

# Bath & North East Somerset Council

MEETING:	<b>LOCAL PENSION BOARD</b>
MEETING DATE:	<b>8 November 2018</b>
TITLE:	<b>PENSION FUND ADMINISTRATION Annual Benefit Statement (ABS) and Annual Allowance (AA) publication report</b>
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	
<b>List of attachments to this report: None</b>	

## **1 THE ISSUE**

**1.1** The purpose of this report is to update the Board on the:

- Production of the Annual Benefit Statements (ABS) to active and deferred members of the Avon Pension Fund. These statements provide members with the value of their benefits as at 31 March and an estimated value of their pension entitlement at retirement age.
- Production of the Annual Allowance/ Pension Saving statements, affecting members exceeding the HMRC annual allowance levels

## **2 RECOMMENDATION**

**2.1** The Board is asked to note this report.

## **3 FINANCIAL IMPLICATIONS**

**3.1** There are no direct implications related to this report as it is an information report.

## **4 BACKGROUND**

**4.1** The Public Service Pensions Act 2013 introduced the requirement to produce Annual Benefit Statements by 31<sup>st</sup> August annually. This is a challenging target for all pensions funds, particularly those in the LGPS due to the large volume of employers required to submit accurate year end data.

**4.2** For the 2018 exercise the Fund contacted all employers in January, providing each with a current extract of their active membership held on the pension database. This early communication provides an opportunity for payroll data matching in advance of submission of year end returns in April.

- 4.3** ABSs are produced in-house (and to the LGA-approved template guidelines) and sent externally for printing and postage. All statements for deferred members were issued on 25 June, with those for active members being dispatched in three tranches on 13, 20 and 27 August, ahead of the statutory deadline.
- 4.4** The Fund must also inform members if their LGPS pension savings exceed the standard Annual Allowance in any year by no later than 6 October of the following year.

## **5 ANNUAL BENEFIT STATEMENTS 2018**

**5.1** The table below details the ABS numbers sent and errors identified

Description	Active Nos.		Deferred Nos.
ABS issued	32,735		38,676
Total statements due	33,147		43,061
% Actioned	98.76%		89.9%
% Error	1.24%		10.1%
Amended & replacement issued post-31 Aug	142		155

**5.2** Notwithstanding the time and effort undertaken by the Fund administration to cleanse all the year-end data, there remain some statements which cannot be sent due to incomplete/inconsistent data. The % errors for actives are due to a combination of missing CARE and missing addresses.

**5.3** For deferred members the error % is due to 'gone away' addresses. Errors identified are flagged under the Fund's TPR improvement plan for action.

**5.4** The Fund has a project in place to trace missing address details for deferred members.

**5.5** The Fund carried out ABS re-runs following updated data from employers (usually following member queries around pay on their original statements). These took place on 1 and 22 October – resulting in 142 replacement active statements and 155 deferred statements (from the pensions tracing project).

**5.6** As in previous years a post project review will be undertaken by officers to examine learning points and build in developments to ensure the 2019 ABS are also delivered within the statutory timeframes.

## **6. ANNUAL ALLOWANCE STATEMENTS 2018**

**6.1** Once the Year End process is completed an Annual Allowance report is run to identify members who may have exceeded the annual allowance for the previous tax year. Following initial checks, if required, employers are contacted for pay information (and occasionally to

previous funds if there has been an inter-fund transfer in). When the additional information has been received AA calculations for individual members are produced.

**6.2** Members exceeding the annual allowance are issued with a Pension Saving Statement. The deadline to issue these statements is by 6 October. If the member appears to have a tax charge then we also send them a Scheme Pays Options letter.

**6.3** Statements began being issued in August and the last few were issued on 1 October. Only one member had a statement issued after the 6 October deadline, due to incorrect data being supplied by the employer.

Number of members requiring AA investigation	Number of members issued with a Pension Saving Statement (exceeding AA threshold for 2017/18 tax year)	Number of Scheme Pays Options letters issued
163	61	6

## 7 EQUALITIES

7.1 No items in this report give rise to the need to have an equalities impact assessment

## 8 CONSULTATION

8.1 None appropriate

## 9 ISSUES TO CONSIDER IN REACHING THE DECISION(S)

9.1 There are no issues to consider not mentioned in this report.

## 10 ADVICE SOUGHT

10.1 The Council's Monitoring Officer (Divisional Director – Legal & Democratic Services) and Section 151 Officer (Strategic Director of Resources) have had the opportunity to input to this report and have cleared it for publication.

<b>Contact person</b>	Geoff Cleak, Pensions Manager Tel: 01225 395277
<b>Background papers</b>	Various analytical reports
<b>Please contact the report author if you need to access this report in an alternative format</b>	