

## **PENSION FUND COMMITTEE – 01 DECEMBER 2023**

### **PENSION ADMINISTRATION STRATEGY REPORT**

#### **Report by the Executive Director of Resources & Section 151 Officer**

#### **RECOMMENDATION**

**The Committee is RECOMMENDED to receive this report and**

- i) Confirm the current frequency of employer newsletters;**
- ii) To amend the administration strategy to reduce the number of days admission agreements have to be signed to 30 days ahead of a contract start date;**
- iii) Confirm the charge of £100 per record where no earnings / contributions have been posted during the financial year; and**
- iv) Ask Officers to report quarterly the value of charges made during each period.**

#### **Executive Summary**

1. This report is to update members with the results of the consultation on the changes to the administration strategy and to determine whether any changes should be made in light of the responses received.

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

2. A report detailing the proposed changes to the administration strategy was presented to this Committee in September. Following member's approval of the changes a consultation was sent out to all scheme employers seeking their views on the changes made.
3. During the consultation period an update was sent out to scheme employers, to update the wording around employer responsibilities for Additional Voluntary Contributions (AVC). A copy of the revised document is included at Annex 2 to this report.
4. The consultation closed on 31 October 2023. Responses were received from 8 scheme employers. These responses are detailed below:
  - Three employers had no comment, or anything to add to the proposed changes.
  - One small employer, a parish council, objected to the scale of changes for late / wrong data submission, due to the fact that the management of the pensions falls to one person and as a complex task that cannot reasonably

be shared amongst staff if the usual administrator is unavailable. Furthermore, the administration of the pensions has become more and more complex and expensive over the past few years and sometimes despite best efforts, errors or delays do happen. Every effort is made to get it right but a 'fine' for an error is an unreasonable burden on what is already a difficult task. The council understand your frustration with late and wrong submissions but really feel that assistance rather than penalty is a better way forward.

- Query on when fines become active and clarification sought on when 12 month period for casual staff, with zero earnings, would be applied.
- The remaining two responses raised various issues, which have been attached with responses at annex 1.

### **Issues Arising from Responses**

5. In respect of the comments made by the Parish Council, it is noted that the deadlines set are a regulatory requirement, and consistent with the deadlines for tax returns to be made to HMRC. Whilst the Administration Strategy includes the provision for issuing fines, Officers will always use their discretion to waive a fine where a breach of the regulations is seen as one-off, and the scheme employer has fully communicated the position to the Administering Authority and it is clear that the breach is unlikely to reoccur. No changes are therefore proposed to the draft strategy in like of this feedback.
6. One scheme employer queried why a monthly newsletter was sent out. This employer also works with the Berkshire Fund who send a quarterly newsletter which they felt was less work for our team. Given the amount of content each month and the benefits officers see of keeping scheme employers up to date with pension issues no change is proposed to the frequency of these newsletters.
7. The administration strategy wants admission agreements signed 90 days ahead of a contract coming into effect. The employer thought that this was unrealistic as the whole TUPE / contract process works to a much shorter timeframe. Officers accept this comment and would propose to reduce this to 30 days.
8. Whilst understanding that we have software charges based on number of members records the employer didn't believe that a charge of £100 was reflective of the costs, to the fund, for casual employees with no earnings.
9. Employer had concerns that the charges imposed are used as a revenue generating mechanism and wanted to know whether the total charges received must be reported. The charge of £100 was based on the additional software costs of holding and maintaining these records plus the costs of the additional work in our team at end of year.

## **Next Steps**

10. Once Committee has reviewed and determined any changes arising from this consultation the final strategy will be published and implemented from 01 January 2024.

Lorna Baxter  
Executive Director of Resources and Section 151 Officer

Contact Officer: Sally Fox - Pension Services Manager - Tel: 01865 323854  
Email: [sally.fox@oxfordshire.gov.uk](mailto:sally.fox@oxfordshire.gov.uk)

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