

From:	Corporate Director of Finance
To:	Pension Board – 1 September 2021
Subject:	Breach of the Pension Scheme Regulations
Classification:	Unrestricted

Summary:

This report makes members aware of a breach of the Local Government Pension Scheme regulations and options for reporting the breach to the Pensions Regulator.

Recommendations:

The Board is recommended to agree to record the breach of the scheme regulations but that reporting of the breach to the Pensions Regulator is not required

For Decision

1. Background

- 1.1 Regulation 89 of the Local Government Pension Scheme 2013 Regulations requires that Kent County Council as the Administering Authority for the Kent Pension Fund must issue an annual benefit statement to each of its active, deferred, deferred pensioner and pension credit members no later than five months after the Scheme year to which it relates.
- 1.2 In order that KCC may provide an annual benefit statement to its active members regulation 80 (3) requires that a scheme employer must, within three months of the end of each Scheme year ending on 31 March 2021, provide a statement to the authority giving details in respect of each employee who has been an active member during the Scheme year, including pensionable pay details.

2. Breach of LGPS regulation 89

- 2.1 Kent Police is an employer within the Kent Pension Fund and unfortunately they had not supplied the information regarding their active members to KCC by the deadline of 30 June 2021, or by subsequent deadlines.
- 2.2 KCC was therefore unable to issue annual benefit statements to the Police employees in the Local Government Pension Scheme, approximately 3,100 members, by 31 August 2021.

- 2.3 Kent Police were unable to supply this information by the statutory deadline due to resource issues within their payroll section.
- 2.4 The information was received on 19 August and discussions are progressing with Kent Police with regard to the issue of annual benefit statements for their active members of the LGPS after the statutory deadline of 31 August.
- 2.5 As KCC was not able to supply these active members with their statements by 31 August this is a breach of the regulations and consideration has to be given as to whether this breach is considered material and should be reported to the Pensions Regulator.

3. The Pensions Regulator Framework

- 3.1 KCC is required to report certain breaches of the law to the Pensions Regulator and an extract of the TPR toolkit which provides guidance on the process to be followed is at appendix 1.
- 3.2 The section on providing information to members describes the use of a traffic light system for this purpose.
- 3.3 As KCC has issued approximately 45,500 annual benefit statements for other active members in the Fund this breach would not be considered in the red category which would require reporting to the Pensions Regulator. However as more than one active member has been affected neither would it be considered in the green category.
- 3.4 This breach would appear therefore to fall into the amber category where judgement needs to be used as to whether the breach is sufficiently material and significant to the Pensions Regulator and should therefore be reported.

4. Proposed action

- 4.1 This is a breach of the regulations however:
 - a) the information has now been supplied and annual benefit statements can be produced for the active members of the scheme.
 - b) Kent Police have resolved to ensure that extra resource is provided within their payroll section so that information is supplied by the statutory deadline in the future
 - c) it is recommended that the breach is recorded but that it is not significant enough to be reported to the Pensions Regulator.

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