

ABERDEEN CITY COUNCIL

COMMITTEE	PENSIONS COMMITTEE
DATE	1 DECEMBER 2017
REPORT TITLE	UPDATE ON ANNUAL BENEFIT STATEMENTS
REPORT NUMBER	PC/DEC17/ABS
DIRECTOR	HEAD OF FINANCE
REPORT AUTHOR	MAIRI SUTTIE

1. PURPOSE OF REPORT:-

- 1.1. 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)

- 2.1 It is recommended that the Committee:
- i. Note the report

3. BACKGROUND/MAIN ISSUES

- 3.1 Under regulation 87 of the Local Government Pension Scheme (Scotland) Regulations 2014 the Fund must produce Annual Benefit Statements (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 2014/15.
- 3.2 Any failure to comply with the statutory deadline to issue 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 the Pensions Regulator (tPR).
- 3.3 To comply with this, NESPF has its own Breaches of Law Policy Statement and accompanying Breaches Register. Those with a duty to report can refer to both the Policy and Register for support when evaluating whether to report or not.

3.4 Deferred Statements

- 3.4.1 In total 15,793 benefit statements were issued to deferred members on 26th June 2017. This represents 93.06% of all deferred members entitled to receive a statement.
- 3.4.2 There were a further 1,178 deferred members identified who were entitled to receive a benefit statement but for whom we did not hold an up to date address. A tracing exercise will be carried out towards the end of 2017/early 2018 to ensure we are able report 100% compliance for 2017/18 in respect of these deferred members.
- 3.4.3 Deferred members were also advised that from next year (2017/18) the Fund will no longer issue paper benefit statements. Members will instead be issued with an activation code to allow them to access their statements securely online through Member Self Service (if they are not already signed up to this service).

3.5 Active Statements

- 3.5.1 As at 31 August 2017 24,409 benefit statements had been issued to active members.

Between 18 August (the date the statements were issued) and the statutory deadline, Officers identified an issue affecting approximately 155 members who were taking part in salary sacrifice scheme's. This was very quickly remedied by our Officers and manual statements were issued.

- 3.5.2 In terms of our active statements we achieved 99.76% compliance with our statutory requirement.
- 3.5.3 Although we have fallen slightly short of achieving 100% we have identified the issues in the outstanding member records (56 in total) which have prevented us from meeting this target. The data issues with these member records will be addressed by Officers in preparation for the 2017/18 year. In addition, we were unable to produce benefit statements for a further 3 member records. Despite our best efforts we have been unable to identify the issue with these particular records and the matter has been raised with our software provider Heywood. This should allow us to improve upon our performance next year with the aim of achieving full compliance.
- 3.5.4 In line with the NESPF Breaches of Law Policy as we did not achieve full 100% compliance with respect of the ABSs this will be recorded as a breach in the Register.
- 3.5.5 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 a breach to tPR. The cause of the breach has been identified and adequate measures put in place to prevent future reoccurrence.

4. FINANCIAL IMPLICATIONS

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

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

- 6.1 There are no direct risk implications arising from the recommendations in this report.

7. IMPACT SECTION

- 7.1 There is no direct impact arising from the recommendations in this report.

8. BACKGROUND PAPERS

- 8.1 None

9. APPENDICES

- 9.1 None

10. REPORT AUTHOR DETAILS

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