

Staff and Pensions Committee

Proposal to adopt e-payslips for LGPS pensioners

13 December 2021

Recommendation

That the Staff and Pensions Committee approves the adoption of e-payslips as the default position for pensioners who are members of the Warwickshire Pension Fund.

1. Executive Summary

- 1.1 Until January 2018 the Pensions Administration Service issued monthly paper payslips to all pensioner members of the Warwickshire Pension Fund. Since that date, newly retired members of the scheme have received their payslips by email unless they have chosen to opt out, and so receive a paper payslip while existing pensioners have continued to receive paper payslips by post.
- 1.2 This report sets out the case for moving to e-payslips as the default for all pensioners, while retaining the option for them to opt out. There is no legal requirement to issue paper payslips and the saving from moving to e-payslips are calculated to be £7,430 for every 1000 members per year, who transfer to the new method.

2. Financial Implications

- 2.1 The current cost of issuing paper payslips is £70,000 per year. This is the cost of printing and postage, which are contracted out to a third party.
- 2.2 9,061 paper payslips are sent out each month (108,732 per annum), representing 65.80% of pensioner scheme members. 4,710 pensioners, which represents 34.2%, already receive their payslips by email.
- 2.3 The table below shows the potential saving, depending on the proportion of pensioners who choose to opt out of e-payslips:

	Current	Scenario 1	Scenario 2	Scenario 3	Scenario 4
*Total no. pension payments	13771	13771	13771	13771	13771
Pensioners receiving e-payslips	4710	5,000	6000	8000	12,000
Pensioners receiving paper payslips	9061	8771	7,771	5,771	1771
Cost of paper payslips per pensioner	0.64	0.64	0.64	0.64	0.64
Total cost	£70,000	£61,229	£59,681	£44,321	£13,601
	Estimated saving:	£8,771	£10,319	£25,679	£56,399

* this is the total number of payments made, some pensioners have more than one pension in payment, so those with multiple pensions will have only 1 payroll record

3. Environmental Implications

3.1 There is clearly an environmental benefit from reducing the number of paper payslips sent out each month. A reduction in paper payslips would contribute to the Council's target of becoming net zero by 2030. It is estimated that 1 tonne of CO2 is currently produced by sending out paper payslips.

4. Other Considerations

4.1 E-payslips would enable pensioners to receive information about their monthly pension payments more quickly, as they would be issued automatically when the pension payroll is run.

4.2 Using a third party to produce paper payslips is less efficient, as a monthly file has to be submitted to the printing company, who then have to print, envelope and post the payslips. There is an greater data protection risk with files being submitted to a third party. There is also an additional burden on the Council in monitoring that the contractor is issuing accurate and complete information, and managing any errors, including communications with individuals.

4.3 E payslips are sent to members email addresses that they have registered on their payroll account, they can only access the information with a secure password.

4.4 For context. the majority of other LGPS Pension Funds have already adopted e-payslips as their primary method. Most funds will only send out a payslip when the value of the pension payment varies by £5 or more. The majority have made e-payslips the default, but a member can opt out and still request to receive a paper payslip. For funds that haven't yet moved to e-payslips it is on their plans to do so in the near future.

- 4.5 Over time, the number of the Fund’s pensioners who have access to a computer has increased, and a greater proportion are therefore equipped to be able to access their payslips in this way.
- 4.6 The process to sign up to and access e-payslips is relatively simple. Pensioners have to register an email address, and payslips are sent by email. For security purposes the individual can only open the payslip by using their national insurance number.
- 4.7 Historically, one way for the PAS to be notified that a pensioner has died has been for their paper payslip to be returned. However, the DWP’s “Tell Us Once” service now provides an assurance that the PAS is notified on these occasions. As a backstop. The National Fraud Initiative helps the team to identify any other instances when a member has died but where the team has not been informed.

5. Implementation

- 5.1 Should the Committee approve this recommendation, the PAS will arrange a communication campaign to inform those pensioners currently receiving paper payslips that it is our intention in future to issue payslips by email. This campaign will include all of the information they need to register or opt out.
- 5.2 To ensure that pensioners are receiving the most important information about their pensions, the intention would be to continue to issue annual P60 statements in paper form; to send a paper payslip annually when the Pension Increase is paid each April; and also if there is a change to the pension being paid of £5 or more for any other reason.

6. Timescales associated with the decision and next steps

- 6.1 Subject to approval, it is proposed to implement this change from the start of the 2022/23 financial year.

Appendices

- 1. None

Background Papers

- 1. None

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The report was circulated to the following members prior to publication:

Local Member(s): n/a

Other members: n/a