

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
20 October 2016

Update on Annual Benefits Statements

Purpose of the Report

1. The purpose of this report is to update the Board on the production of the Annual Benefit Statements (ABSs) to its active and deferred members. These statements provide members with an estimated position of their pension at retirement age, based on the data currently held by the fund. This year around 20,000 active members' statements and 26,000 deferred members' statements have been produced and mailed.

Background

2. The Public Service Pensions Acts 2013 introduced the requirement to produce ABSs by the 31 August each year, five months following year end. Last year, was the first time this deadline was in force. Significant changes were required to accommodate the 2014 scheme changes within the statements and the Fund managed to produce and deliver the majority within the first week of September. This was reported to both the Wiltshire Pension Committee and this Board whom agreed was not a material breach that needed reporting to the Pensions Regulator (tPR).
3. This year unforeseen issues have again resulted in minor delays of 2 weeks in the delivery of ABSs for the majority of the statements.

Key Considerations for the Committee

4. Although the ABSs that were produced in-house (these were more specific / bespoke statements) were issued prior to the 31 August, there was a delay in the final sign off and subsequent lead time for the printers which meant the active members' statements were posted out on Friday 9 September, with the deferred statements being sent on Tuesday, 13 September.
5. In line with the Fund's framework, the failure to issue the ABSs in line with the statutory regulations was reported to the Section 151 officer and Chairman of the LPB at the start of September outlining the reason for the breach and the updated delivery date. In line with the Fund's breaches policy this Board needs to consider the materiality of this breach and whether it's reportable to tPR.
6. Officers' view is this isn't a material breach. Having spoken to tPR and by using their traffic light framework (see attached) as instructed this has been assessed as follows:

Cause	Effect	Reaction	Wider Implications	Overall
An administrative oversight / isolated incident (printers issue / delay in sign off)	Majority of members implicated but not all	Action taken immediately to correct breach and identify cause to minimise risk or recurrence	Unlikely scheme would be in breach of other legal requirements as a result	Not material – log only on breaches framework
Amber / Green	Amber / Red	Green	Green	Amber / Green Green

7. TPR are really focussed on the Fund's who failure to provide ABSs. A small delay of 2 weeks should not be material especially as the issue had been rectified as soon as possible.
8. In March 2016, tPR published "An essential guide to issuing annual benefit statements". They defined the process as a 4 step process including: Plan, Test, Deliver and Review. This plan which can be viewed on the link below was published after the 2016 ABS project had commenced.

<http://www.thepensionsregulator.gov.uk/docs/public-service-annual-benefit-statements-guide.pdf>

9. A post project review was undertaken by officers and measures to prevent a recurrence identified. A revised project plan is being developed in line with the latest tPR guidance above to ensure sufficient contingency time is allowed in the production of future statements to meet the statutory deadline.

Financial Considerations & Risk Assessment

10. There was no additional financial cost from this delay. There have to date been no complaints or queries from Fund members in relation to the delay in them receiving their annual statements.
11. The risk is covered elsewhere on this agenda under *PEN08: Failure to comply with LGPS and other regulations*. Reputational risk is the main concern to the Fund for non-compliance.

Legal Implications and Environmental Impact of the Proposal

12. If this breach was felt to be material and reported to tPR, they may use their powers under the Pension Act 2004 to ensure this requirement is met in future.
13. There is no environmental impact from the proposals.

Safeguarding Considerations/Public Health Implications/Equalities Impact

14. There are no known implications at this time.

Reasons for Proposals

15. It's a requirement of the reporting framework to inform the Board of any breach in the regulations. An update was provided to the Pension Fund Committee on 29 September 2016.

Proposals

16. The Board is asked to note this report.

MICHAEL HUDSON
Treasurer to the Pension Fund

Report Author: David Anthony, Head of Pensions

Unpublished documents relied upon in the production of this report: