

**Briefing Note – Breach of Disclosure regulations**  
**Failure to issue an Annual Benefit Statement to all scheme members by**  
**31<sup>st</sup> August 2016**

1. Background

West Midlands Fire Service has a Statutory obligation under The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 and The Public Sector Pensions Act 2013 to provide an Annual Benefit Statement to all active member of each of the Firefighters Pension schemes no later than 31<sup>st</sup> August each year.

Failure to meet the required obligation must be reported to The Pension Regulator.

The responsibility for monitoring compliance with the regulations is vested in the Local Pension Board.

This briefing note is provided to the Pension Board to inform them of the breach, provide an explanation of the causes of the breach, and outline remedial action being taken to prevent a recurrence in subsequent years.

2. Causes

Annual Benefit Statements are produced by West Midlands Fire Service Pensions section using the ALTAIR System provided to them under licence from Aquila Heywood Plc. As the 2016 Annual Benefit Statements were the first to be issued since the implementation of the 2015 Firefighters Pension Scheme a software update was required from the system supplier before production of the statements could begin.

The software update was provided to West Midlands Fire Service on Friday 29<sup>th</sup> July 2016.

In addition to the ability to produce the Annual Benefit Statements this update also enabled Authorities to extract the data required by the Government Actuaries Department for the 2016 valuation exercise. This data was required by 12<sup>th</sup> August and was produced and submitted by 5<sup>th</sup>.

Owing to Annual Leave commitments work on the Annual Benefit Statements was then begun on Monday 15<sup>th</sup> August.

Production of the statements needed to be done in four separate batches to account for the following membership types;

- a) Fully Protected 1992 scheme members
- b) Fully Protected 2006 scheme members
- c) Members of the 1992 or 2006 scheme who had joined or would join the 2015 scheme before retirement
- d) Members of the Modified Pension scheme

Whilst production of the statements for the first two batches was a simple matter of running the process used in previous years this was not the case for those members of the third or fourth groups.

When producing the statements the process operated as follows;

- 1. Relevant members were selected
- 2. Statements were produced
- 3. Spot checking of Statements took place
- 4. Errors detected were reported to system supplier. Owing to timescales the system supplier did not fix these errors but simply advised on a work around.
- 5. Work around was implemented
- 6. Process returns to point 2 until no errors are detected.
- 7. Statements are printed
- 8. Statements are issued by registry

Following this process from step 1 to 5 could take up to a week depending on the number of errors found and the speed with which a work around was notified.

Processing benefit statements for groups a to c took until 9<sup>th</sup> September and the statements then took a further two weeks to be distributed via registry. The statements for group d were manually produced and issued via email on 20<sup>th</sup> September.

### 3. Action to prevent a recurrence in 2017

To avoid a recurrence of the delay when statements are issued in 2017 the following process will be used.

- 1. Membership data will be checked during the period January to March 2017. This is to ensure that all records are updated as needed with the correct scheme information.
- 2. Discussions will take place with the Admin team to ensure that they will have an appropriate level of staff availability to envelope and distribute the statements.
- 3. The documents to be produced will be reviewed during March 2017 to ensure that they are as uniform as possible and hold all the required data.
- 4. Payroll data will be loaded to ALTAIR at the earliest opportunity after 31<sup>st</sup> March 2017.

5. A test batch of statements for each of the 4 groups will be produced by 30<sup>th</sup> April 2017. Any errors will be notified to Aquila Heywood as soon as discovered and a fix will be requested.
6. An informal Pension Board meeting will be held during May to monitor progress of this action plan and to consider alternative solutions should any issue be encountered.
7. The test batch will be reprocessed following delivery of any fix.
8. If no errors remain unfixed statements will be printed during July 2017 and issued during August to ensure receipt prior to 31<sup>st</sup>.
9. If errors remain at 30<sup>th</sup> June these will be escalated to Aquila Heywood management team and statements will be produced for all members unaffected during July as planned.
10. Any statements which are still in error at 31<sup>st</sup> July will be amended and issued manually.