

## Buckinghamshire Pension Board

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<b>Title:</b>	Annual Benefits Statements - Administration Year End Update
<b>Date:</b>	Wednesday 16 March 2016
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<b>Local members affected:</b>	No

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### Summary

The statutory deadline for issuing 31 March 2015 Annual Benefits Statements (ABSs) was brought forward to 31 August 2015. In 2014 ABSs were to be issued by 31 October and the deadline for issuing the 2013 ABSs was the following March. In common with many LGPS Funds, the Buckinghamshire Fund encountered difficulties meeting this deadline. The purpose of this report is to provide an update on the issuance of 31 March 2015 ABSs and the plan for issuing 31 March 2016 ABSs by 31 August 2016.

### Recommendation

**The Board is asked to NOTE the update on the issuance of Annual Benefits Statements.**

#### Resource implications

Additional temporary resources have been recruited to support the issuance of Annual Benefits Statements, this will cost in the approximately £40,000.

#### Other implications/issues

- 4 The statutory deadline for issuing 31 March 2015 Annual Benefits Statements (ABSs) was brought forward to 31 August 2015. In 2014 ABSs were to be issued by 31 October and the deadline for issuing the 2013 ABSs was the following March. In common with many LGPS Funds, the Buckinghamshire Fund has encountered difficulties meeting this deadline. It was reported to the Board in October that as at 31



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August 2015, 73 employers had had their staff ABSs printed and sent. Although this is nearly 50% of the Fund's employers, they are the smaller employers and the 1,350 statements issued represented just over 5% of the Fund's active membership. As at 30 September 2015, 101 employers had had their staff ABSs printed and sent. This was in excess of 2,700 ABSs representing nearly 11% of the active membership.

- 5 The main reason for missing the deadline is that additional work was required to compare the 2008 definition of pensionable pay. This has to be extracted from the software system (Altair) and compared in Excel. We do the comparison in Excel because if we update the 2014/15 figures directly into Altair and subsequently identify that the pay provided by employers is incorrect, member records would have to be updated manually when the correct pay figures are received. Although the Team is not required to do this since it is the employer's responsibility to provide the correct pay, experience shows that many ABSs would have been sent with incorrect figures on them and this would have resulted in many queries. The other issue is that many year-end returns have been sent back to employers since they have either not provided the 2008 definition of pensionable pay, they have provided the part-time pay and not the full time equivalent or they have provided the actual rate of pay as at 31/03/15 and not the average 2008 definition of pay for the period 01/04/14-31/03/15. LGPS Funds across England and Wales faced the same difficulties and many were not able to provide annual benefit statements for all their members by the 31 August 2015 deadline. A breach of the law has been reported to the Pensions Regulator, due to Buckinghamshire County Council Pension Fund not issuing ABSs in accordance with the deadline stipulated in the Public Service Pensions Act 2013.
- 6 During December ABSs were issued to 7,500 deferred members. By the end of February 2016 170 employers had had their staff ABSs printed and sent. This was in excess of 9,700 ABSs representing nearly 39% of the active membership. In March over 6,000 ABSs will be dispatched to Buckinghamshire County Council active members. To complete the issuance of 2014/15 ABSs, by the end of March 3,000 ABSs will be dispatched to Milton Keynes Council and 8 other employers with active members.
- 7 This year we have an earlier deadline for the closure and audit of the Fund's accounts and all Annual Benefit Statements have to be issued by 31 August 2016. In addition, the Fund's triennial valuation is taking place this year and we have to provide our Fund's data to the Actuary by 31 July 2016. Due to this and the requirement to issue ABSs by 31 August 2016 we have had to make a significant change to our year end query process.
- 8 The revised process is summarised below:
  - Once we receive the Employer's correctly completed Annual Return for 2015/16, we will complete our financial reconciliation
  - We will upload the data provided by the Employer and run checks. These checks will return queries on some members' records

- The 2015/16 year end query process:
  1. Pay data as provided by the Employer is posted to members' records by our Systems Team
  2. Employer Liaison Officers (ELOs) use comparison spreadsheets to identify records with queries.
  3. An indicator is added to member records which show a query. The indicator prevents an inaccurate annual benefit statement (ABS) from being produced for that member.
  4. We submit Fund data to the Actuary for valuation purposes by 31 July 2016
  5. ABSs issued for members' records without any queries by 31 August 2016
  6. Once the first run of ABSs have been sent, ELOs will produce query spreadsheets and send these to the Employer for resolution
  7. We will periodically print further ABSs, by Employer, as their outstanding queries are cleared
- Step 6 and 7 will commence from 1 September 2016; exact timings will depend on the size of the Employer's membership. Employers must reply to outstanding queries promptly so that we can resolve outstanding queries and cleanse our member data.
- If outstanding queries are not resolved by 28 February 2017, the affected members will not be provided with printed Annual Benefit Statements by 31 March 2017.
  
- 9 Employers were notified of the revised process with the request for Annual Return at the end of February, we have not received any adverse feedback about the revised process from employers. We will closely monitor the year-end procedure and conduct a review in early 2017. Based on the outcome of that review, we may make the change to the year-end process, as detailed above for cleansing 2015/16 data, permanent.

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**Background Papers**

None

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