Wiltshire Pension Fund
Administration Strategy
2022

Implementation date: TBC

Contents

1. Introduction

2. Objectives

3. Our commitment to members

4. Working with our Employers

Appendix 1: Service Level Agreement (Employers)

Appendix 2: Service Levels (Fund only)

Appendix 3: Employer Escalation Policy

Appendix 4: Oversight, scrutiny and continuous improvement

1). Introduction

This is the Pension Administration Strategy of the Wiltshire Pension Fund ("WPF" or "The Fund"), administered by Wiltshire Council (the "Administering Authority"). The WPF is one of 89 Local Government Pension Scheme (LGPS) Administering Authorities nationwide. The WPF comprises of around 180 Scheme employers and approximately 81,000 Scheme members. WPF mainly administers the LGPS for employers located in the Wiltshire geographical area, although it also administers the scheme on behalf of a number of organisations located elsewhere but with links to the county. WPF's administration costs are funded from a small proportion of the assets of the Fund (i.e. from employee and employer contributions and investment returns).

This strategy outlines the administrative policies and performance standards the Fund and its sponsoring employers need to achieve to enable the provision of a cost-effective and high-quality pension administration service, in line with its Business Plan, and to meet statutory requirements. It seeks to promote good working relationships, improve efficiency and establish a culture of quality between Scheme employers and the Fund. It also provides details of how performance levels will be monitored and the actions that might be taken if they fall below the stated expectations.

It has been finalised following consultation with sponsoring employers of the WPF and will be kept under review and revised to reflect changes to LGPS regulations and the Fund's policies as necessary. It has been formulated in keeping with the requirements of regulation 59 of the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended).

A number of bodies oversee, support and provide scrutiny of administration officers. For instance, the Local Pension Board, Wiltshire Pension Fund Committee, internal and external auditors, Scheme Advisory Board, MHCLG and the Pension Regulator.

The Pension Regulator (tPR) has enforcement powers in relation to breaches of legislation.

In recent years, there has been an ever-increasing demand on Pension Funds to maintain high quality data, demonstrate the ability to process work in timely manner and meet increasing customer expectations (for example, in relation to having instantly available data and to be able to self-serve). This updated Administration Strategy reflects these changing demands as well as a desire to meet pension practice and deliver an excellent service.

i-Connect and Self-service

Two key aspects of the Fund's Administration Strategy are as follows:

i-Connect: From the effective date of the Administration Strategy, the Fund **requires** all employers to use i-Connect to submit LGPS pensions data, on a monthly basis, to the Fund. i-Connect has many benefits in terms of automatically cross-checking and validating basic data at the point of submission, allowing the Fund to maintain up to date, high quality data, enabling Scheme members to self-serve effectively across a range of processes and receive timely information and for the Fund to ensure it is compliant with a range of data quality and processing requirements.

Fund officers can provide extensive support to employers to help them to onboard. In exceptional circumstances, if an employer is unwilling to engage with this requirement, the Fund will use

escalation measures and the application of an administration surcharge in reflection of the additional work required for employers which do not use i-Connect.

My Wiltshire Pension: The Fund encourages all active and deferred members to use *My Wiltshire Pension* wherever possible (and in future, it will encourage pensioner members too once additional functionality becomes available). *My Wiltshire Pension* has a wide range of benefits for members: it not only allows members to see their current pension benefits at any given point in time, it also enables members to run forecasts, submit documents securely, run quotes and replaces the need for paper communications in many instances, speeding up processing times. As *My Wiltshire Pension* allow members to self-serve on a range of tasks, the Fund will generally treat tasks where the member chooses not to self-serve as being of lower priority than under tasks it is required to do.

Further information on this is available on the Fund's website.

Future Fund Administration aspirations

The Fund is planning to move towards an integrated pension payroll and pension administration system. From a member's perspective, this will enable an improved service and the administration will be contained within a single team and all pensioner data will be visible on *My Wiltshire Pension* (rather than a separate system). There are also significant process benefits which help with the administration of pensioner benefits.

Other Fund administration improvements will be outlined in the Fund's Business plan on its website, as updated from time to time.

Application of this policy

The Administration Strategy applies to WPF and all its participating employers (at any given point in time). It automatically applies to all new employers.

2). Objectives

The Fund's overall vision, as stated in its business plan, is to: "…deliver an outstanding service to our scheme employers and members"

The Administration Strategy aims to help the Fund achieve many of its strategic goals:

In particular, the Pension Administration Strategy objectives are that:

- The WPF and its Scheme employers are aware of and understand their respective roles and responsibilities as defined in the Service Level Agreement targets (Appendices 1 & 2);
- The strategy aligns itself with its compliance and governance requirements;
- Accurate records are maintained for the purpose of calculating pension entitlements and Employer liabilities, ensuring that all information and data is communicated accurately, on a timely basis and in a compliant manner;
- Performance standards are clear and easily measurable to help identify areas for improvement; and
- All parties are clear on the approach that the Fund takes to escalating any administration issues and dealing with any cases of poor performance.

3). Our commitment to members

Outlined below are the areas of work we will administer on behalf of each group of members.

The target timeframes for each are reviewed from time to time in order to seek to achieve an optimal balance between customer expectation, achievability, legal requirements and cost.

The latest timeframes and their effective dates can be found in Appendix 2.

3.1. New Members

a). New Joiner Information: Upon receipt of notification from the member's employer that the member has started a new employment, we will send each member a starter pack and My Wiltshire Pension registration details (if the member is not already registered) in the post

b). Transfers in from previous pension schemes: All members* have the right to transfer in benefits to the Scheme within the first 12 months of starting a new employment.

If a member has built up a pension elsewhere in the LGPS, or in another employment within Wiltshire Pension Fund, in most cases the aggregation of membership will become automatic after 12 months. As necessary, we will work with the other Fund to complete the aggregation in a timely manner. In some cases, the member needs to make an election. The options available will be outlined in the starter pack.

If the member has built up a non-LGPS pension elsewhere, we will provide them with a quote, if requested, and confirmation of the final transfer if they decide to go ahead with the transfer. These types of transfers are not automatic.

*Subject to employer's agreement for non-club transfers in.

3.2. Existing members: change of details

We encourage all members to use My Wiltshire Pension to update their personal details such as their address and their expression of wish details. This allows their details to be updated instantly and securely. However, members can contact us separately to perform these updates if they do not use My Wiltshire Pension.

Some details such as change of name, for example due to marriage, need to be accompanied by appropriate evidence.

3.3. Leaving members

a). Leaver options notification

Upon receiving notification from the employer that a member has left, we will email or write to the member to outline the options available to them. These could include to take a refund of benefits (if the member has minimal service), deferred benefits or to transfer out.

b). Deferred benefits

If you are entitled to a deferred benefit, we will update their pension record and we will then produce deferred benefits statements each year for you (see section 3.4 for further details).

c). Refunds

If a member is eligible to receive a refund, we will contact them to advise of this and ask them to complete an option form either via post or on *My Wiltshire Pension*. Upon receiving the correct documentation and confirming eligibility, we will make payment of the refund to their bank account.

d). Transfer Out quote and completion

In most cases, members are able to obtain a transfer value quote on *My Wiltshire Pension*. If a transfer out quotation has been requested by a Financial Advisor on your behalf, then the quotation will be issued directly to you rather than to the financial advisor.

Subject to WPF being satisfied that the new provider meets the eligibility requirements under the relevant legislation, following the member's instruction and other scheme's confirmation, the Fund will then make a transfer out to the other scheme.

e). Estimates of retirement benefits

For all estimates of retirement benefits, we encourage members to use *My Wiltshire Pension* wherever possible. By exception, the Fund is able to provide estimates by other means.

f). Retirement quotations

i). <u>From active status</u>: Upon notification that a member wishes to retire, we will either send a quotation of the benefits payable upon receiving all the relevant information from the employer; or

Provide a quote using *My Wiltshire Pension* (as this new service becomes available)

ii). <u>From deferred status</u>: When the benefits are payable in full, we will write or email the member and invite them to use *My Wiltshire Pension* Fund to access their quote. By exception, we will issue a quote via the post or email.

In all the scenarios outlined above, if the member has an AVC this timeframe is likely to be longer as we will need to wait for the AVC fund value from the provider before we can send the member the necessary figures.

g). Retirement payments

<u>Lump sums</u>: We will process the payment of any lump sum upon receiving all the required documentation and after the retirement date has passed.

<u>First monthly pension</u>: The first monthly pension will be paid on the next available payroll run.

Note: In both cases, if the member has an AVC this timeframe is likely to be longer as we will need to wait for their AVC to have been disinvested by the provider and for payment to be made from the AVC provider to us.

h). Death benefits

Upon receiving notification of a member's death, we will contact the next of kin (or another appropriate contact) once established and request further information in the form of a family questionnaire. If we are only notified of the death by a third party, we may use a tracing agent to receive a copy of the death certificate and attempt to establish the next of kin.

We will use the information on the family questionnaire to help establish if a death grant or dependant pensions are due. Once all required information is received, we pay out any death benefits due.

We encourage members to complete their expression of wish information on *My Wiltshire Pension* (or by sending us a form) to provide clarity to the Fund over the member's wishes.

3.4. Existing members: Annual Communications

a). Annual Benefit Statements (ABSs)

We will produce an Annual Benefit Statement by 31 August each year, showing the value of the member's benefits at 31 March of the same year. In all cases, we will publish the statement onto member's *My Wiltshire Pension* account.

All members are able to opt in to receive a paper version of the statement in addition to this. We will only send out paper statements if members opt into paper correspondence (this only needs to be done once).

b). Pension Saving Statements (PSS)

If you exceed the Annual Allowance, we will issue you a PSS by the 6 October following the end of the relevant tax year, showing your Pension Input Amount as at the previous 5 April for the pension

benefits you hold with us, including any impact of any unused allowance from the previous 3 years which can be used to offset the amount by which it exceeded the annual allowance.

4). Working with our employers

Engagement with our employers is key to helping us deliver an effective service for both members and employers and to meet our statutory requirements. The Fund is committed to working closely with employers to build positive working relationships to ensure we work together to create efficiencies and meet service standards. As part of the Fund's Business Plan 2022, it plans to introduce 'Employer Report Cards', which is basically a way of feeding back on employer's performance so that all employers are able to identify where any issues may lie. The Business Plan, also adds focus to implementing i-Connect and improving employer training and engagement as set out below.

The Fund **requires** all employers to use the i-Connect portal to submit monthly data because of the advantages it brings to all parties, including members. The Fund reserves the right to treat an unwillingness to use the i-Connect portal as a form of poor performance and to apply administration surcharges to employers relative to excess work involved (if all other avenues to resolve the failure to onboard have been exhausted).

4.1. Communication, training and support

The Fund has a dedicated Employer Relationship Manager who helps coordinate and oversee all employer matters and provide support and information. The Fund is committed to delivering resources which meets the needs and demands of its employer base. As such, the Fund undertook a survey last year to help understand employer preferences and it used the feedback to help determine its offering. The current range of approaches used is outlined below:

a). Employer Strategic Focus group: The group is an informal way for the employers to engage with the Fund (via the officers and the employer representatives on the Pension Fund Committee) on strategic issues. The group has been established to facilitate a 2-way dialogue, and to enable the employer representatives to feedback employers' views to the Committee. Further information can be found on the Fund's website.

b). Employer newsletters: The Fund will periodically send employer newsletters with the purpose of:

- Advising employers when there are any changes to policies, strategies, scheme rules, procedures or forms;
- Informing employers of key events or members communications; and
- Making employers aware of other important Fund developments.

c). Employer forums and webinars: Employer forums also take place periodically and have a similar purpose to newsletters, but they also provide an opportunity to ask questions and to meet colleagues.

d). Employer's Guide: The employer's guide is produced and maintained as a technical reference point, training tool and outlines roles and responsibilities. It is currently held on the Fund's website.

e). Employer website: As well as the website hosting the employers guide, it also provides employers with access to the Fund's templates, forms and other supporting information about the Fund.

f). <u>Face to face/Teams meetings, email and phone</u>: Individual employer meetings are available on request by either the employer or WPF. We will also seek to proactive engage with employers to aid understanding and to resolve issues. Pension team members are also always available during office hours to provide support over email or phone.

g). <u>Training sessions</u>: WPF will provide training sessions for employers on a quarterly basis and upon request, if required. These training sessions will be aimed at staff in the following areas:

Payroll – In areas such as Pensionable Pay, Assumed Pensionable Pay and monthly contributions.
HR - New staff, policies, absences and retirements. The support will also cover the role of the external payroll provider, what you are asking of them and making sure there are no gaps in an employer's processes.
Finance – Triennial valuation, setting contribution rates and assumptions and strain costs.

Further information on the Fund's approach to communications can be found on the website in the Fund's Communication Strategy.

4.2 Nominated contacts

To enable the WPF to communicate efficiently with employers, we require all employers to nominate a lead person in each key area related to Fund administration:

  a) Payroll
  b) HR
  c) Finance
  d) Communications

*Smaller employers, or employers with few active members, may use one person to receive all the communications in all areas, to pass on to the relevant parties within their organisation.

4.3. Service standards

In order to meet the vision, set out in the Fund's Business Plan and the Fund's statutory requirements, the Fund has developed a set of service standards for both the Fund and employers split down by process**.**

All employers are required to meet the timeframes outlined in Appendix 1 and to use i-Connect for monthly data submissions.

The Fund will monitor employer's performance against the standards set out in the relevant appendix and report these back to employers at appropriate intervals after taking account the size of the employer's active membership and whether any performance issues or concerns have been identified. Where issues arise, the Fund will follow the processes outlined in the Fund's escalation policy. If the Fund decides to apply surcharges, these will be in line with the details of 4.7.

4.4. Other responsibilities

In order to fulfil an employer's general statutory roles and responsibilities, the Fund requires employers to:

- Enter in a Memorandum of Understanding with the Fund (to cover data protection matters) using the Fund's standard format, as amended from time to time;
- Ensure their approach to data retention maintains data which may be required for pension administration purposes for a sufficient time as advised by the Fund;
- Formulate and maintain an employer's discretion policy; and
- Formulate and maintain any other documents which may be required from time to time in relation to the fulfilment of an employer's legal requirements to assist with the administration of the pension scheme.

4.5. External payroll providers

The WPF is willing to exchange data directly with any employer's external payroll provider, but ultimately the responsibility for the accurate and timely submission still sits with the participating employer. The Fund may require that certain employer approves major data submissions from an external payroll provider, such as end of year submissions or information submitted on i-Connect.

However, if the Fund is unsatisfied with the performance of an external payroll provider, it will initially raise issues with the payroll provider concerned but then revert back to the employer if these prove unsuccessful, as the per the details of the escalation policy outline in the appendix.

Furthermore, if the Fund continues to remain unsatisfied with the ability and willingness of the external payroll provider to provide the information necessary, the Fund may require that the employer approves all data submissions from the payroll provider prior to receipt by the Fund.

4.6. Ensuring compliance with statutory requirements and levels of performance

It is the responsibility of the Administering Authority, Scheme employers and WPF to ensure compliance with all statutory requirements.

tPR imposes a statutory obligation on Administering Authorities, as scheme managers, and the Local Pension Board to report failures which are likely to be of material significance. All breaches of statutory requirements are recorded in the Fund's breaches log and material breaches are reported quarterly to the Pension Fund Committee and Local Pension Board. Where particular employers are consistently failing to meet the standards required, these employers will also be notitifed to the Board.

This log may also be published on the WPF website within the WPF's Annual Report. Where there is a material breach which represents a reportable event to tPR then tPR would also expect to see an improvement plan implemented to rectify this position. Each Scheme employer's performance is monitored against the standards set out in this document, in particular in Appendix 1. Reporting to Committee and Board will include both quality and timeliness of each Scheme employer's data provision.

Where the Fund identifies areas of improvement or poor performance for one of more employers, the Fund will use the Employer Escalation policy outlined in the Appendix. In all cases, the Fund will offer support to help the employer make the improvements required.

The Fund's own administration performance is overseen by the Pension Fund Committee and Local Pension Board and the Fund is required to self-report breaches of legislation and data quality scores to the Pension Regulator. The Fund's targets are outlined in the appendices.

4.7. i-Connect onboarding requirements and surcharges

The submission of monthly data via the i-Connect portal is now a mandatory requirement of the Fund to enable us to meet our statutory requirements in relation to data quality and processing times.

We require:
- Existing employers to onboard on to i-Connect by as soon as possible.

- New employers to onboard on to i-Connect within 3 months of joining the Fund.

For smaller employers, the process does not involve any special reporting requirements as the system relies on manual data entry onto i-Connect and then adjustments each month afterwards as necessary. For larger employers, a specific report is required.

The Fund has a dedicated Employer Services team on hand to support employers through every step of the process.

In exceptional circumstance, where employers do not engage with the Fund and officers have exhausted all other avenues of support and attempts to engage the employer, the Fund will consider the application of the surcharges, proportionate to the size of the employer and in line with the provisions for employer poor performance outlined with the LGPS Regulations.

The Fund will also consider reporting the matter to the Pension Regulator.