

*Meeting:* **Local Pension Board**

*Date/Time:* **Monday, 13 March 2017 at 9.30 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 8 December 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. Pension Fund Administration Report - October to December 2016 Quarter.	Director of Corporate Resources	(Pages 7 - 11)
7. Risk Management and Internal Controls.	Director of Corporate Resources	(Pages 13 - 14)
8. Employer Requests For Admission Body Status.	Director of Corporate Resources	(Pages 15 - 16)
9. Reporting of Cottesmore Primary to the Pensions Regulator.	Director of Corporate Resources	(Pages 17 - 18)



10. Date of next meeting.

*The date of the next meeting of the Board is scheduled to take place on 12 June 2017 at 9.30am.*

11. 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 Thursday, 8 December 2016.

PRESENT

Mr. D. Jennings CC (in the Chair)

Cllr. D. Alfonso  
Ms. D. Haller  
Mr. A. M. Kershaw CC

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

73. Minutes of the previous meeting.

The minutes of the meeting held on 3 October 2016 were taken as read, confirmed and signed.

74. Question Time.

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

75. Questions asked by members.

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

76. Urgent items

There were no items for consideration.

77. 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.

78. Additional Voluntary Contributions.

The Board considered a report of the Director of Corporate Resources which detailed the Additional Voluntary Contributions (AVC) provision which the Leicestershire Pension Fund offered to its members. To accompany the report, the Board received a presentation by a representative of Prudential, which provided AVCs on behalf of the Fund. A copy of the report and presentation is filed with these minutes marked '6'.

Arising from discussion the following points were noted;

- 1192 active members of the Leicestershire Pension Fund also had AVCs, which equated to 4.7% of the Fund's membership;

- Contributors to the AVC scheme had the choice to invest in a number of different investment funds managed by the Prudential, each one with their own performance/risk profile. Unlike the Local Government Pension Scheme, returns from AVC contributions were not guaranteed;
- The Leicestershire Pension Fund was responsible for the selection of investment funds in which members could choose to invest their AVCs in. The Local Pension Board had previously reviewed the selection in June 2016 and would continue to do so in future when necessary.

RESOLVED:

That the report and presentation be noted.

79. Pension Fund Administration Report - July to September 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 the Department for Communities and Local Government (DCLG) was yet to publish revised pension administration regulations following consultation. He explained that the expected changes regarding at what age preserved members of an LGPS scheme could access their benefits was likely to have a significant impact on the workload of the Section.

RESOLVED:

That the report be noted.

80. Town and Parish Councils - Pension Scheme Options.

The Board considered a report of the Director of Corporate Resources regarding Town and Parish Councils within Leicestershire whose employees were/ had been members of the Leicestershire Pension Fund. A copy of the report, marked '8', is filed with these minutes.

The Director reported that Town and Parish Council's within Leicestershire were not automatically enrolled as member employers of the Pension Scheme and were therefore required to request membership status via a 'resolution'. Like every member employer of the fund, once part of the scheme, they were required to pay an employer rate and be subject to a termination valuation once the last active contributor left their employment.

RESOLVED:

That the report be noted.

81. Local Pension Board Members - Knowledge and Understanding (Training Update).

The Board considered a report of the Director of Corporate Resources concerning the training program which had been provided to members of the Board. A copy of the report, marked '9', is filed with these minutes.

It was noted that the current approach to training was working well and had enabled Board members to gain a good level understanding of the Pension Scheme's regulations and laws. Members would continue to have access to training concerning new pension regulations as and when they were introduced as well as refresher sessions to cover issues which had previously been addressed.

RESOLVED

That the report be noted.

82. Initial Indication of 2016 Actuarial Valuation Outcome and Results on Standardised Assumptions.

The Board considered a report of the Director of Corporate Resources, the purpose of which was to provide members with an early indication of the funding level of the Leicestershire County Council Pension Fund at 31 March 2016 and to advise on the outcome of the valuation calculated using the standard assumptions required by the Local Government Pension Scheme (LGPS) Advisory Board. A copy of the report marked '10' is filed with these minutes.

Arising from discussion the following points were noted;

- Despite the Fund's overall funding position improving since the last Actuarial Valuation in 2013, negative impacts such as lower assumptions for future investment returns and increased liabilities had resulted in the estimated cost of paying for future service as it accrued increasing substantially from 18.2% to 21.8% of pay;
- When calculating the Fund's future funding ratio, the Actuary had assumed a future investment return of 4.1% whilst the standardised assumption valuation conducted by the LGPS Advisory Board presumed a return of just over 5%. This more optimistic assumption led to the Scheme Advisory Board calculating Leicestershire's funding level to be at 92% which compared favourably with the Fund Actuary's calculation of 76%.

RESOLVED:

That the report be noted.

83. Future Meeting Dates.

RESOLVED:

That the following meeting dates for 2017 be approved:

Monday 13 March 9.30am

Monday 12 June 9.30am

Monday 18 September 9.30am

Monday 4 December 9.30am

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**LOCAL PENSION BOARD**

**13 MARCH 2017**

**REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

**PENSION FUND ADMINISTRATION REPORT – OCTOBER TO DECEMBER 2016  
QUARTER**

**Purpose of the Report**

1. The purpose of this report is 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 is 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 October to December 2016 quarter are detailed within the appendix. Customer satisfaction remains very high and overall performance figures remain positive in the quarter.

**Administration**

**Valuation**

5. The Pension Section completed work for the Fund valuation by the 31 July 2016 deadline. Employer contribution rates for the three year period, 1 April 2017 to 31 March 2020 have been received and have been distributed to the employers.

### Consultation – Local Government Pension Scheme Regulations

6. In the report to the Local Pension Board dated 3 October 2016, it stated the Pension Section had 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.
7. Unfortunately there still remains no progress in this area and at the time of writing this report, the regulations had still not been received. The Local Government Association (LGA) has been liaising with the Department for Communities and Local Government (DCLG) about this. There remains no indication as to when the regulations will be confirmed.

### General Workloads

8. The tables show the position in five key work areas between October to December.

October 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	128	713	750
Aggregations	200	215	250
Interfunds in	57	247	100
Retirements	312	503	500
Deaths	70	89	100

November 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	288	548	750
Aggregations	279	167	250
Interfunds in	65	228	100
Retirements	380	467	500
Deaths	61	80	100

December 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	195	482	750
Aggregations	178	141	250



Interfunds in	67	201	100
Retirements	253	466	500
Deaths	91	50	100

9. The Pension Section has reviewed certain interfund in cases. The majority of cases are from neighbouring Funds, which is understandable given that people tend to move to other roles nearby for promotion. However, there is no particular Fund that has generated a greater number of cases and they are reasonably spread across the neighbouring Funds.

#### Service Plan 2017/18

10. The Pension Section has produced a draft service plan for 2017/18. There are three key Local Government areas that are not treated as business as usual carrying different levels of risk. The three areas are;
- Tender for a new pensions administration system
  - The phased roll out of IConnect with Fund employers
  - National GMP exercise
11. A training session detailing the service plan key areas will be delivered to members of the Board following the meeting.

#### Recommendation

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

#### Equality and Human Rights Implications

None specific

#### Appendix

Appendix– Quarterly Results – October to December 2016

#### Officers to Contact

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

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**LOCAL PENSION BOARD****13 MARCH 2017****REPORT OF THE DIRECTOR OF CORPORATE RESOURCES****RISK MANAGEMENT AND INTERNAL CONTROLS****Purpose of the Report**

The Purpose of this report is to inform the Board of any issues concerning risk management and internal controls. There is a requirement for such matters to be considered by the Pension Board as stipulated in the Pension Regulator's Code of Practice.

**Background**

In April 2015 The Pension Regulator (TPR) published its Code of Practise on governance and administration of public service pension schemes. This introduced a number of areas pension administrators need to record and Pension Board members should be aware of.

One area within the code is risk, more specifically 'risk management and internal controls', which the code states should be a standing item on each Pension Board and Pension Committee agenda.

The Leicestershire Fund already manages risk and has a risk register in place that is regularly reviewed by officers and presented to the Local Pension Board annually. Internal and external audit also consider risks within Pensions and highlight any risk concerns. However, in order to comply with the code the Director of Finance has agreed to have this as a standard item on both agendas.

**Identified Risks**

There are currently no identified risks.

**Recommendation**

The Board is asked to note the report.

**Equality and Human Rights Implications**

None specific

**Officers to Contact**

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



## **LOCAL PENSION BOARD**

**13 MARCH 2017**

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

#### **EMPLOYER REQUESTS FOR ADMISSION BODY STATUS**

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

1. The purpose of this report is to provide the Board with information concerning the transfers of three new employers to the Leicestershire Fund.

##### **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 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. This is standard practise and all legal issues are expected to be complete before the transfer of staff can take place.
5. There are currently three transfers that have taken place before the admission agreement and bonds were in place. Until all the pension documents are signed by all parties, the staff that transferred over are not active contributors to the Local Government Pension Scheme. Whilst the outsourcing employers and the new companies are working with the Pension Section to resolve this, there remains a risk until the documents are completed.
6. Details of the current cases are detailed in the table below;

<b>Outsourcing Employer</b>	<b>New Employer</b>	<b>Date staff transferred</b>	<b>Number of pensionable staff</b>
South Leicester College (part of North Warwickshire and Hinckley College)	Solo Service Group	01/08/2016	9
Heath Lane (Midlands Academy Trust)	Solo Service Group	01/08/2016	2
Brooke Hill Academy	Servest	26/8/2016	1

7. Once the Pension Section receives fully completed admission agreements and bonds the pensionable service will be backdated for all the staff that transferred. The staff will then gain continuous pensionable service, covering the period of transfer between the employers.

#### **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





**LOCAL PENSION BOARD**

**13 MARCH 2017**

**REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

**REPORTING OF COTTESMORE PRIMARY TO THE PENSIONS REGULATOR**

**Purpose of the Report**

1. The purpose of this report is to inform the Board about an employer that has been late paying its pension contributions to the Leicestershire Pension Fund and has subsequently been reported to The Pensions Regulator by the Authority.

**Background**

2. The Pensions Act 1995 requires Fund employers to pay over their employee, employer and any additional pension contributions by the 22nd of the following month.
3. Receipt of payment from each employer is recorded by the Council's Investment Team.
4. With over 200 employers paying contributions each month it is inevitable that on the odd occasion contributions are received late. In these rare instances the late payment is normally resolved following a reminder by the Investment Team.
5. One of the Fund's employers, Cottesmore Primary, has unfortunately made a number of late payments in the 2016/2017 financial year, despite receiving reminders from the Authority.
6. The table below shows the contributions received from Cottesmore Primary between April 2016 and January 2017.

Month	Amount	Date Due	Date Paid	Days Overdue
April	£3,901	22/5/16	16/5/16	On time
May	£4,293	22/6/16	5/7/16	13 days
June	£3,901	22/7/16	1/8/16	10 days
July	£3,998	22/8/16	16/8/16	On time
August	£3,820	22/9/16	11/10/16	19 days
September	£3,806	22/10/16	3/11/16	12 days

October	£4,928	22/11/16	1/12/16	9 days
November	£4,378	22/12/16	9/1/17	18 days
December	£3,572	22/1/17	9/1/17	On time
January	£4,032	22/2/17	22/2/17	On time

7. No interest has been charged on the late contributions whilst the situation remains ongoing and the Pension Section is aware Cottesmore's Chief Finance Officer has recently retired, which could have contributed to the delay. The Investment Team have informed his successor about the procedure for paying contributions each month and stressed the importance of ensuring future contributions are paid on time.
8. The new Officer has subsequently contacted the Investment Team and made sure January's payment was processed on time. It is hoped the new Officer has now put the necessary processes in place to ensure the situation does not occur again.
9. As a late payment of contributions is a breach of the Pensions Act, the Pensions Regulator was informed on the 9 January 2017. This was acknowledged on the 30 January 2017.
10. The Investment Manager will continue to monitor future contributions and will update the Pensions Regulator in due course.

### **Recommendation**

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

### **Equality and Human Rights Implications**

Late payment of employee and employer contributions does not impact on scheme members main scheme benefits.

### **Officers to Contact**

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