



REPORT OF THE GROUP DIRECTOR, FINANCE & CORPORATE RESOURCES		
2020/21 Annual Benefits Statements	Classification PUBLIC	Enclosures
	Ward(s) affected	None
Pensions Board 11 October 2021	ALL	AGENDA ITEM NO.

1. INTRODUCTION

- 1.1 This report provides the Board with an update on the issuance of the Annual Benefits Statements to both active and deferred members of the Hackney Pensions Fund.
- 1.2 Given the issues raised in this report, a representative from Equiniti, the Fund’s third party administrators, responsible for the handling the annual exercise, will be present at the meeting to provide both explanation of what happened this year and assurance regarding steps being taken to resolve the issue and to ensure it does not happen again next year.

2. RECOMMENDATIONS

- 2.1 The Pensions Board is recommended to:
 - Note the report

3 RELATED DECISIONS

- 3.1 Quarterly Update Report Pensions Committee September 2021

4. COMMENTS OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

- 4.1 The Pensions Board will be aware that the Pension Fund has in the past had difficulty meeting the statutory deadlines for the issuance of Annual Benefits Statements to members of the Hackney Pensions Fund, although improvements have been made in most recent years.
- 4.2 Unfortunately, issues have once again arisen regarding the issue of the 2020/21 statements within the required deadlines, particularly those relating to deferred members of the scheme.
- 4.3 As set out in this report, the issue is deemed by officers of the Pensions Fund to be a reportable breach to the Pensions Regulator and this breach will therefore be

reported before the Board meets. We will then await the response from the Regulator in terms of any action they may take.

- 4.4 There are no direct financial implications arising from the contents of this report at this time.

5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE SERVICES

- 5.1 The role of the Pension Board is prescribed by Section 106 of the LGPS Regulations 2013 and includes the following: securing compliance with the Local Government Pension Scheme Regulations 2013 and any other legislation relating to the governance and administration of the Scheme and any connected scheme, securing compliance with any requirements imposed by the Pensions Regulator in relation to the Scheme and any connected scheme, ensuring the effective and efficient governance and administration of the Scheme and any connected scheme.
- 5.2 Taking into account the role of the Pension Board as set out in the Regulations, considering the issues that have arisen in respect of the issue of the Annual Benefits Statements falls within the remit of the Pension Board.

6. BACKGROUND TO THE REPORT

- 6.1 Regulation 89 of the LGPS Regulations 2013 requires that administering authorities issue a benefit statement to all active and deferred members and specifies that it must issue these statements within five months of the end of the scheme year, i.e., 31st August.
- 6.2 As in previous years, Equiniti, the Fund's third party administrator, were responsible for issuing the statements to the members of the Hackney Fund, although legal responsibility lies with the administering authority, Hackney Council.
- 6.3 As such, Hackney in-house Pensions Team liaised regularly with Equiniti regarding progress of this year's project to issue the Annual Benefits Statement and were assured that the project was on-track to provide the statements within the required timescales.
- 6.4 However, it became apparent, following the passing of the 31 August, that none of the deferred member statements had been issued and that some of the active members' statements were outstanding.

7. ANNUAL BENEFITS STATEMENTS

- 7.1 As set out earlier in this report, unfortunately not all of the Annual Benefits Statements that were due to be provided by the deadline of 31st August were issued by that time.

7.2 The analysis below provides an analysis of the numbers of both active and deferred members' statements issued to date (i.e., at the time of writing this report) and a further update will be provided at the meeting of the Board.

7.3 Active member benefit statements

- statements issued within timescale: 5,784
- statements issued 2nd September 2021: 437
- statements issued 13th September 2021: 125
- statements not yet issued: 291, of these
 - 79 queries resolved and in the process of being checked
 - 194 delayed due to Renewal data missing/queries
 - 18 with the Annual Events Team to review calculations issues

Equiniti are currently reviewing the final 2 bullet points categories and are hoping to include as many of these as possible into a bulk mailing by the end of October. Any remaining ABSs after this time will be picked up on an individual basis as the data required is received.

7.4 Deferred member benefit statements

- statements not issued by 31 August: 6,665
- statements not able to be issued due to no current address: 2,013 (but subject to separate address verification exercise)
- Of these,
 - 6,420 were issued first class over 2 days, 29 September and 30 September.
 - 992 required further address verification checks:
 - 919 have been verified and are going through final checking and will be posted by cop Friday 8 October
 - 73 have been excluded as not fully verified by the tracing/verification exercise.
 - 71 are past Normal Retirement Date and require additional checks as late retirement factors need to be accounted for, it is anticipated that these will be posted by cop Friday 8 October.
 - 140 have been identified as having data issues and need reviewing by the BAU team – Equiniti are hoping to include as many of these as we can into a bulk mailing by the end of October. As they work through this population if it proves possible to issue smaller tranches throughout the month then they will be.

7.5 It is highly disappointing that such a large proportion of statements are late this year given work that was done in previous years to improve the process.

7.6 Officers of the Fund, working with its Benefits and Governance Advisors, have discussed this failure in some detail with senior management and staff within Equiniti and a representative from Equiniti, Mike Mordecai (the Public Sector Relationship Director) will be attending the Board meeting to explain how the issue arose, steps being taken to address it, and to answer questions of the Board.

- 7.7 Early discussions with Equiniti have identified a number of reasons for the failure including staff sickness and a failure in internal communications. Equiniti are already taking steps to address the issues that have arisen and will provide information regarding these at the meeting.
- 7.8 The administering authority's pension team will be working with Equiniti to ensure the remaining statements are issued as quickly as possible and to fully understand the reasons behind the delays so that their process is improved for future years.
- 7.9 Due to the scale of the numbers not issued, Officers of the Fund will be reporting the failure to issue all Annual Benefits Statements to the Pensions Regulator as a reportable breach.
- 7.10 A further update will be provided at the committee meeting.

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