

SHETLAND ISLAND COUNCIL PENSION FUND

PENSION ADMINISTRATION STRATEGY STATEMENT

INTRODUCTION

Shetland Islands Council administers the Local Government Pension Scheme (LGPS) on behalf of employers participating in the Scheme. The requirement to compile a Pension Administration Strategy is contained with Regulation 57 of The Local Government Pension Scheme (Scotland) Regulations 2014 (as amended).

Shetland Islands Council, as a Pension Administering Authority, is committed to providing a high quality pension service to both members and employers and to ensuring members receive their correct pension benefit entitlement.

The Council invests contributions received from members and employers, maintains member records and calculates benefits based on information supplied by employers. The quality of service provided to members is dependent on employers meeting high standards of accuracy and timeliness of information supplied. As Shetland Islands Council is the main employer participating in the Scheme, the role and responsibilities of the Administering Authority and Employing Authority are basically one and the same.

This statement sets out the roles and responsibilities of the Council, as Administering Authority and Employer.

Roles and Responsibilities

The Employer's duties, responsibilities and discretions are listed at Appendix A to this agreement, and the Administering Authority's duties, responsibilities and discretions are listed at Appendix B.

EMPLOYER - Role and Responsibilities

1. Main duties under scheme regulations

- To decide those employees eligible to become members of the Scheme.
- To decide whether those eligible are employed in a full-time, part-time or variable time capacity. If part-time the Employer must also determine the proportion that the employee's contractual hours bear to the hours of a comparable full-time employee. If eligible, a new employee must be treated as a member unless he/she elects otherwise.
- To determine an employee's pay (or fees) for the purposes of calculating pension contributions and to determine final pay for the purposes of calculating benefits due from the Scheme. Any under-payment of employees pension contributions or over-payment of pension benefits resulting from inaccurate information supplied by the employer shall be recovered from the employer.
- To determine an employee's annual contribution rate on the basis of the person's pensionable pay having regard to guidance issued by the Scottish Ministers, and to collect, pay over and account for the deduction of, the correct rate of pension contributions payable by both the employee and the Employer.
- To appoint a person designated to receive appeals from employees on 'first instance decisions' under the 2014 Regulations
- To accompany any statement issued to an employee relating to any decision made about the scheme, with a notice drawing the employee's attention to their right of appeal under the LGPS. By agreement, the Administering Authority will issue, on behalf of the Employer, those membership certificates required when a member joins the Pension Scheme or where there is a change in his/her pension records.
- To supply timely and accurate information to the Administering Authority to ensure that pension records are accurately maintained and any benefits payable from the Pension Scheme are correctly calculated.
- To notify the Administering Authority of any employee's election to pay Additional Voluntary Contributions, to deduct from the member's pay the amount specified in any election and to pay over those amounts to the specified AVC provider. To notify the Administering Authority of any subsequent election to vary or cease paying AVC contributions and to ensure that final payments are made to the provider before a member's retirement.
- To issue a Certificate of Protection of Pension Benefit if requested to do so by scheme member within 12 months of a material reduction in the

member's pay, (or a restriction in the rate by which it may be increased), where the reduction or restriction arose otherwise than by virtue of the member's own circumstances. Where such a certificate is issued, to keep a record of the member's pay for the period commencing 3 years before the effective date of the certificate and ending 10 years after the effective date of the certificate.

- To use an independent Medical Officer qualified in Occupational Health Medicine, (who has been approved by the Council), in determining ill-health retirement.
- To determine a member's entitlement to benefit on cessation of scheme membership or employment or flexible retirement.

2. Responsibilities

In addition to the duties above, the Employer's responsibilities are as follows:

- To provide prospective members (if any) with basic information about the Scheme.
- To provide the Administering Authority with all relevant information about new members, leavers and changes to pay and service records for pension purposes. Such information being provided to the Administering Authority within 6 weeks of the change taking effect.
- To ensure employee and employer contributions are paid to the Administering Authority, within 19 days following the date the payments are made. The Administering Authority will charge interest at 1% above the base rate, compounded with three monthly rests, on employers' payments which are overdue by more than one month.
- To provide additional information as required for data-matching or communication purposes. The specification for this will be specified by the Fund and may, after consultation, be modified from time to time.
- With the employer's agreement, the Administering Authority will pay the benefits arising as a result of the employer awarding additional compensatory years under the Discretionary Regulations along with the main scheme benefits, and the Employer shall reimburse the Administering Authority for any amounts paid by the Administering Authority in respect of the additional benefits. The employer shall also make payment to the Administering Authority, by way of a one off lump sum payment and within one month of the invoice being issued, any strain cost arising from a decision made by the Employer to award early payment of benefits.
- To tell members awarded additional compensatory years that the payment of the award will be subject to restriction should they take up further employment with an employer participating in the LGPS.

- To ensure the Administering Authority is informed about, and Government guidance is followed in respect of, any transfer of members in respect of an outsourcing of service arrangement, and any subsequent changes to that arrangement which would impact on those members.
- To inform the Administering Authority of any planned changes to their pension provision for employees, including whether the scheme is open to new employees, bulk transfers or any redundancy exercises.

3. Discretions

The Employer is obliged to make, and keep under review, policies on the discretions available under the regulations. These policies must be contained and published in a policy statement. A copy of that statement, and any subsequent amendment to it, must be provided to the Administering Authority. The current statement must also be made available to any scheme member upon request.

ADMINISTERING AUTHORITY - Role and Responsibilities

1. Main duties under scheme regulations

- To maintain the Shetland Islands Council Pension Fund.
- To invest pension contributions received and account for and manage the Fund's assets.
- To set up and maintain a record for each member which contains all the necessary information for the production of an accurate benefit calculation.
- To decide how any previous service or employment of an employee is to count for pension purposes, and whether such service is classed as a 'period of membership'.
- To notify each member of their decisions regarding the counting of service.
- To calculate and pay the appropriate benefits, based on the member's record, and the termination and pay details provided by the Employer when an employee ceases employment.
- To supply beneficiaries with notification of their entitlements including the method of calculation.
- To appoint a suitable person for the purposes of the scheme's internal dispute resolution procedure.
- To adjust pensions annually in accordance with the provisions of Pensions Increase Acts and Orders.
- To arrange for the triennial actuarial valuation of the Pension Fund.
- To ensure that sufficient information is issued in the form of newsletters, booklets and other materials to satisfy the requirements of the Occupational Pension Schemes (Disclosure of Information) Regulations 1996.
- To ensure that steps are taken at all times to pay benefits to appropriate beneficiaries only and to reduce the possibility of fraud.
- To ensure compliance with Data Protection legislation.

2. Responsibilities

In addition, the responsibilities of the Council in administering the Scheme are as follows:

- To appoint an actuary for the purposes of the triennial valuation of the Pension Fund and to provide periodical actuarial advice when required.

- To appoint an Additional Voluntary Contributions provider.
- To comply with any orders or instructions issued by The Pensions Regulator or the Pensions Ombudsman. Where the order or instruction requires financial compensation or a fine to be paid from the Administering Authority, or by any officer responsible for it, and it is due to the default, omission or otherwise negligent act of the Employer, the sum concerned shall be recharged to the Employer.
- To issue forms, newsletters, booklets and such other materials as are necessary in the administration of the Scheme.
- To produce and despatch Annual Benefit Statements. The Council will raise queries resulting from the annual year end routines as quickly as possible after receipt of the year end information from the Employer (no later than 19th April). If, for whatever reason, responses to these queries are not received by 30 June the Administering Authority may issue a blank forecast advising the member that relevant information has not been received from the Employer.
- To provide accurate, timely data to the Scheme's actuary for the purposes of the triennial actuarial valuation of the Pension Fund.
- Where appropriate, to pay benefits based on additional service awarded by an Employer in accordance with the provisions of the Discretionary Regulations. Where such additional service is awarded it is strictly the responsibility of the Employer to calculate and pay the benefits arising from that service. However, the Administering Authority will, by agreement, calculate and pay any additional benefits on behalf of the Employer, and directly recharge the amount of any such benefits to the Employer. Where the Administering Authority is not reimbursed within the agreed time scale the payment of such additional benefits may cease until the matter is resolved to the satisfaction of the Administering Authority.
- To provide assistance to Employers in regard to the pension implications of outsourcing services and to deal with any related bulk transfers of pension rights.

2. Discretions

The Administering Authority has published policies on discretions afforded by the scheme regulations and related regulations. The policy statement has been supplied to Employers. Changes to that statement may be published from time to time and revised versions provided to Employers.