

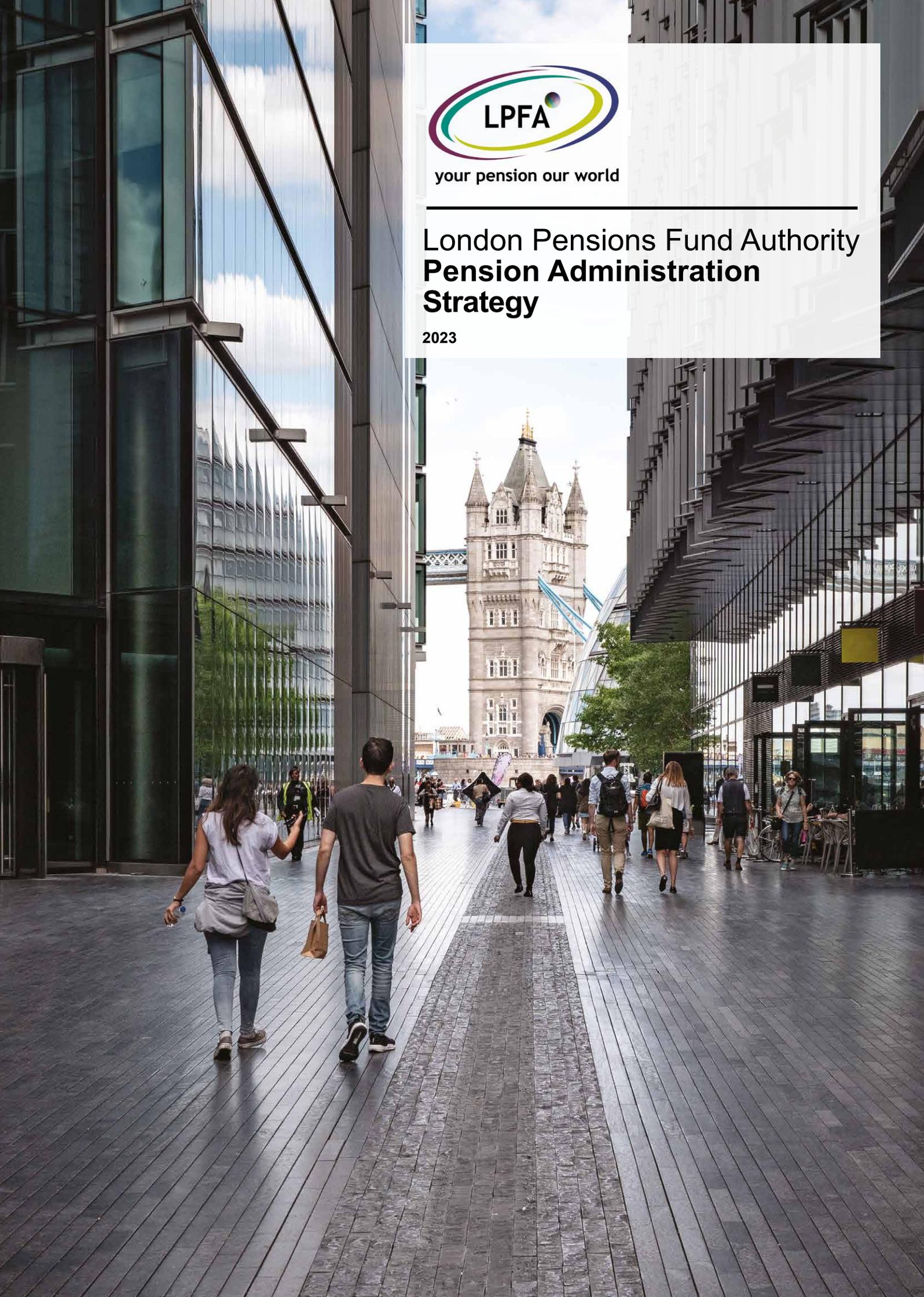


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# London Pensions Fund Authority Pension Administration Strategy

2023



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# London Pensions Fund Authority

## Pension Administration Strategy

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### Foreword

An LGPS pension is a highly valued employee benefit and plays an important role in helping public sector organisations attract, engage and motivate staff. While our ultimate purpose is to pay our members their pensions, we know that by providing a high-quality, transparent and cost-effective pension service, we're also helping you, our employers, achieve your own objectives. We seek to help our members make the most of their money and pensions. A financially healthy nation is good for individuals, communities, business and the economy.

Our Pension Administration Strategy (PAS) is central to these beliefs and our aim of being a well-run and high-quality pension fund. It sets out how we work with the employers in the LPFA Pension Fund (the Fund), our respective roles and responsibilities, performance targets and how we will meet our obligations to our members and your employees.

If you are new to the Fund, you can find out more about us on our website ([www.lpfa.org.uk](http://www.lpfa.org.uk)). We work for people who work for – or used to work for – organisations that make London the great city that it is today and the world-leading city that it will remain tomorrow. Our savers and pensioners include primary, secondary and higher education staff, charity workers, museum staff, housing associations and local government workers.

Providing accurate and timely data to us and our partners is crucial in providing these individuals with excellent customer service and the pension that they deserve. To do that, we provide extensive support and training to both employers and members through our administrators, Local Pensions Partnership Administration (LPPA). We hope that by requiring our employers to attend training on the systems that we use, the data that is needed and the processes that need to be followed, we can work together to help reduce errors and delays.

The LPFA team are responsible for overseeing LPPA and our investment managers, Local Pensions Partnership Investments (LPPI), as well as leading on Governance, Finance, Communications and Employer Relations.

If you need to speak to us or would like to discuss any points raised in this document, you can find our [contact details](#) on our website.

Kind regards,



**Robert Branagh**  
CEO | LPFA

## Background

### Regulatory context

The Local Government Pension Scheme (LGPS) Regulations 2013 Regulation 59 allows Pension Fund administering authorities to prepare a Pensions Administration Strategy (PAS) for improving the administrative processes within their LGPS Fund.

### Compliance

This PAS sets out the requirements on employers and the fund administering authority (which in this case is the LPFA), allowing both parties to meet the legal LGPS obligations and regulatory standards required by The Pensions Regulator (TPR).

It is developed in consultation with employers in the Fund (the Fund), and seeks to promote a high-quality, transparent and cost-effective pensions service that meets the needs of our employers and members. It is compliant with both statute and legislation relating to the running of a pension fund. It aims to improve efficiency and ensure agreed standards of quality in delivery of the pensions administration service.

## Legislation

The LGPS Regulations 2013 Regulation 59 requires that where an administering authority publishes a PAS, it is to prepare a written statement of policies in relation to the following:

- procedures for liaison and communication with participating employers
- the establishment of levels of performance which the administering authority and its participating employers are expected to achieve in carrying out their scheme functions
- procedures which aim to ensure that the administering authority and its participating employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance
- procedures for improving communication of information relating to those functions by an administering authority and its participating employers
- the circumstances in which an administering authority may consider giving notice to any of its participating employers because of that employer's unsatisfactory performance in carrying out its scheme functions; and
- such other matters that appear to an administering authority to be suitable for inclusion in the strategy.

## About our PAS

The aim of our PAS is to set out requirements for engagement between the LPFA and employers in the Fund. This helps everyone remain compliant with regulations and ensure that best value service standards are delivered to members and other stakeholders to help all parties meet their statutory obligations.

### Monitoring standards and managing compliance

We will monitor the performance of the administering authority and employers against the targets and standards set out in this PAS and will share outcomes and identified issues with:

- The LPFA Board
- Our Audit and Risk Committee
- Our Local Pension Board
- Individual employers (when appropriate)
- Professional bodies or Regulators (when appropriate).

Where performance issues are identified, we aim to resolve issues informally between parties while identifying actions that can remedy the situation through training, coaching, process improvements or better communications.

The interests of our members and employers are a priority so if an issue remains unresolved despite these efforts, then we will take more robust action.

### Breaches

Where there is a clear breach of LGPS Regulations, TPR Codes of Practice or agreed performance, we are duty bound to capture this in our breaches log, to investigate the cause and severity of any breach and, if deemed a material breach, report it to TPR.

Below are some examples of major breaches:

- where an employer fails to pay the monthly contribution income to the Fund in line with regulatory guidelines or,
- where the Fund fails to issue the statutory communications (such as Annual Benefit Statement) to Fund members within statutory deadlines.

## An Employer's role

### Employer signatories

Every employer must ensure that all documents or instructions to the Fund are signed by authorised and trained representatives. This is because they are signing a document confirming that the information being provided by the employer is accurate and correct.

As well as a primary signatory, employers must also ensure that there is a deputy signatory who is also fully trained on the requirements of the role.

The deputy must be able to step in to represent their employer should the primary signatory be unavailable.

### Designated pensions contacts

Every employer should nominate three individuals to act as the main points of contact with our team with one individual dedicated to helping the Fund communicate to employer staff.

Their key responsibilities are to:

- Ensure that the standards and level of service set out in the PAS are delivered and make sure there is compliance with regulatory responsibility.
- Ensure pensions information is communicated to staff. This includes:
  - Ensuring there is a dedicated channel of communication to share information about the LPFA, the benefits of the LGPS and general pensions information to employees
  - Encouraging employee attendance at the free LPPA training seminars (including Making sense of your pension & Making sense of Retirement).
- Support our efforts to improve member data and engagement by sharing campaigns to promote our member portal (PensionPoint), our Fund Member Forum and other pensions-related topics.
- Inform LPFA of any outsourcing, TUPE transfers or alternative service delivery arrangements that may be under consideration.
- Liaise with and assist the LPFA in the identification, explanation, reporting and resolution of statutory breaches, as required by TPR Code of practice 14.

To assist employers in fulfilling their regulatory responsibilities, we provide free training sessions to employers to ensure familiarity with our service. A full list of training sessions can be found on the LPPA website: (<https://www.lppapensions.co.uk/employers/training/>)

### Employer responsibilities

This section outlines the role and responsibilities of all employers in the Fund and the performance standards that employers are expected to meet. These are crucial in enabling us to deliver an efficient, quality, value for money service. The employer's role is divided into two areas:

- Scheme governance and administration
- Scheme membership and employer administration

As outlined in the section above, LPPA provide free training courses to familiarise employers with their responsibilities and the system to reduce errors. Attendance at these courses is strongly encouraged for all employer representatives. A full list of courses can be found on the LPPA website.

## Scheme governance and administration

Employer responsibility	Action required by employer	Act with (F) Fund or (A) LPPA	Timescale for employer to act Service level agreement
Nominated contact	Confirm the three nominated persons as set out in the 'Designated Pensions Contacts' section on the previous page.	F & A	Within one calendar month of an employer joining the Fund or as soon as a nominated contact hands in their resignation.
Pensions discretions	Formulate and publish policies in relation to all areas where the employer may exercise a discretion within the LGPS (including providing a copy of the policy document to the Fund).	F	To be kept under review and a revised statement published within one month of any changes and no later than six months after being informed by the Fund of any relevant changes.
Enquiries	Respond to enquiries from the Fund.	A	Within 10 working days from receipt of enquiry by LPPA or as directed by LPFA.
Employee and employer pension contributions	Remit employer and scheme member contributions to the Fund and provide schedule of payments in the format stipulated by the Fund.	F & A	Cleared funds to be received by 19th day of the month after deduction.
Employer contribution rate	Implement changes to employer contribution rate as instructed by the Fund.	F	At date specified on the actuarial advice received by the Fund.
Year-end information	Provide accurate year-end information required by the Fund in the format stipulated in the instructions issued by the Fund.	A	By 30 April following the year-end or earlier date specified by the Fund e.g. earlier submission in a valuation year.
Monthly return information	Provide accurate monthly return information require by the Fund in the format stipulated in the instructions issued by the Fund.	A	By 10th of each month or date specified by the Fund.
PensionPoint member portal	Refer new or prospective scheme members to the Fund's member portal.	A	Within 10 working days of commencement of employment, change in contractual conditions or to support LPFA communications.
Contracting services	Notify the Fund if contracting out services which will involve a TUPE transfer of staff to another organisation.	F	At the time of deciding to tender so that pension costs can be included in the tender decision-making process.
Admission agreement	Work with the Fund to arrange for an admission agreement to be put in place when contracting out a service and assist in ensuring it is complied with.	F	Admission agreement (and possibly bond agreement) to be put in place as soon as practically possible.
Admission agreement (potential cessation)	Notify the Fund if the employer ceases to admit new scheme members or is considering terminating membership of the Fund.	F	As soon as the decision is made, so that the Fund can assess the impact and instruct the actuary to carry out calculations, if applicable.
Retirement costs (strain)	Make additional Fund payments in relation to early payment of benefits from flexible retirement, redundancy or business efficiency retirement or where a member retires early with Employer's consent.	F	Within one calendar month of receipt of invoice from the Fund.

## Scheme membership and employer administration

Employer responsibility	Action required by employer	Act with (F) Fund or (A) LPPA	Timescale for employer to act Service level agreement
New starter	Notify LPPA of new starters to the LGPS.	A	Within 20 working days of an LGPS scheme member joining or such shorter periods as required by auto-enrolment obligations.
Employer scheme member contributions	Arrange for the correct deduction of employer scheme member contributions from a member's pensionable pay	A	Immediately upon an employee joining the employer scheme, opting into the employer scheme or when they have a change in circumstances.
Employer scheme member contribution rate	Ensure the correct employer scheme member contribution rate is applied.	A	Immediately on commencing employer scheme membership and in line with the employer's policy on banding changes and, as a minimum, in each April payroll thereafter.
Change of personal circumstances	Notify LPPA of any material changes in scheme members' circumstances (for example, marital or civil partnership status).	A	Within 20 working days of notification by the employer scheme member of a change in circumstances.
Employer scheme members leave of absence	Notify LPPA of leaves of absence (industrial dispute, child related leave, authorised absence and unauthorised absence).  Notify employer scheme member of options regarding any unpaid authorised absence (additional pensions contributions (APC) to cover breaks). Inform LPPA of Assumed Pensionable Pay for relevant periods of absence.	A	Monthly submissions or notifications.
Additional pension contributions (APC)	Commence or cease deduction of APC or amend such deductions as appropriate.	A	The month following election to pay additional pension contributions.
Additional voluntary contributions (AVC)	Arrange for deduction of AVC and payment over of contributions to AVC provider(s).	A	Commence deduction of AVC in the month following the month of election.  Pay over contributions directly to the members AVC provider(s) by the 19th of the month following the deduction.
Employer scheme member leaves employment	Notify LPPA when the employer scheme member leaves employment including an accurate assessment of final pay.	A	Accurate leaver form to be submitted via the UPM portal at least 30 days (20 working days) prior to the members leaving date.
Employer scheme member due to retire	Notify LPPA when an employer scheme member is due to retire including an accurate assessment of pay and confirmation of reason for leaving using the method stipulated by the Fund.	A	Advise of retiree details six months before retirement date, confirm retirement decision three months before retirement date and send retirement forms and then notify the day before retirement.  <b>Note:</b> An employees retirement estimate is calculated initially but a final retirement quote can only be calculated once final pay figures have been provided.
Ill-health (Under The Local Government Pension Scheme Regulations 2013 (Regulation 35))	The employer to notify LPPA of ill-health award and the tier awarded.	A	Within 10 working days of decision being made.
Tier 3 ill health review (Under The Local Government Pension Scheme Regulations 2013 (Regulation 37))	Employer to review Tier 3 ill-health pension at 18 months and, if needed at the third year after payment commenced.	A	In line with regulations and advice of Independent Registered Medical Practitioner (IRMP). Notify LPPA with 10 working days of decision taken to uplift to Tier 2 or cease payment of Tier 3.
Ill-health deferred pensioner (Under The Local Government Pension Scheme Regulations 2013 (Regulation 38))	The employer to notify LPPA of ill-health award.	A	Within 10 working days of decision being made.
Death of a scheme member	Notify LPPA of the death of an employer scheme member, either directly or through the 'Tell Us Once' service.	A	As soon as practical, but within 10 working days of being notified of the death.

## The LPFA's role

### Administering authority responsibilities

Administering authority responsibility	Action required by the administering authority	Act with who E (Emp) A (LPPA) M (Members)	Timescale for the administering authority to act Service level agreement
PAS	To publish the PAS and keep it under review.	E & A	To consult with employers and publish on the Fund's website.
Employer Scheme rules	Notify employers and employer scheme members of changes to the employer scheme rules.	E, M	Within three months of the changes coming into effect.
Employer/Fund meetings	Host an annual engagement for employers (currently the Employer Forum) which all employers are invited to attend. Host ad-hoc employer meetings as needed.	E	Once per year (or as needed).
Standards	Notify an employer of issues relating to the employer's non-compliance with performance standards.	E	Within one calendar month of a performance issue becoming apparent to the LPFA.
Costs	Notify an employer of decisions to recover additional costs associated with the employer's poor performance (including any interest that may be due).	E	Within one calendar month of an employer's failure to improve performance, as agreed.
Annual benefit statements (ABS)	Create ABS via PensionPoint to employer scheme members and deferred members as of 31 March each year.	M	LPPA to direct members to their ABS on PensionPoint using email and hard copy mailings by 31 August each year in line with regulatory guidance and legislative requirements.
P60	Issue P60 statements to Pensioner – or beneficiary - members by 31 May each year.	M	LPPA to direct members to their P60 on PensionPoint using email. Hard copy mailings will be issued to those members with no email addresses. Must be completed by 31 May each year following the year-end.
Valuation results	Issue formal valuation results (including individual employer details).	E, A	No later than 1 March following the valuation date.
Rates and Adjustment certificate	Issue rates & adjustment certificate to all active employers.	E	By 31 March following the valuation date.
Cessation valuations	Carry out valuation assessment on cessation of admission agreements or employer ceasing participation in the Fund.	E	Within agreed timescales. Please see Cessation policy on our website.
New employer admissions	Process admissions into the Fund including signed admission agreement (or bond agreement if needed). Notification of contribution rate, allocation of assets and notification to the Department for Levelling Up, Housing and Communities.	E, A	Prospective employer provides full data requirements within prescribed timescales.
Governance compliance statement	Publish the Fund's governance compliance statement and keep it under review.	E M	By 30 September following the year-end as part of the Fund's annual report and accounts or within one calendar month of the policy being agreed or amended by the relevant Boards and Committees.
Funding strategy statement (FSS)	Publish the FSS and keep it under review.	E	To be reviewed at each triennial valuation (or whenever there is a material change to the FSS policy or the statement of investment principles) following consultation with employers and the Fund's actuary. Revised statement to be published by 31 March following the valuation date.
Annual report and accounts	Publish the Fund's annual report and accounts.	E, M	By 30 November following the financial year-end.
Communications policy	Publish the Fund's Communications policy and keep it under review.	M, A	Every two years, evolving it with feedback from our member survey.
Admission policy statement	Publish the Fund's admissions policy statement and keep it under review.	E, A	Any significant changes to be published as soon as reasonably possible.
Administering authority pension discretions	Formulate and publish policies in relation to areas where the administering authority may exercise a discretion within the LGPS regulations and keep under review.	E, A, M	Any significant changes to be published as soon as reasonably possible. Please see our Discretions policy* on our website and those held on LPPA's website.
Employer Risk Management Framework	Publish the Fund's Employer Risk Management Framework and keep it under review.	E	Any significant changes to be published as soon as reasonably possible.
Contribution review policy	Publish the Fund's Contribution Review Policy and keep it under review.	E	Any significant changes to be published as soon as reasonably possible.

\* For IDRPs and TPO cases, please see the policies on LPPA's website.

## Fund administration

The following table details the administering authority functions which relate to the administration and processing of employer scheme member benefits. These actions are carried out by LPPA on behalf of LPFA.

The Fund's aim is to deliver its services within the published service standards contained within this document. Any reference to a day is a working day (for example, not a Saturday, Sunday or UK Bank Holiday).

Performance Standard		Service level agreement
<b>New Joiners and changes</b>		
Supply welcome letter to new members.	A	Within 10 working days of LPPA receiving notification that an employee has joined.
Respond to general queries/correspondence including updates for (but not limited to) change of address, change of bank account details, recording of strike action, change of hours, recording of unpaid leave and update to nomination details.	A	Within 10 working days.
Implement changes to pensioner circumstances.	A	By next available payment date.
<b>General Administration</b>		
Supply Annual Benefit Statements (ABS) to active and deferred members.	A	All members must receive notification that an ABS is available on PensionPoint either by email or hard copy by the statutory deadline.
Provide impacted members with a Pensions Savings Statement.	A	Within statutory deadlines.
Act upon and implement pension increase orders.	A	By next available payment date.
Provide P60's to pensioners in receipt of a pension.	A	All eligible pensioners must receive notification that their P60 is available on PensionPoint either by email or hard copy by 31 May each year.
Respond to requests for information for reports from DWP, HMRC, DCLG, GAD or other government body.	A	Within legislative requirements.
<b>Transfers</b>		
Calculate transfer in calculations.	A	Within 10 working days of receiving required documentation.
Calculate and pay transfer out calculations.	A	Within 10 working days of receiving required documentation.
Provide information on request in respect of pension sharing on divorce (a charge to the member will be levied in line with pension sharing on divorce legislation).	A	Within legislative requirements.
Implement pension sharing orders.	A	Within legislative requirements.
<b>Additional contributions</b>		
Act upon request for payment of additional contributions.	A	Within 10 working days.
<b>Leavers</b>		
Calculate deferred benefit entitlement on leaving.	A	Within 15 working days of receiving necessary notification of leaving or date of leaving, whichever is later.
Calculate and pay retirement benefits, including deferred into payment.	A	Within five working days of receiving all required documentation from employer and/or member or date of entitlement, whichever is later.
Respond to applications for payment of refunds of contributions.	A	Within 10 working days once all paperwork has been submitted.
Respond to member requests for estimates of benefits.	A	Within 10 working days following receipt of full information
Respond to employer requests for estimates of benefits.	A	Within five working days following receipt of full information. Requests for 10 or more estimates in the same day will be considered bulk estimate requests and may fall outside of the normal agreed SLA.
Respond to reasonable, time-sensitive estimate requests.	A	Within one working day of request or within a reasonable timeframe
<b>Deaths</b>		
Calculate and arrange payment of widow/widower pension benefits	A	Within five working days of receiving all required documentation and once any overpayments have been settled.
On receipt of notification of death, write to next of kin.	A	Within five working days.

## Handling failures and poor performance

Where ongoing failures are occurring and no improvement is demonstrated by an employer (and/or unwillingness is shown to resolve the issues identified), we may under Regulation 70 (1) of the LGPS Regulations 2013 and Regulation 22 (2) LGPS Regulations 2014, recover costs from an employer.

Any costs, sanctions or fines incurred by the LPFA or LPPA will be recovered from the employer and not from the third-party company appointed by the employer to provide pensions services such as a third-party payroll provider.

### Additional cost recovery

The following are examples of where we may levy additional costs. This list is not exhaustive but show the types of behaviours that may create an issue.

- Persistent failure to provide relevant information to the LPFA, LPPA, employer scheme member, or any other interested party in accordance with specified performance targets (either relating to the timeliness of delivery or the quality of information).
- Instances where performance by the employer results in a loss to the Fund (for example, any overpayment resulting from inaccurate information supplied by the employer, costs associated with the assessment of benefits, interest on late payment of benefits, scheme tax charges, etc).
- Failure to deduct and remit correct employee and employer contributions within the standard timescales.
- Failure to pay any other amounts due to the Fund, (for example, strain costs).
- Instances where the performance of the employer results in fines being levied against the LPFA by the courts, TPR, the Pensions Ombudsman or any other regulatory body.

## Handling additional administration costs

While we want to work collaboratively with our employers to resolve any issue, there may be cases where we need to take more stringent action. Our course of action in these circumstances is set out below.

- We will write to the employer, setting out the area(s) of poor performance.
- We will offer to meet with the employer to discuss area(s) of poor performance and how these can be addressed.
- We will issue formal written notice, where no improvement is demonstrated by the employer, setting out the areas of poor performance that have been identified, the steps taken to resolve the area(s) of poor performance, and that the additional costs will now be reclaimed.
- We will provide an estimate of the costs involved in remedying any mistake that causes a loss to the Fund or administering authority. These will include time spent, and resources used in resolving the specific area of poor performance. These costs will be recoverable from the employer.

### Contact us

You can reach our Employer Management Services team by contacting us through our website: <https://www.lpfa.org.uk/contact-us>