

Agenda Item No 4(g)

**DERBYSHIRE COUNTY COUNCIL
PENSIONS AND INVESTMENTS COMMITTEE**

7 September 2016

Report of the Director of Finance

ANNUAL BENEFIT STATEMENTS 2015-16

1 Purpose of the Report

To inform the Pensions and Investments Committee about a breach of legislation with regard to providing Derbyshire Pension Fund members with 2015-16 Annual Benefit Statements (ABSs).

2 Information and Analysis

Members will be aware that it is a requirement of the Pensions Act 2013 that occupational pension schemes provide their members with an annual benefit statement within five months of the financial year end. Derbyshire Pension Fund (DPF) is, therefore, required to provide ABSs to approximately 65,000 Fund members by the end of August each year. Failure to do so may be considered a 'material breach' and as such should be reported to The Pensions Regulator (TPR).

Last year, DPF was unable to produce the ABSs until the end of November. However, this was in common with the vast majority of LGPS Funds in England and Wales. TPR accepted that there were mitigating circumstances, further to the regulatory changes in April 2014, and did not require LGPS Funds to self-report on that occasion.

This year, however, at the time of writing it is clear that DPF will miss the August 31st deadline again. While the ABSs for the Fund's deferred beneficiaries were provided in good time, software issues have prevented the timely running of the ABSs for the current, contributing Fund members.

This is disappointing, particularly as great efforts have been made with the employing authorities and the software provider (Civica UK), including senior level meetings, to ensure that the legislation was complied with. TPR have been contacted about the position and have advised that the breach be reported to them for consideration.

It is, however, likely that the software problems preventing the running of the necessary jobs will soon be resolved, and a verbal update will be given to Members at the Pensions and Investments Committee meeting. Nevertheless,

it is understood that the majority of LGPS Funds will have successfully met the deadline this year, with perhaps only the twelve Civica UK customers finding themselves in breach.

3 Financial Considerations

Derbyshire County Council is in regular contact with Civica UK, the suppliers of the software, regarding the terms of the contract between the two parties. Where the provider fails to meet the terms, payment is withheld. Furthermore, there are financial penalties applicable for failure to respond effectively within the terms of the agreement to issues raised.

While it seems unlikely that TPR will fine the Pension Fund as a result of this breach, particularly given the efforts made to avoid it, if such costs do arise it has been made clear that they will be passed to Civica UK as the responsible party.

4 Other Considerations

In preparing this report the relevance of the following factors has been considered: legal and human rights, human resources, equality and diversity, health, environmental, transport, property, social value and prevention of crime and disorder.

5 Officer's Recommendation

That Members note the Report.

PETER HANDFORD

Director of Finance