accounts
- Keeping your organisation's contact details up to date

In this way, you can retain control over who has access to the site and is able to input the information required. The Site Administrator will also be our first contact for any news on updates to the website.

Nothing in this guide can override the information given in the Employer's Guide, the provisions of the Pension Regulations, or related legislation. The guide was up-to-date at the time of publication in January 2010. It is for general use and cannot cover every personal circumstance, nor does it cover specific protected rights that apply to a very limited number of employees. In the event of any dispute over a member's pension benefits, the appropriate legislation will prevail as this guide does not confer any contractual or statutory rights and is provided for information purposes only. LPFA will not be held responsible for any loss, damage or inconvenience caused as a result of any inaccuracy or error.

## Employer support

The LPFA has a number of different methods of support available to its employing authorities to help out with any problem that may be encountered whilst completing the administration work for your employees who are members of the LGPS. As well as all the resources listed below, please feel free to contact any member of the administration team at the LPFA, who will be happy to help.

## Employer's guide

Regularly updated to reflect any and all procedural and legislative changes, the Employer Guide contains details of all the duties that employing authorities need to perform to ensure the smooth administration of their employees' benefits and prompt payment of said benefits. The guide also contains details of the discretionary powers that each employing authority has with regards to its employees; i.e. awarding of additional pension or years of membership.

## Employer visits

Representatives of the LPFA are always willing to make visits to employing authorities to hold presentations for members and potential members, or to provide information to policy contacts or HR members who do the pension administration. All such visits will be at the request of the employing authority, tailored to their needs and may be subject to a charge under the Service Level Agreement.

## Employer services team member visit

If problems are encountered in completing the end of year data, a member of the Employer Services team can be requested to visit an employing authority to provide assistance in the correct completion of the forms and identifying what data is required and in what format. All such visits will be at the request of the employing authority, tailored to their needs and may be subject to a charge under the Service Level Agreement.

## Online forms

Online forms must be completed via a secure website and the details immediately forwarded to the LPFA and entered onto our database. Any errors or inconsistencies in the data can be quickly identified and can be remedied.

## Data matching

Data matching has strong similarities to the end of year return in that details of each employing authority's members is submitted to the LPFA and compared with the details held on the member database. However, with regular use (whether monthly, quarterly or semi-annually) it can be a good tool for tracking any improvement or decline in the quality of data being submitted. Such a tool can help correct mistakes early and support can be given from LPFA staff so that the next end of year return has cleaner data.

## Seminars

To address complex and changing issues within the LGPS, the LPFA will, where necessary, organise and host seminar sessions at the LPFA offices. Representatives of all employing authorities will be invited to attend. Several such seminars were held to explain various details of the "New Look" LGPS which was introduced in 2008. Topics included Payroll Implications, Discretionary Policies and the new Ill-health benefits.

## Pensions update

Pensions Update is a monthly newsletter written by the LPFA with the aim of keeping employing authorities informed of all the latest news to affect the LPFA, not just legislative changes. Adjustments to procedures and technical changes do figure strongly in the newsletter, and urgent news will be included in special bulletin Updates. The newsletter is emailed every month to the contacts that employing authorities have given the LPFA, and employers should notify the LPFA of any changes to those contacts.

### **Employer Forum**

Every year, the LPFA hosts an Employer Forum to report on the achievements of the LPFA and status of the pension fund. It is also a place to announce any forthcoming developments and provides a platform for employer authorities to pose any question they wish to members of the LPFA's management team

### **Employer Panel**

The LPFA is in the process of re-introducing the Employer Panel; this will provide a forum for seeking feedback, and for consulting and testing new ideas with employing authorities.

### **Website**

The LPFA website contains links to other useful website containing information on the LGPS, and is also a good reference tool for any queries that employing authorities may have. All back copies of the LPFA newsletter can be found there, as well as a copy of the Employer Guide. There is also the secure website that employing authorities may use to enter information regarding their members via the online forms that are currently being introduced to ease the provision of data.

### **“Open House” i.e. meetings here**

As well as visiting any employing authority when requested, the LPFA is happy to hold meetings at our offices to discuss any problems or queries that you might have. This enables several departments to be involved, answering questions and giving advice on all aspects of pension administration. Meetings may be subject to a charge under the Service Level Agreement.