

Agenda Item 5



Regulatory and Other Committee

Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Pensions Committee
Date:	03 October 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 receive assurances gained from the PB's work; and
- C) For the Pensions Committee to consider recommendations from the PB.

Recommendation(s):

The Pensions Committee is requested to note the report.

Background

1.0 OUTCOMES FROM PENSION BOARD MEETING ON 18 JULY 2019

- 1.1 The PB met on the 18 July and its main focus was on the following topics:
 - A) **Governance** – the PB regard Lincolnshire's compliance with the Pension Regulator's Code of Practice as very important in the overall context of governance of the pension scheme. It is pleasing to report that Lincolnshire was largely compliant in that there were 94 green and 1 not relevant out of 99 items in the Code. There were still 4 partially compliant – one of which concerns members of both the Pensions Committee and PB in completing the Regulator's training toolkit.
 - B) **Employer Monthly Submissions and Contribution Monitoring** – the PB considered a further update on the payment of contributions and employer submissions. Generally, the payment of contributions and the Employer Data Submissions on a timely basis are good but there are still a few outliers. For the twelve months ended March 2019, there were 35 cases of

the late payment of contributions and 117 cases of the late submission of the monthly returns. This is both disappointing and unacceptable. The Board acknowledged that it was necessary to work with employers to attempt to resolve issues before taking further action, as it was important to maintain good relationships with them. The PB will continue to monitor the situation.

- C) **Data Scores** – the PB considered a further update from WYPF on the data scores for the Lincolnshire Pension Fund as reported to the Pensions Regulator; these were Common 96.01% and Scheme Specific 94.81%. The target is 100%, particularly for Common Data. WYPF are currently working on a data improvement plan, using a tracing company in an attempt to track lost members. The PB will continue to monitor the position because the Pensions Regulator expects an improvement in data quality for all public sector schemes.
- D) **Pension Benefits in Suspense** – in an earlier report, I mentioned that when a member reaches pension age and they have not been successfully traced, WYPF had set up a HSBC bank account with sub accounts for each pensioner. This avoids any unauthorised payment tax charges for the members once they are found. The Board requested a detailed report on the amounts currently held in these Sub Accounts and the proposed course of action to find the members. The number of temporary deposit accounts currently held for lost contact pensioners and deferred members was 56, with a total of £93,764 held by HSBC. The number of temporary deposit accounts held for post 2014 preserved refunds was 7, with a small total of almost £150 held by HSBC. The PB was advised that WYPF review annually the bank accounts and carry out traces to locate the rightful owners of the funds held on a temporary basis. The PB requested a further update including timescales as to the length of time each unclaimed benefit has been outstanding.
- E) **Other Matters** – the PB also considered the Pension Fund draft Annual Report and Accounts and congratulated the Head of Pensions on an excellent document. The PB also considered and noted the 2019 actuarial valuation assumptions.

Conclusion

ASSURANCES GAINED BY THE BOARD

- 2.1 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;
- 2.2 The PB has some concerns about the data scores and cannot provide full assurance on this aspect; and

- 2.3 The PB has some concerns over the controls of the Suspense Account for unpaid pension benefits.

Roger Buttery
Independent Chairman

September 2019

Consultation

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

No

b) Risks and Impact Analysis

N/A

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