

To: Chief Executives
Salaries and Wages
Human Resources
Pension Contacts

Circular 06/2021
9 July 2021

At: All Employing Authorities

Dear Colleagues,

Prudential AVC's service delivery update

The purpose of this circular is to provide employing authorities with information regarding the current service delays NILGOSC and other UK LGPS funds are experiencing with Prudential. NILGOSC has recently issued a letter to all members who hold an AVC to advise of the current delays. Employing authorities may wish to take this into consideration if conducting any voluntary retirement exercises.

Prudential upgraded its IT systems in late 2020 and this along with the current pandemic has caused some significant delays in the processing of member contributions remitted from employers, advising employers when a new AVC contributor starts and the disinvestment of funds at retirement.

As part of the current disruption relates to the processing of contributions received from employers, this will only affect those staff who are currently contributing to their AVC fund and intend to retire in the near future and take their AVC fund at the same time as their main NILGOSC benefits. In accordance with Scheme Regulations, NILGOSC is unable to process a retirement without knowing the final disinvested AVC value. As NILGOSC is required to wait for this information from Prudential, this is causing a delay in our usual service delivery time in the payment of a member's pension and lump sum.

Prudential has provided assurances that where an investment of contributions is delayed, the date of processing will reflect the date of receipt, rather than the date the processing actually occurs. This ensures that AVC scheme members are not disadvantaged by the delay. Affected members can complain directly to Prudential and these are being addressed and where appropriate, Prudential are paying compensation.

Prudential has stated that one of the challenges they have experienced when dealing with the backlog is that contributions and the supporting data provided by payroll administrators are not always correctly referenced or have incomplete data. I have been advised that those employing authorities have been contacted and asked to provide additional information where required. Prudential has also stated that they will be doing more work with employers to improve the format and referencing of payments and data. This obviously will help Prudential and NILGOSC improve the service we currently provide.

Prudential is fully focussed on resolving these issues and is currently working through a service recovery plan which aims to bring their service levels back to normal and provide NILGOSC and its members with the quality of service that is expected. Over the past few months, Prudential have made material improvements in the timeliness of a retirement claim and I expect this to continue to improve. In the meantime, NILGOSC continues to engage with Prudential at a high level and we understand that the matter has been reported to both The Pensions Regulator and the Financial Conduct Authority who are currently investigating the matter. Should members wish to make a formal complaint in respect of service delays experienced, they should contact Prudential using one of the methods set out at www.pru.co.uk/contact-us/make-a-complaint. Alternatively members can lodge a complaint directly with The Pension Ombudsman by calling 0800 917 4487 or by visiting their website www.pensions-ombudsman.org.uk.

Please do not hesitate to contact myself or any member of the pension services team if you have any queries regarding this circular.

Yours sincerely

Jenna Fisher
Services Manager