



## Surrey Local Pension Board 24 October 2019

### Draft Administration Strategy

#### Recommendations:

The Board is asked to **note** the Draft Administration Strategy, which replaces the existing strategy.

#### Detail:

1. Regulation 59 of the LGPS Regulations allows an administering authority to prepare a pension administration strategy to provide the following:
  - procedures for liaison and communication with Scheme employers in relation to which it is the administering authority ("its Scheme employers");
  - the establishment of levels of performance which the administering authority and its Scheme employers are expected to achieve in carrying out their Scheme functions by:
    - the setting of performance targets;
    - the making of agreements about levels of performance and associated matters, or;
    - such other means as the administering authority considers appropriate.
  - procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;
  - procedures for improving the communication by the administering authority and its Scheme employers to each other of information relating to those functions;
  - the circumstances in which the administering authority may consider giving written notice to any of its Scheme employers under Regulation 70 (additional costs arising from Scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance.
2. The Surrey Pension Fund's existing Administration Strategy was approved by the Pension Committee on 15 September 2017.

3. The existing strategy was designed to reflect the composition of the Fund in 2017. This has changed significantly since 2017 and there are now almost 300 employers, with a host of complex new reporting requirements and regulatory obligations.
4. There are four key reasons why a revised administration strategy is necessary:

- i) With the evolution of the LGPS in to a career average revalued earnings (CARE) arrangement, it is critical that data is provided to the Pension Fund in an accurate form and a timely fashion.

*The revised administration strategy is required to clearly lay out the reporting requirements of scheme employers and penalties for failing to meet these reporting requirements.*

- ii) The proliferation of employers in the Fund has created additional demands on resource within the Fund team, without the corresponding increase in administration allowance chargeable to scheme employers.

*The revised administration strategy will enable the Fund to explicitly lay out the functions that are included in the administration allowance and that which are separately chargeable; whether this be actuarial, legal or Fund team costs.*

- iii) To enable the Fund to continue to provide an excellent service to its members and employers, it should seek to review its performance standards.

*The revised administration strategy will enable the Fund to review its existing service standards in consultation with employers and members to ensure that the service delivery appropriately meets customer needs.*

- iv) In April 2015, regulatory responsibility for the LGPS passed to the Pensions Regulator (tPR). The Regulator has issued a code of conduct for public service pension schemes, with strict enforcement of non-compliance.

*The revised administration strategy enables the Fund to demonstrate its compliance with the code of practise and notify of scheme employers of their responsibilities.*

5. The revised administration is broken in to the following sections:

- Regulatory context of the strategy
- Aims of the strategy
- Administration service standards of the Surrey Pension Fund
- Requirement for scheme employers
- Outline of additional administration charges
- Additional fees that may be charged by the Orbis Pension Administration Team
- Additional penalties for poor performance by employers
- Penalties for poor performance by the Orbis Pensions Administration Team
- The consultation and review process

#### **Next steps**

6. The draft administration strategy will be taken to the Pension Fund Committee for its approval at its meeting of December 2019.

7. A period of formal consultation with scheme employers and other interested parties will start from 16 December 2019 and will run until 31 January 2020.
8. The final administration strategy will be taken to the Pension Fund Committee for its approval at its meeting of 12 March 2020.

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**Annexes:**

Annex 1 – Draft Administration Strategy

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