

Bath & North East Somerset Council			
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND		
MEETING DATE:	8 December 2022	AGENDA ITEM NUMBER	8
TITLE:	Statutory Reporting and Year End		
WARD:	ALL		
AN OPEN PUBLIC ITEM			

1. THE ISSUE

- 1.1. The purpose of this report is to inform the Pension Board of the actions undertaken by the Fund Administration in completion of the 2021/2022 employer year end data exercise and other statutory annual requirements.
- 1.2. The law requires schemes to disclose information about benefits and scheme administration to scheme members
- 1.3. The Fund has a legal statutory requirement to provide members with a benefit statement annually by 31st August.
- 1.4. Where applicable the Fund has a legal statutory requirement to issue a Pension Saving Statement (PSS) if a members' pensions savings exceed the standard annual tax year allowance.
- 1.5. The Fund has a legal statutory requirement to submit pension scheme reports and pay tax charges to HMRC

2. RECOMMENDATION

- 2.1. That the Board notes the report.

3. FINANCIAL IMPLICATIONS

- 3.1. There are no direct implications related to the Pension Board in connection with this report.

4. REPORT

- 4.1. The introduction of the Pensions Act 2013 extended the powers of the Pensions Regulator (TPR) to public sector schemes from 1 April 2014. The Pension Regulator introduced the Code of Practice 14 for the administration of public sector schemes in 2015. This, amongst other things, addressed the issue of annual benefit statements to members.

5. YEAR END EXERCISE

- 5.1. In preparation the Fund must undertake an annual exercise to reconcile member data supplied by employers at each 31st March year end. There are 454 active employers of which 272 provide member data digitally to the Fund on a monthly basis covering 86% of active scheme membership (35,139 members). The remaining employers continue to provide data annually.
- 5.2. For the purpose of data accuracy, the digital monthly employer returns undergo a reconciliation process on a continuous basis. Where the employer annually submits a data return it invariably will require further scrutiny and employer engagement to reconcile. The Fund is aiming to digitalise all employer returns as part of its published Administration Strategy.
- 5.3. To enable the Fund to scrutinise and reconcile member data all employers are requested to submit year end returns annually by 30th April with any subsequent follow up queries and amendments notified to the Fund by 30th June. Where there is a failure to provide timely or accurate information the Fund will review each affected employer in accordance with the criteria set out in the Administration Strategy with a view to potential penalty charges being applied.
- 5.4. With regard to potential employer penalty charges for 2022 the Fund identified the following:-
- 4 Late returns
 - 6 employers with data queries in excess of 10% of active membership
 - 2 employers for disproportionate work
 - potentially 22 for Data Improvement Plan (DIP) notices to be issued
 - No employers were identified as causing a materially significant breach to the TPR by the delay in providing information.
- 5.5. Administration Officers are currently undertaking a final review prior to issuing penalty notices. All fined employers will also receive a DIP in addition to any penalty charge with the option of receiving training in lieu of the charge if it is a first-time occurrence.

6. MEMBER COMMUNICATIONS – ANNUAL BENEFIT STATEMENTS

- 6.1. Officers completed work to reconcile data returns ahead of the statutory ABS exercise. Summarily, 93.53% of active member statements were issued ahead of the 31st August deadline. The table below details the statements sent -

Statement type and collation	Total Statements	Total mailing
Single Statements	28,686	28,686
Double Statements	4,366	2,183
Triple Statements*	1,083	361
Four Statements*	224	56
Five Statements*	70	14
Seven Statements*	7	1
PSOD Single Statements*	21	21
Overseas Statements	2	2

Totals	34,557	31,324
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6.2. A further 4,339 perspective statements were extracted due to the following:

Missing Address (093)
Casual Missing Hours/Earnings (2,425)
In-Progress Leaver (1,821)

6.3. Work is ongoing to obtain missing member CARE data and to trace any missing addresses

6.4. Subsequently, a further 291 active member statements were issued on 24th October as part of a supplementary ABS exercise.

6.5. Of the total active member statements produced a total of 11,384 (33%) were also made available digitally to members with an active My Pension Online (MPO) account. Members with an MPO account will no longer receive a paper statement in future years unless an option is received requesting this.

7. PENSIONS SAVINGS STATEMENTS

7.1. The Fund is required to issue a Pensions Saving Statement (PSS) if pensions savings in the APF exceed the standard annual allowance. The annual allowance is the maximum amount of pension saving that an individual can make each tax year that benefits from tax relief. The standard annual allowance is £40,000 for the 2021/2022 tax year. The statement includes information that members must consider in determining whether a tax charge is liable.

7.2. For the 21/22 tax year the Fund engaged with Hyman's Robertson to provide professional consultancy support, guidance and officer training.

7.3. Detailed analysis and work undertaken by officers to complete the annual process to assess member savings has been completed. The Fund issued 155 statements for LGPS members of which 41 were identified as having a tax charge. A total of 15 statements were issued in respect of members of the Firefighter's Pension Scheme, of which 3 were identified as having a tax charge.

7.4. All statements were issued ahead of the statutory deadline of 6th October.

7.5. It is anticipated that the number of members attracting a tax charge will increase further next year due to the impact of Pensions Increase (PI) on revalued CARE and the recent NJC pay award which in most cases will inflate the pensionable salary from November 2022 to March 2023. HMT Consideration is currently being given to amending the revaluation date to 6 April from 1 April to increasing number of members potentially subject to annual allowance charges.

8 Accounting for Tax – Event Reporting

8.1 As a pension scheme administrator of a registered pension scheme the Fund must send pension scheme reports and pay tax charges to HMRC.

8.2 Fund officers registered with HMRC have responsibility to submit Accounting for Tax (AFT) returns using the new Managing pensions scheme online service.

8.3 Payments made in respect of the previous 4 quarters are detailed below:-

01.10.2021 – 31.12.2021	£
1 x Annual Allowance Charge	15,180.00
1 x Lifetime Allowance Charge	26,065.00
150 x Short Service Refund Lump Sum Charge	19,099.00
01.01.2022 – 31.03.2022	
3 x Annual Allowance Charge	21,777.57
202 x Short Service Refund Lump Sum Charge	37,896.10
01.04.2022 – 30.06.2022	
1 x Annual Allowance Charge	12,653.00
1 x Lifetime Allowance Charge	58,044.47
396 x Short Service Refund Lump Sum Charge	45,839.31
1 x Special Lump Sum Death Benefit Charge	630.92
01.07.2022 – 30.09.2022	
2 x Annual Allowance Charge	39,947.38
2 x Lifetime Allowance Charge	69,648.31
164 x Short Service Refund Lump Sum Charge	22,701.75

9 The Pensions Regulator - ANNUAL SCHEME RETURN

9.1 Public service schemes have a legal obligation to supply the Pensions Regulator annually with certain information via a scheme return.

9.2 The information required includes scheme details, employer details and governance details. All information is completed and submitted to TPR via the online exchange service.

9.3 The annual scheme return notice for 2021/2022 was received from TPR on 23rd November with a request to complete by 2nd January 2023.

9.4 Officers are currently working through the return and a copy will be included at the next Pension Board meeting.

10 RISK MANAGEMENT

10.1 The Avon Pension Fund Committee is the formal decision-making body for the Fund. As such it has responsibility to ensure adequate risk management processes are in place. It discharges this responsibility by ensuring the Fund has an appropriate investment strategy and investment management structure in place that is regularly monitored. In addition, it monitors the benefits administration, the risk register and compliance with relevant investment, finance and administration regulations.

11 EQUALITIES

11.1A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

12**CLIMATE CHANGE**

12.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and is addressing this through its strategic asset allocation to Paris Aligned Equities, Sustainable Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

13**CONSULTATION**

1.1 Reports and its contents have been consulted with the Head of Pensions and Director – One West representing the administering authority.

Contact person	Geoff Cleak – Pensions Manager – 01225 395277
Background papers	Various statistical reports
Please contact the report author if you need to access this report in an alternative format	