



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

Contact: Linda Welsh, Pension Scheme Manager, Ext: 77463

**Item 3**

27th November 2019

### Pension Administration Strategy (PAS)

#### Purpose of Report:

To present a revised Pension Administration Strategy.

#### Recommendations:

The Committee is asked to **APPROVE** the revised Pension Administration Strategy as a draft for consultation with scheme employers.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes  No  consulted: Yes  No

#### **PLEASE NOTE THE FOLLOWING:**

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## **1 Background**

Strathclyde Pension Fund (SPF) introduced its first Pension Administration Strategy (PAS) in March 2010. The committee agreed amended strategies in September 2011 and June 2015. The strategy sets out the procedures and performance standards required of both SPFO and its employers to ensure the efficient and effective administration of the pension scheme.

## **2 Regulation 57**

The Pension Administration Strategy (PAS) is prepared and published in accordance with regulation 57 of the Local Government Pension Scheme (Scotland) Regulations 2018. Regulation 57 is set out at Appendix A for information.

## **3 Review**

A review of the administration strategy, data improvement plan, administration structure and resource is listed as a priority in the SPFO 2019/20 Business Plan which was approved by the SPF Committee in March 2019.

This review was required in light of:

- Changes to the scheme regulations and other relevant legislation - in particular the Local Government Pension Scheme (Scotland) Regulations 2018 and subsequent amendments, and the General Data Protection Regulation.
- Developments in the role and activities of The Pension Regulator (TPR) whose powers had just been extended to include public service pension schemes when the PAS was last reviewed in 2015.
- Significant progress in SPFO's digital delivery capabilities including roll out of a data management solution (i-connect), online Employer Self Service functionality, and a recent upgrade of the member portal SPFOonline.
- Some inconsistency in performance to date by both SPFO and scheme employers.

## **4 Revised Strategy – Draft**

A draft revised Pension Administration Strategy is attached to this report. Revisions reflect the changes described at 3, above.

In particular, the revised PAS is intended to improve employer and SPFO performance by making digital delivery of service the default wherever possible. The Committee's approval in September 2019 of a deadline of 31<sup>st</sup> March 2021 for all employers to adopt the data management solution, *i-Connect*, is a key element in facilitating this. SPFO is working with employers to ensure the deadline is achieved. Employer Self Service and Member Self Service will also be important drivers of improvement.

## **5 Consultation with Employers**

Regulation 57 requires SPFO to consult its scheme employers and such other persons as it considers appropriate before making revisions to its PAS. It is proposed that the draft PAS should be issued to all scheme employers for comment. SPFO will also engage directly with scheme employers.

## 6 Revised Strategy – Final

Subsequent to the consultation with employers, a further report will be prepared for the Strathclyde Pension Fund Committee's meeting in March 2020 with a view to a final PAS becoming effective from 1<sup>st</sup> April 2020.

## 7 Administration Structure and Resource

In order to deliver the revised strategy, some changes will be required to the SPFO structure and resource. Proposed changes include:

- addition of a compliance function to improve resilience
- restructuring to achieve complete separation of the administration and payroll functions; and
- separate hubs for employer management and for each of the main member categories (active, deferred and pensioner).

These proposals are currently being finalised for discussion with Corporate HR. A revised SPFO structure and budget will be included in the 2020/21 Business Plan for consideration by the Committee at its March 2020 meeting.

## 8 Policy and Resource Implications

### Resource

#### Implications:

<i>Financial:</i>	None at this time.
<i>Legal:</i>	See paragraph 2.
<i>Personnel:</i>	None at this time.
<i>Procurement:</i>	None.

**Council Strategic Plan:** Strathclyde Pension Fund aligns with the theme of a well governed city. A review of the Administration Strategy is a priority in the SPF 2019/20 Business Plan.

### Equality and Socio-Economic Impacts:

*Does the proposal support the Council's Equality Outcomes 2017-22* Equalities issues are addressed in the scheme rules which are the responsibility of Scottish Government, and in the Fund's Communications Policy which has been the subject of an Equalities Impact Assessment.

*What are the potential equality impacts as a result of this report?* No specific equalities impacts.

*Please highlight if the policy/proposal will help address socio economic disadvantage.* SPF is an essential element of employee benefits and retirement provision for its 250,000 members.

### Sustainability Impacts:

*Environmental:* No impact

*Social, including opportunities under Article 20 of the European Public Procurement Directive* No impact

*Economic:* No impact

**Privacy and Data Protection impacts:** Compliance with legislation is one of the stated objectives of the strategy. This includes compliance with the General Data Protection Regulation.

## **9 Recommendation**

The Committee is asked **to APPROVE** the revised Pension Administration Strategy as a draft for consultation with scheme employers.

### **Appendices**

**Appendix 1**

**Regulation 57**

**Regulation 57 – Pension administration strategy**

**57.**-(1) An **administering authority** may prepare a written statement of the authority's policies in relation to such of the matters mentioned in paragraph (2) as it considers appropriate ("its pension administration strategy") and, where it does so, paragraphs (3) to (7) apply.

(2) The matters are-

- (a) procedures for liaison and communication with Scheme employers in relation to which it is the **administering authority** ("its Scheme employers");
- (b) 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-
  - (i) the setting of performance targets;
  - (ii) the making of agreements about levels of performance and associated matters; or
  - (iii) such other means as the **administering authority** considers appropriate;
- (c) 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;
- (d) procedures for improving the communication by the **administering authority** and its Scheme employers to each other of information relating to those functions;
- (e) the circumstances in which the **administering authority** may consider giving written notice to any of its Scheme employers under **regulation 65 (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 established under sub-paragraph (b);
- (f) the publication by the **administering authority** of annual reports dealing with-
  - (i) the extent to which that authority and its Scheme employers have achieved the levels of performance established under sub-paragraph (b); and
  - (ii) such other matters arising from its pension administration strategy as it considers appropriate; and
- (g) such other matters as appear to the **administering authority** after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

(3) An **administering authority** must-

- (a) keep its pension administration strategy under review; and
- (b) make such revisions as are appropriate following a material change in its policies in

## Regulation 57 – Pension administration strategy

relation to any of the matters contained in the strategy.

(4) In preparing or reviewing and making revisions to its pension administration strategy, an **administering authority** must consult its Scheme employers and such other persons as it considers appropriate.

(5) An **administering authority** must publish-

- (a) its pension administration strategy; and
- (b) where revisions are made to it, the strategy as revised.

(6) Where an **administering authority** publishes its pension administration strategy, or that strategy as revised, it must send a copy of it to each of its Scheme employers and to the Scottish Ministers as soon as is reasonably practicable.

(7) An **administering authority** and its Scheme employers must have regard to its pension administration strategy when carrying out their functions under these Regulations.

(8) In this regulation references to the functions of an **administering authority** include, where applicable, its functions as a **Scheme employer**.