

ERPF - Employer Bulletin 3

Annual Benefit Statement to 31 March 2015

Dear Employer

The purpose of this email is to advise all Fund employers that the administering authority is considering reporting a breach of the law to the Pensions Regulator (see Employer Bulletin 2 issued 19 October 2015 for details of the procedure).

It is a statutory requirement that an administering authority must issue an annual benefit statement (ABS) to all active, deferred and credit members no later than five months after the end of the scheme year i.e. by the 31 August.

Unfortunately the East Riding Pension Fund (ERPF) has experienced a number of difficulties which has resulted in statements being sent out late this year.

The main reasons for the delay are as follows:

- Implementing the new 2014 local government pension scheme – the CARE Scheme
- The pensions administration system not being updated to enable year-end returns to be loaded
- Employers not providing timely or accurate year-end returns

Whilst the ERPF has experienced difficulties I am pleased to report that a lot of work has been completed on this exercise with an aim to have a significant number of statements sent out by 30 November 2015. All remaining statements will be issued early in the New Year.

In accordance with Section 70 of the Pensions Act 2004, where an administering authority fails to send statements by the due date, there is a duty to report this breach to the Pensions Regulator.

Following a request from the Local Government Association (LGA) to all LGPS funds, we provided information as to why we have not been able to produce statements on time. Consequently, the LGA has had discussions with the Pensions Regulator regarding the issues faced by all LGPS funds and the Pensions Regulator has recognised the significance of the requirement to redesign benefits, and consequently the format of the ABS, as well as new requirements about governance and administration.

However, the Pensions Regulator has stated that where the breach is due to significant data and IT system issues faced by Funds and Fund employers, then it is expected that the statements will be issued by 30 November 2015 at the latest.

Whilst we will be recording the breach, a decision whether or not to report this breach to the Pensions Regulator will be made by the administering authority at the beginning of November when we will be able to assess the number of statements that will be issued by 30 November 2015.

It should be recognised that the failure to issue this year's ABS by the 31 August 2015 is due to matters out of our control but the ERPF takes this matter seriously and does not wish to be in this

same position next year. As an employer you have an obligation to send the ERPF an accurate year-end return by the 30 June at the very latest. Failure to return an accurate submission by this date is also a breach and where this happens next year the ERPF will report all such employers to the Pensions Regulator as required to. Where the Pensions Regulator imposes a fine on the administering authority, a decision will be taken whether to pass the fine on to the employer.

The ERPF have identified a number of issues with the year-end returns this year. Whilst we are sympathetic with employers to the changes that have been imposed and the difficulty extracting the additional information required it is imperative that accurate and timely year-end returns are provided in the future.

The ERPF issues all employers with sufficient information to enable year-end returns to be completed correctly, namely the Year-End file specification and the Payroll Guide to the 2014 scheme. We will therefore be working with employers closely in preparation for next year's submission to ensure that we are able to issue ABS by 31 August 2016.

It is also imperative that all employers ensure that they provide the ERPF with accurate and timely information in respect of scheme members all year round. The year-end returns submitted this year have once again identified a significant number of cases where the ERPF has not been notified of both new joiners and leavers of the scheme and this inevitably creates extra work for the ERPF, firstly in the loading of the year-end file for each employer and then subsequently when requesting the missing information from the correct department. Where a scheme member record is not up to date then an ABS cannot be sent. Employers should be aware that the ERPF may in future impose charges for any additional work carried out by the ERPF in identifying and requesting missing information.

A message has been added to the Latest News section on the Fund's website (www.erpf.org.uk) to alert members that there is a delay in the issue of the ABS and when they can expect to receive their 2015 statement.

Kind regards,

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