

ABERDEEN CITY COUNCIL

COMMITTEE	PENSIONS COMMITTEE
DATE	30 NOVEMBER 2018
REPORT TITLE	UPDATE ON ANNUAL BENEFIT STATEMENTS
REPORT NUMBER	PC/NOV18/ABS
DIRECTOR	STEVEN WHYTE
CHIEF OFFICER	JONATHAN BELFORD
REPORT AUTHOR	LAURA COLLISS
TERMS OF REFERENCE	PENSIONS COMMITTEE 4.1 & 4.2

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 a projected estimate of their pension position at retirement age, using current data held by the Fund.

2. RECOMMENDATION

- 2.1 That the Committee note the contents of the report.

3. BACKGROUND

- 3.1 Under regulation 84 of the Local Government Pension Scheme (Scotland) Regulations 2018, 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 PSPA 2013 must be evaluated as to whether it constitutes a breach of material significance that must be reported to the Pensions Regulator.
- 3.3 To comply with this, the 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.

Deferred Statements

- 3.4 Deferred ABSs moved online for the first time in 2017/18 as part of the Fund's move away from traditional paper communication to a more digital approach. In preparation for this move and to comply with Disclosure Requirements, two separate letters were issued to members; those not already registered for the online 'My Pension' service received a letter containing an 'activation code' to allow them to sign up, and those already registered received a letter advising them their statements were ready to be viewed online. A notification was also placed on the NESPF website. Online statements were generated against all 17,115 deferred records on the administration system.
- 3.5 Deferred members retain the ability to 'opt in' to continue to receive paper statements should they wish to do so.
- 3.6 Following the ABS process in 2016/17, Officers undertook a tracing exercise to obtain current addresses for 1,317 deferred members who had been marked as 'gone away' on *Altair* (benefit administration system). Officers worked through the results of the tracing exercise during the year in preparation for ABS 17/18 and going forward regular tracing exercises will be carried out for deferred members, as part of the wider Data Improvement Plan, to further reduce 'gone away's' and ensure the Fund can continue to meet statutory duties.

Active Statements

- 3.7 As at 31 August 2018 24,521 paper benefit statements had been issued to active members.
- 3.8 In terms of active statements 99.81% (99.76% 2016/17) compliance has been achieved for 2017/18 which is just shy of the 100% target. We have identified issues in the outstanding member records (79 in total) which prevented a benefit statement being generated by the *Altair* system. These issues will be addressed by officers in preparation for the 2018/19 year with the aim of improving overall performance.
- 3.9 In line with the NESPF Breaches of Law Policy as we did not achieve 100% compliance in respect of the ABSs this will be recorded as a breach on the Register.
- 3.10 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 as such, will not be reporting the breach to tPR. The cause of the breach has been identified and adequate measures put in place to prevent future reoccurrence.
- 3.11 Following the successful roll out of electronic ABSs to deferred members, a communication was included in this year's active member ABSs to advise that their statements will also move online from 2018/19.

4. FINANCIAL IMPLICATIONS

- 4.1 The failure to issue each active and deferred member with an ABS by the statutory deadline opens the Fund up to financial penalties by the Pensions Regulator. However there are no costs to report in this case.

5. LEGAL IMPLICATIONS

- 5.1 Under regulation 84 of the LGPS (Scotland) Regulations 2018, the Fund is under a statutory obligation to issue each active and deferred scheme member with a Benefit Statement by 31 August each year.

6. MANAGEMENT OF RISK

- 6.1 There are no direct risk implications arising from the recommendation of this report.

7. OUTCOMES

Design Principles of Target Operating Model	
	Impact of Report
Governance	This report links to the 'governance' design principle by ensuring transparency and by providing the necessary information to allow informed decisions to be made and implemented, including performance and improvement measures.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not required
Privacy Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. BACKGROUND PAPERS

None

10. APPENDICES

None

11. REPORT AUTHOR CONTACT DETAILS

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