

Meeting: **Local Pension Board**

Date/Time: **Thursday, 8 December 2016 at 10.00 am**

Location: **Executive Committee Room, County Hall, Glenfield.**

Contact: **Matthew Hand (0116 305 6038)**

Email: **matthew.hand@leics.gov.uk**

AGENDA

<u>Item</u>	<u>Report by</u>	
1. Minutes of the meeting held on 3 October 2016.		(Pages 3 - 6)
2. Question Time.		
3. Questions asked by members under Standing Order 7(3) and 7(5).		
4. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.		
5. Declarations of interest in respect of items on the agenda.		
6. Additional Voluntary Contributions.	Director of Corporate Resources	(Pages 7 - 20)
7. Pension Fund Administration Report - July to September 2016 Quarter.	Director of Corporate Resources	(Pages 21 - 26)
8. Town and Parish Councils - Pension Scheme Options.	Director of Corporate Resources	(Pages 27 - 30)
9. Local Pension Board Members - Knowledge and Understanding (Training Update).	Director of Corporate Resources	(Pages 31 - 38)



- | | | |
|---|---------------------------------|-----------------|
| 10. Initial Indication of 2016 Actuarial Valuation Outcome and Results on Standardised Assumptions. | Director of Corporate Resources | (Pages 39 - 40) |
| 11. Future Meeting Dates. | | |
| Monday 13 March 9.30am | | |
| Monday 12 June 9.30am | | |
| Monday 18 September 9.30am | | |
| Monday 4 December 9.30am | | |
| 12. Any other items which the Chairman has decided to take as urgent. | | |

TO:

Employer representatives

Mr. D. Jennings CC
Mr. A. M. Kershaw CC
Cllr. D. Alfonso

Employee representatives

Mrs. D. Stobbs
Ms. D. Haller
Ms. A. Severn - Morrell



Minutes of a meeting of the Local Pension Board held at County Hall, Glenfield on Monday, 3 October 2016.

PRESENT

Mr. D. Jennings CC (in the Chair)

Cllr. D. Alfonso
Ms. D. Haller

Mr. A. M. Kershaw CC

63. Minutes of the previous meeting

The minutes of the meeting held on 19 July 2016 were taken as read, confirmed and signed.

64. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 35.

65. Questions asked by members.

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

66. Urgent Items.

There were no items for consideration.

67. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting. No declarations were made.

68. Risk Management and Internal Controls.

The Board considered a report of the Director of Corporate Resources which detailed the requirement for the Board to consider any identified risk/concerns associated with the Leicestershire Pension Fund, a requirement set out within the Pension Regulator's Code of Practice.

The Director reported that the Pension Section already had a mechanism for identifying risks associated with the Fund through a risk register and members would have previously been advised of any concerns as they arose. Under the new requirements, a report would be considered at every meeting of the Board. He added that there were currently no significant risks identified.

RESOLVED:

That the report be noted.

69. Pension Fund Administration - April to June 2016 Quarter.

The Board considered a report of the Director of Corporate Resources regarding the performance of the Pension Section against its performance indicators. A copy of the report, marked '7', is filed with these minutes.

The Director reported that all annual benefit statements for preserved and active members had been completed by the statutory deadline. The Section had also successfully met the Fund's valuation deadline of the 31 July 2016. The Director added that officers within the Section would now direct their resources towards completing interfund transfers and guaranteed minimum pension.

RESOLVED:

That the report be noted.

70. Pension Fund Governance and Administration.

The Board considered a report of the Director of Corporate Resources concerning governance and administration arrangements for the Local Government Pension Scheme. A copy of the report, marked '8', is filed with these minutes.

The Director explained that the code of practice on governance and administration of the public service pension scheme detailed elements which pension administrators needed to record and monitor and areas which Pension Board members were expected to have knowledge of.

The Board noted that the Fund's code of practise scorecard, which was included as Appendix B to the report, showed that the Fund was successfully meeting the requirements set out within the code of practice. Members also recognised they had benefited from receiving ongoing training which had helped them better understand scheme rules.

RESOLVED:

That the report be noted.

71. Requests for Admission Body Status

The Board considered a report of the Director of Corporate Resources which provided members with an update concerning a small number of the Fund's members whose employment had been transferred to a private employer. A copy of the report marked '9' is filed with these minutes.

The Director reported that following the Boards consideration of the matter in July, officers had continued to escalate the matter with the employers and employees concerned. As a result the Pension Section had received fully completed admission agreements and outstanding bonds from the two David Ross Educational Trust schools which had brought the issue to a conclusion.

The Board welcomed the update and hoped the Department for Communities and Local Government would consider the Council's reply to the consultation on scheme regulations in which the authority suggested that admission agreements should be signed by all parties before staff could be transferred to a new employer.

RESOLVED

That the report be noted.

72. Date of Next Meeting.

It was noted that the next meeting of the Board would be held on 8 December 2016.

9.30 - 9.55 am
03 October 2016

CHAIRMAN

This page is intentionally left blank



LOCAL PENSION BOARD

8 DECEMBER 2016

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

ADDITIONAL VOLUNTARY CONTRIBUTIONS

Purpose of the Report

1. The purpose of this report is to introduce the Board to the Leicestershire Local Government Pension Fund Additional Voluntary Contribution (AVC) provider, the Prudential.

Background

2. The Local Government Pension Scheme regulations require each Fund to offer additional voluntary contributions (AVCs). The regulations also allow for members to pay additional pension contributions (APCs) through the main scheme, not via the Prudential.
3. Paying extra contributions provides the opportunity for active contributors to increase their future retirement income.
4. The Leicestershire Fund AVC provider is the Prudential. The Prudential are the largest AVC provider in the public sector, covering the Teachers' scheme, NHS, Judicial and also provides AVCs for 73 of the 99 Local Government Pension Funds.
5. Within the Leicestershire Fund there are currently 1,192 active contributors with Prudential AVCs, a further 359 preserved and 1,511 pensioners who have benefited from paying them.
6. AVCs attract tax relief at source and can be used to increase a member's tax free lump sum at retirement, providing an effective saving platform.
7. The Pension Section works closely with the Prudential and recently reviewed the investment choices available for scheme members. A report was presented to the Local Pension Board on the 16 June 2016 about changes to the fund choices. The Pension Section and the Prudential provide various communications to members about AVCs through the Fund's website, newsletters and face to face employer presentations.

8. The Prudential follows clear administrative processes that are agreed with the Pension Fund for all aspects of the AVC administration.
9. The Prudential have been invited to attend the meeting to provide a presentation to the Local Pension Board, covering the following aspects.
 - The relationship between The Pension Section and the Prudential
 - The benefits of paying extra
 - AVC Fund Choices
 - Governance
 - Communications
10. A copy of the presentation is attached as an appendix.

Recommendation

11. It is recommended that the Board notes the report.

Equalities and Human Rights Implications

12. None specific

Background Paper

13. Report to the Local Pension Board - 16 June 2016 – Additional Voluntary Contributions

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1122&MId=4712&Ver=4>

Appendix

14. Presentation of the Additional Voluntary Contributions provider – The Prudential

Officers to Contact

Ian Howe – Pensions Manager Tel. (0116) 305 6945
Chris Tambini – Director of Finance Tel. (0116) 305 6199

Additional Voluntary Contributions Leicestershire Local Pension Board 8 December 2016

Robert Stormonth

LGPS AVC National Account Manager, Prudential

Robert.stormonth@prudential.co.uk / telephone 07711 043672

Important Information

Where this presentation contains some forward thinking statements, these should not be taken as fact. Where applicable, the information given is based on our current understanding, as at November 2016, of current taxation, legislation and HMRC practice, all of which are liable to change.

No reproduction, copy, transmission or amendment of this presentation may be made without written permission from Prudential.

10

www.pru.co.uk

What will I cover?

- Provision of AVCs in the public sector
- What are AVCs?
- Administration, communication and investment
- What does good governance look like?
- Future developments for AVCs

11

Provision of AVCs in the Public Sector

- AVC provider to 73 of the 99 Local Government Pension Schemes
- Over 60,000 active AVC payers
 - LCC – 1192 payers
- Over £600m funds under management
 - LCC - £14.2M (31st August 2016)
- Dedicated public sector client management team and support
 - Work closely with LCC Pension Fund
 - User Groups
- Also AVC provider to Teachers' Pension Scheme and NHS

12

What are AVCs?

- "Money Purchase" top-up option
- LGPS Regulations
- "Voluntary" Contributions
 - Deducted from pay
 - Tax relief
 - Investment choice
 - Annual statements / online account access
 - Stop / start / increase / decrease
 - Lifetime and Annual Allowances
 - Options at retirement
 - Pension Freedoms

Investment Choice

- Attitude to risk
- Member support
- Default fund
- Lifestyle
- Fund performance
- Fund charges
- Fund review / "Fit for purpose"
- Member communication exercise

Investment choice at Leicestershire

Leicestershire Governance Report to 31st August 2016.pdf (SECURED) - Adobe Reader

File Edit View Window Help

6 / 13 70.4%

Comment

Funds Under Management

Funds under management as at 31/08/2016

Fund Name	Total Units at 01/01/2016	Unit Price at 01/01/2016	Fund Value at 01/01/2016	Total Units at 31/08/2016	Unit Price at 31/08/2016	Fund Value at 31/08/2016	% Total Fund Value	3yrs annualised as at 31/08/2016
Prudential Deposit Fund	0.00		1,163,575.93	0.00		1,045,231.51	7.35	0.50
Prudential Cash	56,710.60	152.50	86,483.66	31,793.07	152.90	48,611.60	0.34	0.40
Prudential Discretionary	180,964.51	250.90	454,039.95	202,200.43	283.00	572,227.22	4.03	7.60
Prudential UK Equity Passive	197,366.06	216.00	426,310.70	204,238.54	236.70	483,432.63	3.40	5.70
Prudential UK Equity	91,429.39	229.10	209,464.73	86,575.09	247.70	214,446.49	1.51	5.50
Prudential Fixed Interest	47,667.03	232.20	110,682.84	50,831.43	272.20	138,363.16	0.97	8.50
Prudential Global Equity	105,032.05	243.50	255,753.04	119,697.57	270.20	323,422.84	2.28	6.60
Prudential Index-Linked	48,226.49	302.40	145,836.92	58,207.02	403.90	235,098.15	1.65	13.00
Prudential International Equity	88,506.65	269.50	238,525.42	82,766.82	318.20	263,364.01	1.85	10.20
Prudential UK Property	96,599.86	268.10	258,984.24	100,356.78	253.40	254,304.09	1.79	14.60
Prudential Long-Term Gilt Passive	124,106.10	254.30	315,601.82	155,088.67	336.40	521,718.29	3.67	14.90
Prudential Ethical	123,706.57	175.40	216,981.33	75,569.74	189.60	143,280.23	1.01	6.80
Prudential With Profits Cash Accumulation Fund	0.00		10,168,830.09	0.00		9,972,874.81	70.15	
	1,160,315.32		14,051,070.66	1,167,325.17		14,216,375.03	100.00	

6 Leicestershire County Council

09:59 28/11/2016

Investment Choice

https://www.pru.co.uk/pdf/L/... pru.co.uk

Prudential Dynamic Growth IV Lifestyle – targeting 100% Cash

Years to Retirement	Prudential Dynamic Growth IV Fund (%)	Prudential Dynamic Growth II Fund (%)	Prudential Cash Fund (%)
10	100	0	0
9	90	10	0
8	80	20	0
7	70	30	0
6	60	40	0
5	50	50	0
4	40	40	20
3	30	30	40
2	20	20	60
1	10	10	80
0	0	0	100

Please note that the funds change automatically and monthly throughout the year to achieve the pre-set proportions.

The graph above shows you what funds are included in the lifestyle option, where you are initially invested and how the proportions invested in each fund move year on year to retirement. You will find more information on Lifestyling in the 'How does Lifestyling work?' section.

Risk rating	Charges per year
Prudential Dynamic Growth IV Fund – Medium	Charges will depend on which funds your money is invested in and

13

16

09:47 28/11/2016

Administration

- Regular review of service performance
- 5 day service standard
- On-line account access for members and administrators
- Direct contact with employers – contributions and remittances
- Late / non payer reports each month
- Annual statements

Member Communication

- Group presentations / Regional Workplace Consultant role
- Individual meetings
- Dedicated telephony team
- www.pru.co.uk/localgov
- Email, newsletters, letters
- Development of online
 - Annual statements
 - Link with main scheme
- Working in partnership with scheme

Good Governance

- TPR Code of Practice
- Investment
 - Fund performance
 - "Fit for Purpose"
- Administration
 - Remittance of contributions
 - Reporting of late or non payments
 - Service standards / payment of benefits
- Member communication
 - "Duty of care"

Summary

- Prudential commitment to public sector AVCs
- Administration, investment, communication
- Regulations, future changes and other external factors
- Questions



LOCAL PENSION BOARD

8 DECEMBER 2016

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

**PENSION FUND ADMINISTRATION REPORT – JULY TO SEPTEMBER 2016
QUARTER**

Purpose of the Report

1. To inform the Board of relevant issues in the administration of Fund benefits, including the performance of the Pensions Section against its Performance Indicators.

Background

2. The Pensions Section is responsible for the administration of Local Government Pension Scheme benefits of the Leicestershire Pension Fund's 85,000+ members.

Performance Indicators

3. Attached as an Appendix to this report are the performance indicators for the Pensions Section, which form part of the Section's Service Plan and have been agreed by the Director of Finance. These indicators are split into 2 broad categories – how quickly processes are carried out and how customers feel they have been kept informed and treated by staff.

Performance of Pensions Section

4. The results for the July to September 2016 quarter are detailed in the Appendix A. Customer satisfaction remains very high. Overall performance figures remain positive in the quarter.

Administration

5. Valuation

The Pension Section completed work for the Fund valuation by the 31 July 2016 deadline. Employer rates for the three year period, 1 April 2017 to 31 March 202 will be provided to employers prior to the Pension Fund Annual General Meeting (AGM) on 1 December 2016.

6. General Workloads

Because valuation and annual benefit statements took priority in the period from April 2016 to the 31 August 2016 some other areas increased in this period. The tables show the position in five key work areas in August and September.

August 2016

Area	Cases completed in the period	Remaining cases at the end of the period	KPI Target Maximum - cases at the end of the period
Preserved benefits	258	540	750
Aggregations	213	305	250
Interfunds in	61	251	100
Retirements	330	564	500
Deaths	52	96	100

September 2016

Area	Cases completed in the period	Remaining cases at the end of the period	KPI Target Maximum - cases at the end of the period
Preserved benefits	136	642	750
Aggregations	296	221	250
Interfunds in	52	253	100
Retirements	426	588	500
Deaths	42	106	100

The Pension Section is collating a list of the outstanding interfunds in, to investigate which Funds they are from.

Consultation – Local Government Pension Scheme Regulations

7. In the report to the Local Pension Board dated 3 October 2016, it stated the Pension Section has replied to the consultation on the Local Government Pension Scheme Regulations 2013 and Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014. In the report it also stated that the final regulations were expected shortly.
8. Unfortunately at the time of writing this report, the regulations have still not been received. The Local Government Association (LGA) has been liaising with Department for Communities and Local Government (DCLG) about this, but at the time of writing there remains no expected date for when the regulations will be confirmed.

Guaranteed Minimum Pension (GMP) National Reconciliation Exercise

9. The Pension Section has to reconcile HMRC GMP data to the data held by the Pension Fund by the 31 December 2018. A report was provided to the Local Pension Board dated the 16 June 2016 regarding this exercise which can be found in the back ground papers.
10. The Pension Section has been continuing to work on the GMP reconciliation, initially concentrating resource on the fire-fighter schemes. Given the size and complexity of this exercise, the Pension Section is now recruiting for a temporary Pension Team Manager to manage this project until the 31 December 2018.

Recommendation

11. It is recommended that the Board notes the report.

Equality and Human Rights Implications

None specific

Appendix

Appendix A – Quarterly Results – July to September 2016

Background Papers

Report to the Local Pension Board – 16 June 2016 - Pension Increase and Guaranteed Minimum Pensions

<http://politics.leics.gov.uk/ieListDocuments.aspx?CIId=1122&MIId=4712&Ver=4>

Report to the Local Pension Board - 3 October 2016 – Administration Report

<http://politics.leics.gov.uk/ieListDocuments.aspx?CIId=1122&MIId=4804&Ver=4>

Officers to Contact

Ian Howe – Pensions Manager - telephone (0116) 305 6945

Chris Tambini – Director of Finance - telephone (0116) 305 6199

APPENDIX

Quarter - July to Sept 2016							
Business Process Perspective	Target	This Quarter	Previous quarter	Customer Perspective - Feedback	Target	This Quarter	Previous Quarter
Retirement Benefits notified to members within 10 working days of paperwork received	92%	98% ▲	98%	Establish members understanding of info provided - rated at least mainly ok or clear	95%	100% ▲	98%
Pension payments made within 10 working days of receiving election	95%	94% ►	94%	Experience of dealing with Section - rated at least good or excellent	95%	95% ▲	93%
Death benefits/payments sent to dependant within 10 working days of notification	90%	82% ▼	81%	Establish members thoughts on the amount of info provided - rated as about right	92%	97% ▲	95%
				Establish the way members are treated - rated as polite or extremely polite	97%	100% ▲	100%
				Email response - understandable	95%	96% ▲	95%
Good or better than target	▲			Email response - content detail	92%	95% ▲	96%
Close to target	►			Email response - timeliness	92%	98% ▲	97%
Below target	▼						

This page is intentionally left blank



LOCAL PENSION BOARD

8 DECEMBER 2016

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

TOWN AND PARISH COUNCILS – PENSION SCHEME OPTIONS

Purpose of the Report

1. The purpose of the report is to provide the Board with details concerning those Town and Parish Councils which are employers with active contributors in the Leicestershire Local Government Pension Fund.

Background

2. Town and Parish Councils in Leicestershire can opt to join the Leicestershire Local Government Pension Fund by making a "resolution". This group of employers are known as resolution bodies within the Fund.
3. Because the Town and Parish Councils have the option to make a resolution, by choosing not to, they can instead decide to use a different pension arrangement. For example, an alternative scheme is the Government's National Employment Savings Trust (NEST).
4. If a Town or Parish Council does make a resolution to allow its staff to be in the Local Government Pension Scheme the Pension Fund Actuary will calculate their employer contribution rate.
5. The employer rate is reassessed every three years as part of the Pension Fund valuation. New employer contribution rates covering the period between April 2017 and March 2020 will be available in early December 2016.
6. When the last active contributor leaves a Town or Parish Council this triggers "a termination valuation". This means the Pension Fund Actuary assesses the financial pension position of the employer and calculates a "one off payment" designed to cover the employers future pension liabilities. The employer then pays this to the Pension Fund.
7. The Pension Section can take a pragmatic approach when the last active contributor leaves a Town or Parish Council, if it knows the employer is recruiting a person to replace the leaver. If the new person is employed

within a reasonable period, e.g. within 3 months of the last leaver and they join the Local Government Pension Scheme, the Pension Section can choose not to trigger the termination valuation. However, a Town or Parish Council may decide that its long term financial plan prefers a termination valuation and not to retain its resolution, thereby capping its pension costs and not allowing any future people to join the Local Government Pension Scheme.

8. The table below details the Town and Parish Councils with active contributors currently in the Leicestershire Local Government Pension Fund. It also provides the numbers of other members who already have pension entitlement.

Employer	Active Members	Preserved Members	Pensioner / Dependant Members
Anstey Parish Council	8	1	3
Ashby Town Council	5	5	7
Ashby Woulds Town Council	1	1	0
Bagworth & Thornton Parish Council	1	0	0
Barrow Upon Soar Parish Council	1	0	0
Barwell Parish Council	4	3	1
Blaby Parish Council	8	0	0
Braunstone Town Council	14	7	7
Broughton Astley Parish Council	4	2	3
Countesthorpe Parish Council	8	1	4
Glen Parva Parish Council	3	0	0
Kirby Muxloe Parish Council	1	0	1
Leics Forest East Parish Council	2	0	1
Lutterworth Town Council	11	4	3
Market Bosworth Parish	1	1	0

Council			
Mountsorrell Parish Council	1	1	0
Oakthorpe, D & A Parish Council	1	0	0
Shepshed Parish Council	7	1	3
Sileby Parish Council	2	1	1
Syston Town Council	10	5	9
Thurmaston Parish Council	11	2	1
Whetstone Parish Council	7	1	1

Recommendation

8. It is recommended that the Board notes the report.

Equality and Human Rights Implications

None specific

Officers to Contact

Ian Howe – Pensions Manager

Tel. (0116) 305 6945

Chris Tambini – Director of Finance

Tel. (0116) 305 6199

This page is intentionally left blank



LOCAL PENSION BOARD

8 DECEMBER 2016

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

LOCAL PENSION BOARD MEMBERS – KNOWLEDGE AND UNDERSTANDING (TRAINING UPDATE)

Purpose of the Report

1. The purpose of this report is to provide the Local Pension Board with an update on the training sessions which have been provided to members of the Board.

Background

2. Members of the Local Pension Board will be aware that in April 2015 governance rules were introduced which meant there was a requirement for pension schemes to have a Local Pension Board.
3. There is a requirement for members of such a Board to have a working knowledge of the scheme's regulations, relevant policy documents, a sufficient understanding of the law relating to pensions and any other matters which are prescribed in regulations in order to enable the member to properly exercise their function as a member of the Board.
4. The Pension Regulator developed an e-learning programme, 'the public service toolkit on-line learning', and Board members have been recommended to complete this in order to gain a better knowledge and understanding.
5. To further assist Board members with their knowledge and understanding, additional training sessions have been provided by officers covering a variety of relevant areas.
6. The Pensions Manager records member training using a training log, a copy of which has been attached as an appendix.

Recent Training:

7. On the 7 November the Board members listed below attended officer training detailed in the report;

Board Members - Attendees

- Mr D Jennings CC (Chair)
- Mr AM Kershaw CC (Deputy)
- Cllr D Alfonso
- Mrs R Page (substitute member)
- Ms A Severn-Morrell
- Ms D Haller

7 November - Training areas

- Record keeping
 - Deduction and payment of contributions
 - Automatic enrolment
 - Admission bodies – Bonds and Guarantors
 - Discretions
8. At the training session on the 7 November, Members were invited to attend the Leicestershire Local Government Pension Scheme Annual Meeting, scheduled to be held on Thursday 1 December.
9. Some members of the Board have attended Local Government Association Board Member training. These events take place over three days. Once all three sessions have been completed they will be added to the training log.

Recommendation

10. The Board is asked to note this report.

Equality and Human Rights Implications

11. None specific

Appendix

12. Appendix– Training log as at 10 November 2016.

Officers to Contact

Ian Howe – Pensions Manager - telephone (0116) 305 6945
 Chris Tambini – Director of Finance - telephone (0116) 305 6199

LOCAL PENSION BOARD – TRAINING LOG (November 2016)

<u>Topic</u>	Good level of Knowledge & Understanding	Date Report or Presentation/Training Provided
Background to Legislative Framework		
Key provisions of the Public Service Pensions Act 2013	✓	Training 14/12/15
Overview of roles and responsibilities associated with the Local Government Pension Scheme	✓	Training 14/12/15, Training 16/6/16
Roles and Responsibilities of the Local Pension Board		
Assisting the Scheme Manager – governance and administration	✓	Report 19/6/15, Training 9/12/15
Potential conflicts of interest	✓	Each meeting
Reporting of breaches	✓	Report 9/10/15, Report 3/10/16
Knowledge and understanding	✓	Report 14/12/15, Training 16/6/16 (details of the LGA Trustee training distributed)
Roles and Responsibilities of the Scheme Manager		
Pension Regulations	✓ (some)	Presentation 19/6/15, Training 8/2/2016
Legislation	✓ (some)	Training 9/12/15
Calculation and payment of benefits	✓	Presentation 19/6/15 (further training agreed), Training 8/2/16
Annual Benefit Statements	✓	Report 9/10/15, Report 14/12/15
Discretions	✓	Training 7/11/16
Internal dispute resolution (stage 1,2, TPAS, Ombudsman)	✓	Training 16/6/16
Record keeping	✓	Training 7/11/16
Internal controls and risk management	✓	Report 9/10/15, Report 3/10/16
Reporting of breaches	✓	Report 9/10/15, Report 3/10/16
Administration of Local Pension Board	✓	Training 8/2/16

Managing potential conflicts of interest	✓	Training 8/2/16
Admission Bodies – Bonds/Guarantees	✓	Discussed at the Local Pension Board meeting 16/6/16, Training 7/11/16
<u>Topic</u>	Good level of Knowledge & Understanding	Date Report or Training Provided
Roles and Responsibilities of the Scheme Employers		
Providing pension information to the administering authority	✓	Report 4/3/2016, Report 16/6/16
Year-end	✓	Report 4/3/2016, Report 16/6/16
Automatic enrolment	✓	Training 7/11/16
Deduction and payment of contributions	✓	Training 7/11/16
Internal dispute resolution (stage 1)	✓	Training 16/6/16 (further training required in roles and responsibilities for scheme employers)
Roles of Advisers and Other Key Persons / Bodies		
Officers of the Authority	✓	Training 16/6/16
Auditors	✓	Training 16/6/16
National Scheme Advisory Board	✓	Training 16/6/16
Department for Communities and Local Government	✓	Training 16/6/16
Local Government Association	✓	Training 16/6/16
Pensions Advisory Service	✓	Training 16/6/16
Pensions Ombudsman	✓	Training 16/6/16
The Pensions Regulator	✓	Report 9/10/15, Training 9/12/15, Training 16/6/16
Additional Voluntary Contribution (AVC) Provider - Prudential		
Investments		
Actuarial Valuation	✓	Pension Board Meeting – to hear from the Pension Fund Actuary

		26/2/2016
Different Asset Classes	✓	Training 14/12/15
Decision-making process	✓	Training 14/12/15
Risk vs. Reward	✓	Training 14/12/15
LGPS Asset Pooling	✓	Training 14/12/15

Summary of Events/Training

19 June 2015 - Reports

Role of the Local Board

External audit plan

Internal audit arrangements

Quarterly administration report (introduction)

19 June – Presentation

Introduction to Pensions

9 October 2015 – Reports

Quarterly administration report (annual benefit statements, partnership working)

Managing pension section workloads

Joint administration and communication strategy

Reporting breaches of the law to The Pension Regulator

Risk register

13 November 2015 – Pension Board Reports

Invited to attend the Pension Board (investments)

9 December 2015 – Training

Governance regulations

TPR

Statutory deadlines

Pension taxation

14 December 2015 – Reports and Training

Quarterly administration report (exit cap, GMP rec and valuation)

Annual benefit statements

Board members – knowledge and understanding

Local pension board and Local pension committee – key roles and responsibilities (training item)

8 February 2016

Administration of Local Pension Boards, Managing potential conflicts of interest (training item – M Hand)

State scheme changes, GMPs and GMP reconciliation

26 February 2016

Invited to attend the Pension Board – Pension Fund Actuary, Year-end and the Actuarial Valuation

16 June 2016

Roles of advisers and other key persons/bodies (including the Pension Ombudsman – IDRPs)

LGA Trustee Training event details distributed (3 days split over Oct, Nov, Dec 2016)

3 October 2016 – Reports

Risk management and internal controls

Pension fund governance and administration

7 November 2016 – Training

Record keeping

Deduction and payment of contributions

Automatic enrolment

Admission bodies – bonds and guarantors

Discretions

IH 10/11/2016

This page is intentionally left blank



LOCAL PENSION BOARD

8 DECEMBER 2016

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

**INITIAL INDICATION OF 2016 ACTUARIAL VALUATION OUTCOME AND RESULTS
ON STANDARDISED ASSUMPTIONS**

Purpose of the Report

1. The purpose of the report is to inform the Board of the early indications of the funding level of the Leicestershire County Council Pension Fund at 31st March 2016, and to advise on the outcome of the valuation when it was calculated using the standard assumptions required by the LGPS Scheme Advisory Board (SAB).

Background

2. Under legislation the Fund is required to have an actuarial valuation carried out every three years, with the most recent one being based on the position at 31st March 2016. The actuarial valuation assesses the funding level (value of assets divided by value of liabilities) at the date of the valuation, and this calculation is initially carried out at a Total Fund level. Funding levels for every employing body within the Fund are also calculated, but this has not yet been completed.
3. The funding level is important as it calculates whether an employer has a deficit or surplus within their sub-fund, but it is the actual cash deficit or surplus that is more important to employers. Contribution rates set as part of the actuarial valuation process will take account of the size of the deficit/surplus, and also the cost of paying for future service as it accrues.
4. The outcome of an actuarial valuation, and the contribution rates set by it, are sensitive to the assumptions used. As a result it is not possible to compare the outcomes across different LGPS Funds on a like-for-like basis and the Scheme Advisory Board has a requirement that a valuation is also carried out using certain standardised assumptions. This will allow them to form a much better judgment on the overall position of the LGPS, and of individual Funds, although not all assumptions are standardised. One of the key standardised assumptions is the discount rate, in effect the future expected rate of return on investments.

Funding Level – funding basis

5. Hymans Robertson have calculated the funding ratio at a Total Fund level at 31st March 2016 to be 76%, which is an improvement on the 72% funding ratio calculated as part of the 2013 actuarial valuation. In cash terms the deficit has reduced from £1,024m to £989m. There are a number of reasons for this improvement in funding and they include actual investment returns over the three

year period being higher than those assumed in 2013, a small reduction in expected future inflation and an assumption of lower future pay growth than that used in 2013. The biggest negative impact by some distance was the lower assumption used for future investment returns, which comes as a result of a large reduction in government bond yields.

6. Although the funding position has improved, the cost of paying for future service as it accrues has increased substantially from 18.2% to 21.8% of pay. There will, therefore, be continuing upward pressure on employers' contribution rates for the vast majority of employing bodies.
7. The above information is at a Total Fund level and there is significant disparity within the maturity and profile of the sub-funds of different employers. The information should be treated with caution and cannot be considered to be relevant to all employers.

Funding level – standardised basis

8. Using the SAB standardised basis, the funding level has been calculated at 92% and the main reason for the increase is that the discount rate used in the standardised valuation is much higher than that used in the funding valuation. The standardised basis is irrelevant for any other purpose than comparing different LGPS Funds against each other.
9. There is currently insufficient information available on the results of the standardised valuations to be able to comment on the Leicestershire Fund's position relative to other LGPS Funds.

Recommendation

10. The Board is asked to note this report.

Equal Opportunities Implications

None specific

Background Papers

None

Officers to Contact

Ian Howe – telephone (0116) 305 6945
Chris Tambini – telephone (0116) 305 6199