



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

Report to:	Pensions Committee
Date:	13 July 2023
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 note the report and consider whether more can be done both locally and nationally to resolve the crisis over the delays in producing and auditing the accounts.

Background

1. OUTCOMES FROM PENSION BOARD MEETING ON 16 MARCH 2023

- 1.1 The PB met on the 16 March and the main focus was on the following issues:
 - a) Employer Monthly Submissions
 - b) Temporary Bank Accounts
 - c) The Pensions Dashboard
 - d) External audit update report
 - e) Gerry Tawton

- 1.2 **Employer monthly submissions** - for the vast majority of employers, the payment of contributions and the data submissions are made on a timely basis but there are a few outliers. During the year, there were 37 cases of the late payment of contributions (approx. 3,300 received in the year) and 68 cases of the late submission of monthly returns (approx. 2,200 received in the year). This is both disappointing and unacceptable but there is a recognition that it is important to work with the employers to attempt to resolve issues before taking further action. Even so, during the financial year, eight fines were issued. Efforts will therefore continue to remind employers/payroll providers of their duties and responsibilities through individual contacts either in person, by email or telephone. The Board will keep this issue under close review.
- 1.3 **Temporary bank accounts** - Consideration was given to a report which updated the Board on the number of temporary bank accounts created by West Yorkshire Pension Fund (WYPF) to hold monies due to beneficiaries of the scheme. By way of background, 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. It was reported that the number of unpaid pensions had reduced from 36 to 23, as some beneficiaries had been traced which is good news. The current amount held in accounts is almost £33,000. The number of post 2014 refunds had increased from 466 to 526. The current amount held in accounts is almost £80,000. The Board will receive a further update in six months' time.
- 1.4 **The Pensions Dashboard** – the Governance and Business Development Manager from WYPF updated the Board on progress with the development of the Pensions Dashboard. In response to questions, he expressed confidence that the Dashboard would go live, and it was confirmed that work would continue based on meeting the prescribed staging date of September 2024. Alas, connecting to dashboards has been delayed until the 31st October, 2026 by the Department of Work & Pensions.
- 1.5 **External Audit Update Report** – the PB also considered a further report on the external audit of the Annual Report & Accounts for 2021/2022. At the December meeting, the PB was informed that the external auditor was expected to give an unqualified audit opinion on the pension scheme accounts alongside the audit opinion on the Council's Statement of Accounts which have to be signed off in conjunction with each other. This was however delayed because of national issues on the treatment of infrastructure and the impact of triennial valuations being completed ahead of the accounts sign off.

The delays are becoming very serious and I am concerned about the deterioration in proper governance in public bodies, particularly local government, and the undermining of effective accountability brought about by the significant delays in the production of audited final accounts. These delays strike at the heart of public administration and urgent action is required to resolve the situation.

I have recently had discussions with CIPFA and the Public Services Appointments Commission concerning the backlog in public sector accounts being finalised and signed off. Currently, there are over 600 opinions not signed off, some dating back to 2017/2018. Reports suggest that this could increase to around 1,000 in the next few months. There is both a capacity challenge and a problem on the regulatory front. Serious delays in local authority (and other public sector) audited final accounts are intrinsically damaging to financial management and stewardship.

- 1.6 **Gerry Tawton** – Gerry Tawton has retired from the Board following a four-year term. Gerry was an employer representative, but he retired as a governor at Boston College. I would like to thank Gerry for his substantial contribution and support. Gerry has been replaced by Peter Allan, St Gilbert's, Stamford.

Conclusion

2. ASSURANCES GAINED BY THE BOARD

- 2.1 The PB concluded that the vast majority of employers comply with the rules on the payment of contributions and submission of monthly returns.
- 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 gained comfort that WYPF are well advanced on the pension dashboards national initiative.
- 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. However, there are grave concerns at the delays in both closing and auditing the accounts of local authorities and the inevitable effect on accountability to the public.

Roger Buttery
Independent Chairman

June 2023

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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