

*Meeting:* **Local Pension Board**

*Date/Time:* **Tuesday, 19 July 2016 at 9.30 am**

*Location:* **Goscote 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 16 June 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. Annual Benefit Statements.	Director of Corporate Resources	(Pages 7 - 10)
7. Request for Admission Body Status.	Director of Corporate Resources	(Pages 11 - 14)
8. Any other items which the Chairman has decided to take as urgent.		
9. Date of next meeting.		

*Thursday 15 September 2016 at 2.00pm.*



TO:

Employer representatives

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

Employee representatives

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



Minutes of a meeting of the Local Pension Board held at County Hall, Glenfield on Thursday, 16 June 2016.

PRESENT

Mr. D. Jennings CC (in the Chair)

Cllr. D. Alfonso

Ms. D. Haller

Mr. A. M. Kershaw CC

Ms. Angela Severn - Morrell

Mrs. D. Stobbs

42. Election of Chairman.

RESOLVED:

That Mr. D. Jennings CC be appointed Chairman of the Local Pension Board for the period ending with the date of the Annual Council meeting in May 2017.

43. Election of Vice Chairman.

RESOLVED:

That Mr. A.M. Kershaw CC be appointed Vice Chairman of the Local Pension Board for the period ending with the date of the Annual Council meeting in May 2017.

44. Minutes of the previous meeting.

RESOLVED:

The minutes of the meeting held on 4 March 2016 were taken as read, confirmed and signed.

45. Question Time.

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

46. Questions asked by members.

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

47. Urgent Items.

There were no urgent items for consideration.

48. 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.

49. Pension Fund Administration Report - January to March 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 '8', is filed with these minutes.

The Director reported that whilst there remained a significant amount of valuation work to be completed before the 31 July 2016 deadline, the Section was making good progress. Government revisions to the way in which additional pension contributions were calculated had resulted in additional checking.

In response to members, the Director said that when pension payments and death benefits were processed after the five and ten working days target, it was invariably by a narrow margin.

RESOLVED:

That the report be noted.

50. Annual Benefit Statements.

The Board considered a report of the Director of Corporate Resources, which provided an update concerning the progress made towards the Pension Section's requirement to produce the annual benefit statements for all of the Funds members by 31 August 2016. A copy of the report, marked '9', is filed with these minutes.

The Director said that since the report had been published, one of the two employers which had previously not provided any of the required year end data had now done so. The one remaining employer would be in breach of government legislation if it did not provide the information before the deadline.

RESOLVED:

That the Director be requested to make further contact with the one remaining employer which had failed to provide year - end data to express the Board's concern over the delay and ask that the information be provided at the earliest opportunity.

51. Internal Audit Arrangements (Including Internal Audit Work Conducted During 2015-16 and the Internal Audit Plan 2016-17).

The Board considered a report of the Director of Corporate Resources, which detailed the internal audit arrangements for the Leicestershire County Council Pension Fund. A copy of the report, marked '10', is filed with these minutes.

RESOLVED:

That the report be noted.

52. Additional Voluntary Contributions.

The Board considered a report of the Director of Corporate Resources, which detailed the changes to the Additional Voluntary Contribution (AVC) fund choices. A copy of the report, marked '11', is filed with these minutes.

The Board noted and welcomed changes made to the AVC choices offered by the Fund which would provide a more diverse and lower risk selection of investment opportunities to those scheme members who wished to pay additional pension contributions.

RESOLVED:

That the report be noted.

53. Pension Increase and Guaranteed Minimum Pensions.

The Board considered a report of the Director of Corporate Resources, which detailed the changes to the payment of the pension increase and the national guaranteed minimum pension reconciliation exercise. A copy of the report, marked '12', is filed with these minutes.

The Director reported that recent legislative changes making the Fund responsible for paying the pensions increase (PI) to a pensioner (and their spouse) who had reached State Pension Age had resulted in additional work for the Pension Section. The Section was expected to reconcile the Fund's Guaranteed Minimum Pension data with the State's equivalent data to ensure the records of over 46,000 members matched or were within the nationally agreed £2 per week tolerance limit.

In response to questions from members the Director acknowledged that the process would require a significant amount of resource and initially one member of the Pension Section had been allocated to work 3 days per week on the task.

RESOLVED:

That the report be noted.

54. Requests for Admission Body Status.

The Board considered a report of the Director of Corporate Resources, which detailed issues concerning a small number of the Fund members whose employment had been transferred to a private employer. A copy of the report, marked '13', is filed with these minutes.

The Director reported that despite the best efforts of the Pension Section there had been a considerable delay in the completion of four admission body agreements between Chartwells, part of the Compass group (who had taken over four separate catering contracts from various schools) and the Local Government Pension Scheme. Three agreements were yet to be formally confirmed.

The Board recognised the importance of securing agreements when employers within the LGPS outsourced their services to private companies, in order to protect the pension benefits of those employees whose service had been transferred. It noted the hard work of officers who had attempted to resolve the issues and suggested that if the information

needed to complete the agreements was not forthcoming officers may wish to contact the members of staff affected and also the head of governors for each of the schools.

RESOLVED:

That the report be noted.

9.30 - 10.28 am  
16 June 2016

CHAIRMAN



## **LOCAL PENSION BOARD**

**19 JULY 2016**

### **REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

#### **ANNUAL BENEFIT STATEMENTS**

##### **Purpose of the Report**

1. The purpose of this report is to provide the Board with a progress update on the 2015/16 year-end process for the production of annual benefit statements required by 31 August 2016.

##### **Background**

2. At the Local Pension Board meeting on 16 June 2016, the Board considered a report which detailed the progress made on the production of 2015/16 annual benefit statements. Since then the position has changed as the Pension Section continues to work through the employer year-end returns and the employers replies to any potential discrepancies. This report reflects the position as at 5 July 2016.
3. As part of the year-end employer pack, the Leicestershire Pension Section issued the 2015/16 year-end layout to employers in December 2015. This followed communication concerning the governance changes and the importance of the year-end data from the Pension Manager and Director of Finance in 2015.
4. In early March 2016 employers were able to provide the Pension Section with an "early" year-end file. Obviously this did not include March 2016 data but it allowed employers to ensure the reports were working correctly and for the Section to start looking for data queries on missing starters or leavers in the period April 2015 to February 2016.
  - As detailed in the Local Pension Board report in June 2016, the position as at 24 May 2016 was;
  - 39 employers had been fully completed and annual benefit statements were ready to be run and issued.
  - 130 employers had provided their year-end data which appeared reasonable.
  - 30 employers had provided data but there were ongoing issues with the content and quality of the information provided.

- 2 employers had not provided their year-end data but both had advised that the data would be sent by 31 May 2016 and they were working hard to resolve this.
5. Once employer returns had been received, the Pension Section carried out a “reasonableness” check. Data queries were then returned back to employers, as the Section worked towards completion of all records by the original year-end timeline. This approach continued until the 11 July 2016.
  6. Following the reminders and the ongoing reasonableness checks, the position as at the 5 July 2016 was;
    - 82 employers had been fully completed and annual benefit statements were ready to be run and issued.
    - 119 employers had provided their year-end data which appeared reasonable and work was ongoing with the employers, resolving any individual member data issues.
  7. Employers have until the 31 July 2016 to resolve the data queries.
  8. The Pension Section will input the pension data to scheme member’s records from 31 July 2016.
  9. Any employer that has failed to resolve any data queries by the 31 July 2016 will have the original data they provided loaded and used in the calculation of their members statements.
  10. The Section will provide on-line statements to scheme members by the 31 August 2016 and paper versions to those members who have still opted for that service.
  11. All the Fund employers provided a year-end return by the 5 July 2016 enabling the Pension Section to provide annual benefit statements by the 31 August 2016 statutory deadline.
  12. During the year-end process the Pension Section has identified approximately 200 potential leavers that employers have not informed the Pension Section about. Employers are actively checking these cases and providing leavers information where applicable, in order for the Pension Section to calculate the members pension benefits.
  13. Annual benefit statements for preserved Councillor Scheme members have been completed. Statements for active Councillor Scheme members are being worked on and will be provided by the 31 August 2016.

### **Recommendation**

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



**Background Papers**

Report to the Local Pension Board – 16 June 2016 – Request for Admission Body Status

[http://cexmodgov1/Published/C00001122/M00004712/AI00048168/\\$13LOCALPENSIONBOARDChartwells16062016F.docA.ps.pdf](http://cexmodgov1/Published/C00001122/M00004712/AI00048168/$13LOCALPENSIONBOARDChartwells16062016F.docA.ps.pdf)

**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

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**LOCAL PENSION BOARD**

**19 JULY 2016**

**REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

**REQUESTS FOR ADMISSION BODY STATUS**

**Purpose of the Report**

1. The purpose of this report is to update the Board about a number of staff transfers to Chartwells (part of the Compass Group UK and Ireland).

**Background**

2. If an employer in the Local Government Pension Scheme (LGPS) outsources its services to a private company the new employer has to protect the pension benefits of the employed people that transfer. To do so, the new employer has to either; offer a broadly comparable pension arrangement or apply for admission body status in the Leicestershire Fund.
3. Most private companies do not offer a broadly comparable pension scheme so apply for admission body status.
4. There are a number of requirements that must be completed to become an admission body in the Leicestershire Pension Fund; including completion of an admission agreement, arranging a guarantor and/or setting up a bond and having any actuarial work completed by the Funds Actuary. These are standard practise and all legal issues are expected to be complete before the transfer of staff can take place. This process has been followed in all cases prior to now without incident.
5. In the Leicestershire Fund there are already sixteen companies that have admission body status.
6. As detailed in the report considered by the Local Pension Board on 16 June 2016, Chartwells who are part of the Compass Group UK and Ireland, had taken over four separate catering contracts from various Schools and Academies in the Leicestershire Fund. The staff had already moved over to Chartwells without the admission agreement and bonds in place in three of the four cases.
7. Following the report to the Local Pension Board on the 16 June 2016 the pension manager wrote to the staff whose pensions were affected and the

head of Governors at the three schools concerned. Subsequently, Chartwells have agreed to sign the documents but the Pensions Section has been unable to move forward with the two schools managed by the David Ross Education Trust.

8. The position as at the 6 July 2016 was;

<b>Previous employer</b>	<b>Date staff transferred to Chartwells</b>	<b>Date of completion - admission agreement and bond / position update</b>
Ravenhurst School	1 September 2015	3 May 2016
Bringham School (part of the David Ross Education Trust)	1 September 2015	Remains outstanding
Charnwood College (part of the David Ross Education Trust)	4 January 2016	Remains outstanding
Winstanley Community Academy	3 May 2016	Remains outstanding but all parties have agreed to complete the legal documents

9. Having received a letter from the Pension Manager explaining the issues, a number of the individual scheme members affected have expressed their concern and worry about the situation. One member explained that she is due to retire from Chartwells on the 24 August 2016 and is particularly concerned about her future pension entitlement. The Pension Manager is continuing to monitor this very closely with colleagues from Legal Services and the Director of Finance.
10. On 8 June 2016 The Pensions Manager provided a presentation to representatives from Leicestershire Schools and Academies reminding them of the importance of informing the Pension Section as early in the transfer process as possible and alerting them to the possible pension risks associated in transferring staff to new employers if the process is not followed correctly.
11. The Director of Finance and Pensions Manager are both of the opinion that the Local Government Pension Scheme Regulations need amending to ensure that an admission agreement and guarantor/bond must be signed by all parties before staff can transfer over to a new employer. This would negate any future pension risk, should anything happen to the staff before the agreement is in place. The Pension Manager will reply accordingly to The Department of Communities and Local Government's consultation exercise detailing this point.

### **Recommendation**

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

**Equality and Human Rights Implications**

None specific

**Background Paper**

Report to the Local Pension Board – 16 June 2016 – Request for Admission  
Body Status

[http://cexmodgov1/Published/C00001122/M00004712/AI00048168/\\$13LOCALPENSIONBOARDChartwells16062016F.docA.ps.pdf](http://cexmodgov1/Published/C00001122/M00004712/AI00048168/$13LOCALPENSIONBOARDChartwells16062016F.docA.ps.pdf)

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