

ABERDEEN CITY COUNCIL

COMMITTEE:	PENSIONS COMMITTEE
DATE:	2 nd DECEMBER 2016
REPORT BY:	HEAD OF FINANCE
TITLE OF REPORT:	UPDATE ON ANNUAL BENEFIT STATEMENTS
REPORT NUMBER:	PC/DEC16/ABS

1. PURPOSE OF REPORT

The purpose of this report is to update the Committee on the provision of the Annual Benefit Statements (ABSs) to the Funds active and deferred members. These statements provide members with an estimate of their pension position at retirement age, based on data currently held by the Fund.

2. RECOMMENDATION(S)

- i. To note the report

3. FINANCIAL IMPLICATIONS

The failure to issue ABSs by the statutory deadline opens the Fund up to financial penalties imposed the Pensions Regulator (tPR). However there are no costs in this case.

4. OTHER IMPLICATIONS

None

5. BACKGROUND/MAIN ISSUES

Under regulation 87 of the Local Government Pension Scheme (Scotland) Regulations 2014 the Fund must produce ABSs within five months following each Scheme year end (31 August) and in accordance with section 14 of the Public Service Pensions Act 2013. This statutory deadline was imposed for the first time in 2014/2015.

The change to a Career Average Revalued Earnings (CARE) Scheme from 1 April 2015 meant a significant amount of work had to be undertaken by Officers, both before and after implementation, to ensure the Fund was able to meet the statutory deadline in the first year.

Any failure to comply with the statutory deadline to issue the ABSs in accordance with the requirements of the Act must be evaluated as to whether

it constitutes a breach of material significance that must be reported to tPR. To comply with this, North East Scotland Pension Fund (NESPF) has developed its own Breaches of Law Policy Statement and Register of Breaches. Those with a duty to report to tPR can refer to the Policy and Register for support when evaluating whether to report.

4. REPORT

In total 14,514 benefit statements were issued to deferred members by 18th July 2016. This represents 99.97% of all deferred members entitled to receive a statement.

As at 31 August 2016 23,308 benefit statements had been issued to active members.

An issue was subsequently encountered which affected 176 of our term time workers. This was very quickly remedied by our Officers and revised statements were issued to those affected on 5th September 2016.

In addition, a further 90 members were identified that were entitled to an ABS but who did not receive one. The majority of these were the result of incomplete data on our administration system Altair. The identified records were manually adjusted and statements issued to the affected members on 2nd November 2016 with an accompanying letter of apology.

In total, 23,398 benefit statements were issued to active members. This represents 99.62% compliance with the statutory requirement.

Although we have fallen slightly short of achieving 100% we have identified the outstanding member records which have prevented us from meeting this target. The issues have been further addressed as part of the post review undertaken by Officers and a revised project plan will be implemented in preparation for the 2016/17 year. This should allow us to improve upon our performance next year with the aim of achieving 100% compliance.

In line with the NESPF Breaches of Law Policy as we did not achieve full 100% compliance in terms of the ABSs this will be recorded as a breach in the Register.

There is a duty to report a breach where it is likely to be of material significance to the Pensions Regulator. In this case, we do not believe this to be the case and therefore will not be reporting the breach to tPR. The cause of the breach has been identified and measures put in place to prevent future reoccurrence.

5. BACKGROUND PAPERS

None

6. REPORT AUTHOR DETAILS

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