

Pension Administration Strategy



Effective Date: 1 April 2024

**Northern Ireland Local Government Officers' Superannuation Committee
Pension Administration Strategy**

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**Northern Ireland Local Government Officers' Superannuation Committee
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Introduction and Regulatory Context

The Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) was established by the Government in April 1950 to operate a pension scheme for the local councils and other similar bodies in Northern Ireland.

The pension scheme is known as the Local Government Pension Scheme Northern Ireland (LGPS NI) - the Scheme).

The LGPS NI is a statutory pension scheme and is governed by regulations. The primary regulations appertaining to scheme administration are the Local Government Pension Scheme Regulations (Northern Ireland) 2014 (as amended).

There are additional regulations relating to the LGPS NI and wider pension scheme legislation and Codes of Practice which are also relevant to the Pension Administration Strategy.

The Pensions Regulator (TPR) is responsible for regulating the governance and administration of public service pension schemes. Where necessary, TPR can use its powers to put things right and issue penalty notices. Employers participating in the Scheme are under statutory obligation to comply with all their duties, such as providing data to NILGOSC promptly and accurately.

A list of current legislation and relevant regulatory guidance is attached at Appendix 1.

The Pension Administration Strategy (PAS) has been written in line with Regulation 65 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014.

It sets out how NILGOSC will administer the Scheme on behalf of Scheme employers, the requirements for employers in terms of the timely and accurate provision of information for Scheme members and the procedure to be applied to those employers failing to meet their statutory responsibilities and obligations as detailed within the strategy.

The PAS sets out the responsibilities and performance levels required of both NILGOSC and employers to enable the provision of a high-quality pension administration service. It replaces previous iterations with effect from 1 April 2024 and applies to all Scheme employers.

The strategy should be used in conjunction with the Employer's Guide, Payroll Guide and HR Guide, which NILGOSC provides separately as reference materials for scheme administration.

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The PAS has been developed and adopted in consultation with Scheme employers and will be reviewed every three years or where regulatory and/or operational changes require, if sooner.

Aim of the Strategy

The aim of the Strategy is to provide a framework for the delivery of a cost-effective and high-quality pension administration service.

The delivery of such a service is dependent on effective administration procedures being in place between employers and NILGOSC, specifically the timely exchange of accurate information in respect of scheme members.

In order to achieve this aim, NILGOSC continues to utilise technology to improve the quality, security and timeliness of information and the primary method of data exchange for employers will be via i-Connect.

NILGOSC will work in partnership with employers as the phased transition to i-Connect continues over the next three years.

The PAS seeks to meet its aim of delivering a cost effective and high quality administration service by:

- Ensuring effective communication and transfer of information between employers and NILGOSC;
- Defining the roles and responsibilities of scheme employers and NILGOSC;
- Setting out the expected levels of performance of both parties;
- Setting out how performance will be monitored and the action that may be taken where standards are not met.

Publication

NILGOSC's PAS will be published on its website www.nilgosc.org.uk. NILGOSC will send an electronic copy to each employing authority and to the Department for Communities as soon as is reasonably practicable following any subsequent revision.

Reporting

As part of its monitoring and compliance arrangements, NILGOSC will produce and publish on its website an annual report indicating the extent to which the levels of performance established in the PAS have been met during the period under review.

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The report will reflect the performance of both NILGOSC and employers and may include such other relevant matters arising from the PAS.

In circumstances where an employer's performance impacts on NILGOSC's ability to perform its statutory functions, consideration will be given as to whether the breach must be reported to The Pension Regulator.

Use of Technology to Deliver Efficiencies and Service Improvements

NILGOSC is committed to utilising appropriate technology to improve the quality of information, the timeliness of its processing and the overall efficiency of the service provided to stakeholders.

The longer-term objective is to utilise the integrated, self-service functionality of the existing pension software system, which offers direct online access to both employers and members through i-Connect and Member Self Service respectively.

i-Connect

The i-Connect portal is an electronic data exchange facility which allows employers to submit monthly electronic data submissions. Prior to 2022, all employers were required to provide information on members' pay and contributions on an annual basis.

In order to improve the timeliness, security and accuracy of member data held, NILGOSC is transitioning employers across to the i-Connect system. This straight-through processing system replaces the laborious annual return process with monthly electronic returns that are submitted directly to NILGOSC every time a payroll is run.

As data is taken directly from an employer's payroll system, this automatically identifies new joiners, opt-outs and leavers.

This provides significant benefits to employers and members through a reduced risk of errors and the timely, accurate and secure provision of member data.

NILGOSC recognises the input and effort required from employers, and their respective software providers, to successfully transition to monthly returns.

All employers have been provided with indicative transition dates and are encouraged to engage early with both software providers and NILGOSC.

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Member Self Service

The My NILGOSC Pension Online portal allows members, be they current, deferred or pensioner members, to access their membership records online.

Through this self-service facility, members can view and update their personal details, see an estimate of their pension on retirement, access monthly pension payslips and view their annual benefit statement.

Employers are asked to support NILGOSC in encouraging members to utilise the self-service facility through the provision of appropriate communications to its workforce.

NILGOSC will continue to review and adjust its administrative procedures as areas for improvement are identified, new software functionality becomes available or as a result of new or amended legislation.

NILGOSC will communicate any such changes to employers through the established communication channels set out in this document.

Liaison and Communication with Scheme Employers

NILGOSC is committed to delivering the best possible service to all Scheme employers, members and prospective members.

The delivery of this service depends on the mutual co-operation and commitment of both parties and NILGOSC will continue to engage with employers with a view to maintaining a positive working relationship.

NILGOSC welcomes feedback and is happy to meet with an employing authority at any time to discuss any aspect of the administration of the Scheme.

NILGOSC is committed to the continuous improvement of its communication methods and seeks to work in partnership with employers to ensure they are aware of and understand their roles and responsibilities with respect to the administration of the pension scheme.

In addition to routine liaison with employers on scheme administration, NILGOSC will use the following methods to communicate information to and from employers in relation to Scheme functions:

- Comprehensive employers' guides and literature, including Circulars
- Employers' section of NILGOSC's website (www.nilgosc.org.uk/employers)
- Employer seminars and training sessions
- Ad hoc meetings with employing authorities, by arrangement

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- Bitesize employer and member workshops
- Pension Surgeries
- Dedicated Employer Liaison Officer
- Email Updates
- Support and training on i-Connect, the employer data portal
- Support of member data access portal, My NILGOSC Pension Online.

NILGOSC seeks to work closely with employers when assessing administration performance and, in the case of underperformance, will provide further training at the earliest opportunity.

Where performance issues are identified, NILGOSC will look to resolve these informally in the first instance.

In the event that informal resolution is not possible, or in cases of persistent non-compliance, NILGOSC will exercise its powers under the LGPS (NI) Regulations 2014.

NILGOSC's Role and Responsibilities

Legislation sets out minimum standards that pension schemes, including NILGOSC, must meet when providing a range of services and information to members and other stakeholders.

Accordingly, NILGOSC will administer the Scheme in line with the current Scheme regulations and any overriding legislation in force at the time, including statutory disclosure requirements and timescales.

The main duties of NILGOSC are to:

- Maintain and update members' records accurately in accordance with the information provided by the Scheme employer.
- Create an individual Scheme membership record for each employment of each new member admitted to the Scheme.
- Determine, calculate and pay retirement benefits, deferred benefits and death in service benefits, in line with the Regulations.
- Pay on an agency basis, if requested by the employing authority, and at an agreed administration cost, compensation pensions awarded by employing authorities under the Discretionary Compensation Regulations (NI) 2003 to leavers up to 31 March 2007 and any subsequent dependants.
- Issue annual benefit statements to members within five months of the end of the Scheme year to which the statements relate.
- Provide annual allowance pension savings statements.

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- Carry out triennial and interim valuations of the Scheme.
- Send employing authorities an electronic copy of the Annual Report and Accounts and the Local Government Auditor's Report.
- After the triennial actuarial valuation, provide employing authorities with an electronic copy of the Actuary's Report and certificate stating the employers' contribution rate to be paid for the next three year period.
- Comply with the Scheme manager responsibilities contained in the Pensions Regulator Code of Practice No. 14 – Governance and Administration of Public Service Pension Schemes.
- Collect and reconcile Scheme employer and Scheme employee contributions.
- Increase pensions in accordance with the provisions of Pension Increase Orders and Department of Finance Revaluation Orders.
- Notify Scheme employers and Scheme members of any relevant changes to the Scheme Regulations.
- Notify Scheme members of a decision made regarding Scheme benefits, including the right of appeal under the Internal Dispute Resolution Procedure.
- Process and validate monthly or annual returns.
- Prepare, publish and maintain a Communication Policy.
- Prepare, publish and maintain a Funding Strategy Statement.

Comply with the Data Protection Act 2018 by protecting from improper disclosure any member information supplied or made available by employing authorities or other third parties for the operation of the Local Government Pension Scheme (NI).

NILGOSC's Service Standards

In line with the above statutory duties and responsibilities, NILGOSC has established the service standards and targets stated in Table 1 on the next page.

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Table 1 – NILGOSC's service standards

| Action | Service Standard | Target |
|---------------|--|---------------|
| Retirement | To pay any lump sum due within 10 working days of the receipt of the relevant details. | 90% |
| | To notify the pensioner of the pension payable within 10 working days of the receipt of the relevant details. | 90% |
| Death | To pay the death grant and notify any dependants of the pension within 10 working days of the receipt of the relevant proofs of title. | 90% |
| Early Leaver | To provide a statement of benefit options within 20 working days of notification. | 90% |
| Refund | To pay within 10 working days of receiving a valid application. | 95% |
| Transfer Out | To provide an estimate of the cash equivalent within 20 working days of request and receipt of relevant details. | 90% |
| | To pay the CETV within 10 working days of receipt of all necessary paperwork. | 90% |
| Transfer In | To provide an estimate of the amount to be credited to the member's pension account within 10 working days of receipt of relevant details. | 90% |
| | To provide confirmation of the amount credited to the member's pension account within 20 working days of receiving the transfer payment. | 90% |

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| Action | Service Standard | Target |
|----------------------------|--|---------------|
| Quotation | To provide quotation requests within 10 working days. | 90% |
| New Entrants | To process new entrants within 20 working days of receipt. | 95% |
| Correspondence | To reply to correspondence within 10 working days. | 95% |
| Members' Annual Report | To issue by 30 November each year. | 100% |
| Pension Benefit Statements | To issue pension benefit statements to all members and deferred members within 5 months of year end. | 100% |
| Monthly Pension | To pay all pensions by the last banking day each month. | 100% |
| P60s issued to Pensioners | To issue P60s by 31 May each year | 100% |

Performance by NILGOSC

NILGOSC's performance against its service standards is reported in the Annual Report and Accounts. Where NILGOSC fails to meet a service standard, corrective action will be taken as soon as possible.

Should any employer experience problems with NILGOSC's service delivery, they should notify the Head of Pension Services. Such issues will be investigated and, where applicable, remedied at the earliest opportunity.

NILGOSC will maintain communication with the employer until the matter is satisfactorily resolved.

Employers' Role and Responsibilities

To enable NILGOSC to meet its responsibilities, each employer must:

- Comply with the LGPS Regulations (NI) 2014, as amended, by providing timely and accurate information, including annual/monthly return information, and respond promptly to any related queries raised by NILGOSC.
- Comply with the Data Protection Act 2018 by protecting from improper disclosure any member information supplied or made available by NILGOSC for the operation of the Local Government Pension Scheme (NI).
- Comply with the Occupational Pension Schemes (Disclosure of Information) Regulations 2014 by issuing to all new employees eligible to join the Scheme, at the time of appointment, a copy of the 'Welcome to the Local Government Pension Scheme (Northern Ireland)'.
- Not provide any member with an opt-out notice - members should obtain this notice directly from NILGOSC or download it from NILGOSC's website.
- Publish and keep up to date a set of employer policy discretions, in line with the LGPS Regulations (NI) 2014, as amended, and the LGPS (Early Termination of Employment) (Discretionary Compensation) Regulations (NI) 2007, and any former regulations.
- Send a copy of (or an amendment to) the policy discretions to NILGOSC within four months of joining the Scheme (if a new employing authority), or within one month of any revision.
- Deduct employee and employer contributions at the correct rate, including any contributions due for leave of absence with reduced or no pay, and any additional contributions which NILGOSC has asked it to collect. If an estimate of contributions is paid, adjust and account for any reconciliation balance within that month.
- Pay contributions, or an estimate of contributions, (including Utmost Life Additional Voluntary Contributions (AVCs)) to NILGOSC every month by bank electronic credit transfer, or by cheque if this facility is not available. Payment is due on the first working day of the month following the month to which the contributions relate. A LGS6 form should be submitted to NILGOSC with details of the payment amount.

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- Forward AVC7 form (AVC contributions to Utmost Life) to NILGOSC at the same time as the LGS6 and pay Prudential AVC contributions directly to Prudential within 10 days of their deduction.
- Pay any agency or other invoices (e.g., capital costs for early payment of benefits) issued by NILGOSC within 30 days.
- Provide NILGOSC timely notification of any changes in: organisational structure; the nature of business or constitution; funding basis; respect of the guarantor for pension liabilities; membership (including restructuring and outsourcing); employee terms and conditions, or of any other event that may affect continued participation in the Fund.
- Complete an annual employer update form to facilitate NILGOSC’s covenant review process.
- Comply with the Scheme employer responsibilities contained in the Pensions Regulator Code of Practice No. 14 – Governance and Administration of Public Service Pension Schemes.
- Supply and maintain an up-to-date authorised signatories list.
- Deal with disputes that relate to employer decisions.

Employer Service Standards

Scheme employers are responsible for providing timely and accurate data necessary for NILGOSC to fulfil its statutory obligations.

The table below sets out the service standards and acceptable achievement levels for all employers.

Table 2– Employer service standards

| Event | Service Standard | Target |
|---|---|--------|
| New joiners to the Scheme | Notification to NILGOSC within 2 months of the member joining the Scheme via i-Connect or via the SS1 template. | 95% |
| Employee Opts out of the Scheme | Notification to NILGOSC within one month of date of opt out | 95% |
| Member leaving the Scheme before retirement | Notification to NILGOSC, via leavers LGS15 form within 20 working days of the date of leaving. | 95% |

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| Event | Service Standard | Target |
|---|---|--------|
| Member plans to retire | Notification to NILGOSC of impending retirement at least 3 months before the intended retirement date (unless the member has given less than 3 months' notice). Notification to NILGOSC, via leavers LGS15 form within 20 working days of the date of leaving. | 95% |
| Member dies in Service | Notification to NILGOSC within 5 days of the date of death. | 95% |
| Payment of contributions | Payment to NILGOSC within 10 working days of the due date (the 1 st working day of the month following the month to which the contributions relate). Receipt of LGS6 within 10 working days of due date. | 100% |
| Annual return – employers not yet using i-Connect | By 30 th April following year end. | 100% |
| NILGOSC raises queries following receipt of annual return | Response within 15 working days of the queries being raised. | 100% |
| Monthly return – employers using i-Connect | Submission by 10 th of the month following the month in which the contributions were deducted. | 100% |
| NILGOSC raises queries following receipt of i-Connect online return | Errors are rectified before the next monthly submission. | 100% |

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| Event | Service Standard | Target |
|---------------------------------|--|--------|
| i-Connect data file is rejected | Data file is corrected and resubmitted to NILGOSC within 5 working days. | 100% |

Performance by an Employer

If an employer does not meet the performance standards, NILGOSC will attempt to understand the reasons behind unsatisfactory or poor administration performance through direct engagement with the employer and will work to address any training needs identified.

Should the underperformance continue, or where an employer fails to positively engage with NILGOSC, a letter will be issued setting out the underperformance or non-compliance and will request a formal meeting to agree an improvement plan.

Where no improvement is evident as a result of this engagement, NILGOSC will assess whether a charge should be levied on the employer.

Regulation 76 of the 2014 Regulations allows NILGOSC to recover from an employer any additional costs associated with the administration of the scheme incurred as a result of that employer's poor performance.

The consistent application of standards across all employers is essential to ensure that a fair and value for money administration service is provided to all stakeholders.

This regulation is designed to prevent other employers from paying more to cover the higher administration costs incurred as a result of one employer's poor performance.

In cases of persistent underperformance and/or non-compliance, charges may be levied on employers. In addition, NILGOSC's administration performance is subject to scrutiny by The Pension Regulator who, together with other statutory bodies, has the power to issue fines for certain instances of non-compliance.

Any charges or fines levied on NILGOSC which relate directly to an employer's poor or non-performance will be recharged to the employer.

Where charges are to be applied, NILGOSC will give the employing authority written notice, stating the reasons for the recharge, the amount to be paid, how that amount is calculated, and will state the relevant provisions of the Pension Administration Strategy.

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Further information on the charges that may apply are set out in the Charging Schedule in Appendix 2.

Additional costs relating to non-routine services or administration

Routine and cyclical administration activity is not charged directly to employers.

NILGOSC may however charge for non-routine services, for example legal or actuarial work which is not common to all employers.

NILGOSC may also charge for administration costs which are over and above routine administration costs, for example issuing reminders or correcting records where incorrect data has been provided.

The circumstances in which additional costs will be recovered, and the details of the relevant charges, are shown in the Charging Schedule at Appendix 2.

Steps to recover additional administration costs will usually only be pursued after support and training has been offered by NILGOSC to address the underperformance.

Appendix 1 – Regulatory Framework

The Local Government Pension Scheme in Northern Ireland (LGPS (NI)) is a statutory pension scheme governed by regulations.

In discharging their roles and responsibilities both NILGOSC and the employing authorities are required to comply with the Scheme regulations, any overriding legislation and to follow the Code of Practice issued by the Pensions Regulator regarding data quality, completeness and timeliness.

The Pension Regulator has the power to issue fines for non-compliance. This Strategy does not override any provision or requirement in the LGPS (NI) Regulations or in any other associated legislation which are amended from time to time.

The principal Regulations, as amended, forming the basis of this Strategy are:

- The Local Government Pension Scheme Regulations (Northern Ireland) 2014
- The Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014
- The Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (NI) 2007
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations (NI) 2000

along with other associated record keeping legislation, as amended, that includes:

- The Public Services Pensions Act (Northern Ireland) 2014
- The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations (Northern Ireland) 2014
- The Employers' Duties (Registration and Compliance) Regulations (Northern Ireland) 2010
- The Occupational and Personal Pension Scheme (Disclosure of Information) Regulations (Northern Ireland) 2014
- The Occupational and Personal Pension (Automatic Enrolment) Regulations (Northern Ireland) 2010
- The Occupational Pension Schemes (Transfer Values) Regulations (Northern Ireland) 1996
- The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations (Northern Ireland) 2021
- General Data Protection Regulations 2018 (GDPR)
- HMRC legislation

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- Statutory Government Actuary Department (GAD) Guidance
- Department of Finance Directions
- The Pension Regulator Code 14: Governance and administration of public service pension schemes.

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Appendix 2 – Charging Schedule

As set out in the PAS, NILGOSC will seek to resolve underperformance issues informally in the first instance.

This will include the offer of additional training and support to help ensure employers understand their responsibilities with respect to scheme administration.

In those circumstances where informal resolution is not possible, or in cases of persistent non-compliance, NILGOSC will exercise its powers under the LGPS (NI) Regulations 2014 and will apply the following charges.

Table 3 - Failure to comply charges

| Category | Failure | Charge (plus VAT as appropriate) |
|--|---|--|
| Late payment of monies | Late payment of employer and/or scheme member contributions (including AVCs) to NILGOSC by the 10 th working day of the month following the month to which the contributions relate. (Note: payment must be accompanied by the LGS6). | £150 per instance of late payment, plus interest on normal contributions, calculated in line with the Regulations. |
| | Late payment of pension strain costs. Payment to be received within 30 days of invoice date. | £150 per reminder sent. |
| Provision of inaccurate information or failure to provide information | Receipt of incorrect and/or late data that causes NILGOSC to breach a statutory requirement. | £150 per occurrence/member. |
| | Any unrecovered element of an overpayment of a benefit made because of an employer provided inaccurate information to NILGOSC. | The unrecovered element, including any interest paid on it, will be recharged. |

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| Category | Failure | Charge (plus VAT as appropriate) |
|-------------------------------------|---|--|
| | Late submission of leavers LGS15 form for retiring members. | £150 per occurrence/member. |
| Recharging third party costs | Fines levied on NILGOSC by the Pensions Regulator (TPR), the Pensions Ombudsman Service or any other regulatory body due to the employing authority's poor performance. | The full amount of the fine levied will be recharged. |
| | Any work for which a third party is required e.g. lawyer or actuary, which is not common to all employing authorities. | The cost of the work, or a proportion of it (as appropriate), will be recharged. |
| Annual Returns | Late submission of year-end return | £250 plus £100 for each subsequent week return is outstanding. |
| | Failure to respond to NILGOSC requests for information to resolve year end data queries within 15 working days of queries being received. | £100 per reminder issued. |
| Additional Administration | Additional administration required as a result of the provision of incorrect or incomplete data. | Additional costs incurred by NILGOSC will be calculated and recharged based on time spent and hourly rates of officer involved in remedial work. |

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| Category | Failure | Charge (plus VAT as appropriate) |
|------------------|--|--|
| i-Connect | Failure to fully implement i-Connect in line with agreed onboarding date. | All administration and time spent will be recharged up to £5,000 if an employer has not fully onboarded by the next 30 April meaning an annual return is required. (Note: Part or all may be waived at NILGOSC's discretion.) |
| | Late submission of monthly pension payroll data via i-Connect. | £150 per occurrence plus a further fixed penalty of £10 per day after the deadline. (Note: Part or all may be waived at NILGOSC's discretion.) |
| | Submission of incorrect pension payroll data via i-Connect, as defined as a submission with either: <ul style="list-style-type: none"> • More than 10% of the members with a submission event error or • More than 10% of the members with incorrect pensionable pay and/or contributions needing manual correction. | £100 per occurrence plus a further fixed penalty of £5 per day after the deadline. |