

The Pensions Regulator

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Private & Confidential

Graham Chapman
South Yorkshire Pension Authority
18 Regent Street
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1 August 2017

Dear Mr Chapman

South Yorkshire Pensions Authority (SYPA)

Thank you for your letter of 5 May 2017.

Annual Benefits Statements 2017

My understanding of your letter is that SYPA will not be able to meet the required 31 August 2017 statutory deadline for the delivery of an Annual Benefit Statement (ABS) to the eligible membership.

You have requested that The Pensions Regulator (TPR) agree to a plan whereby around 75% of ABSs will be delivered by 31 August 2017 and the residual (those requiring more in depth investigation) being delivered by 31 March 2018. In your letter you state that delivery of the ABSs on time last year created a substantial backlog of work which is still being worked on, therefore delivery of the ABSs is not seen as a viable option for this year.

As it is a legal requirement to deliver ABSs to relevant members by the 31 August each year under the Local Government Pension Scheme Regulations 2013, TPR is unable to agree to any plans or other arrangements that do not adhere to this statutory deadline.

The requirement to provide an ABS to deferred and active members has been a requirement for Local Government Pension Schemes since 1 April 2014. As this now should be an embedded scheme administration process, TPR is taking a firmer line with regards to compliance failures. Therefore, if you have been unable to meet the legislative deadline for the ABS delivery by 31 August 2017, a further update breach report will be required to be submitted detailing the pensions legislation that has been breached from the perspective of the reporter, and why this breach(es) is materially significant (eg X number of members who have not been sent their ABS by the statutory deadline). In addition to the breach report, a robust plan is required to show the actions SYPA intend to take to comply with the LGPS Regulations regarding ABS for the 2017/18 scheme year, along with confirmation from the Scheme Manager that they believe the actions and timescales within the plan are fully achievable. Further details on requirements on reporting breaches and the materiality of the breaches can be found in Code of Practice 14: "Governance and Administration of Public Service Pension Schemes" and in the "Compliance and Enforcement Policy for Public Service Pension Schemes" which are available on our website.

Case Investigation

Please be advised that as a result of your letter, we have opened a case investigation on the matter advised and to assist us with this investigation please can you provide me with the requested information below.

Please advise:

- When the ABS mailing is due to start (if it has not started already) and what is the planned percentage delivery completion by members by 31 August 2017?
- Does this mailing include non-active members? SYPA is required to automatically provide the deferred, deferred pensioner and pension credit members with an ABS.¹
- The number of members that will not have received their ABSs by 31 August 2017 broken down by membership status (i.e. active, deferred, deferred pensioner and pension credit memberships).
- The number of members that will have received their ABSs by 31 August 2017 broken down by their membership status.
- There is reference to a Pension Administration Strategy in your letter of 5 May 2017, are you able to share this strategy with TPR for information?
- In your letter you note there are delays in receiving employer data, has this caused SYPA to breach pensions legislation?
- If delays in receiving employer data have caused SYPA to breach pensions legislation (not just restricted to ABS production) then please provide details of the names of the employers involved and numbers of scheme members employed by each employer, thus potentially affected?
- What actions SYPA has taken with regard to the delays in employers supplying data? What contact has been made with the employers in question, including any escalation to senior management, and has consideration been given to the use of powers available to the Scheme Manager under the LGPS Regulations 2013?
- Is there a plan in place to improve the ABS exercise for 2017/18?

Administrative Backlog

In your letter you note there has a "substantial backlog of work" caused by activities undertaken last year for the ABS exercise. I would like to explore this issue.

Please advise:

- The details of this backlog, including the number of items in the backlog, what administrative items make up this backlog and when will the backlog be cleared?
- What is the oldest item in this backlog?
- Did the backlog have any member impact or lead to scheme data being compromised?
- Has any thought been given to whether or not this backlog was a breach of pensions legislation and, if so, was materially significant and thus should be reported to TPR?

Monthly Processing of Employer Data

It is encouraging to see progress in SYPA meeting the requirements as set out in the Regulations, in particular the move to monthly processing appears to be a step in the right direction.

Please advise:

- How the move to monthly processing is being managed, is there a project plan in place and when is the projected completion date?

¹ The Local Government Pension Scheme Regulations 2013 – Section 89

- How far advanced is the recruitment to meet monthly processing requirements and if not completed, when it is expected to be completed and staff to be in post?
- How is the move to monthly processing expected to impact on future ABS exercises?

Pension Board

Please advise whether the Pension Board meeting minutes are published on the SYPA website and if yes, where they can be accessed from?

We should be grateful if you would provide the above information to us by 15 August 2017.

Yours sincerely



Michael Huxley

Case Management, Frontline Regulation Directorate

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Appendix

Please note that the information you provide in response to this request may be used by the Regulator for the purpose of exercising its functions. Pursuant to section 80 of the Pensions Act 2004, any person who knowingly or recklessly provides the Regulator with information which is false or misleading in a material particular in these circumstances is guilty of an offence.

Please note that information obtained by the Regulator may be "restricted" within the meaning of section 82 of the Pensions Act 2004. If so, the Regulator, and any person who receives the information directly or indirectly from the Regulator, is subject to the restrictions on its further use and disclosure set out in that section. Your attention is drawn in particular to the provisions of section 82(1) and 82(2) of the Pensions Act 2004. Onward disclosure of restricted information, other than in accordance with the Pensions Act 2004, is a criminal offence.

Information (including personal data) provided to the Regulator in response to this request may be used (including disclosing it to third parties) in connection with any of its functions or duties under the Pension Schemes Act 1993, Pensions Act 1995, the Pensions Act 2004, the Pensions Act 2008 or any other enactment which confers functions or duties upon the Regulator.

The Regulator is a data controller for the purposes of the Data Protection Act 1998 ("DPA"). We hold and process personal data in accordance with the principles set out in the DPA in carrying out our statutory functions/duties. Please ensure you have the necessary authorisation/permission to disclose to the Regulator personal data of other individuals or persons.