

## **PENSION FUND COMMITTEE – 08 SEPTEMBER 2023**

### **PENSION ADMINISTRATION STRATEGY REPORT**

#### **Report by the Director of Finance**

#### **RECOMMENDATION**

The Committee is **RECOMMENDED** to

- a) receive this report and the draft Administration Strategy,
- b) determine any amendments they wish to make to the draft strategy, and
- c) approve the draft Administration Strategy (as amended if appropriate) as the basis for consultation with scheme employers and the Local Pension Board.

#### **Executive Summary**

1. This report is to update members of the changes being made to the administration strategy and to seek their views on any further changes ahead of consulting with scheme employers.

#### **Changes to Administration Strategy**

2. The review of the administration strategy is twofold:
  - To check that this is updated for any changes to regulations and processes; and
  - To ensure that scheme employers understand their statutory responsibilities and the consequences and associated financial costs associated with not meeting those responsibilities.
3. From a fund perspective one of the key areas to be improved is that of governance in that scheme employers are asked to provide contact details for people in their organisation who have pension responsibilities and to update the fund within thirty days of any changes.
4. The lack of updates in this area causes many operational issues where the fund needs to contact a person with specific pension issues.
5. The second, governance, area which causes many operational issues is that of scheme employers failing to share their pension policy documents with the fund, which means certain work has to be stopped until such time as the policy is provided.

6. As a result, a new charges have been included in section 9 of the strategy to combat these specific issues.
7. In terms of member data there were two additions to remind scheme employers to provide information on a regular basis. These are for any members opting out of the scheme and for any members who had assumed pensionable pay.
8. Another significant change was to remind scheme employer to tell the fund about changes to their third party payroll providers ahead of any changes as this will disrupt the flow of information to the fund.
9. One other message consistently repeated throughout the document is the need for scheme employers to send data, and make payment, to the fund by the 19<sup>th</sup> of the month following payroll.
10. Several changes have been made to the scale of charges section. Whilst not wishing to be heavy handed it is, unfortunately, often the only way in which the fund can get scheme employers to comply with their statutory duties of providing information or making payments on time.
11. In setting these charges officers have reviewed the published charges from other LGPS funds of which there is a huge range from £50 to £1,000. The suggest scale here is indicative of the average charges.

### **Next Steps**

12. Once the Committee has reviewed and commented on this policy it will be sent out to scheme employers and the pension board for comment. Any comments received will be reported back to this Committee at their December meeting.
13. Once finally approved, the new strategy and charges will be implemented from 01 January 2024.

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