



## Surrey Local Pension Board

### 19 October 2016

## 2015/16 Annual benefit statements

### Recommendations:

The Board is asked to **note** the content of this report and make recommendations if any further action is required.

### Background

1. Members will be aware that the legislation governing the LGPS now stipulates that Annual Benefit Statements should be issued to each member of the scheme by 31 August each year.
2. The 31 August deadline was introduced for 2014/15 annual benefit statements. These were actually issued to active members in November 2015.
3. The vast majority of local authority funds nationally were unable to meet the 31 August delivery date in 2015. This was primarily a result of the technical complexities experienced by software suppliers to the LGPS in producing annual statements detailing both CARE and final salary benefit projections.

### Details

#### (i) 2015/16 ABS issuance

4. The following is a summary of the status of the 2015/16 statements issued:-

Member Status	Date of Issue	Numbers
Active Members	Mid-September 2016 (to employers)	30185
Deferred Members	September 2016 (to home addresses)	22835
Councillor Members	August 2016 (internal distribution)	50

**(ii) Active members**

5. The issue date of 31 August will always be a particularly challenging one for active members because it relies on both timely receipt of year- end financial returns from all employers in the fund and accuracy of content of such returns. The workload associated with processing and validating year-end returns was more involved this year because of the timing of the first tri-ennial valuation of the pension fund (at 31 March 2016) since the new career average scheme was introduced in 2014. Business Operations received a total of 22,000 single line data queries associated with the new data specifications from the pension fund actuary as a direct result of processing the year-end returns, though most were solved by group amendments.

**(iii) Deferred Members**

6. The deferred member notification in 2016 was an information update confirming 2015 values remained in place. This is because there was no Pensions Increase applied to deferred members in 2016 following the negative CPI rates in the assessment period (12 month period ending in September 2015).

**(iv) Future performance**

7. Included in the statements issued this year was information on how future statements will be made available online from 2017, via a secure scheme member's portal. As well as provided a cost saving, it is hoped that the additional benefit of delivering statement online will eradicate the inevitable time delay associated with printing and distribution of statements. It is expected this will save at least three weeks.
8. The annual statements this year were produced by technical staff within Business Operations interrogating two separate databases for Surrey and East Sussex to extract and configure the complex data set used to produce the statements. Business Operations has this month completed a project to integrate the Surrey and East Sussex fund databases which will mean future reporting can be run from a single source, increasing efficiency of production.
9. As a result of both of the above, Business Operations is confident of meeting the 31 August date from 2017 onwards.

**A material breach of law**

10. The Pensions Regulator's Code of Practice Number 14 sets out that a breach in the law should be reported if it is likely to be of 'material significance' to the Regulator.
11. The Code of Practice provides further guidance on matters that may be considered to be of material significance to the Regulator, focusing on the effect of the breach on scheme members.
12. Business Operations did not consider that a delay of less than one month would have a material effect on scheme members or would affect their retirement planning in any way. They are of the opinion that as this breach is therefore not of material significance it is not appropriate to report it to the Pensions Regulator.
13. Feedback from other local authority funds confirms that the Regulator's primary interest in annual benefit statement delays is ensuring that plans are in place to avoid

delays in future years. Business Operations is confident that the move to online statements will ensure earlier access to statements for scheme members.

14. It should be noted that, in previous years, the annual statements for active members were issued in November (or later) so it is likely that the issue of statements is in line with (and possibly exceeds) member's expectations. Similarly, the statements are only an illustration of potential benefits based on year-end information and members contemplating retirement would generally be expected to contact the Pensions team directly for more accurate information based on intended retirement dates.

### **Next steps**

15. The Orbis Business Operations team will further develop and introduce the scheme member's online portal for delivery of the 2016/17 annual benefit statements.

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**Report contact:** Neil Mason, Senior Advisor Pension Fund

**Contact details:** T: 020 8213 2739 E: [neil.mason@surreycc.gov.uk](mailto:neil.mason@surreycc.gov.uk)

### **Sources/background papers:**

tPR Code of Practice no 14 (Governance and administration of public service pension schemes)

### **Annexes:**

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