

**STRATHCLYDE PENSION FUND**  
**PENSION ADMINISTRATION STRATEGY**



**Commencement Date: 7 September 2011**

**1. The purpose of this Pension Administration Strategy is:**

- To clearly define the roles and responsibilities of Strathclyde Pension Fund Office (SPFO) and Scheme employers under the Local Government Pension Scheme (Scotland) Regulations.
- To ensure that SPFO and Scheme employers comply with statutory requirements in carrying out those roles and responsibilities
- To set service standards for SPFO and Scheme employers that facilitate the efficient administration of the Local Government Pension Scheme (LGPS) by both parties for the benefit of Scheme members and other stakeholders
- To co-ordinate the administration processes between Scheme employers and SPFO in order to maximise service delivery and minimise administration costs.
- To set out procedures for communication between SPFO and Scheme employers, recognising that effective administration of the LGPS can best be achieved by close co-operation and effective communication between both parties.

**2. The Regulations**

This Strategy is made under regulation 60A of the LGPS (Administration) (Scotland) Regulations 2008. Related legislation includes:

The LGPS (Benefits, Membership & Contributions) (Scotland) Regulations 2008

The LGPS (Transitional Provisions) (Scotland) Regulations 2008

The Local Government (Discretionary and Injury Payment) (Scotland) Regulations 1998:

The Occupational Pension Schemes (Disclosure of Information) Regulations 1996; and any amendments made to any of the above Regulations.

**3. Review of this strategy**

This Strategy will be reviewed at least triennially or following any material change in regulations that necessitate a change if sooner.

**4. SPFO Values and Objectives**

In its administration of the Local Government Pension Scheme under this strategy Strathclyde Pension Fund Office will be guided by its published values and strategic objectives as stated below.

## **5. SPFO Values**

- Accuracy, accessibility and speed of response
- People, participation and partnership
- Proactiveness, initiative and innovation
- Transparency, accountability and value for money

## **6. SPFO Strategic Objectives**

- To deliver a professional, high quality service through having highly skilled, motivated and empowered staff
- To be fully accountable to all stakeholders for the governance of the Fund and for Scheme administration
- To achieve 100% accuracy of our member database in partnership with all our stakeholders

## **7. SPFO Service Objectives**

The administration strategy will enable SPFO to deliver the following SPFO service objectives:

- To provide a fully integrated pensions service from cradle to grave
- To provide a consistently high quality of service throughout the pensions life cycle
- To ensure continuity of income from salary / wage to retirement pension
- To facilitate easy access for our members to our systems and services
- To achieve straight through electronic processing from the receipt of data by employers to the provision of services and payment of Scheme benefits to our membership

## **8. SPFO Service Standards**

The service standards of SPFO are set each year in a business plan which is approved by Strathclyde Pension Fund Committee. SPFO performance against these standards is reported to the Committee and Representative Forum on a quarterly basis and is published via the minutes of the Committee on the SPFO website.

The responsibilities, duties and statutory obligations of SPFO and service standards are set out in Schedule 1.

SPFO's policy on administering authority's discretions is set out in Schedule 6.

## **9. The Role of Employers**

The role of employers is just as important as that of the administering authority in:

- Ensuring the efficient and effective administration of the Local Government Pension Scheme; and
- Determining the quality of service delivered to Scheme members.

Schedules 2 to 5 set out the standards, responsibilities and statutory obligations which apply to employers.



## SCHEDULE 1

### SPFO STATUTORY OBLIGATIONS UNDER THE LGPS REGULATIONS

- To maintain the Pension Fund.
- To invest pension contributions received and account for and manage the Fund's assets.
- To set up and maintain a record for each member which contains all the necessary information for the production of an accurate benefit calculations.
- To formulate and publish the SPFO policy on the exercise of its discretions under the LGPS regulations
- To decide how any previous service or employment of an employee is to count for pension purposes, and whether such service is classed as a 'period of membership'.
- To notify each member of their decisions regarding the counting of service.
- To calculate and pay the appropriate benefits, based on the member's record, and the termination and pay details provided by the Employer when an employee ceases employment.
- To supply beneficiaries with notification of their entitlements including the method of calculation.
- To appoint a suitable person for the purposes of the Scheme's internal dispute resolution procedure.
- To increase pensions annually in accordance with the provisions of Pensions Increase Acts and Orders.
- To produce and despatch annual pension benefit statements
- To arrange for the triennial actuarial valuation of the Fund.
- 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 appoint an Additional Voluntary Contributions provider.
- To ensure compliance with Data Protection legislation.

**SPFO also has the following responsibilities in administering the Scheme:**

- 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 and it is due to the default, omission or otherwise negligent act of the Employer, the sum concerned shall be recharged to the Employer.
- To issue forms, newsletters, booklets and such other materials as are necessary in the administration of the Scheme.
- To provide accurate, timely data to the Fund actuary for the purposes of the triennial actuarial valuation of the Fund.
- 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.

**Discretions**

The Fund has published policies on discretions afforded by the Scheme regulations and related regulations. These are contained in Schedule 6.

## **SPFO PERFORMANCE AND SERVICE STANDARDS**

### **Performance**

- a) The SPFO business plan will detail the performance targets applicable during that Scheme year and those targets will be submitted for approval by the Strathclyde Pension Fund Committee of Glasgow City Council.
- b) The administration performance of SPFO will be reported to the Committee and Representative Forum on a quarterly basis, in the Annual Report and in other SPFO newsletters issued to members on a regular basis
- c) SPFO will survey members on a rolling basis throughout the year on the quality of service provided by the office and will report and publish those results in the same format and timescales as above.
- d) SPFO will consult with employers during 2010/11 on the introduction of an on-line survey for Scheme employers on the service delivery they received from Strathclyde Pension Fund Office.

### **Policy on discretions**

SPFO will formulate and maintain its policy in the exercise of its discretions under the regulations and will include this policy as part of the SPFO Funding Strategy Statement.

### **Consultation with employers**

In the formulation of this strategy and other policies that impact on employers, Strathclyde Pension Fund Office will consult with the employers affected and will consider their viewpoints and the interests of stakeholders in formulating such policies.

Consultation maybe via the SPF Representative Forum, the SPF Administrators Forum or occasionally with all employers.

### **SPFO will act for the employer as follows:**

- a) SPFO will issue joint employing authority and administering authority membership certificates for new start members, with the employer continuing to be responsible for employer decisions, and SPFO responsible for administering authority decisions
- b) SPFO will pay pension benefits on Compensatory Added Years (CAY) awarded by an Employer in accordance with the provisions of the Discretionary Regulations. (An Admission Body may award CAY provided they have demonstrated that they have power to do so). Where CAY is awarded it is strictly the responsibility of the Employer to calculate and pay the benefits arising from that service. However, the Fund will, by agreement, calculate and notify the employer of the lump sum element of the CAY award and pay any additional pension benefits on behalf of the Employer. It is the employer's responsibility to pay the lump sum element of the CAY awarded to the member. Employers are required to pre fund the payment of CAY pension on a monthly basis in accordance with instructions issued by SPFO. Where an employer fails to pre fund the CAY pension in respect of its employees the payment of such additional benefits will cease until the matter is resolved.
- c) SPFO will pay Teacher's compensation payments on behalf of Scheme employers but not any lump sum element of such an award which will be the responsibility of the employer. Pre funding of Teacher's compensation payments will follow the above arrangements for pre-funding of CAY pension benefits.

### **SPFO will support scheme employers by way of:**

- a) Producing the SPFO guide to the Local Government Pension Scheme and producing subsequent inserts and amendments to reflect changes in the legislation,
- b) Providing online forms, newsletters, booklets and such other materials as are necessary for the administration of the Scheme.
- c) Producing technical bulletins to inform scheme employers of issues concerning scheme administration, actions they are required to take or policy decisions they may be required to make following amendments to the LGPS.
- d) Interpretation of legislation affecting the scheme and informing stakeholders of any elections / decisions they are required to make as a result of any such changes in legislation.
- e) Maintaining the SPFO website and ensuring that it remains current, accessible, and accurate and meets the communication and information needs of users.
- f) Holding an annual forum for employee and employer representatives to report on Fund performance in terms of the financial management of the Fund and the administration performance.
- g) Hosting the Administrator's Forum and Admitted Bodies Forum at least quarterly with employer delegates being invited to submit agenda items for discussion.
- h) Providing a named Liaison Officer from SPFO who will be that employer's direct link with SPFO with responsibility for resolving any issues between the employer and SPFO
- i) Providing an SPFO representative, with prior arrangement, to attend various HR and payroll forums to assist with pension matters and to provide guidance and information
- j) Training on the completion of SPFO forms on request from employers.
- k) Providing for employer Pensions Officers and other representatives to visit the Office, subject to notice, to discuss any aspect of co-operation.
- l) Producing annual benefit statements to contributors by 1st December each year (assuming receipt of accurate year-end information from the employer by 20<sup>th</sup> May, as detailed in Schedule 2)

### **Communications Strategy**

SPFO will maintain and publish a communications strategy.

## Schedule 2

### Employer Service, Information and Performance Standards - Operational

Activity	Timescales	Required Compliance	Refer to Schedule
<p><b>Policy Statements</b></p> <p>Scheme employers are required to formulate their policy on the exercise of their discretions under the LGPS</p> <p>A copy of the policy document and subsequent amendments must be forwarded to Strathclyde Pension Fund Office</p>	<ul style="list-style-type: none"> <li>• Policy statements must be formulated and published within three months of a change in legislation that requires a policy statement to be created or reviewed.</li> <li>• Policies should be reviewed at least triennially, otherwise within three months where a change in legislation requires the employer's policy to be updated.</li> <li>• Within one month of the date the policy has been approved by that employer's committee or board.</li> <li>• Copies of an employing authority's discretionary policy must be produced to any member on request.</li> </ul>	<p>100%</p> <p>100%</p> <p>100%</p> <p>100%</p>	
<p><b>Contact with SPFO</b></p> <p>Employers shall provide at least one named contact who will act as that employer's liaison with SPFO; there may be separate contacts for Payroll and HR.</p> <p>Forms and instructions can be found on SPFO website at <a href="http://www.spfo.org">www.spfo.org</a>.</p>	<ul style="list-style-type: none"> <li>• Named contacts must be provided to SPFO by 30<sup>th</sup> June 2010 and within one month thereafter where there is a change of named contact</li> </ul>	<p>100%</p>	<p><b>Schedule 3</b></p> <p><b>Para (1)</b></p>
<p><b>Supply of Data</b></p> <p>New start and membership changes information passed by scheduled bodies to SPFO must be supplied electronically</p> <p>New start and membership changes information passed by admitted bodies to SPFO must be supplied electronically</p> <p>Employers must facilitate SPFO access to members and Trade Union representatives to deliver presentations and seminars.</p>	<ul style="list-style-type: none"> <li>• Scheduled bodies should have systems in place to provide data electronically to SPFO by 30<sup>th</sup> September 2011. All Information must comply with the SPFO specification and be validated by the employer prior to submission</li> <li>• Admitted bodies should have systems in place to provide data electronically to SPFO by 31<sup>st</sup> March 2011. Information supplied must comply with the SPFO specification and be validated by the employer prior to submission</li> <li>• Access to be agreed and arranged between SPFO and the Scheme employer as required</li> </ul>	<p>100%</p> <p>100%</p> <p>100%</p>	<p><b>Para (4)</b></p> <p><b>Para (4)</b></p> <p><b>Para (1)</b></p>

<p><b>New Start Information</b></p> <p>New start information must be submitted by an employer to Strathclyde Pension Fund Office for each new Scheme member and for each separate employment where the member has multiple concurrent employments with that employer</p>	<ul style="list-style-type: none"> <li>Where a hard copy S1 new start form is submitted to SPFO this form must be submitted within 1 month of the employee joining the Scheme.</li> <li>Where new start information is submitted electronically, submission of data must be made in the month following the member's date of entry to the Scheme.</li> <li>Incorrect forms or electronic data submitted to SPFO will be returned to employers for amendment and return with a target return time of 7 working days</li> </ul>	<p>100%</p> <p>100%</p> <p>90%</p>	<p><b>Schedule 3</b></p> <p><b>Para (1)</b></p> <p><b>To</b></p> <p><b>Para (4)</b></p>
<p><b>Change in member's details</b></p> <p>Where an employee's details have changed, the appropriate form must be submitted to SPFO</p>	<ul style="list-style-type: none"> <li>Within 1 month of the event if hard copy. If the data is submitted electronically this must be forwarded in the month following the date of change</li> <li>Incorrect forms or electronic data submitted to SPFO will be returned to employers for amendment and return with a target return time by employers of 7 working days</li> </ul>	<p>100%</p> <p>90%</p>	<p><b>Schedule 3</b></p> <p><b>Para (1) and Para (4)</b></p>
<p><b>Early leaver forms</b></p> <p>An early leaver form S11 must be submitted to Strathclyde Pension Fund Office for each member who leaves the Scheme without an entitlement to immediate payment of benefits</p>	<ul style="list-style-type: none"> <li>Within 1 month of the employee leaving the Scheme.</li> <li>Forms that are returned to the employer due to poor quality or inaccurate information must be corrected and returned to Strathclyde Pension Fund Office within 7 working days.</li> </ul>	<p>100%</p> <p>90%</p>	<p><b>Schedule 3</b></p> <p><b>Para (1) and Para (4)</b></p>
<p><b>Actual retirement forms</b></p> <p>When a member retires and becomes entitled to immediate payment of retirement benefits from the Scheme the employer must forward the completed relevant retiral form to SPFO together with all other required documentation.</p>	<p>Strathclyde Pension Fund Office must receive between two and three months prior notice of a member's retirement</p> <p>Where incorrect retirement forms are received or further information is required to enable the member's retirement benefits to be calculated, the employer must supply SPFO with the required information within 7 working days of the SPFO request.</p>	<p>90%</p> <p>90%</p>	<p><b>Schedule 3</b></p> <p><b>Para (1)</b></p> <p><b>Para (4)</b></p> <p><b>Para (5)</b></p>

<p><b>Retirement Estimates (member)</b></p> <p>Where a member requests an estimate of retirement benefits from SPFO the employer must supply all information requested by SPFO to enable that calculation to be performed.</p>	<p>SPFO will provide retirement estimates to employees subject to the restrictions in Schedule 3 para 6 of this strategy. Initial information requested from employers to complete these calculations must be supplied within 5 working days from the date the request is made by SPFO</p> <p>Where SPFO requests further information from the employer to enable the retirement estimate to be processed this must be supplied within 7 working days from the date SPFO make such a request</p>	<p>90%</p> <p>90%</p>	<p><b>Schedule 3</b></p> <p><b>Para (1)</b> <b>Para (4 ) and</b> <b>Para (6)</b></p>
<p><b>Retirement Estimates (employer)</b></p> <p>Where an employer requests an estimate of retirement benefits from SPFO the employer must supply all information requested on the SPFO provisional request form to enable that calculation to be performed.</p>	<p>SPFO will provide retirement estimates to employers subject to the restrictions in Schedule 3 para 6 of this strategy. Final pay and information for calculation purposes must be supplied correctly on the request form by Scheme employer</p> <p>Where SPFO requests further information from the employer to enable the retirement estimate to be processed this must be supplied within 7 working days from the date SPFO make such a request. Where the information is not received after a period of 10 working days the request may be closed by SPFO and the employer informed accordingly.</p>	<p>100%</p> <p>90%</p>	<p><b>Schedule3</b></p> <p><b>Para (1)</b> <b>Para (2)</b> <b>Para (4) and</b> <b>Para (6)</b></p>
<p><b>Death In Service</b></p> <p>Where a member dies in service the employing authority must obtain all relevant certificates and forward these to SPFO together with completed form S8</p>	<p>Such cases must be passed to SPFO within 3 working days of all the information being gathered by the employer, e.g. birth and marriage certificates</p>	<p>90%</p>	<p><b>Schedule 3</b></p> <p><b>Para (1)</b> <b>Para (4) and</b> <b>Para (7)</b></p>
<p><b>Employer Service, Information and Performance Standards - Financial</b></p>			
<p><b>Deduction of employee and employer contributions</b></p> <p>The employer shall ensure that both employee and employer contributions are deducted at the correct rate in accordance with the guidance produced by the Scottish Ministers under Regulation 4 (2) (b) of the Local Government (Benefits Membership</p>	<p>Contributions must be deducted from each members pay including any contributions that are due on leave of absence with reduced or no pay and any additional contributions the member is contracted to make</p>	<p>100%</p>	<p><b>Schedule 3</b></p> <p><b>Para (3)</b></p>

and Contributions) (Scotland) Regulations 2008.			
<b>Supplying Year End Contribution Returns</b>  The employer shall provide Strathclyde Pension Fund Office with year-end contribution information to 31 March each year compliant with the format and specification determined by SPFO.	No later than 20 <sup>th</sup> May of that year. Each return must be accompanied by the completed SPFO compliance certificate duly signed by that employer's Chief Finance Officer or equivalent.  Year- end data that does not comply with the approved format or specification will be returned immediately to the employer to be corrected and must be resubmitted to Strathclyde Pension Fund Office within 7 working days.	100%  100%	<b>Schedule 3</b>  <b>Para (1)</b>
<b>Responding to Year End / Valuation Queries resulting.</b>  Queries following on from year end returns and valuation programmes will be forwarded to employing authorities by SPFO for resolution.	All queries from year end returns should be resolved within 3 months of being raised by SPFO. In a valuation year however an earlier resolution will be agreed in partnership with SPFO and Scheme employers to meet with the actuary's valuation timetable	95%	<b>Schedule 3</b>  <b>Para (1)</b>
<b>Remittance of employee and employer contributions to SPFO</b>  Contributions, with the exception of AVCs, should be paid to the SPFO on a monthly basis by BACS payment or exceptionally by cheque.	Under the Pensions Act 1995, all contributions (but not additional voluntary contributions) should be credited to SPFO without delay by the 19th of the month following that in which they were deducted. If this is not adhered to the Pensions Regulator may be notified, and if contributions are overdue by more than one month, the employer will be required to pay interest	100%	<b>Schedule 3</b>  <b>Para (2)</b>
<b>Remittance of Additional Voluntary Contributions to Prudential</b>  The employer will pay Prudential additional voluntary contributions to the Prudential within one week of them being deducted.	Under the Pensions Act 1995 the Pensions Regulator may be notified if contributions are not received before the 19th of the month following that in which they were deducted.	100%	<b>Schedule 3</b>  <b>Para (4)</b>



## SCHEDULE 3

### DESCRIPTION OF EMPLOYERS OPERATIONAL RESPONSIBILITIES

#### 1. SPFO Contact

- a) The person or persons identified will be responsible for the resolution of issues referred to the employer by Strathclyde Pension Fund Office and will act as the contact point for the SPFO liaison officer.
- b) It is the responsibility of the employing authority to ensure only their authorised officers sign or pass electronically, all documents and / or instructions forwarded to Strathclyde Pension Fund Office.

#### 2. Data Protection

- a) In accordance with the Data Protection Act 1998, the employer will protect from improper disclosure any information about a member contained (where applicable) on AXISE, and also membership certificates and any other item sent from SPFO.
- b) The employer will also only use information supplied or made available by the SPFO for the operation of the Local Government Pension Scheme.

#### 3. Disclosure Requirements

- a) Regarding the Occupational Pension Schemes (Disclosure of Information) Regulations 1996, the employer will forward all new start and Scheme termination notifications to SPFO within the timescales set out in this administration strategy to ensure that disclosure requirements under those regulations are satisfied.

#### 4. Supplying information to SPFO

The quality and accuracy of documentation forwarded by employers to SPFO impacts on the quality of Scheme administration and consequently the service that SPFO can deliver to members.

- a) There is therefore a requirement that there should be no more than a 10% error rate overall in the documentation forwarded to SPFO by an employer in any tax year. For the purposes of clarity, errors are classified as omissions, inaccuracies or poor quality of documentation which SPFO could not reasonably be expected to act upon in carrying out its duties and responsibilities. SPFO will work in partnership with Scheme employers to minimise error rates.
- b) In all cases where an actual benefit calculation or quotation is required to be completed for a member it is the responsibility of the employer to provide the final pay calculation to be used in the calculation.
- c) SPFO is not responsible for verifying the accuracy of any information provided by the employer for the purpose of calculating benefits under the above regulations; that responsibility rests with the employer.

- d) Any overpayment resulting from inaccurate information supplied by the employer may be recovered from the employer.
- e) Where an employer sends information to SPFO electronically, the employer must validate the information prior to submission

## **5. Actual retirement forms**

- a) It is recognised that some members retire with little or no notice and so meeting the 95% performance will be challenging. Employers should therefore inform their Scheme members that they should provide three months advance notice of a decision to retire in order to guarantee continuity of income following the transition from receiving a salary to receiving a monthly pension payment
- b) It is the aim of Strathclyde Pension Fund to pay the member's pension on the first available pension payment date following the member's retirement and to pay the member's retirement lump sum into the member's bank account on the first day following the member's date of retirement. Consequently the retirement notification form must be received by Strathclyde Pension Fund Office a minimum of two months prior to the member's date of retirement. In cases where the retiring member is paying AVCs it may not be possible for SPFO to pay the members retirement pension or lump sum within the above timescales due to the time taken by Prudential to disinvest the AVC funds. In such circumstances SPFO will provide advance notification to members of any potential delay.
- c) Medical retirements may pose particular difficulties in adhering to the two month minimum notice period due to the member being on no pay. Employers are directed to the SPFO guidance in processing late retirement notifications in such cases. Employers should also consult closely with SPFO to ensure the relevant paperwork is received in the correct sequence in cases of late notified retirements to ensure members do not forfeit their right to commute pension for a larger lump sum

## **6. Retirement Estimates.**

- a) SPFO will provide estimated retirement benefit calculations to members within the timescales detailed in our business plan for that particular year and in accordance with Table (A) below
- b) SPFO will provide estimates of retirement calculations to employers in respect of individual members on request and will provide them within the timescales detailed in our business plan for that particular year.
- c) SPFO will perform a range of calculations for employers in accordance with table A below in respect of individuals but only to one specific date and restricted to one request per annum in respect of that individual. The exception to this is where the employer has received confirmation of a member's decision to retire. A further calculation will be provided by SPFO to the member's selected retirement date in such circumstances.

**Table (A) SPFO Retirement Estimate Policy**

Retiral Type	Member	Employer	Comments
Redundancy	No	1 per annum	Multiple enhancement options to 1 date per annum
Efficiency	No	1 per annum	Multiple enhancement options to 1 date per annum
Ill Health	No	1 per annum	Tier 1 & 2 options to 1 date per annum Serious ill health and Death in service are exempt.
Option	1 per annum	1 per annum	
Age	No – refer to Annual Benefit Statement	On receipt of S5	
Flexible Retirement	No	1 per annum	

d) Where bulk estimates are required by an employer for voluntary severance exercises the timescales will be the subject of negotiation between that employer and SPFO. In any event, when such a bulk exercise is being considered SPFO must be consulted by the employer at the earliest stage in the planning process to agree process and timescales. SPFO will not process bulk calculations to multiple dates with a range of enhanced service scenarios. Bulk estimates are considered to be requests in respect of twenty members or more.

**7. Death in membership**

- a) Such cases must be passed to SPFO within 3 working days of all the information being gathered by the employer, e.g. birth and marriage certificates.
- b) Where there are surviving children, Strathclyde Pension Fund Office will contact the surviving spouse, partner or guardian to obtain birth certificates etc.



## SCHEDULE 4

### EMPLOYERS FINANCIAL RESPONSIBILITIES

#### Financial

#### 1. Reconciliation and certification

- a) The year-end information must be accompanied by a final statement, signed by an authorised officer, reconciling the amounts paid over during the year with the totals on the year end return certifying that the amounts paid reflect the contributions deducted from employees during the year.
- b) The information should distinguish those amounts representing deductions for added year contributions, from those for ARCs and should detail the employees paying those voluntary contributions.
- c) Queries produced by running year - end / valuation programmes on SPFO systems will be submitted to Scheme employers where SPFO does not have the required information to resolve the issue. Scheme termination forms, new start forms and notices of changes to member's service history details requested from employers must comply with Paragraphs (1) to (4) of schedule 2.

#### 2. Remittance of employee and employer contributions to SPFO

- a) Contributions, with the exception of AVCs, should be paid to the SPFO on a monthly basis by cheque or BACS payment to Sort Code: 83-44-00 and Account No: 00141997 with the reference clearly marked 'SPF Income'.
- b) For all such payments a pro forma schedule must be completed and forwarded to SPFO with the cheque or in advance of the BACS payment.
- c) The pro forma needs to be certified correct by an authorised officer, detailing the period for which the contributions were due and showing the breakdown between employees and employers contributions for the period in question.
- d) Each employer shall provide a named contact to SPFO who shall be responsible for resolving any enquiries that SPFO may have on submissions from that employer.
- e) Employers must also inform SPFO immediately when a change of payroll provider occurs and the named contact for that provider.

#### 3. Failure by an employer to deduct pension contributions

- a) Where an employer fails to deduct contributions from a member, Strathclyde Pension Fund will require that employer to pay the arrears of both the employee and employer contributions plus interest in respect of that member to cover the relevant period during which the employer failed to deduct contributions.
- b) A rate of interest of 1% above bank base rate on a daily basis from the due date to the date of payment and compounded at three monthly rests will be due on the arrears of employee and employer contributions.
- c) It will be the employer's responsibility to reclaim any arrears of employee contributions from the employee concerned.

#### **4. Recharge of Fines and Costs to Employers**

- a) In the event of the SPFO being fined by the Pensions Regulator, this fine will be passed on to the relevant employer where that employer's action or inaction gave rise to the fine.
- b) Where an employer exercises discretion or takes any action that triggers an HMRC unauthorised payments tax charge on the Fund SPFO will veto that decision where the regulations permit or reclaim that charge from the employer where SPFO does not have the authority to veto that decision
- c) Where costs are incurred by Strathclyde Pension Fund due to the failure of an employer to carry out any of these statutory responsibilities, any such costs will be reclaimed from that employer under regulation 38A of the LGPS (Administration)(Scotland) Regulations 2008. Such occurrences will be reported as a performance issue as part of this strategy.



## SCHEDULE 5

### EMPLOYERS' STATUTORY OBLIGATIONS AND ADDITIONAL RESPONSIBILITIES

#### Employers Statutory Obligations

- To decide the eligibility of employees to enter the Scheme
- To determine the employee's pay (or fees) deducting pension contributions and determining the member's final pay to be used in the calculation of Scheme benefits.
- To determine the employee's contribution rate based in accordance with statutory guidance produced by the Scottish Ministers.
- To deduct pension contributions from an employee's pay in accordance with the guidance produced by the Scottish Ministers, to pay over and account for the deduction of these payments to Strathclyde Pension Fund
- To notify, in writing, every person whose rights or liabilities are affected by a 'first instance decision' made by an employer under the regulations.
- To appoint a "specified person" to receive appeals from employees against first instance decisions taken by that employer.
- To notify a member, in writing, of their right of appeal and to include that notification in the documentation notifying that member of that decision against which they have a right of appeal. Strathclyde Pension Fund Office will continue to issue new start documentation to members which will include such a notification for new start members.
- To supply timely and accurate information to Strathclyde Pension Fund to ensure that member records are accurately maintained and the calculation of member benefits from the Scheme are accurate.
- To deduct the amounts of AVC contributions specified from the member's pay and to pay those amounts timeously to the in house AVC provider. Also to action any amendments to the AVC deductions in accordance with the member's wishes and ensure that the final payment of AVC deductions are made to the in house AVC provider before the member's retirement date. Arrangements are in place with Prudential for automatic notification to be provided from them to SPFO and employers when a member elects to pay AVCs
- To issue a certificate of protection to a member when requested to do so by a Scheme member within 12 months of a material reduction or restriction in that member's pay in circumstances outwith the member's control. Where such a certificate is issued the employer is required to keep a record of the member's pays for a period of 10 years from the effective date of the certificate.
- To use an independent Medical Officer qualified in Occupational Health medicine as specified in the regulations, who has been approved by the Fund, for the purpose of determining a member's eligibility for ill health retirement.
- To decide which benefit a member is entitled to on ceasing Scheme membership

## **Employers' Responsibilities**

- To make payment to the Fund by single lump sum payment, within prescribed time limits, any amount arising as a result of the employer's decision to increase the total membership and / or award an amount of additional pension.
- The employer must reimburse the Fund for any amounts paid by SPFO on behalf of the employing authority under the Discretionary and Injury Payments Regulations; these amounts will be recharged on a monthly basis. The employer must make payment to the Fund when invoiced any strain on the Fund costs arising as a result of a member's retirement.
- When awarding additional service to members under the Discretionary and Injury payments Regulations the employer must inform the member that their benefits in respect of that service may be permanently reduced if they again become an employee of an employer participating in the Local Government Pension Scheme.
- Employers must inform Strathclyde Pension Fund Office in writing of any planned transfer of members (outsourcing etc), with details of members potentially affected, at the earliest stage of the planning process.
- Employers must inform Strathclyde Pension Fund Office as a priority when changing the terms of pension provision for its employees; closing the Fund to new employees, bulk transfers or redundancy exercises.

## **Access for Audit**

From time to time GCC auditors may request member data or may ask to attend at employer offices to carry out audits regarding, for example, the calculation of final pays. Employers will be consulted on arrangements in advance and are requested to co-operate with these activities.

## **Actions resulting from underperformance**

- a) In cases where an employer fails to meet the service standards set out in this strategy, SPFO will meet with that employer to agree and assist with developing a programme for improvement within mutually agreed timescales.
- b) Where an employer fails to operate in accordance with the standards described in this strategy, despite the intervention above, and or where the failure leads to extra costs being incurred by the Fund, SPFO will issue a written notice to the employer requiring that these extra costs be met by the employer in accordance with regulation 38A of the LGPS (Administration) (Scotland) Regulations 2008.

## **Reporting compliance and performance under this strategy**

SPFO will report on the performance of SPFO and Scheme employers under this strategy to the SPF Committee.

## Schedule 6 – Policy on Administering Authority’s Discretions

The following table details the policy of Strathclyde Pension Fund in the exercise of its discretions under the Local Government Pension Scheme (Scotland) regulations 2008. In the table below, regulations prefixed by “A” refer to The Local Government Pension Scheme (Administration) (Scotland) Regulations 2008, prefixed by “B” refer to the Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) regulations 2008 and prefixed by “T” refer to the Local Government (Transitional Provisions) (Scotland) Regulations 2008.

Regulation	Discretion	Policy
A4(1) & A6(4) A4(2)(a)(ii) & A4(3)	Whether to agree to an admission agreement with a community body	Admissions policy contained in Funding Strategy Statement – section 3.10. Operation of policy delegated to Executive Director of Financial Services.
A6(2)	Agree terms of admission agreement	Admissions policy contained in Funding Strategy Statement – section 3.10. Operation of policy delegated to Executive Director of Financial Services.
A9(6)	Whether to agree to an admission agreement with an NHS Scheme employing authority	(Admissions policy contained in Funding Strategy Statement – section 3.10. Operation of policy delegated to Executive Director of Financial Services.
A Schedule 3, para 10	Whether to terminate a transferee admission agreement in the event of: <ul style="list-style-type: none"> <li>• Insolvency, winding up or liquidation of the body.</li> <li>• Breach by that body of its obligations under the admission agreement.</li> <li>• Withdrawal of approval by HMRC to participation of that body in the Scheme.</li> <li>• Failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so</li> </ul>	Exercise of this discretion is delegated to The Executive Director of Financial Services.
A14(3)	Whether to auto aggregate terminated concurrent employments with active	Strathclyde Pension Fund will auto aggregate terminated concurrent employments with active concurrent employments if no option is received

	concurrent employment if no option received from Scheme member within one month of being notified of option to aggregate.	from the Scheme member within one month of being notified of the option to aggregate where such action will maximise the member's Scheme benefits.
A16(8)(b)	Whether to extend normal 12 month period following end of relevant reserve forces leave for "cancelling notice" to be submitted requesting that the service should not be treated as relevant reserve forces service.	Strathclyde Pension Fund will not extend the 12 month period.
A36(2) & (4)	Agree method of paying for augmented membership under B12 or additional pension granted under B13	Augmented membership under regulation B12 and additional pension granted under B13 must be paid for by employers as one single lump sum.
A36(9)(b)	Whether to extend the one month period within which a lump sum payment by the employer under A36(2) has to be made (to pay for any augmented membership granted under B12 or additional pension granted under B13)	No extension will be granted beyond the one month time limit. Payment by a single lump sum must be made to Strathclyde Pension Fund within the period of one month from the date the employing authority make the decision to award a period of augmented membership under regulation 12 of the benefits regulations or additional pension under regulation 13 of those same regulations. Where payment is not made within these timescales the decision to award such service to the member will cease to have effect in accordance with Regulation A36(10)
A20(3)	Whether to require a satisfactory medical before agreeing to an additional regular contribution election (ARC) under B14	All applications to pay additional regular contributions under Benefits regulation 14 must be supported by a satisfactory medical arranged by Strathclyde Pension Fund. The cost of the medical examination will be charged to the member.
A25(2)	Whether to charge the member for provision of an estimate of additional pension that would be provided by the Scheme in return for a transfer in of in house AVC / SCAVC funds.	Strathclyde Pension Fund will not charge members for estimates of additional pension that would be provided by transferring in AVC funds to the LGPS
A27*	Governance compliance statement must set out whether the admin authority delegates their function or part of their function in relation to maintaining a pension fund to a committee, a sub committee or an officer of the admin authority and, if they do so delegate, state: <ul style="list-style-type: none"> <li>The frequency of any</li> </ul>	The Fund's existing Policy on Representation is to establish and maintain a Representative Forum. The policy can be viewed at <a href="http://www.spfo.org.uk/NR/ronlyres/7E1D1F06-633D-4E50-88B6-1A33F9E814CA/0/RepresentationPolicyMar07.pdf">http://www.spfo.org.uk/NR/ronlyres/7E1D1F06-633D-4E50-88B6-1A33F9E814CA/0/RepresentationPolicyMar07.pdf</a>  The policy will be reviewed in accordance with the 2008 regulations and guidance produced by the Scottish Ministers. Following the 2011 valuation the policy will be reviewed a triennial basis in line with the actuarial valuation of the Fund thereafter

	<ul style="list-style-type: none"> <li>• The terms of reference, structure and operational procedures pertaining to the delegation</li> <li>• Whether representatives of employing authorities or members are included and, if so, whether they have voting rights</li> </ul> <p>The policy must also state the extent to which delegation, or the absence of a delegation, complies with guidance from Scottish Ministers and, to the extent it does not so comply, state the reason for non compliance.</p>	
A29(1)	Whether to set up a separate admission agreement fund	The policy of Strathclyde Pension Fund is to maintain a single fund for all existing and new employers other than First Glasgow.
A31*	Prepare, maintain and publish a Funding Strategy Statement.	This is available in the Governance / Policy documents area of our website.
A34(3)	Whether to obtain revision of employer's contribution rate on termination of an admission agreement where underfunding not met by insurer, bond or indemnity	Cessations policy contained in Funding Strategy Statement – section 3.8.
A34(4)	Whether to obtain revision of employer's contribution rate to ensure no underfunding occurs by the time an admission agreement terminates	Cessations policy contained in Funding Strategy Statement – section 3.8.
A37(2) and A37(4)	Whether to require any strain on the Fund costs to be paid “up front” by an employing authority following redundancy, early retirement, flexible retirement, or the waiver (in whole or in part) of any actuarial reduction on flexible retirement.	<p>Strathclyde Pension Fund requires payment for strain on the Fund costs to be made up front as the default position, however payment by instalments may be agreed on application to SPFO by an employer.</p> <p>Strain costs incurred as a result of an employer waiving the actuarial reduction, either in whole or in part, for flexible retirement cases are calculated by the Fund's actuary and will also be charged to the employer as an “up front” single lump sum payment. The cost for any actuarial services involved will be recharged to the employer.</p>

A38(1) & (7)	Decide frequency of payments to be made over by employers and whether to make an admin charge	Payments to be made over to the Fund must be received by 19 <sup>th</sup> of the month following the date of deduction. No admin charges are levied by Strathclyde Pension Fund for administering the LGPS.
A38(4)	Decide form and frequency of information to accompany payments to the Fund	For larger employers the Fund requires this information to be provided electronically at least annually and within 6 weeks of the fiscal year end :
A39(1)	Whether to charge interest on payments by employers overdue by more than one month	Strathclyde Pension Fund will charge interest on late payments to the Fund where those payments are overdue by more than one month. The interest rate applied will be charged in accordance with Regulation A39(4)
T Schedule 1	Extend time period for capitalisation of added years contracts	Strathclyde Pension Fund will not extend the time period of three months for capitalisation of added years contracts where the member's service has terminated on grounds of efficiency / redundancy. An exception may be considered if the member was not made aware of this right on termination of employment
A40(3)	Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits	Outstanding employee and employer contributions due to the Fund, including interest, will be invoiced to the employer as an outstanding debt to the Fund.
A43(10)	Make an election on behalf of a deceased member with a certificate of protection(i.e. determine best pay figure to use in benefit calculations)	Strathclyde Pension Fund will make an election on behalf of a deceased member with a certificate of protection to determine the best pay figure to use in calculations for the benefit of beneficiaries and dependants.
A46(7) & (8)	Allow extension of period within which a Scheme member must submit election for benefits or alter the date from which he / she elects to have the pension paid.	Members may make an election for payment of benefits from a specific date up to twelve months prior to their intended date of retirement in accordance with Regulation 7
A48(2)	Can pay death grant due to personal representatives or anyone appearing to be entitled under the regulations. <i>This discretion refers to cases where the death grant does not exceed the amount specified in any order for the time being in force under section 6 of the Administration of Estates (Small payments) Act 1965.</i>	Strathclyde Pension Fund will use its discretion in accordance with the regulations and will in the first instance consider the member's expression of wish form where a valid nomination exists. Anyone appearing to have a valid claim will be approached in the absence of a valid nomination form to ascertain if they wish to register a claim. In the absence of a nomination form a will may be considered as a nomination form provided it does not conflict with the provisions of Regulation 48 of the administration regulations. Beneficiaries will also be required to complete a Strathclyde Pension Fund disclaimer against wrongful payment. The ultimate decision in the exercise of this discretion rests with the Executive Director of Financial Services.
A52(2)	Approve medical advisors used by	Strathclyde Pension Fund shall approve medical advisors and maintain a

	employers to certify ill health retirement	list of those medical advisors it has approved for use by employers to certify ill health retirement.
A54(7)(b)	Whether to extend the six month period to lodge a stage one IDR appeal (where Chief Pensions Officer, SPFO is the appointed person)	The Chief Pensions Officer (Operations) may extend the time limit for such applications depending upon the merits of each application submitted.
A59(2)	Whether admin authority should appeal against employer decision or lack of decision.	Strathclyde Pension Fund will appeal to the Scottish Ministers where an employer fails to reach a decision as required under regulation 51.
A60(1)(b)	Specify information to be supplied by employers to enable the admin authority to discharge its functions.	As specified in Strathclyde Pension Fund's published Pension Administration Strategy
A62	Date to which benefits shown on annual benefit statements are calculated	Benefit statements will show benefits calculated as at 31 <sup>st</sup> March previous, The benefit statement will include a calculation of the value of death benefits at that date and a calculation of prospective benefits at age 65.
A64(1)* & A65(4)(c)	Decide policy on abatement of pensions following re-employment	Strathclyde Pension Fund has determined that it will not abate pensions of pensioner members on re-employment. Pension benefits resulting from the award of additional service to a member by an employer under the Local Government (Discretionary Payments and Injury Benefits)(Scotland) Regulations where that member has been retired on efficiency or redundancy grounds are still subject to abatement on re-employment as abatement under these provisions is not discretionary.
A76(1)(b)	Agree to bulk transfer payment	Agreement to bulk transfer terms will be on the basis of actuarial advice from the Fund actuary.
A78(9)	Allow a transfer of rights into the Fund.	Transfers of pension rights into the Fund will not be permitted from non-club schemes unless as a result of a TUPE transfer. Strathclyde Pension Fund will also refuse to accept cases of late applications for a transfer of benefits into the Fund where that application is two years or more after the member's date of entry to the Scheme.
B23(2) & B32(2) & B35(2)& A95(4)	Decide to whom a death grant is paid	Delegated to the Executive Director of Financial Services .To be administered within Strathclyde Pension Fund Office in accordance with policy guidelines.
B25	Decide evidence required to determine financial dependence of nominated co-habitee on Scheme member or	The evidence to determine financial dependence or interdependence will be assessed and agreed on a case by case basis and will include but not be restricted to items such as evidence of a joint bank account, shared

	financial interdependence of nominated co-habitee and Scheme member	utility bills, joint mortgage arrangements etc. The ultimate decision will rest with The Executive Director of Financial Services.
B26(4)	Decide to treat a dependant child who commences full time education or vocational training after the date of the member's death as an eligible child after the child attains age 17 and until the age of 23	Delegated to the Executive Director of Financial Services and will be decided on the merits of each individual case.
B26(5)(a)	Decide to treat a child as being in continuous education or training despite a break	Delegated to the Executive Director of Financial Services and will be decided on the merits of each individual case.
B26(5)(b)	Decide to suspend a child's pension during a break in education or training	Delegated to the Executive Director of Financial Services and will be decided on the merits of each individual case.
B26(6)	Decide to treat a dependant child who is disabled within the meaning of the DDA 1995 as being an eligible child	Delegated to the Executive Director of Financial Services and will be decided on the merits of each individual case.
B39 & A98	Decide whether to commute small pensions	The decision on commuting small pensions is delegated to the Executive Director of Financial Services and will be administered in accordance with the provisions of Finance Act 2004 (as amended).
B40 & A99	Decide whether to commute pension on grounds of serious ill health	Delegated to the Executive Director of Financial Services and will be decided on the merits of each individual case after consultation with the member's HR department and the member. Due account will also be taken of any advice received from the member's GP / Consultant as to the members awareness on the gravity of their condition. Each case but must be supported by a certificate from a fully registered person within the meaning of the Medical act 1983 to the effect that the member's life expectancy is less than one year.
B43(1)(c)	Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under two or more regulations in respect of the same period of Scheme membership.	In the absence of an election from the member in these Strathclyde Pension Fund will award the benefit that produces the maximum benefit from the Scheme to the member.
A86(5)	Decide valuation day for pension sharing order	The valuation day for pension sharing orders shall be the date of the decree absolute. The implementation date for the pension sharing order will be the end of the 4 month implementation period from the date of the decree.

A89(1) & (2)	Decide how to discharge Pension Credit liability	Strathclyde Pension Fund will discharge pension credit liabilities by conferring appropriate rights under the Scheme on the ex-spouse or ex-civil partner. Alternatively, the ex-spouse or ex-civil partner may request a transfer of those rights to a suitable qualifying arrangement (occupational pension scheme, personal pension scheme, appropriate annuity contract or suitable overseas arrangement)
A101	Decide charges to be levied in Pension Sharing cases.	Charges to be levied in Pension Sharing cases will be set according to guidance issued by the National Association of Pension Funds and will be updated in line with Pensions Increases each April.