

## 10.0 ADMINISTRATION

The administration of the LGPS relies heavily upon information supplied to the administering authority by its scheme employers and scheme members.

The pension administration team is responsible for administering the LGPS for the county of Berkshire.

The role of the scheme employer in administering the LGPS should not be underestimated. Since the introduction of the LGPS Regulations 2013, scheme employer responsibilities have undoubtedly increased with employers becoming exposed to greater scrutiny by the Pensions Regulator.

### 10.1 Record keeping

The Royal County of Berkshire Pension Fund currently maintains a database of member information on a pension administration software solution called '*altair*' through a contract with a company called *heywood*, the trading name for Aquila Group Holdings Limited.

The Pension Fund's relationship with *heywood* goes back many years to the initial implementation of a computer-based solution for pension administration purposes. The Pension Fund's contract with *heywood* is for the provision of a 'hosted' service whereby the system is backed up each day on servers maintained by *heywood* in two separate locations in the UK. This solution meets all the requirements of the Pension Fund's disaster recovery plan and means that access to the system can be achieved by authorised officers anywhere that access to the internet can be found.

In addition to the pension administration solution, the Pension Fund also uses the pension payroll solution provided by *heywood* meaning that members records are maintained and reconciled to the administration system seamlessly.

The Pension Fund also uses a package called '*image*' which is a document scanning and retention package that stores all documentation relating to each scheme member within each scheme member's pension administration record thereby avoiding the need for paper files to be used. Linked to this is a '*task management module*' that enables workflows to be monitored and reported on.

One final product supplied by *heywood* that the Pension Fund uses is '*mypension ONLINE*' a secure internet application that enables scheme members to access, and in some cases update, their own pension records from any location where the internet can be accessed.

The administering authority is subject to a number of legal requirements in relation to the information that it holds including the [Public Service Pensions Act 2013](#),<sup>1</sup> the [Freedom of Information Act 2000](#)<sup>2</sup> and the [Data Protection Act 1998](#).<sup>3</sup> The administering authority's policies on both the [Data Protection Act](#)<sup>4</sup> and the [Freedom of Information Act](#)<sup>5</sup> can be found on the RBWM website.

Poor record-keeping may lead to significant additional costs in a number of areas such as administration, error correction, claims from members, buy-outs, wind-ups and, potentially,

<sup>1</sup> <http://www.legislation.gov.uk/ukpga/2013/25/contents/enacted>

<sup>2</sup> <http://www.legislation.gov.uk/ukpga/2000/36/contents>

<sup>3</sup> <http://www.legislation.gov.uk/ukpga/1998/29/contents>

<sup>4</sup> [http://www.rbwm.gov.uk/web/foi\\_data\\_protection\\_policy\\_2010.htm](http://www.rbwm.gov.uk/web/foi_data_protection_policy_2010.htm)

<sup>5</sup> [http://www3.rbwm.gov.uk/info/200413/freedom\\_of\\_information/940/freedom\\_of\\_information\\_act](http://www3.rbwm.gov.uk/info/200413/freedom_of_information/940/freedom_of_information_act)

may necessitate the making of more conservative actuarial assumptions. Where a scheme's poor record keeping becomes known, it can cause reputational damage.

The Pensions Regulator has issued some [guidance](#)<sup>6</sup> to assist pension schemes in maintaining, testing and measuring the quality of member record data. This is broken down into three parts:

- Common data – applicable to all schemes;
- Conditional data – dependent on scheme type, structure and system design; and
- Numerical data – to aid understanding of the results.

The guidance is aimed at trustees, providers and administrators, who as well as checking that data exists, need to ensure that the data is accurate. It sets out good practice in helping to assess risks associated with member record-keeping. It describes an approach for measuring the presence of member data items which are important in the administration of a pension scheme.

It is relevant to point out that much of the data referred to in the guidance issued by The Pensions Regulator is compulsory data required of most, if not all, pension administration software solutions. Within *altair* there are a number of automatic system checks that take place to ensure that data is held correctly and accurately. Even so, numerous system reports are scheduled to run at regular intervals to ensure the integrity of the membership data is maintained at the highest possible level.

[The Public Service Pensions \(Record Keeping and Miscellaneous Amendments\) Regulations 2014 \(SI 2014 No. 3138\)](#)<sup>7</sup> that came into force on 1 April 2015 require the scheme manager of a public service pension scheme to keep records which are specified in regulations 4 to 6 of the 'Record Keeping' regulations.

[Regulation 4](#)<sup>8</sup> deals with records of member and beneficiary information and lists specific information that must be held by the scheme manager in respect of all the scheme members and beneficiaries on behalf of whom it administers the LGPS. All the information as required is held on the *altair* system which is audited on an annual basis.

[Regulation 5](#)<sup>9</sup> deals with the records of transactions e.g. employee contributions, payments of pensions and transfer values etc. Again, *altair* holds this information although all payments made in or out of the Pension Fund are also recorded and maintained on the scheme manager's general ledger system, *Agresso*. All payments out of the Pension Fund and monies received by the Pension Fund are coded to cost centres specific to each participating scheme employer. Reports can be, and are regularly, run on both *altair* and *Agresso* in order to reconcile certain data between the systems and to provide information to be included in the Pension Fund's annual report and accounts.

[Regulation 6](#)<sup>10</sup> deals with the records to be kept in respect of Pension Board meetings and decisions which is covered by section 3.0 of this handbook with reference to sections 133 and 134 of the [Pensions Regulators Code of Practice No. 14](#)<sup>11</sup>.

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<sup>6</sup> <http://www.thepensionsregulator.gov.uk/guidance/guidance-record-keeping.aspx>

<sup>7</sup> <http://www.legislation.gov.uk/uksi/2014/3138/contents/made>

<sup>8</sup> <http://www.legislation.gov.uk/uksi/2014/3138/regulation/4/made>

<sup>9</sup> <http://www.legislation.gov.uk/uksi/2014/3138/regulation/5/made>

<sup>10</sup> <http://www.legislation.gov.uk/uksi/2014/3138/regulation/6/made>

<sup>11</sup> <http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>

## 10.2 Pension administration strategy

In accordance with [Regulation 59](#)<sup>12</sup> of the LGPS Regulations 2013 the administering authority may prepare a written statement setting out its pension administration strategy, the current version of which can be found on the [Pension Fund's website](#)<sup>13</sup>. The administering authority and all scheme employers need to have regard to the pension administration strategy when considering:

- Procedures for liaison and communication;
- Levels of performance;
- Compliance with statutory requirements;
- Procedures for improving the flow of communication;
- The circumstances for issuing notices of underperformance;
- Procedures for producing performance statistics;
- Production of a service level agreement.

## 10.3 Scheme employer decisions and discretions

Under current scheme regulations there are many occasions where a scheme employer has certain discretion as to how the regulations should be applied and is required to take decisions or make policies so as to be consistent in the approach taken.

The following table identifies the regulations where, unless stated otherwise that a formal policy statement is either compulsory or recommended, a scheme employer decision is required:

**Table 9 – Scheme employer decisions**

No.	Regulation	Scheme employer decision
1	LGPS13: 3(1)(b) and Sch. 2, Part 2	To whom to offer membership of the LGPS where the scheme employer is a designation body.
2	LGPS13: 3(1)(c) and 4(2)(b)	Which employees to designate for membership of the LGPS where the scheme employer is an admission body.
3	LGPS13: 9(1) and 9(3)	Determine the rate of employees' contribution for all members of the scheme in the scheme employers' employ.
4	LGPS13: 16(2)(e) and 16(4)(d)	Whether, how much, and in what circumstances to contribute to a shared cost APC scheme. ( <b>Policy statement compulsory – see paragraph 6.3</b> )
5	LGPS13: 17(1)	Whether, how much, and under what circumstances to contribute to a shared cost APC scheme. ( <b>Policy statement recommended – see paragraph 6.3</b> )
6	LGPS13: 19(2)	Where a member has no right to a return of contributions if left employment due to an offence of a fraudulent character or grave misconduct whether to direct payment of a total or partial refund to the member or a relative/dependent.
7	LGPS13: 20(1)(b)	To specify in an employee's contract of employment what other payments or benefits, other than those specified in regulation 20(1)(a) and not precluded by regulation 21(2), that are to be

<sup>12</sup> <http://www.lgpsregs.org/index.php/strategies?showall=&start=2>

<sup>13</sup> [http://www3.rbwm.gov.uk/bpf/downloads/download/1/pension\\_fund\\_policies](http://www3.rbwm.gov.uk/bpf/downloads/download/1/pension_fund_policies)

		pensionable.
8	LGPS13: 21(5)	In determining assumed pensionable pay, whether a lump sum payment made in the previous 12 months is a “regular lump sum”. <b>(Policy statement recommended – see paragraph 6.3).</b>
9	LGPS13: 22(7)(b)	Whether to extend the 12 month option period for a member to elect that deferred benefits should not be aggregated with an ongoing concurrent employment. <b>(Policy statement recommended – see paragraph 6.3).</b>
10	LGPS13: 22(8)(b)	Whether to extend the 12 month option period for a member to elect that deferred benefits should not be aggregated with a new employment. <b>(Policy statement recommended – see paragraph 6.3).</b>
11	LGPS13: 30(6) and TP14: 11(2)	Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement). <b>(Policy statement compulsory – see paragraph 6.3).</b>
12	LGPS13: 30(8)	Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement. <b>(policy statement compulsory – see paragraph 6.3).</b>
13	LGPS13: 31	Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency. <b>(Policy statement compulsory – see paragraph 6.3).</b>
14	LGPS13: 37(3)	Whether to recover any overpaid tier-3 pension following commencement of gainful employment.
15	LGPS13: 37(3) and (4)	Determine whether person in receipt of tier-3 ill health pension has started gainful employment.
16	LGPS13: 38(3)	Decide whether a deferred beneficiary meets criteria for being permanently incapable of undertaking the duties of their former job because of ill health and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is sooner.
17	LGPS13: 38(6)	Decide whether a suspended ill health tier-3 member is unlikely to be capable of undertaking gainful employment before normal pension age because of ill health.
18	LGPS13: 74(4)	Whether to extend the six month period to lodge an appeal under stage one of IDRP (adjudicator decision).
19	LGPS13: 74(6)	Decide procedure to be followed by adjudicator when exercising stage one IDRP functions and decide the manner in which those functions are to be exercised.
20	LGPS13: 91(1) and (8)	Whether to apply to the Secretary of State for a forfeiture certificate (where member is convicted of a relevant offence).
21	LGPS13: 91(4)	Where forfeiture certificate is issued, whether to direct that benefits are to be forfeited (other than rights to GMP).
22	LGPS13: 92(1) and (2)	Where forfeiture certificate is issued, whether to direct interim payments out of the pension fund until a decision is taken to either apply the certificate or to pay the benefits.
23	LGPS13: 93(2)	Whether to recover from the pension fund any monetary obligation or, if less, the value of the member’s benefits where the obligation was incurred as a result of a grave misconduct or a criminal, negligent or fraudulent act or omission in connection with the employment and as a result of which the person has left employment.
24	LGPS13: 95	Whether, if the member has committed treason or been imprisoned for at least 10 years for one or more offences under the Official Secrets Acts, forfeiture under regulation 91 or

		recovery of a monetary obligation under regulation 93 should deprive the member or the member's dependents of any GMP entitlement.
25	LGPS13: 98(1)(b)	Whether to agree to bulk transfer payment.
26	LGPS13: 100(6)	Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS. ( <b>Policy statement recommended – see paragraph 6.3</b> ).
27	TP14: 3(1) and Sch. 2 Para. 2(1) B07: 30(5) and 30A(5)	Whether to waive any actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on grounds of flexible retirement (where the member has both pre 01/04/14 and post 31/03/14 membership): <b>a)</b> on compassionate grounds (pre 01/04/14 membership) and in whole or in part on any grounds (post 31/03/14) membership if the member was not in the scheme before 01/10/06: <b>b)</b> on compassionate grounds (pre 01/04/14 membership) and in whole or in part on any grounds (post 31/03/14 membership) if the member was in the scheme before 01/10/06, will not be 60 by 31/03/16 and will not attain 60 between 01/04/16 and 31/03/20: <b>c)</b> on compassionate grounds (pre 01/04/16 membership) and in whole or part on any grounds (post 31/03/16 membership) if the member was in the scheme before 01/10/06 and will be 60 by 31/03/16: <b>d)</b> on compassionate grounds (pre 01/04/20 membership) and in whole or in part on any grounds (post 31/03/20 membership) if the member was in the scheme before 01/10/06, will not be 60 by 31/03/16 and will attain 60 between 01/06/16 and 31/03/20.
28	TP14: 3(6), 4(6)(c), 8(4), 10(2)(a) and 17(2)(b) B07: 11(2)	Whether to allow a member to select final pay period for fees to be any 3 consecutive years ending 31 <sup>st</sup> March in the 10 years prior to leaving.
29	TP14: 12(6)	Whether to use a certificate produced by an IRMP under the 2008 scheme for the purposes of making an ill health determination under the 2014 Scheme.
30	TP14: 15(1)(b) LGPS97: 66(8) and former 66(9)(b)	Whether to allow late application to convert scheme AVCs into membership credit i.e. allow application more than 30 days after cessation of active membership (where AVC arrangement was entered into before 13/11/01).
31	TP14: 15(1)(d) A08: 25(3)	Whether, how much, and in what circumstances to contribute to a shared cost AVC arrangement entered into before 01/04/14.
32	TP14: Sch. 2 Para. 1(2)	Whether to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after the age 55 and before age 60 (other than on grounds of flexible retirement). ( <b>Policy statement compulsory – see paragraph 6.3</b> ).

In the above table the statutory references relate to the following regulations where indicated:

**LGPS13:** [The Local Government Pension Scheme Regulations 2013 \(S.I. 2013 No. 2356\)](#)<sup>14</sup>

**TP14:** [The Local Government Pension Scheme \(Transitional Provisions, Savings and Amendment\) Regulations 2014 \(SI 2014 No. 525\)](#)<sup>15</sup>

<sup>14</sup> <http://www.legislation.gov.uk/uksi/2013/2356/contents/made>

<sup>15</sup> <http://www.legislation.gov.uk/uksi/2014/525/contents/made>



**A08:** [Local Government Pension Scheme \(Administration\) Regulations 2008 \(SI 2008 No. 239\)](#)<sup>16</sup>

**LGPS97:** [Local Government Pension Scheme Regulations 1997 \(SI 1997 No. 1612\)](#)<sup>17</sup>

**B07:** [Local Government Pension Scheme \(Benefits, Membership and Contributions\) Regulations 2007 \(SI 2007 No. 1166\)](#)<sup>18</sup>

Scheme employers have a number of statutory responsibilities required of them as set out in the scheme regulations and in the table above, most importantly:

- To produce, publish and maintain a statement of policy regarding the exercise of certain discretionary functions in accordance with [Regulation 60](#)<sup>19</sup> of the LGPS Regulations 2013 (see paragraph 6.3);
- To appoint an adjudicator responsible for determining the outcome of all applications made at stage one of the Internal Disputes Resolution Procedures (IDRP) in accordance with [Regulation 74\(1\)](#)<sup>20</sup> of the LGPS Regulations 2013;
- To appoint an Independent Registered Medical Practitioner (IRMP), as approved by the administering authority, qualified in occupational health medicine to advise on the appropriateness of awarding ill health retirements in accordance with [Regulation 36](#)<sup>21</sup> of the LGPS Regulations 2013;
- To determine the rate at which each of its scheme members should pay employee contributions in accordance with [Regulation 9](#)<sup>22</sup> or [Regulation 10](#)<sup>23</sup> of the LGPS Regulations 2013;
- To make payment of all employee and employer contributions to the administering authority within statutory deadlines as referred to in [section 49\(8\) of the Pensions Act 1995](#)<sup>24</sup> and as prescribed in section 16A of the Occupational Pension Schemes (Administration) Regulations 1996 as inserted by [The Occupational Pension Schemes \(Miscellaneous Amendments\) Regulations 2000](#)<sup>25</sup>;
- To submit data to the administering authority in a format and frequency as required by the administering authority;
- To make payments to the administering authority of any pension fund costs arising as a result of a scheme employer's decision to release early or to enhance an employee's pension benefits.

There are many additional operational scheme employer responsibilities as set out in a pension administration service level agreement between the administering authority and the scheme employer.

<sup>16</sup> <http://www.legislation.gov.uk/uksi/2008/239/contents/made>

<sup>17</sup> <http://www.legislation.gov.uk/uksi/1997/1612/contents/made>

<sup>18</sup> <http://www.legislation.gov.uk/uksi/2007/1166/contents/made>

<sup>19</sup> <http://www.legislation.gov.uk/uksi/2013/2356/regulation/60/made>

<sup>20</sup> <http://www.lgpsregs.org/index.php/decisions?showall=&start=2>

<sup>21</sup> <http://www.lgpsregs.org/index.php/illhealth?showall=&start=1>

<sup>22</sup> <http://www.lgpsregs.org/index.php/contributions>

<sup>23</sup> <http://www.lgpsregs.org/index.php/contributions?showall=&start=1>

<sup>24</sup> <http://www.legislation.gov.uk/ukpga/1995/26/section/49/enacted>

<sup>25</sup> <http://www.legislation.gov.uk/uksi/2000/679/regulation/2/made>

#### **10.4 Service level agreement**

The main purpose of the [pension administration service level agreement](#)<sup>26</sup> is to set out the manner in which certain duties and responsibilities (required of the administering authority, the scheme administrator and the scheme employer) are expected to be carried out.

The SLA sets out in detail both general and specific duties required of all three parties to the agreement with deadlines for all aspects of administration clearly being identified. The administering authority monitors the performance of all scheme employers and records performance statistics.

#### **10.5 Key performance indicators (KPIs)**

There a number of performance targets set out in the SLA and KPIs in respect of both the Scheme administrator and the Scheme employer are reported to the '3 committees' as part of a stewardship report (see paragraph 10.7) on each occasion that they meet. The main purpose of the KPIs is to monitor the performance of all parties associated with administering the LGPS with particular regard to new scheme members being set up in the scheme, existing members leaving or retiring from the scheme and any other variations to member's contracts that might impact on the calculation of their benefits.

#### **10.6 Unsatisfactory performance**

There will inevitably be times when the targets set out in the SLA are not met. There will also be times when, for whatever reason, the performance of any party to the SLA is considered to be unsatisfactory.

[Regulation 70](#)<sup>27</sup> of the LGPS Regulations provides the administering authority with power to issue to scheme employers written notices of unsatisfactory performance. The administering authority will consider issuing such notices where:

- In the administering authority's opinion it has incurred additional costs as a result of a scheme employer's unsatisfactory performance. The administering authority will set out the reasons for forming its opinion, details of the costs incurred and basis upon which those costs have been derived;
- A scheme employer fails to make payment of employee and employer contributions within the specified deadline;
- A scheme employer fails to settle an invoice in respect of a strain (or capital) cost within the specified deadline;
- As a result of the scheme employer's failure to notify the Scheme administrator of a scheme member's retirement, the scheme member's retirement lump sum is paid later than 30 days from the date of the member's retirement;
- A scheme employer persistently fails to submit their monthly data returns to the Scheme administrator within the prescribed deadline;

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<sup>26</sup> [http://www3.rbwm.gov.uk/bpf/downloads/download/1/pension\\_fund\\_policies](http://www3.rbwm.gov.uk/bpf/downloads/download/1/pension_fund_policies)

<sup>27</sup> <http://www.lgpsregs.org/index.php/payments?showall=&start=3>

- A scheme employer fails to submit their annual return to the Scheme administrator within the prescribed deadline;
- Any matter other than those detailed above which the administering authority deems appropriate.

### **10.7 Stewardship report**

On every occasion that the '3 Committees' meet the administering authority and the Scheme administrator will provide a stewardship report setting out membership and performance statistics.

All key performance indicators (KPIs) will be reported along with all instances where written notices of unsatisfactory performance have been issued to scheme employers. The Pension Board will be required to review the information provided and to determine what further action, if any, should be taken. Consideration will need to be taken as to whether or not to charge a scheme employer for:

- Additional costs as identified by the administering authority as a result of the scheme employer's unsatisfactory performance;
- Interest as a result of the late payment of their monthly contributions;
- Interest as a result of the late settlement of an invoice in respect of a strain (or capital) cost.

In addition, further decisions may need to be taken as to what action may be required with regard to reporting scheme employers to the Pensions Regulator, where:

- Late payments of contributions and other amounts could be deemed to be of material significance to the Pensions Regulator;
- Scheme employers persistently fail to comply with the statutory requirements of the LGPS Regulations and associated legislation;
- Scheme employers fail to ensure they maintain appropriate records for the purpose of administering the LGPS; and
- A scheme employer fails to accept legal responsibility for record-keeping and performance levels where they elect to outsource their payroll, HR or pension administration functions to a third party.

### **10.8 Internal Dispute Resolution Procedure (IDRP)**

Any scheme member, from the very first day that they join the Scheme, has a right to question any decision that may have been made in relation to their membership of the LGPS or any benefits payable from the Scheme. Whilst most queries can be dealt with without having to raise a formal complaint, this is not always the case and in these instances the member has a right to ask for their complaint to be reviewed in accordance with the formal Internal Disputes Resolution Procedure (IDRP).

Any decision to be made concerning any complaint raised by a scheme member must comply, in the first instance, with the requirements of [Regulation 72](#)<sup>28</sup> of the Local

<sup>28</sup> <http://www.lgpsregs.org/index.php/decisions>



Government Pension Scheme Regulations 2013 with a notification of that decision being made in accordance with [Regulation 73](#).<sup>29</sup>

The IDR process is set out into three distinct stages:

Stage 1 - Each scheme employer must appoint an adjudicator to consider any complaints made by one of their employees, former employees or an individual appointed to represent the employee or former employee as the case maybe;

Stage 2 - The administering authority must appoint an adjudicator to consider any complaint not resolved at stage 1;

Stage 3 – The Pensions Ombudsman can be appointed to review the complaint if unresolved at stages 1 or 2 but only once The Pensions Advisory Service (TPAS) has been involved in the case and refers the case to The Pensions Ombudsman for his determination.

Applications for adjudication of disagreements at stage 1 of the process is covered by [Regulation 74](#)<sup>30</sup> of the Local Government Pension Scheme Regulations 2013 and decisions of the adjudicator are covered by [Regulation 75](#).<sup>31</sup>

The role of the administering authority at stage 2 of the process is set out in [Regulation 76](#)<sup>32</sup> and [Regulation 77](#)<sup>33</sup> of the Local Government Pension Scheme Regulations 2013.

An administering authority can appeal a decision made by a scheme employer at stage 1 of the process in accordance with [Regulation 79](#)<sup>34</sup> of the Local Government Pension Scheme Regulations 2013 and in accordance with [Regulation 80](#)<sup>35</sup> a scheme employer and an administering authority are required to exchange information in order to fulfil their responsibilities under the disputes procedures.

A guide to the IDR process, which contains an application form, can be found at the [Berkshire Pension Fund website](#)<sup>36</sup>.

### **10.9 Admission Agreements**

In accordance with [Regulation 3\(5\)](#)<sup>37</sup> of the Local Government Pension Scheme Regulations 2013 the administering authority can enter into an admission agreement with an admission body subject to the requirements specified in [Paragraphs 3 to 12 of Part 3 of Schedule 2](#)<sup>38</sup> of those Regulations.

An employer's guide to admission agreements (which sets out the full process) and a pro-forma admission agreement document can be found on the [Berkshire Pension Fund website](#)<sup>39</sup>.

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<sup>29</sup> <http://www.lgpsregs.org/index.php/decisions?showall=&start=1>

<sup>30</sup> <http://www.lgpsregs.org/index.php/decisions?showall=&start=2>

<sup>31</sup> <http://www.lgpsregs.org/index.php/decisions?showall=&start=3>

<sup>32</sup> <http://www.lgpsregs.org/index.php/decisions?showall=&start=4>

<sup>33</sup> <http://www.lgpsregs.org/index.php/decisions?showall=&start=5>

<sup>34</sup> <http://www.lgpsregs.org/index.php/decisions?showall=&start=7>

<sup>35</sup> <http://www.lgpsregs.org/index.php/decisions?showall=&start=8>

<sup>36</sup> [http://www.berkshirerensions.org.uk/bpf/info/4/pension\\_board](http://www.berkshirerensions.org.uk/bpf/info/4/pension_board)

<sup>37</sup> <http://www.lgpsregs.org/index.php/membership>

<sup>38</sup> <http://www.lgpsregs.org/index.php/schedule-2?showall=&start=2>

<sup>39</sup> <http://www.berkshirerensions.org.uk/bpf/downloads/2/employers>

Admission agreements usually (although not always as certain other employer types, such as charities for example, can seek admission to the Scheme) take place when a scheme employer decides to transfer a group of employees to a private company (an outsourcing). As part of the service transfer, staff are protected under the [Transfer of Undertakings \(Protection of Employment\) Regulations \(TUPE\)](#).<sup>40</sup> Whilst not covered by the TUPE regulations, a scheme employer is still required to provide some pension protection for its employees and as such the company which is successful in being awarded the business contract must either:

- Seek admission body status within the LGPS (Berkshire Pension Fund), or
- Offer an alternative pension scheme which has been certified by the Government Actuary's Department as providing broadly comparable benefits to those provided by the LGPS.

As part of the admission process the Pension Fund's Actuary produces a report setting out, amongst other things, the employer contribution rate expected of the new admission body and the level of any bond or indemnity required to protect the Pension Fund against the early termination of the service contract and therefore the premature cessation of the admission agreement.

An admission body can choose to enter into either an open or closed admission agreement. An open agreement provides ongoing LGPS membership for those employees included in the TUPE transfer of their employment (whether or not they are actually contributing to the LGPS at the point of transfer) along with future employees appointed to work on the service contract being provided. A closed agreement restricts access to the LGPS only to those eligible scheme members at the date of transfer.

The purpose of the bond is to act as an insurance policy should the service contract end early because of the admission body's liquidation, winding up or insolvency. At whatever point the admission agreement comes to an end the Pension Fund Actuary is required, in accordance with [Regulation 64](#)<sup>41</sup> of the Local Government Pension Scheme Regulations 2013, to undertake a cessation valuation. The admission body will then be required to make an exit payment to the Pension Fund equivalent to the value of the deficit (if any) it holds in the Pension Fund. The purpose of the bond is to provide a payment to the Pension Fund to the value assessed by the Actuary at the point of cessation and so the bond value must be reviewed throughout the period of the service contract.

If, at the point of cessation, the bond is not sufficient to meet the deficit and the exiting employer has no funds available to meet their full liabilities, the administering authority must instruct the Actuary to issue a revised rates and adjustment certificate setting out the employer contribution rate now payable from the scheme employer responsible for the service contract in order to recover the otherwise unfunded liabilities.

A scheme employer can choose not to require the admission body to provide a bond and instead act as a guarantor to the pension fund.

[A list of scheme employers](#)<sup>42</sup> can be found on the Berkshire Pension Fund website.

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<sup>40</sup> <https://www.gov.uk/transfers-takeovers/overview>

<sup>41</sup> <http://www.lgpsregs.org/index.php/valuations?showall=&start=2>

<sup>42</sup> [http://www.berkshirerpensions.org.uk/bpf/info/2/employers/44/scheme\\_employers](http://www.berkshirerpensions.org.uk/bpf/info/2/employers/44/scheme_employers)