



SCOTTISH BORDERS COUNCIL PENSION FUND

PENSION ADMINISTRATION STRATEGY

**HR Shared Services
Chief Executives Department
Version 2020 1.8**

**Approved: Joint Pension Fund Committee and Pension Board [24 September 2020]
(DRAFT)**

1. Introduction

1.1 Scottish Borders Council administers the Local Government Pension Scheme (LGPS) on behalf of Employers participating in the Scheme through Scottish Borders Council Pension Fund, see Appendix A. The administration of the Scheme is governed by statutory regulations:

- The Local Government Pension Scheme (Scotland) Regulations 2018 (as amended);
- The Local Government Pension Scheme (Transitional Protections & Savings) (Scotland) Regulations 2014 (as amended);
- The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 (as amended).

In discharging their roles and responsibilities under the above Regulations, the Fund and employers are also required to manage the Scheme in accordance with the Pension Regulator's Codes of Practice and to comply with any relevant legislation, such as:

- The Pensions Act 1995 and consequential amendments
- The Occupational and Personal Pensions Schemes (Disclosure of Information) Regulations 2013
- The Equality Act 2010
- The Freedom of information Act 2000
- The Finance Act 2004
- The Public Service Pensions Act 2013
- The Pension Scheme Act 2015;

and take appropriate cognisance of any regulatory guidance or Code of Practice and issued by:

- The Pensions Regulator
- Scottish Public Pensions Agency
- Scottish Government
- HMRC

1.2 Scottish Borders Council, as an Administering Authority, is committed to providing a high quality pension service to both members and Employers and ensuring members receive their correct pension benefit entitlement. These aims are best achieved where the Fund and Employers work in partnership and are clear about their respective roles and responsibilities. The Fund's role includes investing contributions from members and Employers, maintaining member records and calculating members benefits based on information supplied by Employers. The quality of service provided to members is therefore dependent on both parties meeting high standards of accuracy and timeliness of information supplied.

1.3 This document sets out the roles and responsibilities of both the Fund and Employer. It also specifies the level of services the parties will provide to each other and the performance measures used to evaluate them.

2. Pension Administration Strategy Statement

2.1 The strategy statement has been produced in consultation with Employers and was approved by the Joint Pension Fund Committee and Pension Board on [24 September 2020]. The strategy will be kept under review and revised where appropriate. Changes will

be subject to consultation with Employers. The strategy will be issued to all participating Employers.

2.2 References to the Fund should be regarded as meaning Scottish Borders Council as Administering Authority of the Local Government Pension Scheme.

2.3 In agreeing to this strategy, all parties commit to the following principals:

- Achieving a high quality pension service to employees
- Continually developing and improving efficient working arrangements
- Striving to exceed the Fund's service standards
- Reporting annually on performance
- Keeping the Pension Administration Strategy under review.

3. Administration and Management of the Fund

3.1 This is shared over two Services within the Chief Executives Department.

3.2 Administration

The pension benefit policy oversight and day-to-day administration for the Fund is managed by the HR Shared Services Team within Human Resources.

3.3 Management

The Council's Executive Director for Finance and Regulatory Service is the Officer with responsibility to ensure proper administration of the Council's financial affairs in terms of Section 95 of the Local Government (Scotland) Act 1973.

He is responsible for:

- the financial accounting of the Fund,
- the preparation of the Pension Fund Annual Report, and
- being the principal advisor on investment management to the Council in its capacity as Trustee to the Fund and as the Fund's Administering Authority.

The day-to-day management of the investment activities of the Fund is managed by the Pensions/Investments Section within the Finance Service.

4. Roles and Responsibilities

4.1 The duties, responsibilities and discretions of Employer's are listed in Appendix B, and the Fund's duties, responsibilities and discretions are listed in Appendix C.

4.2 Responsibility for the review of the Pension Administration Strategy will fall to HR Shared Services on behalf of the Fund. However, all Employers will be consulted on changes to service standards prior to seeking approval at the Joint Pension Fund Committee and Pension Board.

4.3 The Joint Pension Fund Committee and Pension Board oversee the management of the Scottish Borders Council Pension Fund (the Fund). The Scheduled and Active Admitted Bodies are represented as members of the Pension Board.

- 4.4 To improve communication with all Scheduled and Active Admitted Bodies the Fund have Employer Liaison Meeting, with meetings held once a year. The meetings will be held in February to coincide with preparations for the year end and provide the opportunity for information to be conveyed with regard to any potential changes for the coming year.

5. Service Standards

5.1 Service standards expected from the Employer

Required information about members will generally be provided on the Fund's forms, authorised by an appropriate signatory. The following are the agreed standards at which the information detailed below will be provided:

- When a new employee joins the Scheme, the Employer will notify the Fund **within 20 working days** of commencing pension scheme deductions.
- The Employer will notify any member's change in pensionable circumstances **within 20 working days** of the change.
- Where a member is leaving the scheme with a right to immediate payment of retirement benefits, the Employer will, provide the Fund with all of the necessary information and certificates required **at least 20 working days before** the member's last day of service.
- Where a member leaves the Scheme and does not have a right to immediate payment of retirement benefits, the Employer will provide the Fund with all the necessary information to enable them to process the member as a leaver as soon as possible after notification by the member and **no later than 20 working days after** the member's last day of service.
- When a member dies in service the Employer will provide the Fund with all of the necessary information and certificates to enable them to make payment of any death grant and dependants' benefits due as soon as possible but no later than **10 working days** of the death of the member.
- The Employer will respond to queries raised by the Fund, with the exception of those resulting from the annual year end routines, **within 10 working days** of receipt.
- The Employer will pay employee contributions to the Fund, along with the Employer contributions certified in the latest actuarial valuation, **by the 19th of the next month** following deduction. Interest will be charged for late payment of contributions in accordance with regulations.
- The Employer will provide the Fund with year-end information to 31st March in an approved format by the 30th April each year, including a statement reconciling the amounts paid during the year with the totals on the year end return. Any queries arising from the year-end information will be answered **within 20 working days** of receipt.
- The Employer will notify the Fund of any changes in the personnel details provided in Appendix D.

5.2 Service standards Employers can expect from the Fund

The Fund will endeavour to provide the information below within the agreed timescales shown. A reduced timescale may be agreed in exceptional circumstances at an Employer's request.

- Where all required information is provided, the Fund will provide the Employer with ad-hoc estimates of benefits **within 10 working days** of the receipt of the request. Where more than 20 individual estimates are required, the Employer must consult with the Fund to reach an agreed timescale. Multiple requests relating to an individual member may be restricted.
- The Fund will respond to a pension-related query raised by the Employer **within 10 working days** of receipt.
- Benefit statements, leaflets and other correspondence will generally be issued directly to members' home addresses, where available. The Fund will advise Employers of the general content and planned issue date of such material in advance.
- The Fund will issue benefit statements by **end of August** on an annual basis.
- Employers have responsibility for ensuring the accurate provision of information to their members. The Fund is not responsible for checking the accuracy of any information provided by the Employer. However, the Fund will inform the Employer of any discrepancies between information provided by the Employer and information already held.
- As the body administering the scheme on behalf of the Employer, the Fund will consult with the Employer on major issues affecting their participation in the LGPS and keep it up to date with relevant information through:
 - ❖ Website – www.scottishborderscouncilpensionfund.org
 - ❖ Employer bulletins
 - ❖ Employer events
 - ❖ Consultative panel meetings
- The Fund will provide training, guidance and support to staff who have pension related duties as required by the Employer.

6. Performance measurement and reporting

- 6.1 The Fund will monitor, measure and report on both the Fund's and Employers' compliance with the agreed service standards and will share that report annually with Employers. These and other performance measures to be reported are detailed in Appendix E.
- 6.2 Where information collected for reporting purposes reveals issues with meeting the standards, the Fund will consult and work with the relevant Employers to improve the level of compliance and performance by providing support, guidance or training as considered necessary.
- 6.3 The Fund will carry out its duties and responsibilities to members in accordance with its service standards. It will also monitor, measure and report on its performance against those standards and its performance targets.

7. Costs

- 7.1 The costs of administration, including actuarial fees for routine work, are charged directly to the Fund. These costs are taken into account in assessing Employers' contribution rates.
- 7.2 Where additional services (actuarial or other) are required by, or result from the actions of the Employer and costs are incurred by the Fund, the Employer will be liable for the costs involved. Where appropriate, an estimate of these costs will be provided and the Employer's agreement obtained before proceeding to instruct the service provider.

8. Penalties

- 8.1 It is hoped that through commitment to the principles of this statement (see 2.3 and 5.2), 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:
 - In the event of a failure to meet its requirements, the Fund will be penalised in accordance with The Occupational Pensions Schemes (Disclosure of Information) Regulations.
 - The Fund may appeal to Scottish Ministers against a decision, or failure to make a decision, under scheme regulations by an Employer.
 - Persistent failure to comply with contribution 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 the scheme duties etc., including the 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.
 - If as a result of an Employer's poor performance, additional and disproportionate resources are deployed by the Fund, the cost of such additional resource may be re-charged to the Employer in accordance with the powers available under scheme regulations. Written notice will be provided of the reasons for re-charge, the basis of calculation of the amount, and the relevant part of this strategy which, in the Fund's opinion, has been contravened.
 - Where any orders or instruction issued by The Pensions Regulator or Pensions Ombudsmen 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.

Appendix A – Scheduled and Admitted Bodies

Scheduled Bodies

- Borders College
- Scottish Borders Council
- Visit Scotland

Admitted Bodies

Active Admitted Bodies

- Amey Community Limited
- BC Consultants
- Live Borders (formerly Borders Sport and Leisure Trust)
- Jedburgh Leisure Facilities Trust
- Scottish Borders Housing Association
- CGI
- South of Scotland Enterprise

Admitted bodies with Deferred or Retired Members only

- Berwickshire Housing Association
- Heriot Watt (former Scottish College of Textiles)
- Project '80 Council Burnfoot
- Red Cross Housing Association
- Scottish Borders Careers
- Stable Life (formerly GYP)
- Lothian and Borders Community Justice Authority
- SB Cares LLP
- SB Supports LLP

Appendix B – The Role and Responsibilities of the Employer

1. Main duties under scheme regulations

- To decide those employees eligible to become members of the Scheme. If eligible, a new employee must be treated as a member of the Scheme unless he/she elects otherwise.
- To supply timely and accurate information to the Fund regarding new members, leavers and material changes in employment required for pension administration purposes.
- To determine whether members are employed in a full time, part time or variable time capacity. For part time, to determine the proportion of comparable full time hours.
- To determine an employee's pay (or fees) for the purposes of calculating pension contributions and to determine final pay for the purposes of calculating benefits due from the Scheme.
- To determine an employee's annual contribution rate on the basis of the person's pensionable pay having regard to guidance issued by the Scottish Ministers. To collect, pay over and account for the deduction of the correct rate of pension contributions payable by both the employee and the Employer.
- To notify, in writing, every person whose rights or liabilities are affected by a 'first instance decision' made by the Employer under the 2018 Regulations (see Regulation 70 of the Local Government Pension Scheme (Scotland) Regulations).
- To appoint a person designated to receive appeals from employees on 'first instance decisions' under the 2018 Regulations
- To accompany any statement issued to an employee relating to any decision made about the scheme, with a notice drawing the employee's attention to their right of appeal under the LGPS. However, it should be noted that the Fund will normally issue, on behalf of the Employer, a Statutory notice detailing membership details, including such a notice when a member joins the Fund or where there is a change in a member's pension records.
- To notify the Fund of any employee's election to pay Additional Voluntary Contributions, to deduct from the member's pay the specified amount and to pay over those amounts to the specified AVC provider. To notify the Fund of any subsequent election to vary or cease paying AVC contributions and to ensure that final payments are made to the provider before a member's retirement.
- To notify the Fund of a material reduction in the member's pay, (or a restriction in the rate by which it may be increased), where the reduction or restriction arose otherwise than by virtue of the member's own volition.
- 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 determine a member's entitlement to benefit on cessation of scheme membership, employment or on a member's application for early release of benefits or flexible retirement and provide early retirement request to the Fund as and when appropriate.

2. Responsibilities

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

- To provide prospective members with basic information about the Scheme using, where appropriate, material provided by the Fund.
- To maintain employment records for each scheme member, for the purpose of determining membership and entitlement to pension benefits.
- To ensure all relevant information is provided for new members, leavers and changes to pay and service records for pension purposes. Data provided should comply with Data Protection legislation and secure transfer methods must be adopted.
- To provide additional information as required for actuarial valuation, year end processing, data-matching or communication purposes. The specification for this will be provided by the Fund and may, after consultation, be modified from time to time.
- To pay monthly contributions due to the Fund, using agreed payment method.
- To ensure those not joining the scheme are fully aware of the benefits given up and that equalities principles are met.
- To make payment to the Fund, by lump sum and within prescribed time limits, any amounts arising as a result of the Employer's decision to increase total membership and/or increase annual pension under the 2018 Regulations.
- To decide whether to award additional compensatory years under the Discretionary Regulations. At the request of the Employer, the Fund will calculate and pay the benefits arising as a result of the Employer awarding additional compensatory years along with the main scheme benefits, and the Employer will reimburse the Fund for all such amounts paid.
- To advise members awarded additional compensatory years that the payment of the award will be subject to restriction should they take up further employment with an Employer participating in the LGPS.
- To pay the Fund, by lump sum payment and within prescribed timescales, any strain costs 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 employment or any redundancy exercises as soon as possible.
- To provide details of officers or representatives who are to receive Employer communications issued by the Fund and keep these up to date as necessary.
- To provide details of officers or representatives who are authorised to sign Fund forms and to ensure all forms submitted to the Fund have been signed by an authorised signatory.

3. Discretions

The Employer is obliged to make, and keep under review, policies on the discretions available under the regulations. These policies must be contained and published in a policy statement. A copy of that statement, and any subsequent amendment to it, must be provided to the Fund. The current statement must also be made available to any scheme member upon request.

Guidance on establishing policies required is available from the Fund on request.

Appendix C – The Role and Responsibilities of the Fund

1. Main duties under scheme regulations

- To maintain the Scottish Borders Council 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 calculation.
- 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 or additional pension.
- 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 calculate and process transfers of members pension rights inwards and outwards.
- To supply members with a Membership Certificate on commencing membership, or on an increase in membership following an inwards transfer of pension rights.
- To issue a Certificate of Protection of Pension Benefit if requested to do so by an Employer within 12 months of a material reduction in a member's pay, (or a restriction in the rate by which it may be increased), where the reduction or restriction arose otherwise than by virtue of the member's own volition. Where such a certificate is issued, to keep a record of the member's pay for the period commencing 3 years before the effective date of the certificate and ending 10 years after the effective date of the certificate.
- To supply survivor 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 issue annual pension forecasts to members.
- To arrange for the triennial actuarial valuation of the Fund and send copies of the resulting report to Employers by the first anniversary of the valuation date.

2. 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.

- 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 7.1 above).
- To issue forms, newsletters, booklets and such other materials as are necessary in the administration of the Scheme, for members and use by Employers. Ensuring that the requirements of the Occupational Pension Scheme (Disclosure of Information) Regulations 1996 are met.
- 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 (e.g. FRS17/IAS19).
- Where appropriate, to pay benefits based on additional service awarded by an Employer in accordance with the provisions of the Discretionary Regulations.
- 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 steps are taken at all times to pay benefits to appropriate beneficiaries only and to reduce the possibility of fraud.
- To ensure compliance with Data Protection legislation.

3. Discretions

The Fund has published policies on discretions afforded by the scheme regulations and related regulations. The policy statement has been supplied to Employers and is available from the Fund's website. Changes to that statement may be published from time to time and revised versions provided to Employers.

Appendix D – Contact Details

Fund Staff Contacts

An up to date list of Fund staff is available from our website. Members of Scottish Borders Council's, HR Shared Services team administer the scheme for members of the Employer.

Contact Number: 01835 825052

E-mail Address: pensions@scotborders.gov.uk

Employer Staff Contacts

To help us ensure we communicate with the appropriate Employer representatives, the attached form (Appendix D1) should be completed confirming the individual's responsibility or interests and the type of communication they require. Additionally, you should indicate those who are designated as authorised signatory for pension forms.

Typical contact responsibility/interest and communications required, these may not apply to smaller employers with only one contact:

Responsibility/Interest

Regular	General contact for day to day enquiries
Payroll	Payroll related enquiries
HR	Human Resources/Personnel related enquiries
Auth Sign	Authorised signatory
Finance	Finance related enquiries
All	All of the above

Communications required:

Bulletin	Regular update on scheme
HR	Human Resources/Personnel related
Finance	Finance related
All	All of the above

Appendix D1 – Employer Contacts Form

Employer:

Effective Date:

Contact Name	
Job Title	
Telephone Number	
E-mail Address	
Responsibility/Interest	
Communication Required	
Specimen Signature for Authorised Signatory	

Contact Name	
Job Title	
Telephone Number	
E-mail Address	
Responsibility/Interest	
Communication Required	
Specimen Signature for Authorised Signatory	

Contact Name	
Job Title	
Telephone Number	
E-mail Address	
Responsibility/Interest	
Communication Required	
Specimen Signature for Authorised Signatory	

Contact Name	
Job Title	
Telephone Number	
E-mail Address	
Responsibility/Interest	
Communication Required	
Specimen Signature for Authorised Signatory	

Contact Name	
Job Title	
Telephone Number	
E-mail Address	
Responsibility/Interest	
Communication Required	
Specimen Signature for Authorised Signatory	

Appendix E – Performance Measures

EMPLOYER PERFORMANCE MEASURES

The following will be the standard followed for reporting performance measures on an annual basis.

Service Standards

Standard – target completion 90%	Volume	%age Met	Average Time
New starts notification – within 20 working days			
Changes notified – within 20 working days			
Retirement info – at least 20 working days before			
Early leaver notification – within 20 working days			
Death in service notification – within 10 working days			
Query responses – within 10 working days			
Year-end queries – within 20 working days			

Contribution payments

Latest 12 months	Target Date	Date received
April		
May		
June		
July		
August		
September		
October		
November		
December		
January		
February		
March		

ADMINISTERING AUTHORITY PERFORMANCE MEASURES

Service Standards

Standard	Volume	%age Met
Transfer In Estimates supplied – within 20 working days		
Transfer Out Estimates supplied – within 20 working days		
Other Estimates supplied – within 10 working days		
Query responses – within 10 working days		

Other measures

Area	Measure	Completed
Employer Liaison Meetings	1 per annum	
Benefit Statements Issued	31 August	

Key Administration Tasks – latest period

Task	Total received	Target	% Completed in target
New entrants			
Early leavers			
Retirements			
Deaths in service			
Changes			
Estimates			

VERSION CONTROL TABLE

Version	Nature of Amendment	Date of Change	Author
2012 1.0	Creation of Pension Administration Strategy	27 April 2012	Ian Angus
2012 1.1	Changes following review by Anthea Green, Team Leader, HRSS	30 April 2012	Ian Angus
2012 1.2	Changes based on comments from David Robertson, Chief Financial Officer	1 May 2012	Ian Angus
2012 1.3	Changes based on comments from Lynn Mirley, Treasury & Capital Manager	10 May 2012	Ian Angus
2012 1.4	Changes based on comments from Ian Wilkie, Head of Legal & Democratic Services	31 May 2012	Ian Angus
2012 1.5	Changes following Pension Fund Sub-Committee 13 June 2012	5 July 2012	Ian Angus
2015 1.6	Amendments for 2014 regulations and Pension Board in place from 1 April 2015	23 July 2015	Ian Angus
2018 1.7	Amendments for 2018 regulations and name changes for Services	22 August 2018	Anthea Green
2020 1.8	Update Admitted Bodies, Regulations listed, Fund Website	2 September 2020	Ian Angus

You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Ian Angus can also give information on other language translations as well as providing additional copies.

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