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London Pensions Fund Authority
Pension Administration Strategy

March 2026

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London Pensions Fund Authority Pension Administration Strategy

Background

Regulatory context

The Local Government Pension Scheme (LGPS) Regulations 2013 Regulation 59 allows Pension Fund Administering Authorities to prepare a Pensions Administration Strategy (PAS) for improving the administrative processes within their LGPS Fund.

Compliance

This PAS sets out the requirements for employers and the fund Administering Authority (which in this case is the London Pensions Fund Authority (LPFA), allowing both parties to meet the legal LGPS obligations and regulatory standards required by The Pensions Regulator (TPR).

It was developed in consultation with employers in the LPFA Pension Fund (the Fund), and seeks to promote a high-quality, transparent and cost-effective pensions service that meets the needs of our employers and members. It is compliant with both statute and legislation relating to the running of an LGPS fund. It aims to improve efficiency and ensure agreed standards of quality in delivery of the pensions' administration service.

Legislation

The LGPS Regulations 2013 Regulation 59 requires that where an Administering Authority publishes a PAS, it has to prepare a written statement of policies in relation to the following:

- Procedures for liaison and communication with participating employers
- The establishment of levels of performance which the Administering Authority and its participating employers are expected to achieve in carrying out their scheme functions
- Procedures which aim to ensure that the Administering Authority and its participating employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance
- Procedures for improving communication of information relating to those functions by an Administering Authority and its participating employers
- The circumstances in which an Administering Authority may consider giving notice to any of its participating employers because of that employer's unsatisfactory performance in carrying out its scheme functions
- Such other matters that appear to an Administering Authority to be suitable for inclusion in the strategy

About our PAS

The aim of our PAS is to set out requirements for engagement between us and employers in the Fund, to remain compliant with regulations and ensure that best value service standards are delivered to members and other parties to meet their statutory obligations.

Monitoring standards and managing compliance

We will monitor our performance and the performance of the employers against the targets and standards set out in this PAS and will share outcomes and identified issues with:

- The LPFA Board
- Our Audit and Risk Committee
- Our Local Pension Board
- Individual employers (when appropriate)
- Professional bodies or Regulators (when appropriate)

Where performance issues are identified, we aim to resolve them informally between parties while identifying actions that can remedy the situation through training, coaching, process improvements or better communications.

The interests of our members and employers are a priority so if an issue remains unresolved despite these efforts, then we will take more robust action.

Breaches

Where there is a clear breach of LGPS Regulations, TPR Codes of Practice or agreed performance, we are duty bound to capture this in our breaches log, to investigate the cause and severity of any breach and, if deemed a material breach, report it to TPR.

Below are some examples of major breaches:

- Where an employer fails to pay the monthly contribution income to the Fund in line with regulatory guidelines
- Where the Fund fails to issue the statutory communications (such as Annual Benefit Statements (ABS)) to Fund members within statutory deadlines

An Employer's role

Employer signatories

Every employer must ensure that all documents or instructions to the Fund are signed by authorised and trained representatives. This is because they are signing a document confirming that the information being provided by the employer is accurate and correct.

As well as a primary signatory, employers must also ensure that there is a secondary signatory who is also fully trained on the requirements of the role.

The secondary signatory must be able to step in to represent their employer should the primary signatory be unavailable.

Designated pensions contacts

Every employer should nominate at least three contacts to act as the main points of contact with our team. This includes at a minimum a primary contact for policy, communication and finance.

Their key responsibilities are to:

- Ensure that the standards and level of service set out in the PAS are delivered and make sure there is compliance with regulatory responsibility
- Ensure pensions information is communicated to staff. This includes:
  - Ensuring there is a dedicated channel of communication to share information about the LPFA, the benefits of the LGPS and general pensions' information to employees
  - Encouraging employee attendance at the free Local Pensions Partnership Administration (LPPA) training seminars ('Making sense of your pension' and 'Making sense of retirement') and the completion of the biennial LPFA Member Survey.
- Support our efforts to improve member data and engagement by sharing campaigns to promote our member portal (PensionPoint), our Fund Member Forum and other pension-related topics
- Inform us of any outsourcing, Transfer of Undertakings (Protection of Employment) regulations (TUPE) transfers or alternative service delivery arrangements that may be under consideration
- Liaise with and assist us in the identification, explanation, reporting and resolution of statutory breaches, as required by TPR's General Code of Practice

To assist employers in fulfilling their regulatory responsibilities, our administrator, LPPA, provides sessions free to employers to ensure familiarity with our service. A full list of training sessions can be found on the LPPA website: (https://www.lppapensions.co.uk/employers/training/)

Employer responsibilities

This section outlines the role and responsibilities of all employers in the Fund and the performance standards that employers are expected to meet. These are crucial in enabling us to deliver an efficient, quality, value for money service. The employer's role is divided into two areas:

- Scheme governance and administration
- Scheme membership and employer administration

As outlined in the section above, LPPA provides free training courses to familiarise employers with their responsibilities and the system to reduce errors. Attendance at these courses is strongly encouraged for all employer representatives. A full list of courses can be found on the LPPA website (as above).

Scheme governance and administration

Employer responsibility	Action required by employer	Act with (F) Fund or (A) LPPA	Timescale for employer to act Service Level Agreement
Nominated contact	Confirm the three nominated contacts as set out in 'Designated pensions contacts' section.	F & A	Within one calendar month of an employer joining the Fund or as soon as a nominated contact hands in their resignation.
Pensions' discretions	Formulate and publish policies in relation to all areas where the employer may exercise a discretion within the LGPS (including providing a copy of the policy to the Fund).	F	To be kept under review and a revised statement to be published within one month of any changes and no later than six months after being informed by the Fund of any relevant changes
Enquiries	Respond to enquiries from the Fund.	A	Within 10 working days from receipt of enquiry by LPPA or as directed by the LPFA.
Employee and employer pension contributions	Remit employer and scheme member contributions to the Fund.	F & A	Cleared funds to be received by 22nd day of the month after deduction.
Schedule of employer and employee pension contributions	Provide schedule of payments in the format stipulated by the Fund.	F & A	Provide schedule of payments to be received by 19th day of the month following the payroll.
Employer contribution rate	Implement changes to employer contribution rate as instructed by the Fund.	F	At date specified on the actuarial advice received by the Fund.
Monthly data return information	Provide accurate monthly data return information required by the Fund in the format stipulated in the instructions issued by the Fund.	A	By 10th of each month or date specified by the Fund.
PensionPoint member portal	Refer new or prospective scheme members to the Fund's member portal.	A	Within 10 working days of commencement of employment, change in contractual conditions or to support LPFA communications.
Contracting services	Notify the Fund if contracting out services which will involve a TUPE transfer of staff to another organisation.	F	At the time of deciding to tender so that pension costs can be included in the tender decision-making process.
Admission agreement	Work with the Fund to arrange for an admission agreement to be put in place when contracting out a service and assist in ensuring it is complied with.	F	Admission agreement (and possibly bond agreement) to be put in place as soon as practically possible.
Admission agreement (potential cessation)	Notify the Fund if the employer ceases to admit new scheme members or is considering terminating membership of the Fund.	F	As soon as the decision is made, so that the Fund can assess the impact and instruct the actuary to carry out calculations, if applicable.
Retirement costs (strain)	Make additional Fund payments in relation to early payment of benefits from flexible retirement, redundancy or business efficiency retirement or where a member retires early with employer's consent.	F	Within 30 days after the invoice date, where required.

Scheme membership and employer administration

Employer responsibility	Action required by employer	Act with (F) Fund or (A) LPPA	Timescale for employer to act Service Level Agreement
New starter	Notify LPPA of new starters to the LGPS.	A	Within 20 working days of an LGPS scheme member joining or such shorter periods as required by auto-enrolment obligations.
Employer scheme member contributions	Arrange for the correct deduction of employer scheme member contributions from a member's pensionable pay	A	Immediately upon an employee joining the employer scheme, opting into the employer scheme or when they have a change in circumstances.
Employer scheme member contribution rate	Ensure the correct employer scheme member contribution rate is applied.	A	Immediately on commencing employer scheme membership and in line with the employer's policy on banding changes and, as a minimum, in each April payroll thereafter.
Change of personal circumstances	Notify LPPA of any material changes in scheme members' circumstances (for example, marital or civil partnership status).	A	Within 20 working days of notification by the employer scheme member of a change in circumstances.
Employer scheme members leave of absence	Notify LPPA of leaves of absence (industrial dispute, child related leave, authorised absence and unauthorised absence). Notify employer scheme member of options regarding any unpaid authorised absence (Additional Pension Contributions (APCs) to cover breaks). Inform LPPA of Assumed Pensionable Pay for relevant periods of absence.	A	Monthly submissions or notifications.
APCs	Commence or cease deduction of APC or amend such deductions as appropriate.	A	The month following election to pay APCs.
Additional Voluntary Contributions (AVCs)	Arrange for deduction of AVC and payment over of contributions to AVC provider(s).	A	Commence deduction of AVC in the month following the month of election. Pay over contributions directly to the member's AVC provider(s) by the 19th of the month following the deduction.
Employer scheme member leaves employment	Notify LPPA when the employer scheme member leaves employment including an accurate assessment of final pay.	A	Accurate leaver form to be submitted via the UPM portal at least 30 days (20 working days) prior to the members leaving date.
Employer scheme member due to retire	Notify LPPA when an employer scheme member is due to retire including an accurate assessment of pay and confirmation of reason for leaving using the method stipulated by the Fund.	A	Complete the leaver form on the UPM Portal as soon as possible. As a minimum, this should be at least 30 days before the retirement date. **Note:** Expected final pay figures can be provided in the online leaver form to produce an initial retirement quote. Final pay figures can be provided at a later date.
Ill-health (Under the LGPS Regulations 2013 Regulation 35)	The employer to notify LPPA of ill-health award and the tier awarded.	A	Within 10 working days of decision being made.
Tier 3 ill health review (Under the LGPS Regulations 2013 Regulation 37)	Employer to review Tier 3 ill-health pension at 18 months and, if needed, at the third year after payment commenced.	A	In line with regulations and advice of Independent Registered Medical Practitioner (IRMP). Notify LPPA with 10 working days of decision taken to uplift to Tier 2 or cease payment of Tier 3.
Ill-health deferred pensioner (Under the LGPS Regulations 2013 Regulation 38)	The employer to notify LPPA of ill-health award.	A	Within 10 working days of decision being made.
Death of a scheme member	Notify LPPA of the death of an employer scheme member, either directly or through the 'Tell Us Once' service.	A	As soon as practical, but within 10 working days of being notified of the death.

The LPFA's role

Administering Authority responsibilities

Administering Authority responsibility	Action required by the Administering Authority	Act with who E (Employers) A (LPPA) M (Members)	Timescale for the Administering Authority to act Service Level Agreement
PAS	To publish the PAS and keep it under review.	E & A	To consult with employers (as considered appropriate) and publish on the LPFA website.
Scheme rule changes	Notify employers and employer scheme members of changes to scheme rules.	E, M	Within three months of the changes coming into effect.
Employer meetings	Host an annual engagement for employers (the Employer Forum) which all employers are invited to attend. Host ad-hoc employer meetings as needed.	E	Once per year (or as needed).
Standards	Notify an employer of issues relating to the employer's non-compliance with performance standards.	E	Within one calendar month of a performance issue becoming apparent to the LPFA.
Costs	Notify an employer of decisions to recover additional costs associated with the employer's poor performance (including any interest that may be due).	E	Within one calendar month of an employer's failure to improve performance, as agreed
ABS	Create ABS via PensionPoint to employer scheme members and deferred members as of 31 March each year.	M	LPPA to upload member ABS on PensionPoint by 31 August each year in line with regulatory guidance and legislative requirements
P60	Issue P60 statements to pensioner or beneficiary members by 31 May each year.	M	LPPA to upload P60 statements on PensionPoint by 31 May each year following the year end.
Valuation results	Issue formal valuation results (including individual employer details).	E, A	No later than 1 March following the valuation date.
Rates and adjustment certificate	Issue rates and adjustment certificate to all active employers.	E	By 31 March following the valuation date.
Cessation valuations	Carry out valuation assessment on cessation of admission agreements or employer ceasing participation in the Fund.	E	Within agreed timescales. Please see Admission and Cessation Policy on our website.
New employer admissions	Process admissions into the Fund including signed admission agreement (or bond agreement if needed). Notification of contribution rate, allocation of assets and notification to the Ministry of Housing, Communities and Local Government (MHCLG).	E, A	Prospective employer provides full data requirements within prescribed timescales.
Governance compliance statement	Publish the Fund's governance compliance statement and keep it under review.	E M	By 30 September following the year end as part of the LPFA Annual Report and Accounts or within one calendar month of the policy being agreed or amended by the relevant Boards and Committees.
Funding Strategy Statement (FSS)	Publish the FSS and keep it under review.	E	To be reviewed at each Triennial Valuation and published by 31 March following the valuation date, or whenever there is a material change to the FSS policy or the investment strategy, following consultation with employers and other key parties.
Annual Report and Accounts	Publish the LPFA Annual Report and Accounts.	E, M	By 30 November following the financial year end.
Communications Policy	Publish the LPFA Communications policy and keep it under review.	M, A	Every two years, evolving it with feedback from our Member Survey
Admission and Cessation Policy	Publish the LPFA Admissions and Cessation Policy and keep it under review.	E, A	To be reviewed if there are any significant changes and at least every three years.
Administering Authority Pension Discretions Policy	Formulate and publish the policy in relation to areas where the LPFA may exercise a discretion within the LGPS regulations and keep under review.	E, A, M	To be reviewed at least every two years or if there are any significant changes. Please see our Administering Authority Discretions Policy on our website.
Employer Risk Management Policy	Publish the LPFA Employer Risk Management Policy and keep it under review.	E	To be reviewed at each Triennial Valuation or whenever there are any significant changes (to be published as soon as reasonably possible).
Contribution Review Policy	Publish the LPFA Contribution Review Policy and keep it under review.	E	To be reviewed at each Triennial valuation or whenever there are any significant changes (to be published as soon as reasonably possible).

Fund administration

The following table details our functions which relate to the administration and processing of employer scheme member benefits. These actions are carried out by LPPA on behalf of the LPFA.

The Fund's aim is to deliver our services within the published service standards contained within this document. Any reference to a day is a working day (for example, not a Saturday, Sunday or UK Bank Holiday).

Performance standard		Service Level Agreement
New joiners and changes		
Supply welcome letter to new members.	A	Within 10 working days of LPPA receiving notification that an employee has joined.
Respond to general queries/correspondence including updates on (but not limited to) change of address, change of bank account details, recording of strike action, change of hours, recording of unpaid leave and change to nomination details.	A	Within 10 working days.
Implement changes to pensioner circumstances.	A	By next available payment date.
General administration		
Supply ABS to active and deferred members.	A	LPPA to upload members' ABS on PensionPoint by 31 August each year in line with regulatory guidance and legislative requirements
Provide impacted members with a Pensions Savings Statement.	A	Within statutory deadlines.
Act upon and implement pension increase orders.	A	By next available payment date.
Provide P60 statements to pensioners in receipt of a pension.	A	LPPA to upload P60 statements on PensionPoint by 31 May each year following the year end.
Respond to requests for information for reports from Department for Work & Pensions (DWP), HM Revenue & Customs (HMRC), MHCLG, Government Actuary's Department (GAD) or any other government body	A	Within legislative requirements.
Transfers		
Calculate transfer in calculations.	A	Within 10 working days of receiving required documentation.
Calculate and pay transfer out calculations.	A	Within 10 working days of receiving required documentation.
Provide information on request in respect of pension sharing on divorce (a charge to the member will be levied in line with pension sharing on divorce legislation).	A	Within legislative requirements.
Implement pension sharing orders.	A	Within legislative requirements.
Additional contributions		
Act upon request for payment of additional contributions.	A	Within 10 working days.
Leavers		
Calculate deferred benefit entitlement on leaving.	A	Within 15 working days of receiving necessary notification of leaving or date of leaving, whichever is later.
Calculate and pay retirement benefits, including deferred into payment.	A	Within five working days of receiving all required documentation from employer and/or member or date of entitlement, whichever is later.
Respond to applications for payment of refunds of contributions.	A	Within 10 working days once all paperwork has been submitted.
Respond to member requests for estimates of benefits.	A	Within 10 working days following receipt of full information.
Respond to employer requests for estimates of benefits.	A	Within five working days following receipt of full information. Requests for 10 or more estimates in the same day will be considered bulk estimate requests and may fall outside of the normal agreed SLA.
Respond to reasonable, time-sensitive estimate requests.	A	Within one working day of request or within a reasonable timeframe
Deaths		
Calculate and arrange payment of eligible survivor widow/widower pension benefits.	A	Within five working days of receiving all required documentation and once any overpayments have been settled.
On receipt of notification of death, write to next of kin.	A	Within five working days.

Handling failures and poor performance

Where ongoing failures are occurring and no improvement is demonstrated by an employer (and/or unwillingness is shown to resolve the issues identified), we may under Regulation 70 (1) of the LGPS Regulations 2013 and Regulation 22 (2) LGPS Regulations 2014, recover costs from an employer.

Any costs, sanctions or fines incurred by us or LPPA will be recovered from the employer and not from the third-party company appointed by the employer to provide pensions services such as a third-party payroll provider.

Additional cost recovery

The following are examples of where we may levy additional costs. This list is not exhaustive but shows the types of behaviours that may create an issue.

- Persistent failure to provide relevant information to us, LPPA, employer scheme member, or any other interested party in accordance with specified performance targets (either relating to the timeliness of delivery or the quality of information).
- Instances where performance by the employer results in a loss to the Fund (for example, any overpayment resulting from inaccurate information supplied by the employer, costs associated with the assessment of benefits, interest on late payment of benefits, scheme tax charges and so on).
- Failure to deduct and remit correct employee and employer contributions within the standard timescales.
- Failure to pay any other amounts due to the Fund, (for example, strain costs (where required), legal and/or actuarial costs).
- Instances where the performance of the employer results in fines being levied against the LPFA by the courts, TPR, the Pensions Ombudsman or any other regulatory body.

Handling additional administration costs

While we want to work collaboratively with our employers to resolve any issue, there may be cases where we need to take more stringent action. Our course of action in these circumstances is set out below.

- We will write to the employer, setting out the area(s) of poor performance.
- We will offer to meet with the employer to discuss area(s) of poor performance and how these can be addressed.
- We will issue formal written notice, where no improvement is demonstrated by the employer, setting out the areas of poor performance that have been identified, the steps taken to resolve the area(s) of poor performance, and that the additional costs will now be reclaimed.
- We will provide an estimate of the costs involved in remedying any mistake that causes a loss to the Fund or administering authority. These will include time spent, and resources used in resolving the specific area of poor performance. These costs will be recoverable from the employer.

Contact us

You can reach our dedicated Employer Management Services team at ems@lpfa.org.uk.