

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

Report to:	<b>Pensions Committee</b>
Date:	<b>19 March 2020</b>
Subject:	<b>Report by the Independent Chair of the Lincolnshire Local Pension Board</b>

**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 9 JANUARY 2020**

- 1.1 The PB met on the 9 January and a particular focus was on the three issues on which I have reported previously, namely Employer Monthly Submissions and Contribution Monitoring, Data Scores and Pension Benefits in Suspense.
- 1.2 Employer Monthly Submissions and Contribution Monitoring – the Pensions Team remain content that the processes in place to monitor contributions are robust and at least as comprehensive as other LGPS Administering Authorities. I wrote to all employers and payroll providers in November reminding them of their statutory responsibilities for providing information to the Pension Fund as well as paying the contributions by the due date. The Pensions Team has also reviewed the internal processes to ensure that these remain focussed and robust. The Team has also revisited its escalation processes to ensure that any issues are addressed at the earliest opportunity. For the vast majority of employers, the payment of contributions

and the data submissions are made on a timely basis. For the first nine months of the new financial year, there were 38 cases of the late payment of contributions and 117 cases of the late submission of the monthly returns. Efforts will continue to remind employers/payroll providers of their duties and responsibilities through individual contacts either in person, by email or telephone.

- 1.3 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 96.12% and Scheme Specific 85.69%. 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.
- 1.4 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. Whilst the Board understands the reasons for this arrangement, it is concerned at the number of members who are not in receipt of their benefits. The PB considered a further 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 held for lost contact pensioners and deferred members had decreased to 42 (from 64), with a total of £55,736 held by HSBC. The number of temporary deposit accounts held for post 2014 preserved refunds had increased to 64 (from 38), with a small total of £3,778 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.
- 1.5 The Pensions Regulator- Governance and Administration “Deep Dive” Engagement Report – the PB considered this report and concluded that Lincolnshire was already delivering the key recommendations.

## **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.

- 2.3 The PB has some concerns over the controls of the Suspense Account for unpaid pension benefits and the length of time that it takes to locate “missing” members.

**Roger Buttery**  
**Independent Chairman**

March 2020

### **Consultation**

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

No

**b) Risks and Impact Analysis**

N/A

### **Background Papers**

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