

LGPS England and Wales Annual Benefit Statements 2014/15

The LGPC secretariat has received a letter from Joey Patel, Policy Lead at the Pensions Regulator, regarding the provision of annual benefit statements. The letter, which was forwarded to Funds in England and Wales by email on October 9th, said:

Thank you for outlining the issues faced by Local Government Pension Scheme (LGPS) funds for England and Wales in meeting the legislative deadline for providing annual benefit information statements to members.

The Pensions Regulator recognises the significance of the public service pension reforms, including the requirement to redesign benefits and new requirements about governance and administration.

We are aware that LGPS Funds, like all public service schemes, face a significant task in implementing the major reform of their benefit design, establishing new governance arrangements and putting in place systems to deal with the administration of the new and transitional arrangements while maintaining and integrating their legacy systems. However, as you are aware, all public service schemes must be governed and administered in accordance with the requirements of the law. We therefore expect those involved in the governance and administration of public service schemes to comply with the law and strive to deliver good outcomes for members. It is vital that members are provided with information on their pension benefits so that they have a clear understanding of their financial position and can make informed decisions.

Where a legal duty relevant to the administration of the scheme has not been, or is not being complied with, certain people (including scheme managers, pension board members and those involved with administering the Funds) are under a duty to report breaches of the law to us if they consider that the breach is likely to be of material significance to us.

Some LGPS Funds have already contacted us to report a breach of the requirement to issue benefit information statements in accordance with the deadline stipulated in the Public Service Pensions Act 2013 (31 August 2015). Where the cause of the breach is explained as being due to significant data and IT system issues faced by Funds and Fund employers, we are minded to advise those Funds that we expect them to issue the statements as soon as possible and by the 30 November 2015 at the latest. As a matter of best practice, we also expect LGPS funds to take steps to inform affected members of the delay and when they can expect to receive their benefit statement.

Where these Funds are unable to meet this timeframe, they will need to provide us with further information, including their plan of action for remedying the breach. Plans will be considered on a case by case basis and we will consider what action to take if satisfactory plans are not in place. However, where the breach arises for other reasons, or in conjunction with other issues, we will consider whether a different response is appropriate in accordance with our Compliance and Enforcement Policy.

Where other Funds are in breach of the requirement and have not yet considered whether or not the breach must be reported to us, scheme managers, pension board

members and those involved with administering the Funds will need to consider whether they must do so, whether or not they anticipate that benefit information statements will be issued by 30 November 2015.

Our Public Service Code of practice provides guidance on judging whether a breach needs to be reported, and if so, how to report a breach of law, and our compliance and enforcement strategy outlines our approach in response to any breach that is reported to us or of which we otherwise become aware.

If LGPS Funds decide that they need to report to us, they should explain the reasons for the breach occurring and their plan to remedy it, including the timeframe, which we will take into account in determining our response.