

Open Report on behalf of Pete Moore - Executive Director of Finance and Public Protection

Report to:	Pensions Committee
Date:	10 January 2019
Subject:	Report by the Independent Chair of the Lincolnshire Local Pension Board

Summary:

The purpose of this report is:

- A) To update the Pensions Committee on the work of the Pensions Board (PB) during the last few months.
- B) For the Pensions Committee to consider recommendations from the PB.
- C) For the Pensions Committee to receive assurances gained from the PB's work.

This is a pilot exercise and the Pensions Committee will be asked whether the report is helpful and if the Committee wishes to receive future reports on a quarterly basis.

Recommendation(s):

The Pensions Committee is requested to:

- A) Note the report.
- B) Consider including two additional items into the Risk Register (further details of these proposed additions are set out in the Fund Update Report - item 6 on this agenda).
- C) Consider whether it wishes to receive future reports from the Pensions Board on a quarterly basis.

Background

OUTCOMES FROM PENSION BOARD MEETING ON 11 OCTOBER

- 1.1 The PB met on the 11th October and its main focus was on the following topics:

- A) Backlog of leaver records – by way of background, in late 2017 the PB identified that Lincolnshire County Council (LCC) had a large number of outstanding leaver forms (approximately 4,000) dating back to April 2015 that had not been supplied to the Fund’s administrators, and that numbers were still increasing. The PB wrote to the Director of Children’s Services requesting immediate action by both LCC and Serco with the threat of reporting the breach to the Pensions Regulator (tPR). Good progress has been made in clearing the back log although there was slippage against the original improvement plan. LCC also self-reported the issue to tPR. The PB has monitored progress on clearing the backlog throughout 2018. At its October meeting, the PB was pleased to note that the backlog of leavers’ records had fallen to 168. However, it transpired that there was a backlog of almost 1,000 current cases (June to September 2018). The PB wrote again to the Director Children’s Services and received a detailed response. Serco assured LCC that the remaining historical cases would be cleared by early November 2018 and all other leavers’ backlogs by the end of December.
- B) Contribution Monitoring - for the past two meetings, the PB has been paying particular attention to Contribution Monitoring and in particular late contributions. At the last meeting, the PB received a presentation from the Accounting, Investment & Governance Manager which provided details and explanation on the Employer Data Submissions for the first four months of the financial year. This showed that generally, the payment of contributions was good, but issues arose from the submission of accurate data on a timely basis. Nine fines had been issued to employers in the period. The PB noted that various forms of support were offered to employers to assist with the payment and data submissions. The PB requested that an update on Employer Data Submissions should be provided as a quarterly report (this information is also included on this Committee's agenda at item 8).
- C) Risk Register – the PB conducted an in-depth review of 3 risks from the Risk Register – Economic uncertainty to the UK leaving the EU; Risks associated with Asset Pooling; and the maturing of the Fund. The PB were satisfied that all three of the risks were appropriate and should remain on the risk register under their current risk rating. The PB raised concerns over two other potential risks and agreed to recommend their inclusion in the Risk Register to the Pensions Committee, namely: the forthcoming retirement of two senior finance managers namely the Director of Resources and the County Finance Officer, the latter has extensive pensions experience; and the completion of the Guaranteed Minimum Pension Reconciliation currently being undertaken by the West Yorkshire Pension Fund (these proposed additions to the Risk Register are included in the Fund Update Report on this Committee's agenda at item 6).

Conclusion

ASSURANCES GAINED BY THE BOARD

- 2.1 Good progress is being made in clearing the backlog of leaver records.
- 2.2 The vast majority of employers pay their contributions on time and submit the required documentation. However, there are a few late payers and even more where the data submission is late.
- 2.3 The statutory Scheme Annual Report was submitted on time in November to the Pensions Regulator.

Roger Buttery Independent Chairman

December 2018

Consultation

a) Have Risks and Impact Analysis been carried out??

No

b) Risks and Impact Analysis

N/A

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Roger Buttery, who can be contacted on 01522 553641 or claire.machej@lincolnshire.gov.uk.

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