

Meeting: **Local Pension Board**

Date/Time: **Monday, 18 September 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 12 June 2017.		(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 - April to June 2017 Quarter.	Director of Corporate Resources	(Pages 7 - 14)
7.	Record Keeping - Data Improvements.	Director of Corporate Resources	(Pages 15 - 18)
8.	Risk Management and Internal Controls.	Director of Corporate Resources	(Pages 19 - 20)
9.	Children's Pensions and Payment of Death Grants.	Director of Corporate Resources	(Pages 21 - 24)



10. Date of future meetings.

Future meetings of Local Pension Board will be held at 9.30am on the following dates:-

Monday 4 December 2017 at 9.30am
Monday 12 March 2018 at 9.30am
Monday 18 June 2018 at 9.30am
Monday 17 September 2018 at 9.30am
Monday 3 December 2018 at 9.30am

The next Annual General Meeting of the Leicestershire Pension Fund will be held on Thursday 11 January at 6.00pm.

11. Any other items which the Chairman has decided to take as urgent.

TO:

Employer representatives

Mr. D. Jennings CC
Mr. P. Bedford 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 Monday, 12 June 2017.

PRESENT

(in the Chair)

Mr. D. Jennings CC
Cllr. D. Alfonso
Mr. T. Gillard CC

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

1. 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 2018.

Mr. D. Jennings in the Chair

2. Election of Vice Chairman.

RESOLVED:

That Mr. P. Bedford CC be appointed Vice Chairman of the Local Pension Board for the period ending with the date of the Annual Council meeting in May 2018.

3. Minutes of the previous meeting.

The minutes of the meeting held on 13 March 2017 were taken as read, confirmed and signed.

4. Question Time.

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

5. Questions asked by members.

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

6. Urgent items.

There were no items for consideration.

7. 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.

8. Pension Fund Administration Report - January to March 2017 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 explained that the decision to raise the interfund KPI from 100 to 150 and introduce flexible KPI targets for other areas of the Section's work would better reflect the changes in workload throughout the financial year.

RESOLVED:

That the report be noted.

9. Internal Audit Arrangements.

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 '9', is filed with these minutes.

RESOLVED:

That the report be noted.

10. Risk Management and Internal Controls.

The Director of Corporate Resources presented a report, the purpose of which was to detail any concerns relating to the risk management and internal controls of the Fund. A copy of the report is filed with these minutes, marked '10'.

The Director reported that the Fund's risk management was managed as part of the authorities corporate risk register and since the Board's last meeting no additional risks had been identified.

RESOLVED:

That the report be noted.

11. Pension Fund Administration Charges 2017-18.

The Board considered a report of the Director of Corporate Resources which provided members with information concerning the revised pension administration charges for 2017/18. A copy of the report marked 11 is filed with these minutes.

The Director reported that under national legislation, the administering authority had the ability to charge members of the scheme who requested multiple estimates relating to their projected entitlement upon retirement or a cash equivalent transfer value (CETV)

following a divorce. He added that members of the scheme were entitled to one annual benefit statement and free estimate/divorce CETV each year, and subsequent requests were charged in order to cover additional administration costs associated with providing the information. It was noted that scheme members had the ability to access multiple estimates free of charge by using the online facility.

RESOLVED:

That the report be noted.

12. Year End and Statutory Deadlines.

The Board considered a report of the Director of Corporate Resources which provided a progress update on the Pension Section's production of annual benefit statements for 2016/17. A copy of the report is filed with these minutes marked '12'.

The Board noted that the Pension Section was heavily reliant on receiving timely and accurate information from the Fund's 188 employers in order to meet the annual benefit statement statutory deadline of 31 August 2017. The Director reported that currently the Section was in a strong position, with only two employers having failed to provide a year-end return.

RESOLVED:

That the report be noted.

13. Annual Allowance.

The Board considered a report of the Director of Corporate Resources concerning statutory changes to LGPS member's annual allowance limit. A copy of the report marked '13' is filed with these minutes.

The Director detailed the different options available to scheme members to pay the tax charged under the scheme rules should they breach the £40,000 annual limit on their pension savings and the additional complexities this placed upon the Pension Section.

The Board also noted the introduction of voluntary scheme pays for members of the Leicestershire Scheme who had an annual income of more than £150,000 and had subsequently reached their tapered annual allowance.

RESOLVED:

That the report be noted.

14. Employer Requests for Admission Body Status.

The Board considered a report of the Director of Corporate Resources concerning the applications from three employers to be given admission body status within the Leicestershire Pension Fund. A copy of the report marked '14' is filed with these minutes.

The Director reported that since the Board last received an updated in March, significant progress had been made towards the three outsourcing employers completing the

necessary arrangements for the transfers, with one of the three having successfully completed the transfer and the other two being in the final stages of the process.

The Board welcomed the progress made by the Pension Section to resolve the issue which had been ongoing for a considerable period of time. It acknowledged however that until such time that the LGPS regulations were amended, it was possible that the Section could find itself in a similar position again in future.

RESOLVED:

That the report be noted.

9.30 - 10.20 am
12 June 2017

CHAIRMAN



LOCAL PENSION BOARD

18 SEPTEMBER 2017

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND ADMINISTRATION REPORT – APRIL TO JUNE 2017 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 90,000 members.

Performance Indicators

3. Attached as an Appendix A 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 show that Customer satisfaction remains good and overall performance figures remain positive in the quarter. This is pleasing given the amount of resource that has been moved from the benefit team to work on year-end, throughout the period.

Administration

5. **General Workloads**

The tables below show the position in five key work areas in April to June.

April 2017

Area	Cases completed in the period	Remaining cases at the end of the period	KPI Maximum - cases at the end of the period
Preserved benefits	95	590	750
Aggregations	93	417	250
Interfunds in	44	186	150
Retirements	216	563	500
Deaths	56	111	100

May 2017

Area	Cases completed in the period	Remaining cases at the end of the period	KPI Maximum - cases at the end of the period
Preserved benefits	170	617	800
Aggregations	21	430	450
Interfunds in	43	196	150
Retirements	416	610	500
Deaths	62	96	100

June 2017

Area	Cases completed in the period	Remaining cases at the end of the period	KPI Maximum - cases at the end of the period
Preserved benefits	108	722	850
Aggregations	2	438	450
Interfunds in	60	194	150
Retirements	391	552	500
Deaths	65	88	100

6. Following discussion at the Local Pension Board meeting on the 12 June 2017 the Pension Manager has reviewed the maximum workload levels throughout the year in the five key work areas. As a result a new set of flexible monthly KPI maximums throughout a financial year have been approved by the Director of Finance and are attached as Appendix B. These are included in the tables above.

Year-End 2016/17

7. The year-end work was completed by the 31 August 2017 deadline with 58,345 annual benefit statements produced, split between 30,721 active statements and 27,624 preserved statements.

Tender Update

8. Leicestershire and Derbyshire County Council Pension Sections are working in partnership in order to procure a pension administration system. This will be for an initial five years with an option for a further five year extension. The tender document is very near completion, ready for the procurement process to commence. The system will be implemented from the end of the current contract in early 2019.

Consultation – Local Government Pension Scheme Regulations

9. It is understood that the Department for Communities and Local Government now has a limited window of opportunity before Brexit to consider and implement changes to the Local Government Pension Scheme. These follow the consultation on the Local Government Pension Scheme Regulations 2013 and Local Government Pension Scheme (Transitional Provisions, savings and Amendment) Regulations 2014. At this point it's not clear what the final changes are likely to be.

General Data Protection Regulations (GDPR)

10. From 25 May 2018 new European General Data Protection Regulations come into force. The Pension Section is looking at its processes and notices to ensure it complies with the regulations. It is likely the Pension Section will need to write to all its members making them aware how the Pension Section manages their personal data.

Recommendation

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

Appendix

Appendix A - Quarterly Results – April to June 2017

Appendix B – Flexible monthly KPI maximums throughout a financial year

Equality and Human Rights Implications

None specific

Officers to Contact

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

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

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APPENDIX A

Quarter - April to June 2017									
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%	97%	▲	99%	Establish members understanding of info provided - rated at least mainly ok or clear	95%	94%	▶	99%
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%	86%	▼	97%
Death benefits/payments sent to dependant within 10 working days of notification	90%	83%	▼	87%	Establish members thoughts on the amount of info provided - rated as about right	92%	94%	▲	98%
				Establish the way members are treated - rated as polite or extremely polite	97%	95%	▶	100%	
				Email response - understandable	95%	97%	▲	99%	
Good or better than target	▲			Email response - content detail	92%	98%	▲	99%	
Close to target	▶			Email response - timeliness	92%	99%	▲	98%	
Below target	▼								
				▼ Comments					

Significant resource has been directed onto year-end work for the statutory annual benefit statements and taxation statements. This has impacted on certain KPI results this quarter, although the majority remain positive.

Ian Howe - Pensions Manager 06/07/2017

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APPENDIX B

Flexible Monthly KPI Maximums

Work Area	Current KPI Maximum	April	May	June	July	August	September	October	November	December	January	February	March
P/Bs	750	750	800	850	900	950	1000	900	800	750	750	750	750
Aggs	250	250	450	450	450	450	800	1000	650	450	300	250	250
Interfunds In	150	150	150	150	150	150	150	150	150	150	150	150	150
Retirements	500	500	500	500	500	600	500	500	500	600	500	500	600
Deaths	100	100	100	100	100	100	100	100	100	100	100	100	100

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LOCAL PENSION BOARD

18 SEPTEMBER 2017

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

RECORD KEEPING - DATA IMPROVEMENT

Purpose of the Report

1. The purpose of this report is to inform the Board of the County Council's current data keeping practices concerning pension data and planned improvements.

Background

2. The focus of the Pensions Regulator is now extending to pension record keeping and data improvement. The Pension Section relies heavily on receiving accurate and timely data from its employers and therefore already works hard to ensure high quality data is sent by employers and once received is maintained correctly. However, to enable the Fund to demonstrate compliance with new legislative record keeping requirements and to enhance its current processes, the Pension Section has developed a plan to improve its processes further.

Current record keeping

3. The Pension Section already follows a number of processes to maintain high quality pension member records.
4. An annual record keeping exercise takes place during the year-end process. For all active members, payroll data is provided by the Fund's employers and loaded into each member's pension record, checked for accuracy, corrected if there are errors or discrepancies and then used in the calculation of member's annual benefit statements. The data includes final pay, career average revalued earnings (CARE) pay, pension contributions and additional contributions.
5. As part of the annual record keeping exercise any data queries are returned back to employers for them to investigate and correct if necessary, prior to the production of the annual benefit statements. In the 2016/17 annual exercise 9,104 data queries were identified and returned back to employers for resolution. In the main the data queries were on contributions, pensionable

pay used in the calculation of pre April 2014 benefits and career average revalued earnings (CARE) pay.

6. The Pension Section already uses a data quality checking tool. This allows the Pension Section to run data checks at any time and investigate and resolve pension member's data queries.
7. The Pension Section has annual audits including data quality and year-end. In these audits the data quality was found to be good and processes were correct.
8. The Pension Section sends its data to the Fund's Actuary every three years for use in the Fund valuation. This involves a very significant data check using the Actuaries data uploading tool. Errors are rejected and have to be corrected prior to the data being submitted. The last valuation data submission was in July 2016 and the Actuary reported the Fund's data as good.
9. The Guaranteed Minimum Pension (GMP) exercise requires the Pension Section to check the member's GMP data against that held by HMRC. Any discrepancies found are being corrected and the data records amended. This is a large ongoing exercise that is expected to continue until December 2018.
10. The Pension Section uses a monthly data mortality screening system. The system reports on deaths that the Pension Section then checks. This means deaths are dealt with quickly ensuring pensioner data remains accurate and reduces the risk of pensioner overpayments.
11. The Pension Section provides a member on-line service allowing scheme members to securely access their own pension record. This provides opportunity for scheme members to check their own data and inform the Pension Section about any data changes.

Data Improvements Plan – 2 areas

12. The most significant data improvement the Pension Section is implementing is the phased introduction of monthly postings. This allows employers to submit their payroll data monthly rather than annually. This will enable data queries to be identified and resolved more quickly, and in the process, will reduce the number of data queries at year-end. There is a significant amount of work each employer has to do in order to implement the change, including developing the monthly payroll extract prior to commencing monthly posting. There are currently three employers already using this system in live and a further eight large Fund employers developing their payroll extracts in readiness for go live.
13. The Board will consider a report in December detailing the implementation plan and progress made.

14. Another planned improvement relates to the proposed introduction of an ongoing process to trace preserved members who are near retirement age in order to ensure they have not moved address and failed to inform the authority. It is considered to be more cost effective doing this regularly with a small number of cases, rather than a large bulk exercise to trace all cases in one go. There are currently 150 preserved members age 60 or over who have not kept the Pension Section informed of their current address. Tracing these cases will commence in September.

Recommendation

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

Equality and Human Rights Implications

None specific

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**18 SEPTEMBER 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 -- Director of Finance - telephone (0116) 305 6199

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LOCAL PENSION BOARD

18 SEPTEMBER 2017

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

CHILDREN'S PENSIONS AND PAYMENT OF DEATH GRANTS

Purpose of the Report

1. The purpose of this report is to inform the Board about how the Pension Section manages the payment of children's pensions and death grants.

Background

2. The Local Government Pension Scheme provides pension benefits for eligible children should either of their parents die whilst a member of the Local Government Pension Scheme.
3. Children's annual pensions are usually paid until age 18, or age 23 if the child remains in full time education at which point the payments cease.
4. As far as the death grants are concerned the Local Government Pension Scheme Regulations provide absolute discretion for Leicestershire County Council (as the Pension Scheme Administrator), to pay the death grant to or for the benefit of the deceased member's nominee, personal representatives or any person appearing to the authority to have been a relative or dependent of the member.
5. Parents are able to nominate their children for a proportion of the death grant which is a one off payment paid when the parent dies.

Process

6. For payment of the death grant, the Pension Section has always tried to protect the children's future by asking their guardian, which is often the surviving parent, to set up a child's pension trust fund for them. This is a secure account that only the child can access when they reach age 18.
7. Recently however, there has been a national change to children's bank accounts and secure trust funds are no longer available. Since the change the person setting up the account can access the money themselves without the child's knowledge and/or agreement. This has added a potential risk, in that a

potentially unscrupulous person could use the money for their own means without the child's knowledge. This has generated a small number of issues between extended families where there is an element of distrust with the person setting up the account.

8. Children's ISA are available but these limit the annual amount paid in to only £4,000 and regularly the death grant alone exceeds this value, meaning these accounts are not suitable.
9. For the majority of cases there is no dispute and the Pension Section will make payment of the death grant to the surviving parent. However in rare cases where there is a dispute, the Pension Section will follow the process detailed in point 13 to ensure the money is paid correctly to a legal guardian.

Appointment of Guardian

10. There are essentially three ways which a guardian (under Section 5 of the Children Act 1989) can be appointed;
 - By a parent who has parental responsibility for the child*, or
 - By someone who is already a Special Guardian or guardian of that child*, or
 - By an order of the Family Court

* Appointments are made in writing, generally through a specific clause in a Will or via a separate document signed and dated by the person making the appointment.

11. The appointment does not take effect whilst a surviving parent who has parental responsibility for the child is still alive, unless the parent with parental responsibility who dies has a Child Arrangement Order (CAO) in their favour, if so, the appointment of the guardian will take with immediate effect, even if the surviving parent with parental responsibility objects.
12. If there are objections within the children's family to the appointment of a guardian, providing that the appointment was made in writing and there are no surviving parents whose own parental responsibility prevents the commencement of the appointment, then those persons objecting to the guardian have no legal rights to prevent the guardian from exercising his or her powers unless they are successful in persuading a court to make an order bringing the appointment to an end. Any person who has parental responsibility for the child has an automatic right to make an application to the Courts for such an order, as do the children concerned themselves. A parent who does not have parental responsibility (e.g. step parent, grandparent etc) would have to get the permission of the court first.
13. It is extremely important the Pension Section is satisfied that somebody who is claiming to be a guardian is in fact properly and legally appointed to that position and therefore the Director of Finance has agreed with the Pensions

Manager, for the rare cases that are disputed, the process the Pension Section will follow is as follows;

- A) The legal guardian will produce a copy of the document/court order confirming their appointment.
 - B) The legal guardian will be asked to sign a declaration to confirm;
 - They will set up an account in the name of the child,
 - The money will be used in the best interest of the child.
14. If the legal guardian signs the declaration the Pension Section will pay the money to the account that has been opened by the legal guardian. If the legal guardian refuses to sign the declaration the Pension Section will reconsider on a case by case basis.
15. The measures are designed to protect the child's best interest and demonstrate that the Pension Section has followed an agreed process should it be challenged by other family members.

Recommendation

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

Equality and Human Rights Implications

None specific

Officers to Contact

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

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