

Wiltshire Pension Fund– Charging Policy

1. Introduction

This is the policy of Wiltshire Pension Fund (“the Fund”) for charging its participating employers (“Employer”) for services provided by the Fund. It covers what charges apply, which Employer(s) is liable, when charges should be paid and how much. The purpose of this policy is to restrict the level of participating Employer cross-subsidies that occur within the administration costs of the Fund and to hence to provide greater clarity as to the standard costs. This policy splits costs into three, initial categories:

- ‘Standard costs’: Costs which occur in running the Fund on a day-to-day basis, normally apply to all Employers and employers are required to pay (i.e. employers have no discretion over).
- ‘Non-standard costs’: Costs which normally result from an optional or ad-hoc employer action and tend to just affect some Employers.
- Administrative Performance, Complaints and Legislative recharges

Immaterial non-standard costs (e.g. less than £250) will not normally be recharged to individual Employers due to the inefficiencies involved in invoicing for relatively small payments.

The Policy has been prepared by the Administering Authority and was approved by the Wiltshire Pension Fund Committee on [DATE]. This Policy replaces all previous policies on Employer charges and is effective from its date of approval.

The policy applies to all past, current and future Employers participating in the Fund.

A full breakdown of costs is shown in Appendix 1.

2. Terminology

LGPS: Local Government Pension Scheme

Regulations: The LGPS Regulations 2013

‘Participating Employer’, ‘Scheme Employer’ or ‘Employer’: All Schedules bodies, Designating/Resolution bodies and Admitted bodies which currently participate within the Wiltshire Pension Fund (with each term as defined with the LGPS Regulations 2013)

Admission Agreement: An agreement outlines the terms of admission for an Admitted Body.

Transferor Employer: If a group of staff transfer across to another employer under TUPE, the original or source employer.

3. Regulatory Framework & Contractual Context

The LGPS Regulations 2013 outline the general framework for employees and employers participating in the LGPS in England and Wales and defines Wiltshire Council as the administering authority for the Wiltshire area, and uses the term Wiltshire Pension Fund to distinguish between

the Council's role as an employer and as the Fund. As part of administering the LGPS, the Fund will incur a variety of costs which can normally be classified as legal, actuary, governance, investment and administration costs. Where indicated under this policy, the Fund will invoice individual employers as and when required.

For some admitted bodies, the admission agreement is explicit on which party is responsible for fees incurred; if the agreed terms of the admission agreement contradict a part of this policy, then the admission agreement terms shall apply. The Fund will not abide by any agreements which it is not a party to.

4. Categories of charges

a). Standard Costs

Most Fund costs will continue to be absorbed centrally by the Fund and then apportioned to all employers according to their size thus forming a portion of each Employer's contribution rate. Employers have no choice in incurring these costs and the benefits are received by all Employers, approximately proportionate to their size and hence the Fund considers this approach to be appropriate for costs which broadly affect all Employers.

Costs included in this category are:

- All Governance costs: Including the running of the Local Pension Board and Wiltshire Pension Fund Committee;
- Staffing, systems and other general running costs;
- Actuarial fees associated with completing the triennial valuation;
- All investment related costs;
- Most other administrative and Communications work and officers' time; and

b). Non-standard costs (see appendix 1 for a list of current fees)

i). Contribution rates and Unitisation adjustments: When a new Employer joins the Fund, the Fund's actuary will normally need to calculate and employer contribution rate and perform a unitisation calculation. If the new Employer has joined the Fund following a transfer of staff from an existing employer, the Fund will charge all costs to the Transferor Employer, with the exception of transfers of staff from a Local Authority to an Academy whereby the Academy will be responsible for all the costs incurred relating to their transfer.

If a new Employer body has applied and been accepted to join the Fund without a transfer of staff, the new Employer body will pay all fees applying.

ii). Admission Agreement (including accompanying guarantee and bond arrangements): An Admission Agreement is required for all Admitted Bodies. Where a transfer of staff has occurred, all costs incurred in completing an Admission Agreement to the point of signature will be passed to the

Transferor Employer. For all other types of new Admitted Body, the new Employer will be required to pay the fees.

iii). Other Guarantee or Security Arrangements: If the Fund needs to draft a guarantee or security arrangement outside of the normal process for setting up an Admission Agreement, including all renewals, these costs will be charged to the employer which requires the arrangement to be put in place.

iv). Cessations Fees: When an Admitted Body leaves active participation of the Fund, our actuary is required to calculate if a deficit or surplus exists and what payments are required to be made by the Admitted Body or the Fund to the other party. If the ceasing body entered the Fund as an Admitted Body following a TUPE transfer, then the Transferor Employer will be responsible for the costs. In all other cases, including for academies, the ceasing employer will pay the costs.

v). FRS102 and similar: Accounting Reports are supplied by the Fund Actuary once a year at each Employer's accounting year end date. Bespoke quotes will be issued at the time.

vi). Mergers and Demergers (within the Fund): Any actuarial, legal and officer costs relating to these exercises will be equally shared by the employers concerned.

vii). Bulk transfers (within the Fund): Any actuarial, legal and officer costs related to transfer from one employer to another will be the responsibility of the ceding employer.

viii). Bulk transfer calculations (between different Funds): As required under Regulations 103, and if necessary under Regulation 98, of the LGPS Regulations 2013, where a bulk transfer of assets occurs the Fund's actuary will be required to agree a transfer value with an actuary from another Fund. In such circumstances, Wiltshire Pension will recharge all actuarial and officer costs to the Scheme Employer concerned (which is either transferred out or in the staff).

ix). Additional actuarial work (including actuarial modelling): Every 3 years, the Fund is revalued and new employer contribution rates are issued for the following 3 years. The valuation work is paid for as mentioned above in the standard charging. However, any additional work requested and incurred by the Fund, including during the triennial valuation cycle, will be charged to the employer requesting it.

x). Strain Costs: All Employers have certain benefits administration discretions available to them which include:

- Redundancy (for members aged over 55)
- Augmentation (granting additional service or pension)
- Waiver of actuarial reductions*

These costs will arise from an Employer exercising one of its discretions, which should be covered by their Employer Discretion Policy and will be charged on an Ad Hoc basis.

xi) Employer movements across Funds: If an employer wishes to change LGPS Funds, the Fund will charge for all direct costs involved including an estimate for officer time.

Administrative performance, complaints & legislative recharges:

i). Poor administration recharges (as identified by the Fund): Where the Fund considers that it has incurred additional costs (including officer's time) as a result of an employer's poor level of administrative performance, Regulation 22 of the Local Government Pension Scheme Administration Regulations 2013 allows the Fund to recover these costs. The Fund's general approach to dealing with employers which are not performing their responsibilities, as outlined in its administration strategy and in legislation, is to work closely with that employer to make the necessary improvements. If the employer is unwilling or unable to make the necessary changes, the Fund reserves the right to charge employers accordingly if it feels it has exhausted all other avenues to resolve the situation. Further details are available in the Administration Strategy.

ii). Internal Dispute Resolution Procedure (IDRP): If a Scheme Member enters into a dispute with the Fund and this dispute is taken down the IDRP route to be resolved, the Fund will need to incur costs to refer the matter on to third party to review the matter independently. If the dispute mainly relates to a Scheme Employer action or inaction, then the Fund may recharge the costs involved to the Scheme Employer concerned. If the dispute relates to the actions or inaction by the Fund, then the Fund will absorb the costs.

iii). Fines by a third party relating to an employer's performance: If the Fund is fined by a third party mainly for the action or inaction of one or more employers, the Fund at its absolute discretion will invoice the employers concerned accordingly.

5. How and when employers will be charged (non-standard costs)

When an employer requests for a service to take place, which falls under a non-standard cost, the Fund will normally ask the employer concerned to raise a purchase order number. Once the service is complete, the Fund will issue an invoice containing the purchase order number provided.

The Fund's normal invoice payment terms are 30 days from the date of issue. If payment is not received the Fund will follow the recovery processes set by Wiltshire Council. If payment is still not received the Fund will reserve the right to charge the outstanding debt against unitisation pot of the employer concerned and included an allowance for any costs incurred by trying to recover the amounts due.

Further Information

If you have any further questions or comments about this charging policy, please contact Denise Robinson, the Fund's Employer Relationship Manager: Telephone: 01225 713505 Email: denise.robinson@wiltshire.gov.uk

Policy approved by Wiltshire Pension Fund Committee on [Date].

Appendix 1

Table of Charges relating to sections 4b and 4c: Costs will typically be highly variable, and therefore this table does not state specific fixed costs and, instead, outlines the approach to determining the appropriate amount.

Some of the costs below include an allowance of expected officer time.

The payment terms for all invoice costs is 30 days from the date of invoice.

Section	Charge	Amount	Who is responsible for paying?
4b)i	Employer Contribution Rates and Unitisation report	Standard actuarial costs + 25%	If a transfer, the Transferor Employer unless a local authority to academy transfer, in which case the academy. For other new Employers, the new Employer*
4b)i	Actuary Work when joining the Pension Fund – Unitisation Report only	Standard actuarial costs + 25%	If an academy or MAT is expanding and taking on new schools, the academy/MAT inheriting the schools*
4b)ii	Admission Agreement – Legal Work	A quote will be provided based on the expected work involved and this fee will be charged.	Transferor Employer if relevant, otherwise the new Employer*
4b)iii	Guarantee & security Arrangements	A quote will be provided based on the expected work involved and this fee will be charged.	The Employer which requires the guarantee agreement to be put in place.
4b)iv	Cessations report	Standard actuarial costs + 25%	If the admitted body following a staff transfer, the transferor Employer for all other cases the ceasing Employer*
4b)v	FRS102 Accounting Report	A quote will be provided based on the expected work involved and this fee will be charged.	The Employer commissioning the report
4b)vi	Mergers and Demergers (within the Fund)	A quote will be provided based on the expected work involved and this fee will be charged.	Costs will be split evenly between the parties concerned
4b)vii	Bulk transfers (within the Fund)	An estimate will be provided based on the expected work involved but all actual costs will be recharged.	Costs will be due from the ceding employer
4b)viii	Bulk Transfers In/Out (between different Funds)	An estimate will be provided based on the expected work involved but all actual costs will be recharged.	The Wiltshire Pension Fund employer either undertaking a bulk transfer in or out.

4b)ix	Additional Valuation & Modelling work	An estimate will be provided based on the expected work involved and this fee will be charged.	The Employer making the request.
4b)x	Strain Costs (e.g. redundancy or efficiency over age 55)	An estimate will be provided at the time but the final fee due will be based on the calculation from the final data used.	The Employer exercising its discretion
4b)xi	Employer movements between Fund	An estimate will be provided based on the expected work involved but all actual costs will be recharged.	The Employer joining or leaving the Fund.
4c)i	Poor administration performance	A fee will be calculated based on the cost of estimated officer time involved.	The Employer concerned.
4c)ii	IDRP	A quote will be provided based on the expected work involved but all actual costs will be recharged.	The Employer concerned.
4c)iii	Fines	The amount of the fine plus the cost of any officer time involved.	The Employer concerned.

*If the Fund is a party to an admission agreement which states an alternative approach to charging these costs, the terms of the admission agreement shall apply.