

## Annex 7(b) – Responses to the Consultation on changes to the Administration Strategy

### Response 1

Dear Sally

Please may I feedback the following comments and observations in relation to the Administration Strategy:

#### Preface

- I fully acknowledge that Employers must meet the obligations of the Pension Regulations and the scheme Administrator.
- I acknowledge that as an Employer we (Activate Learning) have not met our obligations as well as we could have in the past.

#### Service Level Agreement

- Estimates (member) – limited to one request per annum
  - This seems very restrictive, does this mean that for estimates in excess of one a charge will be levied? If so, how much. Can this be stated?

#### Schedule of Charges:

- Failure to provide contribution return by 19<sup>th</sup> month following deduction / Failure to provide MARS return by 19<sup>th</sup> month
  - As an employer with 500 scheme members a £1,000 fine for each late payment of contributions or submission of MARS, seems **excessive and heavy handed**, I cannot imagine that this is reflective of any additional administrative burden you incur as a result of the late payment or late MARS submission, if it is can you demonstrate?
- Failure to provide End of Year return by 30 April
  - As an employer with 500 scheme members a £1,000 fine per day the submission is late **seems excessive and heavy handed**

I would suggest in both of the scenarios above, communication should be the key not financial penalty in the first instance, there appears to be no flexibility or consideration given to exceptional circumstances that may occur and result in late submission/payment. Do you have a level of tolerance?

- Failure to provide information requested within 10 working days / Re-do of work due to incorrect information supplied by scheme employer
  - £50 per case again seems harsh when we have not had such a penalty before.
- When you say scheme members, is this people or positions as we have members with multiple positions and therefore multiple memberships, could this be made clearer in the strategy?

## The Agreement:

- 2.2 In consideration of this Agreement the Scheme Manager will charge the Scheme Employer a contribution towards the cost of the administration of the Fund which reflects the fact that compliance with the Service Level Agreement will result in greater efficiencies and lower administration costs for the Fund.
  - How will this 'charge' be determined? Will it be a % of the employer's contribution, or a fee? Can we challenge the amount, where will it be stated how much it is. This Agreement allows you to arbitrarily charge us any amount, please can this be defined? Can we appeal?
- 2.3 If in the opinion of the Scheme Manager the Scheme Employer has not complied with the terms of the Service Level Agreement the Scheme Manager may charge the Scheme Employer a higher contribution towards the cost of the administration of the Fund.
  - Do we have a right of appeal against any increase in scheme charges as a result of costs of administration?
  - Is the charge per employer, or across all employers collectively?
  - You say 'may' charge – can we have set examples of when a fee may not be charged, what is an acceptable excuse? How will you ensure consistency across the employers?
- 3.1 The Scheme Employer acknowledges that the contribution it is required to pay towards the cost of the administration of the Fund is to cover the cost of meeting the Core Scheme Functions.
  - Can you demonstrate that the charges cover the cost of meeting the Core Scheme Functions?
  - Can you define 'Core Scheme Functions'?
- 3.2 Where the Scheme Employer requests that the Scheme Manager provides services beyond these functions the Scheme Manager reserves the right to charge the Scheme Employer for the provision of such services.
  - You state that additional charges may be charged for site visits and member presentations, is this not part of your role as the administrator to provide these as part of the Core Scheme Functions, is not part of your role communication with the Employer and current and future members?

## Overview

- **My concern over a change of emphasis to financial penalty of employers is that we (employers) may have to consider our ability to continue offering the scheme to staff, particularly given the likely increase in employer's contributions this year and the 3.4% increase in national insurance, as such the employees may be the recipients of the resultant possible negative consequences, unintended or otherwise.**

## Response 2

Sally,

Thanks for sending through your proposals on administration – I understand the schemes concerns about timeliness and quality of information given the increasing regulatory burden in this area.

On the whole the Council has no objections to the general thrust of the scheme with the exception of the following comments:-

- It seems unreasonable to limit estimates to one per year although we accept you would not want to be doing too many of these – perhaps common sense should be applied rather than a blanket one only
- Failures on the part of constituent bodies seem to be followed by penalty charges that bear no relation to cost whilst failure by the administering authority to meet its SLA targets has no apparent sanction – this does not seem equitable

I would be more comfortable if it was a question of compensating for loss incurred as per the interest charges than an overly heavy penalty regime.

### Response 3

See letter attached