



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

Report to:	Pensions Committee
Date:	17 March 2022
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 Pension 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 THE PENSION BOARD MEETING ON 6 JANUARY 2022

1.1 The PB met on the 6 January and the main focus was on the following issues:

- a) Data Quality Report
- b) Working with Employers
- c) Update on External Audit
- d) Update on Prudential AVCs
- e) Update on Annual Benefit Statements

1.2 **Data Quality Report** – 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 95.78% and Scheme Specific 84.38%. Both scores show only marginal changes to those recorded six months previously, namely 95.86% and

84.32%, respectively. The target is 100%, particularly for Common Data. WYPF has been working on a data improvement plan for months, using a tracing company in an attempt to track lost members. The PB was promised a significant improvement 6 months ago so the latest figures are disappointing. In response to a question, WYPF considered that a dedicated staff resource to manually update scheme members' records to ensure data accuracy was not the best approach. WYPF are exploring dedicated software that can identify key words when scanned. The PB will continue to monitor the position because the Pensions Regulator expects an improvement in data quality for all public sector schemes.

- 1.3 **Working with Employers** – the PB received an excellent presentation by the Employer Relations Manager at WYPF covering details of the employer relations team and activity, employer training, scheme leavers, pre-retirement courses and employer engagement forums. The training delivered was focused on the timely and effective submission of pensions data and employers who struggled to deliver were supported through regular engagement.
- 1.4 **Update on External Audit** – The Executive Director of Resources and the PB Chair will update the Committee on the initiatives at national level to try and improve the quality of the external audit provision for public sector organisations generally.
- 1.5 **Update on Prudential AVCs** – the Pensions Committee has been informed previously about members and schemes reporting long delays in the divesting of AVC pots invested with Prudential. There were also delays in Prudential posting contributions to members' individual AVC pots. The problems began when Prudential migrated to a new IT platform. Almost all LGPS funds appear to have been affected by these delays including the WYPF and therefore Lincolnshire. In December 2021, Prudential attended the LGPS Scheme Advisory Board (SAB) meeting and reported on the action being taken to rectify the problems. Prudential confirmed that it had reported itself to the Pensions Regulator after failing to meet its statutory deadlines. Prudential advised the SAB that its performance in certain areas was improving. Both the Regulator and the Financial Conduct Authority are aware of the problems and have had meetings with Prudential. The latest experience from WYPF is that member retirements are being dealt with on a timelier basis. In addition, the annual members' statements for 2020/2021 have been issued to Lincolnshire members. Although the service is returning to normal, communication from Prudential remains poor. There will be update reports for the Pensions Committee meeting in March, including an AVC review paper prepared by Barnett Waddingham.
- 1.6 **Annual Benefit Statements** – the PB was advised that of those scheme members eligible to receive a benefit statement, 99.9% had been produced electronically for deferred members, and 98.7% for active members. However, the PB expressed concern at the apparent low number of members who had accessed the statements. WYPF stated that a report was being developed to identify the number of scheme members viewing annual benefit statements. This is still awaited.

Conclusion

2.0 ASSURANCES GAINED BY THE BOARD

- 2.1 The PB has concerns about the progress on the data scores and cannot provide full assurance on this aspect.
- 2.2 The session on working with employers was excellent.
- 2.3 The Executive Director of Resources and the PB Chairman are involved in one or two national initiatives to try and improve the situation with External Audit.
- 2.4 There has been some improvement in the services from Prudential.
- 2.5 Although WYPF achieved excellent performance in the production of the annual benefit statements, the PB has a concern that many members have not accessed them.

Roger Buttery
Independent Chairman

February 2022

Consultation

a) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

Background Papers

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

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