

Administration Strategy

Version 1 – April 2015



Background

The Environment Agency is responsible for the local administration of the Environment Agency Active and Closed Pension Funds (the EAPF), which are part of the Local Government Pension Scheme (the LGPS). It is one of around 90 Administering Authorities responsible for managing LGPS Funds in England and Wales.

The EAPF has three employers with contributing Fund members; the Environment Agency, Natural Resources Wales (NRW) and Shared Services Connected Limited (SSCL). It has around 41,000 Fund members including contributing, deferred and pensioner members. The EAPF outsources its pension administration to a third party administrator and Capita currently perform this role.

Each LGPS Administering Authority should develop its own administration strategy. In this document we have described the EAPF's pension administration strategy.

Purpose

In this strategy statement we have set out:

- Our administration objectives.
- Our approach to delivering pensions administration.
- Our expected quality and performance standards for key stakeholders including the Pension Fund, our current Fund employers, Capita, our third party administrator and any future Fund employers.
- How we will monitor performance levels and the action we may take where we find repeated performance problems.
- The roles and responsibilities of the various stakeholders involved in pension administration including the Pensions Committee, the Pension Board, the Pension Fund Management team, our Fund employers and Capita.
- The key risks that may affect our ability to delivery this strategy.

Objectives

Our main administration objectives are to ensure the EAPF:

- Runs smoothly for its members and employers and provides a high quality, proactive, efficient and cost effective service.
- Pays accurate benefits and collects correct contributions from the right people in a timely manner.
- Sets out clear roles and responsibilities for the Fund itself, Capita and our employers as set out in the LGPS Regulations, this administration strategy and other relevant documentation.
- Identifies, mitigates and monitors potential risks to the Fund and our employers.
- Puts in place effective governance arrangements to monitor and improve pension administration.
- Maintains accurate records and communicates all information and data accurately, and in a timely and secure manner.
- Uses appropriate technology and best practice to continually improve the quality of service.

Regulatory Background

The LGPS is a statutory scheme, established by an Act of Parliament. The 2013 LGPS Regulations outline the key responsibilities of administering authorities and our Fund employers. The regulations include specific provisions recommending the Fund develops an administration strategy.

In addition, the EAPF must comply with overriding legislation covering such areas as freedom of information, age discrimination, data protection and disability discrimination.

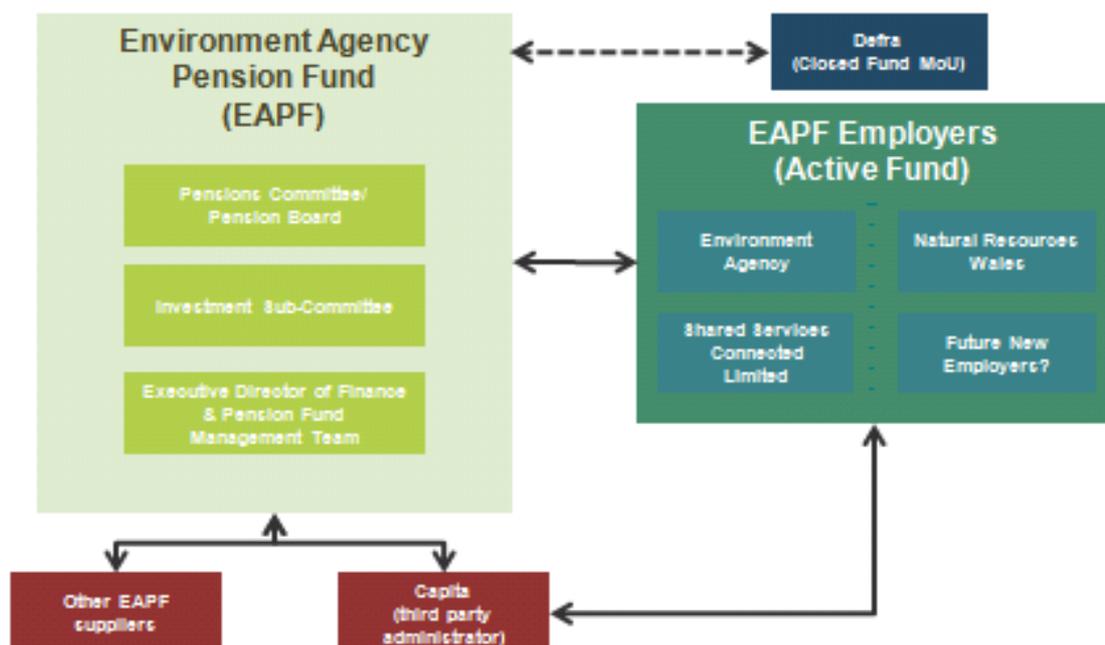
EAPF Approach

The Environment Agency does not provide Fund administration as a core service and we have contracted it out to a specialist third party administrator (currently Capita).

The EAPF and its third party administrator working very closely with our Fund employers and other organisations are responsible for the delivery of a high quality, value for money administration service.

We want to ensure our members, and other interested parties, receive the appropriate level of service and we fully comply with our statutory requirements.

We have illustrated the key stakeholders in this relationship below:



We use agreed procedures when liaising and communicating between the EAPF, Capita and our Fund employers. We have set out further information to describe the requirements for all parties in our separate "Guide to the EAPF Administration Strategy".

Monitoring Performance

We will monitor the performance of all parties against the objectives as outlined in the table below. We will report performance to the Pension Committee quarterly and in our Annual Report & Financial Statements.

Objectives	Measurement
<p>EAPF runs smoothly for its members and employers and provides a high quality, proactive, efficient and cost effective service</p>	<p>We achieve key target service standards.</p> <p>We participate in LGPS benchmarking exercises.</p> <p>We receive:</p> <ul style="list-style-type: none"> • at least 75% positive responses from annual member satisfaction survey • positive employer feedback with minimal or no employer complaints.
<p>EAPF pays accurate benefits and collects the correct contributions from the right people in a timely manner</p>	<p>Positive audit results through National Audit Office, Internal Audit and other reviews.</p> <p>We achieve key target service standards.</p> <p>We receive:</p> <ul style="list-style-type: none"> • at least 75% positive responses from annual member satisfaction survey
<p>EAPF sets out clear roles and responsibilities for the Fund, Capita and our employers</p>	<p>Minimal issues identified as part of annual data checks and ongoing reconciliations. All issues resolved within 2 months.</p> <p>We achieve key target service standards.</p> <p>We receive:</p> <ul style="list-style-type: none"> • at least 75% positive responses from annual member satisfaction survey • positive employer feedback with minimal or no employer complaints.
<p>EAPF identifies, mitigates and monitors potential risks to the Fund and our employers</p>	<p>Monthly administration risk review reports and quarterly report presented to Pension Committee.</p>
<p>EAPF puts in place effective governance arrangements to monitor and improve pension administration</p>	<p>Quarterly reporting to Pension Committee and included in Annual Report & Financial Statements.</p> <p>Identify and report issues, learning and improvements to Pension Committee.</p>

<p>EAPF maintains accurate records and communicates all information and data accurately, and in a timely and secure manner</p>	<p>Minimal issues identified as part of annual data checks and ongoing reconciliations. All issues resolved within 2 months.</p> <p>No breaches of data security protocols.</p> <p>Positive audit results through National Audit Office, Internal Audit and other reviews.</p>
<p>EAPF uses appropriate technology and best practice in order to continually improve the quality of service.</p>	<p>We achieve key target service standards.</p> <p>We receive:</p> <ul style="list-style-type: none"> • at least 75% positive responses from annual member satisfaction survey • positive employer feedback with minimal or no employer complaints.

Where we identify areas of improvement from benchmarking or performance monitoring, the EAPF Head of Pension Fund Management will be responsible for putting in place a work plan to make the improvements.

We will provide a quarterly update report for our plans and record progress against improvements to the Pensions Committee. We will keep new procedures or practices under review to monitor their effectiveness.

Recharge of administration costs

We will work closely with employers to identify any areas of poor performance. We will provide necessary training and work with employers to introduce or amend processes to improve the level of service delivery going forward.

If poor performance continues, we can recover all additional administration costs we incur as a direct result of the relevant Fund employer's poor performance. The EAPF Head of Pension Fund Management will exercise this discretion.

Key risks

We have outlined the key risks to the delivery of this strategy below. The EAPF Head of Pension Fund Management will work with the Pension Committee to monitor these and other key risks and consider how we will respond to them.

- Changes in government / legislative requirements such as the removal or addition of responsibilities.
- Service delivery issues, for example, Capita not providing the expected services or a robust, up to date administration system.
- Retention and technical resilience issues for key staff within our Pension Fund Management Team, Capita or our Fund employers that affect delivery of our administration strategy.
- Pensions staff (EAPF, employer or Capita) not having suitable resource and/or knowledge to undertake their responsibilities.
- Government pressure to merge LGPS pension administration functions.

Implementation and review

The EAPF Pensions Committee approved this strategy on 25 March 2015.

It is effective from 1 April 2015, and we will keep it under review to ensure it remains up to date and meets the necessary regulatory requirements.

In preparing this pension administration strategy, we have consulted with our Fund employers and Capita. If we need to revise this strategy, we will notify our Fund employers and Capita.

We will publish the current version of the strategy statement on our website at www.eapf.org.uk and will make paper copies available on request.

You should send any questions about this pension administration strategy to:

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