

LOCAL PENSION BOARD

14 DECEMBER 2015

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

ANNUAL BENEFIT STATEMENTS

Purpose of the Report

1. To inform the Board of the latest position on the production of annual benefit statements for 2014/15.

Background

2. At the Local Pension Board meeting on 9 October 2015 the position on annual benefit statements was discussed. Legislation states that 2014/15 annual benefit statements should be produced by 31 August 2015 but as reported at the Local Board meeting on 9 October 2015, whilst this deadline was met for all preserved members' annual benefit statements it was not met for active members.
3. There are a number of reasons for this but one of the main reasons is the move to the new career average revalued earnings (CARE) scheme, whilst still retaining the final salary protection for pre April 2014 benefits which has significantly increased the complexity of the scheme. Other significant reasons include the increasing number of employers, especially as schools convert to Academies and the problems employers have had in extracting accurate CARE pay data from their payroll systems. Employers are often manually calculating assumed pensionable pay where a scheme member has been off due to sickness or maternity.
4. Because of the problems that have been encountered this year the Pension Section has been working on a number of improvement areas which were previously detailed in a report considered by the Local Pension Board on 9 October 2015.
5. Coincidentally, also on the 9 October 2015 the Pensions Regulator (TPR) wrote to Jeff Houston the Head of Pensions at the Local Government Association about legislative deadlines for providing annual benefit statements to members. A copy of the letter is included as Appendix A.
6. The TPR letter stated that there was an expectation that statements would be issued by the 30 November 2015 at the latest.

7. Work is continuing with Fund employers on this year's annual benefit statements. A number of the on-line statements were completed by the statutory deadline of 31 August with paper copies provided by 30 November. Other employers' statements will be completed by 30 November but there remain a number of employers whose members' statements will not be completed until 31 December 2015.
8. Given it is the first year that employers have been required to provide CARE pay and final pay themselves, a conscious decision was made to check the pay provided by employers for accuracy before annual benefit statements were issued. This is in line with the aim of delivering good customer service and outcomes for members and demonstrating that the responsibility to members to provide accurate information is taken extremely seriously, as mentioned in TPR's letter.
9. Accordingly, data was checked before statements were issued and a number of the employer returns have been returned after this procedure identified errors. These delays have contributed to the deadlines not being achieved.
10. A copy of the Council's response to TPR is attached as Appendix B and a list of the employers and the statement dates is attached as Appendix C.

Recommendation

11. It is recommended that Members of the Board note the report.

Equal Opportunities Implications

None specific

Background Papers

Report to the Local Pension Board – 9 October 2015 – Managing the Pension Section's Workload

[http://politics.leics.gov.uk/Published/C00001122/M00004496/AI00045446/\\$PensionWorkload.docA.ps.pdf](http://politics.leics.gov.uk/Published/C00001122/M00004496/AI00045446/$PensionWorkload.docA.ps.pdf)

Appendices

Appendix A. TPR letter dated 9 October 2015

Appendix B. Pension Manager's reply dated 12 November 2015

Appendix C. Employer list with the statement dates.

Officers to Contact

Ian Howe, Pensions Manager, Tel. (0116) 305 6945

Chris Tambini, Assistant Director, Strategic Finance and Property
Tel. (0116) 305 6199