



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

Report to:	Pensions Committee
Date:	01 December 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):

That the Committee consider the work of the Pension Board and the assurances gained from their work.

Background

1.0 OUTCOMES FROM THE PENSION BOARD MEETING ON 22 SEPTEMBER 2022

1.1 The PB met on the 22 September and the main focus was on the following issues:

- a) Data Improvement Plan
- b) Temporary Bank Accounts
- c) Internal Audit
- d) External Audit Update Report
- e) Draft Actuarial Valuation Results

1.2 **Data Quality Report** – the PB received a further update from WYPF on the data scores for the improvement plan. Much of the missing data is historic and therefore currently it is not reported in the data fields. WYPF IT have identified a

suitable supplier for intelligent character recognition software which can potentially identify data quality items from scanned paperwork on a member's record. Once this is operational, WYPF is expecting a significant improvement in the Scheme Specific scores in 2023. 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 **Temporary Bank Accounts** – for a number of years, WYPF has set up a number of temporary bank accounts with HSBC for deferred or pensioner beneficiaries who are entitled to a pension scheme benefit (be it a refund of contributions or a lump sum/pension) but for whom WYPF has lost contact or who will not claim their benefits. The PB received a report showing the number of temporary bank accounts created by the Fund to hold monies due to beneficiaries in the scheme. There were 36 temporary deposit accounts totalling £37,885 in respect of pensioners and deferred members. This is a reduction on the number of accounts previously held as some beneficiaries have been traced. The total number of temporary accounts for post 2014 refunds was 466, totalling £59,331. The PB supported the use of follow up visits for contacting beneficiaries with significant benefits.
- 1.4 **Internal Audit** – Bradford Council's Internal Audit Team had undertaken two reviews of the pensions service. The first covered the Shared Service Partner Admission. Internal Audit's opinion was that the standard of control of identified risks in the system is good. Internal Audit made six recommendations for improvement all of which have now been implemented. The second covered New Pensions and Lump Sums Deferred Pensions. Internal Audit's opinion was that the standard of control of identified risks in the system is good. Internal Audit made one recommendation for improvement which Managers are currently looking at implementing.
- 1.5 **External Audit Update Report** – the PB also considered a progress report on the external audit of the Annual Report & Accounts for 2021/2022. The audit of the Fund Statement of Accounts was largely complete and the external auditor is expected to give an unqualified audit opinion in November. However, the audit of the Council's Statement of Accounts is likely to delay the approval of the Fund's Statement of Accounts because currently they are considered together which is disappointing. The PB has previously requested the external audit of the fund to be outside the Council's Statement of Accounts.
- 1.6 **Draft Valuation Results** – the PB considered the draft 2022 valuation results. As primary contribution rates were expected to increase for some employers, there were concerns regarding the sustainability of contributions because many employers are struggling to manage the increasing cost of inflation.
- 1.7 **The Retirement Process** – the review of services to members approaching retirement was deferred as WYPF staff were unable to join the meeting because of IT issues.

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 PB welcomed the reduction in the number of temporary bank accounts for pensioners and deferred members but is keen for the WYPF to make further efforts to ensure that pension entitlements are paid to the beneficiaries.
- 2.3 The PB was pleased that the Bradford City's Internal Audit Team continue to place high assurance on the work of the pensions administration function undertaken by the WYPF.
- 2.4 The PB was delighted that the external auditor is expected to give an unqualified opinion on the Fund Statement of Accounts which demonstrates the excellent stewardship by the Lincoln Pension's Team and WYPF.
- 2.5 The PB has concerns at the affordability of any increase in contribution rates for some employers following the draft actuarial valuation results.

Roger Buttery
Independent Chairman

November 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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