

Agenda Item	9
Report No	PC/7/22

HIGHLAND COUNCIL

Committee: Pensions Committee

Date: 14 February 2022

Report Title: **Administration Strategy Statement**

Report By: Head of Corporate Finance

1. Purpose/Executive Summary

1.1 The purpose of this report is to update the Administration Strategy Statement

Recommendations

2

Members are asked to:

2.1

i. Approve the Administration Strategy Statement

3. Implications

3.1 Resource – as described in the report.

3.2 Legal - none

3.3 Community (Equality, Poverty, Rural and Island) - none

3.4 Climate Change / Carbon Clever – none

3.5 Risk – none

3.6 Gaelic - none

4. Introduction

- 4.1 The Administration Strategy Statement is required to ensure that there is a clear understanding of the roles and responsibilities of both the Administering Authority and scheme employers and the processes that are in place

5. Administration Strategy Statement

- 5.1 The draft Administration Strategy Statement is included at Appendix 1
- 5.2 The Statement has been produced in accordance with paragraph 57 of The Local Government Pension Scheme (Scotland) Regulations 2018 (The Regulations) which provide that the administering authority may prepare, maintain and publish a written Statement setting out their policy concerning administration matters, and that the administering authority and its employing authorities must then have regard to that strategy when carrying out their respective functions
- 5.3 The Regulations also require that the administering authority must consult with its employing authorities (and any other persons it considers appropriate) in preparing or reviewing its administration strategy
- 5.4 The Administration Strategy Statement sets out the statutory requirements for the Fund and employers to provide accurate and timeous information, which facilitates the accurate calculation and payment of pension benefits. The quality of data is monitored by the Pension Regulator
- 5.5 Regulation 65 of The Regulations provides that an administering authority (The Highland Council) may recover from a Scheme employer any additional costs associated with the administration of the scheme incurred as a result of a poor level of performance by that employer. In line with other Administering Authorities in Scotland, The Highland Council Pension Fund proposes to introduce a charge to compensate for additional costs incurred by the Fund where information received from an employer has been late or of a poor standard

6 Proposed Changes

- 6.1 The main change proposed in the updated policy is the requirement for employers to submit data on a monthly basis and in a prescribed format to streamline the process for updating the pension system

7 Training

- 7.1 To support employers in understanding their responsibilities the Fund has arranged for the Fund Actuaries to deliver webinars on a number of topics

These sessions have been fully subscribed with over 50 representatives scheduled to attend the 3 sessions

8 Consultation

- 8.1 Regulations require administering authorities to consult and agree the content of the strategy with employers. The draft strategy document was issued to employers for comments on 24 Jan 2022 and subject to approval will be implemented from 1 April 2022.

Designation: Head of Corporate Finance

Date: 19 February 2022

Author: Charlie MacCallum

Background Papers:



Highland Council Pension Fund Administration Strategy

Highland Council Pension Fund

Administration Strategy

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Pension Administration Strategy

1 Introduction

Regulatory Context

- 1.1 This document is the Administration Strategy of The Highland Council Pension Fund (“The Fund”) managed by The Highland Council (“Administering Authority”). The Highland Council administers the Local Government Pension Scheme (LGPS) on behalf of employers participating in the scheme through The Highland Council Pension Fund. The administration of the scheme is governed by the Local Government Pension Scheme (Scotland) Regulations 2018 (“the Regulations”).
- 1.2 This Statement has been produced in accordance with regulation 57 of the Regulations. The Regulations provide that the administering authority may prepare, maintain and publish a written Statement setting out their policy concerning administration matters, and that the administering authority and its employing authorities must then have regard to that strategy when carrying out their respective functions.
- The Regulations also require that the administering authority must consult with its employing authorities (and any other persons it considers appropriate) in preparing or reviewing its administration strategy.
- 1.3 In addition, regulation 65 of the Regulations allows an administering authority to recover additional costs from a scheme employer where, in its opinion, they are directly related to the poor performance of that scheme employer. Where this situation arises the administering authority is required to give written notice to the scheme employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.
- 1.4 The Administration Strategy of The Highland Council Pension Fund therefore sets out the information as required by the Regulations mentioned above.

Aims & Objectives

- 1.5 Strategy principles - in agreeing this strategy, all parties commit to the following **key objectives**:
- Provide high-quality pension service to scheme members
 - Continually develop and improve Fund/Scheme employer working arrangements
 - Strive to achieve and exceed the Fund/Scheme employer service standards
 - Ensure the Fund operates in accordance with the Regulations and is aligned with the Pension Regulator in demonstrating compliance and scheme governance
- 1.6 The Fund is committed to providing a high-quality pension service to both members and employers. Ultimately, ensuring members receive their correct pension benefit entitlement at the correct time. These aims are best achieved where the Fund and Scheme employers work in partnership and understand their respective roles and responsibilities.
- 1.7 This document sets out the roles and responsibilities of both the Fund and Scheme employers. It also specifies the level of services the parties are expected to provide to each

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other, and the performance measures used to evaluate them.

- 1.8 The document also provides the action(s) that may be taken where standards are not met by employers and/or when persistent non-compliance occurs.
- 1.9 This strategy statement has been produced in consultation with Scheme employers and becomes effective from 1 April 2022. The statement will be kept under review and revised where appropriate. Changes will be subject to consultation with Scheme employers. The statement will be published to all participating Fund employers via the Fund website.

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2 Roles and Responsibilities

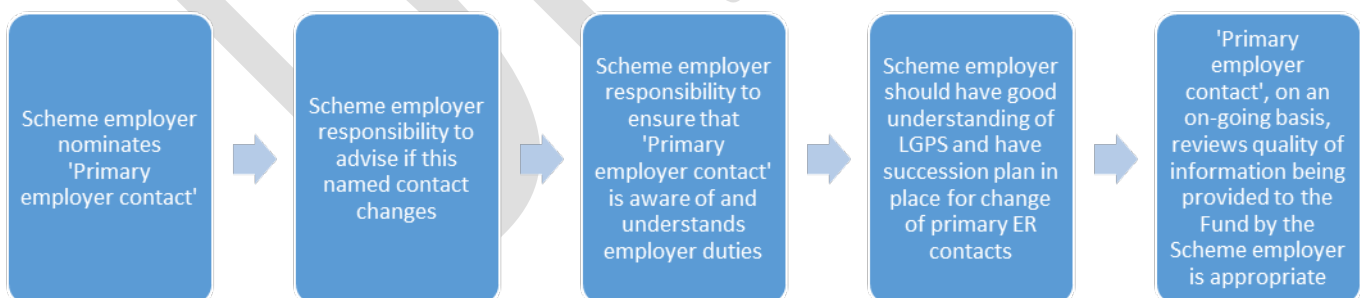
Scheme employer and Fund responsibilities

2.1 The Fund and its Scheme Employers have a number of responsibilities relating to the Fund’s administration. These responsibilities are set out in **Appendix 1**.

Scheme employer – Primary employer contact

- 2.2 Each Scheme employer must nominate a person who will act as the Fund’s primary employer contact. This person’s contact details should be passed to the Fund and kept up to date. There may be further contacts for finance, payroll etc.
- 2.3 See **Appendix 2** for Primary employer contact form. This should be completed by the Scheme employer and submitted to the Fund.
- 2.4 It is the Scheme employer’s responsibility to ensure that the primary contact and all other key staff contact details held by the Fund are correct, and to notify the Fund of any changes.
- 2.5 The Scheme employer must ensure the nominated primary contact (and other key staff) is aware of its Scheme employer duties and keeps up to date with guidance issued by the Fund.
- 2.6 The Scheme employer must ensure that they retain a good level of understanding of the LGPS and have a succession plan in place for their nominated contacts
- 2.7 The primary employer contact should ensure all information provided to the Fund is correct by having an appropriate quality review process in place prior to information being submitted to the Fund.

Short-hand diagram of process shown below.



Key Scheme employer and Fund functions

2.8 The table sets out the key functions of Scheme employers and the Highland Council Pension Fund.

	Process	Owner	Target
1)	GENERAL TASKS		

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	Process	Owner	Target
1.1	Nominated primary employer contact – Inform the Fund of the nominate primary employer contact(s) and update if this changes.	Scheme employer	On becoming a Scheme employer or within 30 days of a change to nominated person.
1.2	Internal dispute process (IDRP) - Appoint a person (the adjudicator) to consider disputes under stage 1 and provide full up to date contact details to the Fund. Update the Fund if this changes.	Scheme employer	On becoming a Scheme employer or within 30 days of a change to primary contact.
1.3	Employer discretion policy – formulate, publish and keep under review, policies in relation to all areas where an employer discretion may be exercised.	Scheme employer	Policy document to be forwarded to the Fund within 30 days of a change in policy.
1.4	Regular review of Administration strategy – as part of the process ensure consultation with Scheme employers	Fund	3 month lead in to policy being adopted
1.5	Regular review of the Fund's Funding Strategy statement – At each triennial valuation and in consultation with Scheme employers and Fund's actuary	Fund	Completed by the 31 st March following most recent valuation.
1.6	Regular review of the Statement of Investment Principles – as part of the ongoing management of the Fund.	Fund	Annual review and published following approval from the Fund's pension committee
1.7	Regularly review the Fund's communication policy – as part of the ongoing management of the Fund.	Fund	Annual review and published following approval from the Fund's pension committee.
1.8	Regularly review the Fund's governance and compliance statement – as part of the ongoing management of the Fund.	Fund	Annual review and published following approval from the Fund's pension committee.
1.9	Regularly review the Fund's termination policy – as part of the ongoing management of the Fund.	Fund	Within 2 months of any change being made to the policy.
1.10	Publish the Fund's annual report and annual statement of accounts – as part of the ongoing management of the Fund.	Fund	By 31 st December following the accounting year-end process.
2)	CONTRIBUTIONS		
2.1	Payment of employer and employee monthly pension contributions – including the monthly breakdown contribution report.	Scheme employer	Payment and breakdown report received by the Fund by the 19 th of the month following deductions.
2.2	Consultation with Scheme employers as part of Triennial Valuation - ensure that an appropriate consultation period has taken place with Scheme employers.	Fund	Minimum of 3 months in advance of the completed Rates & Adjustment certificate.
2.3	Notification of employer contribution requirements - for the three years requirements effective from the April following the triennial valuation process.	Fund	Minimum of 4 weeks prior to the completed Rates & Adjustment certificate.
2.4	Employee contribution rate - determine the % contribution rate of employee deduction.	Scheme employer	First pay period on joining the LGPS.
2.5	Employer contribution rate – implemented changes to employer contribution rate as instructed by the Fund	Scheme employer	Implement as per the Rates & Adjustment certificate or as part of entry to the Fund as a new employer

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	Process	Owner	Target
	actuary		
2.6	Ensure correct deduction of employee contributions – deducted correctly from member’s pensionable pay (LGPS 2018 (Scotland) Regulation definition). Includes all additional contributions, AVC deductions etc.	Scheme employer	As per the payment period of the Scheme employer (Monthly, 4 weekly etc).
2.7	Strain on the Fund payments – ensure that where applicable additional fund payments are paid to the Fund (for e.g. redundancy / flexible retirement).	Scheme employer	As part of the Highland Council receipt of invoice timescales.
2.8	New scheme employer contribution rates – assessment of new scheme employer contribution rate.	Fund	Implement within 6 weeks of receipt of admission request (with all applicable information being received) or on commencement as a scheme employer.
3)	NEW STARTERS		
3.1	Determine eligibility for LGPS membership – including the date membership starts.	Scheme employer	At the date of employee joining employment or, if different, the date employee becomes eligible for LGPS membership.
3.2	Notify the Fund of new starts – electronic (monthly) submission.	Scheme employer	New start information will be submitted electronically by scheme employers in a format agreed with the Fund. Data submitted in any other format will be rejected. The Fund now mandates that data is transferred (via the iConnect system solution) to the Fund on a monthly basis.
3.3	New members informed of LGPS details – key facts and where to find ongoing Fund communication (website details).	Fund	Information on the LGPS will be issued to new members electronically wherever possible by the Fund following notification of joining the scheme being received from the Scheme employer.
4)	ACTIVE MEMBERSHIP		
4.1	Advise the Fund of any membership changes affecting pension entitlement – via electronic (monthly) submission.	Scheme employer	Notified by the end of the month following the date of change. The Fund now mandates that data is transferred (via the iConnect system solution) to the Fund on a monthly basis.
4.2	50:50 selection – employees moved into the 50:50 section or Main Scheme.	Scheme employer	Inform the Fund from the next pay period following employee’s election
5)	LEAVING LGPS MEMBERSHIP		

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	Process	Owner	Target
5.1	Early leaver (non-retirement)	Scheme employer	<p>Inform the Fund by the end of the month following the member leaving or opting out of the scheme.</p> <p>The Fund now mandates that data is transferred (via the iConnect system solution) to the Fund on a monthly basis.</p>
5.2	Retirement – member choice	Scheme employer	<p>Forms should be sent to the Fund as soon as the retirement date is known. This should be no later than 20 working days from the date of retirement.</p> <p>The Fund now mandates that data is transferred (via the iConnect system solution) to the Fund on a monthly basis.</p>
5.3	Ill Health Retirement	Scheme employer	<p>Forms should be sent to the Fund as soon as the retirement date is known. This should be no later than 20 working days from the date of retirement</p> <p>IRMP certificate should also be included within this Retirement paperwork.</p> <p>The Fund now mandates that data is transferred (via the iConnect system solution) to the Fund on a monthly basis.</p>
5.4	Flexible Retirement	Scheme employer	<p>Forms should be sent to the Fund as soon as the retirement date is known. This should be no later than 20 working days from the date of retirement</p> <p>The Fund now mandates that data is transferred (via the iConnect system solution) to the Fund on a monthly basis.</p>
6)	EMPLOYER SUPPORT		
6.1	Provided employer support – face to face, written communication, fund contact numbers	Fund	<p>Fund to provide the option to meet employers in person either at the Council office or (if convenient) at an employer's premise.</p> <p>Employers to be provided with details of the Fund's communication policy.</p>
6.2	Employer training session	Fund	Available on request to the Fund.
6.3	Employer data submission – The Fund to provide a facility for employers to submit monthly data (i.e. Membership,	Fund	The Funds system provider, Heywood, have an option for monthly data submissions via their

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	Process	Owner	Target
	Final Salary, CARE salary)		<i>iConnect</i> solution. The Fund now mandates that data is transferred (via the iConnect system solution) to the Fund on a monthly basis.
6.4	IDRP Employer Guidance	Fund	The Fund will provide an up to date IDRP employer guidance document. This confirms the role and responsibility for all scheme employers in relation to IDRP.
6.5	Year-end data communication – The Fund to provide Scheme employers with the year-end requirements in advance of data submissions. NB - This is now a legacy process and will be replaced by the Funds mandated monthly data return process	Fund	Communication to be sent by the Fund to Scheme employers, confirming Year end requirements by the end of January.
6.6	Year-end data return – The Scheme employer must provide a year-end data return to 31 st March. Due to the critical and time sensitive nature of this return, there is a separate charging policy for late/and or inaccurate returns – see section 4 NB - This is now a legacy process and will be replaced by the Funds mandated monthly data return process	Scheme employer	Accurate return should be submitted to the Fund by no later than 10 working days after 30 th April.
6.7	Year-end data submission – year-end data submission from the Scheme employer NB - This is now a legacy process and will be replaced by the Funds mandated monthly data return process	Fund	Accepted / rejected email to the scheme employer within 10 working days. If rejected, advising the reason for rejection of submission.
7)	CONTRACTING OUT OF SERVICES		
7.1	Notify the Fund of the intention to contract out of services - involves a TUPE transfer of staff to another organisation so that information can be provided to assist in the decision.	Scheme employer	At the point of deciding to tender.
7.2	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. Ensuring that the agreement is finalised, the affected staff list confirmed and pension records have been updated.	Scheme employer	In advance of the date of completed and signed contract agreement. Engagement with the Fund should begin when the outsourcing is first being considered.
7.3	End of contract (employer) – advise the Fund of the contract end date or when this has been adjusted. Organise with the Fund any pension funding issues.	Scheme employer	As soon as this information has been confirmed.
7.4	End of contract (fund) – advise the contracted employer and Scheme employer of pension funding implications.	Fund	Following confirmation of the end of the contract, the Fund will immediately work with its Actuary

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	Process	Owner	Target
			and confirm the pension funding implications to the contracted employer.
8)	Member communication		
8.1	Active member annual benefit statement – as at 31 st March.	Fund	To be supplied to all active members by the 31 st August following the end of the most recent tax year.
8.2	Deferred member annual benefit statement – as at pension increase date in April.	Fund	To be supplied to all deferred members by 31 st August following pension increase date.
8.3	Pension saving statements – those members who have exceeded their annual allowance	Fund	To be supplied by the 6 th of October to all affected members.
8.4	Member forms – keep all administration forms used by members up to date and easily accessible.	Fund	Any revision of the forms to be completed and accessible within 30 days of proposed changes.
8.5	Member replies – via email or letters received by the Fund.	Fund	Answer or acknowledge the member communication within 10 working days.

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3 Performance standards

Importance of scheme data: year-end and monthly returns

- 3.1 Due in large part to the annualised nature of the pension accrual for a Career Average Revalued Earnings (CARE) pension scheme, the importance of accurate and timely membership data returns to the Fund has never been greater. The requirements and demands of running a CARE pension scheme, such as the LGPS, means that we must receive accurate membership data from all of our Scheme employers. This is in order that the Fund can fulfil its statutory and organisational responsibilities, such as completion of member retirements and the production of annual benefit statements.
- 3.2 Therefore, the Fund has made the decision to now mandate **monthly** data returns (via iConnect system solution) for all scheme employers.
- 3.3 If a scheme employer fails to provide data on a monthly basis and continues to provide information on an annual basis, then the Fund will charge an additional fee in order to process data using this legacy arrangement. Details of the additional fee charged can be seen in **section 4.8** of this strategy.

The Pension Regulator

- 3.4 As of the 1st April 2015, the oversight body responsible for the effective governance, management and administration of individual LGPS funds is the Pension Regulator (TPR). TPR has made it clear that LGPS funds and Scheme employers who do not comply with their scheme data responsibilities will be challenged and potentially fined if non-compliance or else little or no improvement is found. The Fund is targeting full compliance from our Scheme employers both in accuracy and timeliness of data returns. This will be continuously monitored by the Fund.

Performance standards

1. Scheme employer

Process tasks	Target %
New starts notification – within 30 days of joining (or 10 working days from first deduction of contributions if later)	95%
Retirement information - at least one month before retirement (to allow benefits to be paid on time)	95%
Early leaver notification – within 10 working days of leaving (or 10 days after last deduction of contributions if later)	90%
Death in service notification – within at least 5 working days of death	100%
Monthly query responses - within 14 working days of Fund officer query	95%
Year-end query responses – within 14 working days of Fund officer query (this is a legacy target)	95%

Contribution payments (due 19th of month)

Latest 12 months	Target%
April – March each year	100%

2. Fund**Standard work**

Standard work	%age in target
Retirement estimates supplied – within 10 days	90%
Query responses to employers or members – within 10 days	90%

Key Administration Tasks

Task	Target %
New entrants - Issue starter pack within 10 working days of receipt of new start notification	90%
Early leavers - Issue entitlement notice within 2 months of leaving	100%
Retirements (lump sum) - Calculate and pay retirement lump sum benefit, including deferred into payment within 5 working days of receiving all required information from the scheme employer and/or member or date of entitlement, whichever is later	100%
Retirement (pension payment) - Calculate and pay members pension benefits on the first available monthly pension pay date following receipt of all required information and following the date of members retirement	100%
Death in service - Contact next of kin within 5 working days of notification. Calculate and pay survivor pension benefits within 10 working days of receipt of all required information and once any overpayments have been settled.	90%
Transfers In - Statutory notice within 10 working days of receipt of payment	95%
Transfers Out - Payment made within 10 working days of receipt of election	95%
Estimates - Issue within 10 working days of request	90%
Annual Benefit Statements - Issued by 31st August	100%
Pension Savings Statements - Issued by 6 October	100%

Task	Target %
Annual Increase Notification to Pensioners - Issued by 30th April	100%

4 Performance – compliance measures

Performance – monitoring compliance levels

- 4.1 Various means will be employed, as determined from time to time, to assist in monitoring compliance with this Administration Strategy. More detailed methods may be included in a service level agreement (SLA) between an individual scheme employer and the Fund.

Methods may include:

- Internal/External audit review of processes and internal controls
 - Performance monitoring against Scheme employer tasks and functions noted in Sections 2 and 3 of this Administration Strategy
 - Training sessions offered by the Fund on the most pertinent issues affecting Fund members and employers
 - Annual Scheme employer pension forums
 - Member complaints
 - Internal Dispute Resolution Procedure (IDRP)
- 4.2 Using the means mentioned above, the Fund will monitor progress against this Administration Strategy. This information is reported to the Fund's Pension Committee and Pension Board alongside any remedial action taken where the expected standards are not being met. In addition, key performance indicators relating to the Fund and Scheme employers' performance will be reported in the Annual Report and Accounts.

Statutory requirements

- 4.3 Regulation 65 of the Local Government Pension Scheme (Scotland) Regulations 2018 provides that an administering authority (The Highland Council) may recover from a Scheme employer any additional costs associated with the administration of the scheme incurred as a result of a poor level of performance.

Where an administering authority wishes to recover any such additional costs they must give written notice stating:-

- The reasons, in their opinion, that the scheme employer's poor performance contributed to the additional cost;
- The amount of the additional cost incurred;
- The basis on how the additional cost was calculated; and
- The provisions of the pension administration strategy relevant to the decision to give notice.

In instances where the performance of the scheme employer results in fines being levied against the administering authority by the Pension Regulator, Pensions Ombudsman or other regulatory body, these costs will be recoverable immediately.

- 4.4 It is the policy of the administering authority to recover additional costs incurred in the administration of the Scheme as a direct result of the unsatisfactory level of performance of any scheme employer.

Description of instances where additional costs will be recovered from Scheme employers

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- 4.5 The circumstances where such additional costs will be recovered from the scheme employer are, but not limited to:
- failure to provide relevant information to the Fund, scheme member or other interested party in accordance with specified performance targets in this Administration Strategy (either as a result of timeliness of delivery or quality of information)
 - failure to pass relevant information to the scheme member or potential members, either due to poor quality of information or not meeting the agreed timescales outlined in the performance targets in this Administration Strategy
 - failure to deduct and pay over correct employee and employer contributions to the Fund within the stated timescales
 - Instances where the performance of the scheme employer results in fines being levied against the Fund by the Pension Regulator, Pensions Ombudsman or other regulatory body.
 - Instances where an act or failure to act by an employer results in an unauthorised payment under the Finance Act 2004 which results in the Fund being subject to a tax liability.
 - Instances where an act or failure of a scheme employer results in a benefit being incorrectly awarded and the subsequent overpayment is not able to be recovered from the scheme member.

Approach by the Fund

4.6 The approach by the Fund when such instances occur is as follows:

1. Write to the employer noting the Fund's areas of concern regarding the employer's performance and offer training or a meeting to address the issue.
- 2a. If no improvement is made within one month of the above date (or within agreed timescale), or where the matter in question is not a regular event and no improvement is made at the next occasion that that same matter occurs, and the offer of training or a meeting has not been accepted, the Fund will issue a formal written notice. The notice will set out the area(s) of concern that have been identified, the steps taken to resolve those area(s) and notice that the additional costs will now be reclaimed.

OR

- 2b. If no improvements is made from one month (or within agreed timescale) following either a training session or a meeting with the Employer, or where the matter in question is not a regular event and no improvement is made at the next occasion that that matter occurs following the training or meeting, the Fund will issue a formal written notice. The notice will set out the area(s) of concern that have been identified, the steps taken to resolve those area(s) and notice that the additional costs will now be reclaimed.
3. An invoice and formal written notice will then be issued to the Scheme employer which sets out calculations of any loss resulting to the Fund, or additional cost, taking account of time and resources in resolving the specific area(s) of unsatisfactory performance, in accordance with the fee scale set out in this Administration Strategy.

All instances of additional cost recharges will be presented to the Pension Fund Committee and Local Pension Board

4.7 The Fund will ensure that all communications in relation to poor performance is not only supplied to the Scheme employer primary contact but is also directed (if different) at either the Chief Executive or Finance Director (or equivalents) within the Scheme employers' organisation.

Illustrative additional administration costs

4.8 Based on

the Fund's experience of resolving issues of poor performance, the costs below reflect the additional resource required to correct inaccurate data.

As such the fees shown below are illustrative and may be higher (or lower) if individual circumstances are atypical.

Scheme employer function		Illustrative charge (based on the estimated time taken by the Fund to resolve)
Administration process	Description	
Monthly contribution pay over	Late payment of employee, employer or additional pension contributions (APC/ARC/Added years) to the Fund by the 19th of the month following deduction	Charge £60 per incidence
	No schedule of payments sent and received by the Fund	Charge £30 per incidence
New active member – process expected to be transitioned to iConnect monthly return process. Therefore, expected to be a legacy issue.	Scheme employer has not notified the Fund within 10 working days of the relevant calendar month end	Charge £50 per form and a further charge of £30 per month the form is outstanding
Leavers (non-retirement) - process expected to be transitioned to iConnect monthly return process. Therefore, expected to be a legacy issue.	Scheme employer has not notified the Fund of any leaver. The late or non-provision of a leaver form. Poor data detailed on the form, in particular inaccurate pay details.	Charge £50 per form and a further charge of £30 per month the form is outstanding

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Scheme employer function		Illustrative charge (based on the estimated time taken by the Fund to resolve)
Administration process	Description	
Retirement - process expected to be transitioned to iConnect monthly return process. Therefore, expected to be a legacy issue.	<p>Scheme employer has not notified the Fund that a member is due to retire within 10 working days before date of leaving.</p> <p>Non-provision of retirement form, poor data detailed on the form – particularly inaccurate pay details.</p>	Charge £60 per form and a further £30 charge each month the form is outstanding or poor data remains
Monthly data transfer (iConnect)	Failure to provide accurate monthly data return to the Fund and continue to use legacy annual return process	Charge will be £750 to account for the additional work for the Fund to process via a legacy method
Monthly data queries	Scheme employer has not responded to the Funds queries regarding submitted monthly data within 14 days of this request or the response has been unsatisfactory, and queries remain outstanding	Charge £100 and a further charge of £60 per month of non-response or unsatisfactory replies
Year-End data (legacy arrangement) – expected to be phased out entirely by end of 2022	Scheme employer has not provided year-end data by 10 working days from the 30 th April and/or quality of data provided is poor and requires manual intervention and additional data cleansing.	Charge £400 and a further charge of £200 per month the data is outstanding and/or still requires manual intervention from Fund officers
Year-End data queries (legacy arrangement) – expected to be phased out entirely by end of 2022	Scheme employer has not responded to the Fund's queries regarding submitted year-end data within 14 days of this request or the response has been unsatisfactory, and queries remain outstanding	Charge £100 and a further charge of £60 per month of non-response or unsatisfactory replies

It is hoped that with commitment to the principles of this statement any non-compliance issues arising would be addressed promptly and there would be no need to resort to any punitive action. However for completeness the following actions are possible:

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- In the event of a failure to meet its requirements, the Fund may be penalised in accordance with The Occupational Pension Schemes (Disclosure of Information) Regulations.
- The Fund may contact Scottish Ministers regarding a decision, or failure to make a decision, under scheme regulations by an employer.
- Persistent failure to comply with contributions payment requirements will result in the Fund informing The Pensions Regulator, as required of Scheme Administrators by the Pensions Act 1995.
- Where the employer fails to comply with their scheme duties e.g. failure to make payment of contributions due, the Fund reserves the right to notify the member(s) involved and to notify all members employed by the employer in the event of serious or persistent failure.
- Where any orders or instruction issued by The Pensions Regulator or the Pensions Ombudsman requires financial compensation or a fine to be paid from the Fund, or by any officer responsible for it, and it is due to the default, omission or otherwise negligent act of the employer, the sum concerned will be recharged to the employer.
- All breaches of the law, that have been determined as being of material significance to the Pension Regulator, will be reported.

Full details of employer's administrative responsibilities are set out in the Employers section available

from the Fund's website <http://www.highlandpensionfund.org/>

Appendix 1 - Responsibilities

Scheme employer responsibilities

In addition to the duties outlined above, the employer's responsibilities are summarised as follows:

- To maintain employment records for each scheme member for the purposes of determining membership and entitlement to pension benefits.
- To determine a member's pay (or fees) for the purpose of pension contributions and to determine final pay (if required both final salary and CARE regulation definitions) for the purposes of calculating benefits due from the Scheme
- To determine annually a member's contribution rate on the basis of the member's rate of pensionable pay having regard to guidance issued.
- To collect, make payment and account for the deduction of the correct rate of monthly pension contributions payable by both the members and the Employer.
- To appoint a person designated to receive appeals from employees on 'first instance decisions' under the 2018 LGPS (Scotland) Regulations.
- To notify, in writing, every person whose rights or liabilities are affected by a 'first instance decision' made by the Employer under the 2018 LGPS (Scotland) Regulations (see Regulation 68 of the 2018 LGPS (Scotland) Regulations).
- To ensure all information is provided as required regarding members' employment, using electronic transfer of data where at all possible (especially for bulk exercises) and agreed with the Fund. Data provided should comply with the General Data Protection Regulations and secure transfer methods used.
- To use an independent Medical Officer qualified in Occupational Health Medicine, (who has been approved by the Fund), in determining ill-health retirement and provide the Fund with a relevant certificate where appropriate.
- To provide additional information as required for actuarial valuation, monthly data transfer, data matching or communication purposes. The specification for such exercises will be provided by the Fund and may, after consultation, be modified from time to time.
- To provide prospective members with basic information about the Scheme using, where appropriate, material provided by the Fund.
- To ensure those not joining are fully aware of the benefits given up and

that equalities principles are met.

- To pay the Fund, by lump sum and within prescribed time limits, any amounts arising as a result of the employer's decision to increase annual pension under the 2018 LGPS (Scotland) Regulations.
- To pay the Fund, by lump sum payment and within prescribed time limits, any strain cost arising from a decision made by the employer to award early payment of benefits.
- To ensure the Fund is informed about, and Government guidance is followed in respect of, any transfer of members in respect of an outsourcing of service arrangement, and any subsequent changes to that arrangement which would impact on those members.
- To inform the Fund of any planned changes to their pension provision for employees, including whether the scheme is open to new employees, bulk transfers of employments or any redundancy exercises as soon as known.
- To provide details of officers (specifically the primary employer contact) or representatives who are to receive employer communications issued by the Fund and keep these up to date as necessary. Details should be kept up to date as necessary.

The Fund responsibilities

In addition, the responsibilities of the Fund in administering the Scheme are as follows:

- To appoint an actuary for the purposes of the triennial valuation of the Fund and to provide periodical actuarial advice when required.
- To appoint an Additional Voluntary Contributions provider
- Ensure that, where required, employer admission agreements with the Fund are in place
- To comply with any orders or instructions issued by The Pensions Regulator or the Pensions Ombudsman. Where the order or instruction requires financial compensation or a fine to be paid from the Fund, or by any officer responsible for it, and it is due to the default, omission or otherwise negligent act of the employer, the sum concerned shall be recharged to the employer (see 4.9 above).
- To issue forms, newsletters, booklets and such other materials as are necessary in the administration of the Scheme, for members and for use by employers.
- To provide accurate, timely data to the Fund actuary for the purposes of the triennial actuarial valuation of the Fund and for employer accounting reports requested (e.g. IAS19/FRS102 reports).

- To provide assistance to employers in regard to the pension implications of outsourcing services and to deal with any related bulk transfers of pension rights.
- To comply with HMRC reporting requirements regarding pension benefits.
- To ensure that sufficient information is issued in the form of newsletters, booklets and other materials to satisfy the requirements of the Occupational Pension Schemes (Disclosure of Information) Regulations 1996.
- To ensure that steps are taken at all times to pay benefits to appropriate beneficiaries only and to reduce the possibility of fraud.
- To ensure compliance with the (UK/EU) General Data Protection Regulation legislation including use of appropriate secure data transfer methods.

Appendix 2 – Primary employer contact form

EMPLOYER NOMINATED PRIMARY EMPLOYER CONTACT FORM

The following officer is hereby nominated as Primary employer contact of **[insert Scheme employer name]** to the Administering Authority to deal with all issues relating to the administration of the pension scheme:

Name:

Position:

Signature:

Contact Telephone Number:

Email Address:

Postal Address:

Please provide details of other Scheme employer contacts that are authorised to act as an employer contact

Name:

Position:

Signature:

Contact Telephone Number:

Email Address:
