

Meeting: **Local Pension Board**

Date/Time: **Monday, 18 June 2018 at 9.30 am**

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

Contact: **Miss C Tuohy (0116 305 5483).**

Email: **cat.tuohy@leics.gov.uk**

AGENDA

<u>Item</u>	<u>Report by</u>	
1. Election of Chairman.		
2. Election of Vice Chairman.		
3. Minutes of the meeting held on 12 March 2018.		(Pages 3 - 6)
4. Question Time.		
5. Questions asked by members under Standing Order 7(3) and 7(5).		
6. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.		
7. Declarations of interest in respect of items on the agenda.		
8. Pension Fund Administration Report - January to March 2018.	Director of Corporate Resources	(Pages 7 - 32)
9. Update on Pension Fund Pooling.	Director of Corporate Resources	(Pages 33 - 36)
10. Internal Audit Arrangements.	Director of Corporate Resources	(Pages 37 - 44)



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| 11. Year-end and Statutory Deadlines. | Director of
Corporate
Resources | (Pages 45 - 46) |
| 12. Record Keeping - Data Improvement Plan. | Director of
Corporate
Resources | (Pages 47 - 54) |
| 13. Risk Management and Internal Controls. | Director of
Corporate
Resources | (Pages 55 - 64) |
| 14. Any other items which the Chairman has
decided to take as urgent. | | |

TO:

Employer representatives

Mr. D. Jennings CC
Mrs. R. Page 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 March 2018.

PRESENT

Mr. D. Jennings CC (in the Chair)

Cllr. D. Alfonso
Mr. P. Bedford CC
Ms. D. Haller

Ms. A. Severn-Morrell

37. Minutes of the previous meeting

The minutes of the meeting held on 4 December 2017 were taken as read, confirmed and signed.

38. Question Time.

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

39. Questions asked by members.

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

40. Urgent Items.

There were no items for consideration.

41. 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.

42. Pension Fund Administration Report - October to December 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 '6', is filed with these minutes.

The Director reported that whilst the high level of outstanding member aggregation cases were significant, with 855 as at 31 January 2018, additional staffing resource had been secured to manage the backlog.

In response to questions from members, the Director confirmed that arrangements for the Leicestershire Pension Fund's investments to be transferred to LGPS Central Ltd were on schedule ahead of Central's launch on 1 April 2018. He added that whilst the County Council, as Administering Authority, would continue to set the Fund's asset allocation

each year via the Local Pension Committee, much of the administration work would transfer to LGPS Central under the new arrangements. As a result of this, and the imminent departure of the Council's investment manager to begin a new role, it was expected that the structure of the Authorities' investment officer set up would change and the Board would receive a report on the new arrangements once in place.

RESOLVED:

That the report be noted.

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

The Board received a report of the Director of Corporate Resources concerning the training provided to, to members of the Board. A copy of the report, marked '7', is filed with these minutes.

Members welcomed the current approach which was working well and had enabled them to gain a good level understanding of the Pension Scheme's regulations and laws and indicated that they would benefit from additional training on year end statements.

RESOLVED:

That the report be noted.

44. Administration and Communication Strategy Review.

The Committee received a report from the Director of Corporate Resources on the revised Administration and Communication Strategy for the Leicestershire Pension Fund. A copy of the report, marked '8' is filed with these minutes.

The Committee noted that the revised document, which would be subject to consultation, included three key additions to the existing Strategy, which concerned administration charges to members for divorce calculations and additional estimates, General Data Protection Regulations and the responsibility of the administering authority and the requirement for employers to provide pension data on a monthly basis..

RESOLVED:

That the draft Administration and Communication Strategy be approved for consultation.

45. Record Keeping - Data Improvement Plan.

The Board received a report from the Director of Corporate Resources on pension record keeping and the Fund's Data Improvement Plan. A copy of the report, marked '9', is filed with these minutes.

The Director reported that work to obtain all employees' pension data from the Fund's employing bodies, on a monthly basis rather than annually was ongoing and updates on its implementation would continue to be reported to the Board.

RESOLVED:

That the report be noted.

46. General Data Protection Regulations.

The Board received a report concerning the new General Data Protection Regulations which were expected to become operational from May 1 2018., A copy of the report, marked '10', is filed with these minutes.

The Director reported that the new national legislation meant the scheme needed to be clearer in demonstrating how it stored and shared its member's data. In preparation, a fair processing notice had been produced which would be added to the Council's and the Fund's websites. A copy would also be included in the welcome letter to new scheme members.

RESOLVED:

That the report be noted.

47. 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 identified risks/concerns associated with the Leicestershire Pension Fund at each of its meetings, a stipulation set out within the Pension Regulator's Code of Practice. A copy of the report marked '11' is filed with these minutes.

The Director reported that there were no new risks identified.

RESOLVED:

That the report be noted.

48. Date of next meeting.

Monday 18th June 2018 at 9.30am.

49. Exclusion of the press and public.

RESOLVED:

That under Section 100(A) of the Local Government Act 1972 the public be excluded from the meeting for the remaining items of business on the grounds that they involved the likely disclosure of exempt information as defined in paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Act.

50. Pension Administration System Tender.

That Board considered on the Pension Administration System Tender A copy of the exempt report marked '15' is filed with these minutes. The report was not for publication

by virtue of paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

CHAIRMAN

12 March 2018



LOCAL PENSION BOARD

18 JUNE 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND ADMINISTRATION REPORT – JANUARY TO MARCH 2018
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 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 two broad categories – how quickly processes are carried out and how customers feel they have been kept informed and treated by staff.

Performance of the Pensions Section

4. Customer satisfaction remains good and overall performance figures remain positive in the quarter.

Administration

5. **General Workloads**

The tables show the position in five key work areas, January to March.

January 2018

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	97	790	750
Aggregations	100	855	300
Interfunds in	103	204	150
Retirements	437	524	500
Deaths	75	96	100

February 2018

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	156	833	750
Aggregations	111	956	250
Interfunds in	55	230	150
Retirements	406	516	500
Deaths	75	82	100

March 2018

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	366	609	750
Aggregations	152	918	250
Interfunds in	90	214	150
Retirements	368	597	600
Deaths	60	99	100

The main points to note are;

- The Pension Section has completed the recruitment for a temporary Pension Assistant to work primarily on aggregations. The person started in April.
- The Pension Section moved resource onto preserved benefits in March to reduce the number of cases before the start of year-end.
- As detailed in previous reports to the Board, the Interfunds in KPI maximum has increased to 200 from April 2018 to reflect the position throughout 2017/18.

GMP reconciliation

Work on the national GMP reconciliation exercise continues. The latest position is as follows;

Membership Type (Phase 1)	Cases with Pensions	Cases completed	Cases with HMRC	Stalemate Cases**
Pensioner and Preserved	327	50,397*	448	15

Membership Type (Phase 2)	Cases with Pensions	Cases completed	Cases with HMRC	Stalemate Cases**
New Pensioners	5,740	92	0	0
Active	28,236	2,470	836	0

*Includes non-contracted out records.

**After investigation by the Fund and HMRC the case cannot be resolved.

The Local Government Pension Scheme (Amendment) Regulations 2018

The above named regulations were laid before Parliament on the 17 April 2018 and came into force on the 14 May 2018.

The full Statutory Instrument 2018 Number 493 can be found as Appendix B. Many of the regulation changes were of a technical nature making minor word changes to the previous regulations, however the main changes are summarised as follows;

- Employers who leave the scheme with a positive funding position – i.e. over 100% funded can be reimbursed the excess.
- Pre April 2014 preserved members can claim payment of their preserved benefit from age 55 (or any time between 55 and normal pension age) without employer consent, rather than wait until age 60 or later. This aligns the regulations with post April 2014 preserved members.

The Pension Section has 4,741 pre 2014 preserved members aged between 55 and 60. The Pension Section is working through these cases, communicating the scheme changes and calculating benefits for those wishing to take advantage of the earlier payment option. Where benefits are paid early in these cases, the member suffers an actuarial reduction to their benefit and there is no cost to the former employer.

The preserved members will be written to by the Pension Section by the 13 August 2018.

General Data Protection Regulations

General Data Protection Regulations (GDPR) came into place on 25 May 2018.

The Pension Section has a statutory duty to administer the Leicestershire Local Government Pension Scheme so does not require member consent to hold and process scheme members data. However, GDPR places greater emphasis on the documentation the Pension Section must keep to demonstrate its accountability.

The Pension has been working with Leicestershire County Council's Corporate GDPR Team on this project to finalise the following;

- Fair processing notice
- Retention schedule
- Memorandum of understanding (between the Fund and the employers)

These documents are attached in Appendix C

System Implementation

The contract for the replacement pension administration system has been prepared for signature, consisting of the core module and the optional elements, pensioner payroll (including immediate payments), employer self-service and member self-service.

Colleagues from the external system provider Aquila Heywood, Pensions, East Midlands Shared Services (payroll) and internal ICT are working on the implementation of the various elements with an external project manager. A report will be provided to the Board at its next meeting which will detail the implementation timeline.

Recommendation

It is recommended that the Board notes the report.

Equality and Human Rights Implications

None specific

Appendix

Appendix A - Quarterly Results – January to March 2018

Appendix B – The Local Government Pension Scheme (Amendment) Regulations 2018

Appendix C – Pension Section GDPR documents

Officers to Contact

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

Declan Keegan – Assistant Director of Strategic Finance and Property
- telephone (0116) 305 6199

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APPENDIX A

Quarter - Jan to March 2018								
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%	▲	96%	Establish members understanding of info provided - rated at least mainly ok or clear	95%	99%	▲ 97%
Pension payments made within 10 working days of receiving election	95%	97%	▲	98%	Experience of dealing with Section - rated at least good or excellent	95%	94%	▶ 92%
Death benefits/payments sent to dependant within 10 working days of notification	90%	93%	▲	96%	Establish members thoughts on the amount of info provided - rated as about right	92%	94%	▲ 95%
					Establish the way members are treated - rated as polite or extremely polite	97%	100%	▲ 100%
Good or better than target	▲				Email response - understandable	95%	100%	▲ 98%
Close to target	▶				Email response - content detail	92%	100%	▲ 98%
Below target	▼				Email response - timeliness	92%	100%	▲ 98%

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 STATUTORY INSTRUMENTS

2018 No. 493

PUBLIC SERVICE PENSIONS, ENGLAND AND WALES

 The Local Government Pension Scheme (Amendment)
 Regulations 2018

<i>Made</i> - - - -	<i>17th April 2018</i>
<i>Laid before Parliament</i>	<i>19th April 2018</i>
<i>Coming into force</i> - -	<i>14th May 2018</i>

These Regulations are made in exercise of the powers conferred by sections 1, 3 and 25 of, and Schedule 3 to, the Public Service Pensions Act 2013(a).

In accordance with section 21 of that Act, the Secretary of State has consulted the representatives of such persons as appeared to the Secretary of State to be likely to be affected by these Regulations.

In accordance with section 3(5) of that Act, these Regulations are made with the consent of the Treasury.

The Secretary of State makes the following Regulations:

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Local Government Pension Scheme (Amendment) Regulations 2018.

(2) These Regulations come into force on 14th May 2018 but the provisions listed in paragraph (3) have effect from 1st April 2014.

(3) The provisions are—

- (a) regulations 5 to 8;
- (b) regulations 10 and 11;
- (c) regulation 14;
- (d) regulation 15(b);
- (e) regulations 16 and 17;
- (f) regulation 20 apart from paragraph (b);
- (g) regulation 21 apart from paragraph (b)(i);
- (h) regulation 22;
- (i) regulation 24(b);

(a) 2013 c. 25.

- (j) regulation 26;
 - (k) regulation 28.
- (4) These Regulations extend to England and Wales.

Amendment of the Local Government Pension Scheme Regulations 2013

2. The Local Government Pension Scheme Regulations 2013(a) are amended in accordance with regulations 3 to 22.

3. In regulation 2 (introductory) after paragraph (1) insert—

“(1A) In these Regulations “local government service” means employment with a body specified in Part 1 of Schedule 2.

(1B) A person is deemed to be in local government service for the purpose of these Regulations—

- (a) if that person is employed by a body specified in Part 2 of Schedule 2 and is designated, or belongs to a class of employees that is designated, by that body as being eligible for membership of the Scheme; or
- (b) if that person is specified in column 1 of the table in Part 4 of Schedule 2.

(1C) The Scheme may potentially relate to a person employed by an admission body.”

4.—(1) In regulation 3(b) (active membership) for paragraph (1) substitute—

“(1) Subject to regulation 4 (restriction on eligibility for active membership), a person is eligible to be an active member of the Scheme—

- (a) if working in local government service; or
- (b) if—
 - (i) by virtue of regulation 2(1C) (introductory: potential eligibility for membership) the Scheme may potentially relate to that person;
 - (ii) a determination under section 25(5) of the Public Service Pensions Act 2013 has been made in respect of that person; and
 - (iii) that person’s employer has designated that person, or a class of employees to which that person belongs, as being eligible for membership of the Scheme.”

(2) After paragraph (1) insert—

“(1A) The following functions are delegated to administering authorities—

- (a) the function of making a determination under section 25(5) of the Public Service Pensions Act 2013 (“a determination”), in relation to persons of the description in regulation 2(1C); and
- (b) the function of publishing a list under section 25(9) of that Act of the persons to whom the Scheme relates by virtue of a determination.”

(3) In paragraph (2) for “by virtue of paragraph 1(d)” substitute “by virtue of regulation 2(1B)(b)”.

5. In regulation 10(5) (temporary reduction in contributions) at the end of sub-paragraph (a) for “and” substitute “or”.

6. In regulation 11(4) (contributions during absence from work) omit the words after sub-paragraph (c).

7. In regulation 21(c) (assumed pensionable pay)—

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- (a) S.I. 2013/2356; those Regulations have been amended by S.I. 2014/44, S.I. 2014/525, S.I. 2014/1146, S.I. 2015/57 and S.I. 2015/755.
 - (b) There are amendments to regulation 3 which are not relevant to these Regulations.
 - (c) Regulation 21 was amended by S.I. 2015/755.

- (a) in paragraph (4), for “Subject to paragraph (4A)” substitute “Subject to paragraphs (4A), and (5A) to (5C)”; and
- (b) after paragraph (5) insert—

“(5A) Where the pensionable pay received by a member during any period specified in paragraph (4)(a)(i) or (4)(b)(i) was, in the opinion of the Scheme employer, materially lower than the level of pensionable pay that member normally received, for the purposes of this regulation the Scheme employer may substitute for the pensionable pay the member received, a higher level of pensionable pay to reflect the level of pensionable pay that the member would normally have received.

(5B) In determining what the level of pensionable pay a member normally receives for the purposes of paragraph (5A) a Scheme employer must have regard to the level of pensionable pay received by the member in the previous 12 months.

(5C) Where any pensionable pay that has been received by a member includes fees of the kind listed in regulation 20(2)(j)(i) to (iv) (returning officer fees), for the purposes of paragraph (4)(a)(i) or (4)(b)(i) the annual rate of pensionable pay in respect of the fees in that employment that the member received is the annual average of the pensionable pay relating to those fees during the three years preceding the date the absence, the ill-health retirement or death occurred, or during the membership in that employment if less than three years.”.

8. In regulation 30 (retirement benefits)—

- (a) in paragraph (7)(b) for “that employment” substitute “that active member’s pension account”;
- (b) after paragraph (12) insert—

“(12A) In this regulation references to an employee in local government service include—

- (a) a person who satisfies the conditions in regulation 3(1)(b); and
- (b) a person who has been a member of the Scheme in an employment and would be eligible for membership of the Scheme in that employment but whose active membership has ceased as a consequence of a notice served under regulation 5(2) in relation to that employment.”.

9. In regulation 33(2) (election for lump sum instead of pension) for “excluding” substitute “including”.

10. In regulations 47(4)(a), 48(4)(a), 48(5)(a), 48(9)(a) and 48(10)(a) (survivor benefits: partners and children of pensioner members) after the words “earned pension” insert “(including any amount added under regulations 39(1)(a) or 39(2)(a) (enhancement of member’s Tier 1 and Tier 2 benefits))”.

11. In regulation 50(2) (limit on total amount of benefits) for “or fixed protection” substitute “, fixed protection or individual protection”.

12. In regulation 51 (guaranteed minimum pension) at the end insert—

“(9) In this regulation “local government service” includes employment in respect of which the member satisfies the conditions in regulation 3(1)(b).”.

13. In regulation 64 (special circumstances where revised actuarial valuations and certificates must be obtained)—

- (a) in paragraph (1)(a) at the end add “or entitled to receive an exit credit”;
- (b) in paragraph (2)(b) after “exit payment due from the exiting employer” insert “or exit credit payable to the exiting employer”;

(a) Regulation 64(1) was substituted by S.I. 2015/755.

(c) after paragraph (2) insert—

“(2ZA) If an exit credit is payable to an exiting employer, the appropriate administering authority must pay the amount payable to that employer within three months of the date on which that employer ceases to be a Scheme employer, or such longer time as the administering authority and the exiting employer may agree.

“(2ZB) When an administering authority has paid an exit credit to an exiting employer, no further payments are due from that administering authority in respect of any surplus assets relating to the benefits in respect of any current or former employees of that employer as a result of these Regulations.”;

(d) in paragraph (8) after the definition of “exiting employer” insert—

““exit credit” means the amount required to be paid to the exiting employer by the administering authority to meet the excess of assets in the fund relating to that employer over the liabilities specified in paragraph (2).”.

14. In regulation 68(2) (employer’s further payments) for “regulation 30(6) (flexible retirement) or (7) (early leavers on grounds of redundancy or business efficiency)” substitute “regulation 30(5) (early retirement), (6) (flexible retirement) or (7) (early leavers on grounds of redundancy or business efficiency)”.

15. In regulation 96 (rights to payments out of pension fund) in paragraph (1)—

(a) for “Chapter 4 or 5 of Part 4” substitute “Chapters 1 or 2 of Part 4ZA(a)”; and

(b) after paragraph (1) insert—

“(1A) Where a transfer under paragraph (1) is a Club Transfer, the administering authority must comply with the provisions in the Club Memorandum in relation to that transfer.”.

16. In regulation 100 (inward transfers of pension rights), at the end insert—

“(8) Where a relevant transfer is a Club Transfer, the administering authority must comply with the provisions in the Club Memorandum in relation to that transfer.”.

17. In regulation 101 (effect of acceptance of transfer value) for paragraph (2) substitute—

“(2) The appropriate amount of earned pension for the purposes of paragraph (1) is calculated—

(a) in the case of a Club Transfer, in accordance with the Club Memorandum; and

(b) in any other case in accordance with actuarial guidance issued by the Secretary of State.”.

18. In regulation 102 (EU scheme transfers) in paragraph (3)—

(a) omit the word “and” at the end of paragraph (a);

(b) insert the word “and” at the end of paragraph (b); and

(c) at the end, insert—

“(c) “local government service” includes employment in respect of which a person satisfies the conditions in regulation 3(1)(b).”.

19. In regulation 103 (changes of administering authority) in paragraph (7) after “local government service” insert “(including employment in respect of which the member satisfies the conditions in regulation 3(1)(b))”.

20. In Schedule 1(b) (interpretation)—

(a) after the definition of “children’s pension” insert—

(a) Part 4ZA was inserted into the Pension Schemes Act 1993 (c. 48) by section 67 of and Schedule 4, Part 1, paragraphs 3 and 4 to, the Pension Schemes Act 2015 (c. 8).

(b) There are amendments to Schedule 1 which are not relevant to these Regulations.

““Club Memorandum” means—

- (a) in respect of a Club Transfer completed before 1st April 2015, the memorandum published by the Cabinet Office under the title “The Public Sector Transfer Club – memorandum by the Cabinet Office” effective from 1st March 2012;
- (b) in respect of a Club Transfer completed in the period from 1st April 2015 to 28th February 2017, the memorandum published by the Cabinet Office under the title “The Public Sector Transfer Club – memorandum by the Cabinet Office” effective from 1st April 2015;
- (c) in respect of a Club Transfer completed on or after 1st March 2017, the memorandum published by the Cabinet Office under the title “The Public Sector Transfer Club – memorandum by the Cabinet Office” effective from 1st March 2017(a);

“Club Transfer” means a transfer of employment between members of the Public Sector Transfer Club in respect of which an employee is entitled under the terms of the Club Memorandum to benefit from the terms of the Club Memorandum;”

- (b) for the definition of “local government service” substitute ““local government service” has the meaning given in regulation 2(1A)”;
- (c) in the definition of “partner” omit “in relation to an active member”;
- (d) after the definition of “permanently incapable” insert—

““Public Sector Transfer Club” means the arrangements approved by the Secretary of State and detailed in the Club Memorandum as providing reciprocal arrangements between the Scheme and other registered occupational pension schemes for making and receiving transfer value payments;”;
- (e) for the definition of “revaluation adjustment”(b) substitute—

““revaluation adjustment” means—

 - (a) in the case of a balance transferred under a Club Transfer, the adjustment that would have applied to that balance if it had not been transferred; and
 - (b) in any other case the percentage specified as the change in prices in the relevant Treasury order made under section 9(2) of the Public Service Pensions Act 2013 which is to be applied to a sum in a pension account at the beginning of the next scheme year.”;
- (f) in the definition of “statutory pay”(c) before “maternity” insert “sick.”

21. In Schedule 2(d) (Scheme employers)—

- (a) in Part 2, in paragraph 5, for “local authority” substitute “body”;
- (b) In Part 3—
 - (i) omit paragraph 11; and
 - (ii) at the end add—

“14. An admission agreement may take effect on a date before the date on which it is executed.”.

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- (a) The Club Memorandums can be accessed at the following addresses
http://lgpsregs.org/timelineregs/UK%20Wide%20Guidance/Public_Sector_Transfer_Club_Mar2012.pdf;
<http://www.civilservicepensionscheme.org.uk/media/95419/club-memorandum-december-2015.pdf> and
<http://www.civilservicepensionscheme.org.uk/media/213390/club-memorandum-march-2017.pdf>; hard copies may be obtained from : The Secretary, Public Sector Transfer Club, Cabinet Office, Lower Ground Floor, Priestley House' Priestley Road, Basingstoke, Hampshire, RG24 9NW.
 - (b) The definition of “revaluation adjustment” was amended by S.I. 2015/755.
 - (c) The definition of “statutory pay” was amended by S.I. 2014/3255.
 - (d) Schedule 2 was amended by S.I. 2014/1146 and 2015/755.

22. In the table in Part 2 of Schedule 3(a) (pension funds), in the 7th row (relating to an employee of a Scheme employer listed in paragraphs 5 or 6 of Part 2 of Schedule 2), in column 2 omit the words “local authority or authorities, or”.

Amendment of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014

23. The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014(b) are amended in accordance with regulations 24 to 30.

24. In regulation 3 (membership before 1st April 2014)—

(a) after paragraph (5) insert—

“(5A) Notwithstanding paragraph (1)(a)—

- (a) regulation D11(2)(d) and (4) of the 1995 Regulations (entitlement to deferred retirement benefits) has effect with the substitution of the references to age 60 with references to age 55;
- (b) regulations 31(2) (other early leavers: deferred retirement benefits and elections for early payment) and 154(4) (payment of benefits: pension credit member) of the 1997 Regulations have effect with the substitution of the references to age 60 with references to age 55;
- (c) regulations 30(2) and 30A(3)(c) of the Benefits Regulations (requirements for member aged between 55 and 60 to obtain consent for early payment of pension) cease to have effect.”

(b) after paragraph (6) insert—

“(6A) Notwithstanding paragraph (1)(a), where deferred benefits are aggregated in accordance with paragraph (6), the normal pension age in relation to deferred benefits in respect of membership that ceased before 1st October 2006, is age 65”.

25. In regulation 7 (qualifying service for the 2014 Scheme) after paragraph (5) insert—

“(5A) In paragraph (5)(c) the reference to cessation of local government service includes—

- (a) cessation of employment deemed by regulation 2(1B) of the 2013 Regulations (introductory) to be local government service; and
- (b) cessation of employment in respect of which the member satisfies the conditions in regulation 3(1)(b) of the 2013 Regulations (active membership).”

26. In regulation 9 (transfers)—

(a) in paragraph (1)—

- (i) omit “before 1st April 2015”; and
- (ii) at the end add “since ceasing active membership in the scheme from which the transfer payment is received”;

(b) after paragraph (1) insert—

“(1A) Regulation 4 (statutory underpin) applies to a person of the description in paragraph (1) as if that person had been an active member of the 2008 Scheme in respect of the service in the different public service pension scheme.”.

27. In regulation 10 (interfund adjustments etc) for paragraph (6) substitute—

(a) The table in Part 2 of Schedule 3 was amended by S.I. 2014/1012, S.I. 2014/1146 and S.I. 2015/755.
 (b) S.I. 2014/525.
 (c) Regulation 30A was inserted by S.I. 2010/2090.

“(6) A member with deferred benefits relating to the Earlier Schemes, who did not become a member of the 2014 Scheme by virtue of regulation 5(1) of these Regulations (membership of the 2014 Scheme), but who subsequently becomes an active member of the 2014 Scheme may—

- (a) within 12 months of the active member’s pension account being opened, or
- (b) such longer time as the Scheme employer permits,

elect to receive a transfer value payment in relation to the deferred benefits to be credited to the active member’s account to purchase earned pension in accordance with actuarial guidance issued by the Secretary of State.

(6A) Where the appropriate administering authority in relation to the active member’s pension account mentioned in paragraph (6) (“the current authority”) is different to the administering authority which is the appropriate administering authority in relation to the deferred benefits (“the previous authority”), the previous authority must make the transfer value payment to the current authority.”.

28. In regulation 14(2) (contributions) after “refund of contributions” insert “(including additional contributions)”.

29. In regulation 15 (additional contributions)—

- (a) omit paragraph (1)(b);
- (b) for paragraph (1)(d) substitute—

“(d) regulation 14 (election in respect of additional pension) and 14A(a) (election to pay additional contributions: survivor benefits) of the Benefits Regulations and regulations 23, 24, 24A and 24B of the Administration Regulations(b) (payment, discontinuance and use of additional contributions) as they apply to a member who has elected before 1st April 2014 to pay additional contributions under those regulations.”.

- (c) after paragraph (2) insert—

“(2A) Regulation 17 of the 2013 Regulations (additional voluntary contributions) applies to an AVC arrangement entered into before 1st April 2014 as it applies to an AVC arrangement entered into on or after that date save that—

- (a) the normal pension age in an AVC arrangement entered into before 1st April 2014 is the normal retirement age under the 2008 Scheme; and
- (b) regulation 66(8) of the 1997 Regulations (persons making elections in relation to AVCs prior to 13th November 2001) continues to have effect in relation to persons of the description in that regulation .”;

- (d) omit paragraph (4);
- (e) in paragraph (5) for “paragraph (4)” substitute “paragraph (2A)”.

30. In Schedule 2 (rule of 85)(c)—

- (a) in paragraph 1(1)(a) after “Benefits Regulations” insert “if the member was aged 60 or over at the date of making the request”;
- (b) after paragraph 1(1)(a) insert—

“(aa) regulation 30(1) (choice of early payment of pension) or 30A (choice of payment of pension: pensioner member with deferred benefits) of the Benefits Regulations, if the member is aged 55 or over but aged under 60 at the date of making the request and the former Scheme employer or, where the former Scheme employer

(a) Regulation 14A was inserted by S.I. 2009/3150 and was amended by S.I. 2010/2090 and S.I. 2012/1989.
 (b) Regulations 24A and 24B were inserted by S.I. 2009/3150.
 (c) There are amendments to Schedule 2 which are not relevant to these Regulations.

has ceased to be a Scheme employer, the administering authority, agrees that paragraph 1(3) of this Schedule should apply;”;

- (c) in paragraph 1(1)(c) after “of the 2013 Regulations” insert “, or regulations 30(1) (choice of early pension) or 30A (choice of payment of pension: pensioner member with deferred benefits) of the Benefits Regulations,”;
- (d) omit the word “or” preceding paragraph 1(1)(d) and after that paragraph insert—
 - “(e) regulation 31(1) of the 1997 Regulations (other early leavers: deferred retirement benefits and elections for early payment) if the member was aged 60 or over at the date of making the request; or
 - (f) regulation 31(1) of the 1997 Regulations (other early leavers: deferred retirement benefits and elections for early payment) if the member is aged 55 or over but aged under 60 at the date of making the request and the former employing authority or, where the former employing authority has ceased to be a Scheme employer, the administering authority, agrees that paragraph 1(3) of this Schedule should apply.”.
- (e) in paragraph 1(2), for “1(1)(c)” substitute “1(1)(aa), 1(1)(c) or 1(1)(f)”;
- (f) in paragraph 2(3)—
 - (i) omit “to the payment of benefits prior to age 60 in the circumstances described in paragraph 1(1)(a) of this Schedule, or”, and
 - (ii) for “1(1)(c)” substitute “1(1)(aa), 1(1)(c) or 1(1)(f)”.

Transitional Provision

31.—(1) Any admission agreement which subsists at the date this regulation comes into force remains in force and is treated as if it had been the subject of a determination under section 25(5) of the Public Service Pensions Act 2013(a).

(2) Each administering authority must, within 12 months of the date this regulation comes into force, include in its list published under section 25(9) of the Public Service Pensions Act 2013, details of the persons included in admission agreements to which it is a party, to whom the Scheme relates by virtue of the provision in paragraph (1).

(3) In this regulation “admission agreement” and “administering authority” have the same meaning as in the Local Government Pension Scheme Regulations 2013.

We consent to the making of these Regulations

Andrew Stephenson

David Rutley

16th April 2018

Two of the Lords Commissioners of Her Majesty’s Treasury

Signed by authority of the Secretary of State for Housing, Communities and Local Government

Rishi Sunak

Parliamentary Under Secretary of State

17th April 2018

Ministry of Housing, Communities and Local Government

(a) 2013 c. 25.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Local Government Pension Scheme Regulations 2013 (“the 2013 Regulations”) and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (“the Transitional Regulations”). Both sets of regulations came substantively into effect on 1st April 2014 and certain provisions listed in regulation 1 take effect from that date. Section 3(3)(b) of the Public Service Pensions Act 2013 (“the 2013 Act”) provides that scheme regulations may make retrospective provision.

Regulations 3 and 4 make amendments to the 2013 Regulations to align the categories of person eligible for membership more closely with the regime contained in section 25 of the 2013 Act. Regulations 8(b), 12, 18, 19, 20(b) and 25 make consequential amendments.

Regulations 5 and 6 make minor clarifications to provisions in the 2013 Regulations relating to contributions.

Regulation 7 permits employers to adopt a higher reference figure for the calculation of assumed pensionable pay where it would otherwise be unfairly low and identifies how irregularly- received income from fees for acting as a returning officer are to be included in calculation of assumed pensionable pay.

Regulations 8(a), 10 and 11 make minor clarifications to provisions in the 2013 Regulations relating to the calculation of pensions.

Regulation 9 provides for pension commencement lump sums taken by members from AVC savings to be included within an overall limit applicable to such sums.

Regulation 13 makes provision for employers to receive credit for any surplus assets in a fund upon ceasing to be a Scheme employer.

Regulations 15, 16, 17 and 20(a) make provision for the Scheme to comply with its membership obligations of the Public Sector Transfer Club.

Regulation 20(c) amends the definition of “partner” and regulation 20(f) provides for statutory sick pay to come within the definition of “statutory pay”.

Regulation 21(b) clarifies that an admission agreement may be backdated and removes the requirement for details of admission agreements to be sent to the Secretary of State.

Regulation 22 amends provisions in Schedule 3 (pension funds) to clarify which is the appropriate administering authority for employees of entities wholly owned by bodies listed in paragraphs 1 to 5 of Part 1 of Schedule 2.

Regulation 24 amends the Transitional Regulations in their application to the “Earlier Regulations” as defined in the Transitional Regulations, to remove the requirement for persons aged between age 55 and 60 to obtain their employer’s consent to draw benefits early.

Regulation 26 ensures that members of other public service pension schemes who are entitled to transitional protection under those schemes and who are continuing to accrue final salary benefits can obtain final salary benefits within the Local Government Pension Scheme if they transfer those benefits in and can benefit from the statutory underpin.

Regulation 27 introduces a 12 month time limit (which is capable of extension by the employer) if a former member of the Earlier Schemes takes up active membership of the Scheme and wishes to aggregate the benefits.

Regulation 28 clarifies that the term “contributions” includes additional contributions when used in regulation 14 of the Transitional Regulations.

Regulation 29 has the effect that the administration of AVC benefits is carried out under the provisions in regulation 17 of the 2013 Regulations irrespective of when the AVC arrangement was established.

Regulation 30 makes an amendment to the provisions in Schedule 2 to the Transitional Regulations (“the rule of 85”) consequential to the amendment made by regulation 19, which removes the requirement for employer consent for members aged between 55 and 60 to draw benefits.

Regulation 31 gives administering authorities 12 months from the date of these Regulations to publish a list of existing admission agreements.

An impact assessment has not been produced for this instrument as no impact is anticipated on the private or voluntary sectors.

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Version 1: valid from 25 May 2018

LOCAL GOVERNMENT PENSION SCHEME

Memorandum of Understanding regarding Compliance with Data Protection Law

1 INTRODUCTION

1.1 The Local Government Pension Scheme ("LGPS") in England and Wales is an occupational pension scheme registered under section 153 of the Finance Act 2004 and its rules are currently set out in The Local Government Pension Scheme Regulations 2013 (SI 2013/2356) as amended ("**LGPS Regulations**").

1.2 The LGPS is administered locally by administering authorities which are defined in Regulation 2 of the LGPS Regulations and listed in Part 1 of Schedule 3 of the LGPS Regulations.

1.3 Leicestershire County Council ("**Administering Authority**") is an administering authority under the LGPS Regulations. The Administering Authority manages and administers the Leicestershire County Council pension fund within the LGPS (the "**Fund**") in accordance with its statutory duty under Regulation 53 of the LGPS Regulations. Employers employing employees who are eligible to be members of the LGPS will participate in the Fund as a "**Scheme Employer**" (as defined in schedule 1 of the LGPS Regulations). The Administering Authority and the Scheme Employer (together the "**Parties**") are required to share personal data relating to the Scheme Employer's current and former employees who participate in the Fund (the "**Members**") and their dependants, in order for the Administering Authority to fulfil its statutory duties to manage and administer the Fund under Regulation 53 of the LGPS Regulations and provide the Members with benefits upon retirement, pay ill-health benefits, pay death grants, pay survivors' pensions to Members' spouses, civil partners and co-habiting partners, pay children's pensions upon the death of the Member, offer Members the option of paying additional voluntary contributions to one or more providers in accordance with Regulations 1 – 52 of the LGPS Regulations.

1.4 Scheme Employers are under a statutory obligation, as detailed in Regulation 80 of the LGPS Regulations, to provide certain personal data relating to its Members on an annual basis to the Administering Authority, including the Member's name, gender, date of birth, national insurance number, pensionable pay, employer and employee pension contributions, details of any additional pension contributions and additional voluntary contributions.

1.5 This Memorandum of Understanding sets out:

- (a) the basis on which data will be shared between the Parties;
- (b) the Administering Authority's expectations of the Scheme Employer during its participation in the Fund;

in order to comply with Data Protection Law, including the General Data Protection Regulation (2016/679) ("**GDPR**") which will have direct legal effect in the UK on and after 25 May 2018.

1.6 References to "**Data Protection Law**" in this Memorandum of Understanding mean the Data Protection Act 1998, the Data Protection Directive (95/46/EC), the Electronic Communications Data Protection Directive (2002/58/EC), the Privacy and Electronic

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Communications (EC Directive) Regulations 2003 (SI 2426/2003) (as amended), the General Data Protection Regulation (2016/679) and all applicable laws and regulations relating to personal data and privacy which are enacted from time to time, including (where applicable) the guidance and codes of practice issued by the Information Commissioner's Office and any other competent authority.

2 DATA CONTROLLERS

2.1 The Parties acknowledge that they will:

- (a) not hold a pool of joint data;
- (b) be separate and independent data controllers in relation to the copies of the Members' personal data they respectively hold;
- (c) act as data controller in relation to personal data transferred to them;
- (d) each be responsible for complying with the requirements in Data Protection Law that are applicable to them as data controllers.

2.2 References to Members' personal data includes personal data relating to the Members' dependants (including children) and spouses/civil partners (where applicable).

3 DATA SHARING

3.1 The Parties confirm that they understand their respective obligations under Data Protection Law as data controllers and agree to only process personal data relating to the Members:

- (a) fairly and lawfully and in accordance with the data protection principles set out in Data Protection Law;
- (b) where there are lawful grounds for doing so; and
- (c) in accordance with Data Protection Law and best practice guidance (including the Data Sharing Code issued by the Information Commissioner's Office and updated from time to time).

3.2 Each Party will separately inform the Members (as required under Data Protection Law) of the respective purposes for which they will each process their personal data and provide all required information to ensure that the Members understand how their personal data will be processed in each case by the Administering Authority or Scheme Employer (as applicable). The Scheme Employer's privacy notice to Members will inform them that their personal data will be provided to the Administering Authority and a copy of that notice will be provided to the Administering Authority on request.

3.3 Each Party undertakes to notify the other as soon as practicable if an error is discovered in the Members' personal data of which it is a data controller and which was received from or a copy of which has been provided to the other Party, to ensure that such other Party is then able to correct its own records. This will happen whether the error is discovered through existing data quality initiatives or is flagged up through some other route (such as the existence of errors being directly notified to the Administering Authority or

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Scheme Employer (as appropriate) by the Member (or the Member's dependants, spouse/civil partner) themselves).

4 TRANSFER OF MEMBERS' PERSONAL DATA

4.1 The Parties agree that Members' personal data will only be transferred from one Party to the other via an acceptable method specified by the Administering Authority which may include any of the following:

- (a) Secure email.
- (b) The iConnect portal.
- (c) Any other method as agreed by both Parties.

4.2 Each Party will, when transferring the Members' personal data of which it is the data controller to the other Party, ensure that that data is secure during transit (whether physical or electronic).

4.3 If either the Administering Authority or the Scheme Employer appoints professional advisers, third party administrators or another entity which provides other services involving the transfer of Members' personal data, those third parties will be data processors or data controllers in their own right. The Administering Authority or the Scheme Employer (as applicable) will comply with its own obligations in accordance with Data Protection Law (in particular, by ensuring that any entity to which it transfers Members' personal data also complies with Data Protection Law) and shall ensure that that nothing in the terms of engagement between the Administering Authority or the Scheme Employer (as applicable) and such third party would contradict this Memorandum of Understanding.

5 RIGHTS OF MEMBERS (INCLUDING THE MEMBER'S DEPENDANTS, SPOUSES/CIVIL PARTNERS (WHERE APPLICABLE))

5.1 Each Party shall, in respect of the personal data of which it is a data controller, respond to any requests from Members to have access to any of their personal data or a complaint or enquiry relating to that Party's processing of the Members' personal data received by that Party in line with its own obligations under the Data Protection Law.

5.2 Each Party agrees to provide reasonable assistance to the other as is necessary to enable the other Party to comply with any such requests in respect of Members' personal data of which that Party is a data controller and to respond to any other queries or complaints from Members.

6 DATA SECURITY BREACHES AND REPORTING PROCEDURES

6.1 Each Party confirms that it understands its respective obligations under Data Protection Law in the event of any personal data breach, unauthorised or unlawful processing of, loss or destruction of or damage to any of the Members' personal data, including (where necessary) an obligation to notify the Information Commissioner's Office and/or the Member(s).

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7 RESPONSIBILITIES OF SCHEME EMPLOYERS

7.1 Notwithstanding the statutory obligations which apply to Scheme Employers under the LGPS Regulations and as a data controller under Data Protection Law, the Administering Authority, as Administering Authority for the Fund, expects Scheme Employers participating in the Fund to comply with the responsibilities set out below in relation to Members' personal data.

7.2 On request, the Scheme Employer will inform Ian Howe at the Administering Authority of any appointed qualified person to fulfil the role of data protection officer ("DPO") together with their contact details. If the Scheme Employer has not appointed a DPO, the Scheme Employer, on request, will inform Ian Howe at the Administering Authority of the details of a nominated person for GDPR compliance purposes.

7.3 The Scheme Employer will demonstrate to the Administering Authority's satisfaction when dealing with ill health early retirement applications for current employees that explicit Member consent has been received which gives consent to processing by both the Scheme Employer and the Administering Authority. In the absence of such consent, the Administering Authority may not be able to process the Member's application.¹ The Administering Authority only requires the Employer's fully completed and certified ill health certificate (completed by a registered IRMP), it does not require any supporting medical information, personal to the member.

7.4 The Scheme Employer acknowledges the financial penalties that can be imposed by the Information Commissioner's Office in relation to breaches of Data Protection Law and will inform the Administering Authority from the point that it becomes aware that the Scheme Employer may be liable to pay such a financial penalty. In the unlikely event of a breach the Scheme Employer further acknowledges that any liability it may have to pay a financial penalty to the Information Commissioner's Office may result in a revision of the rates and adjustments certificate in accordance with Regulation 62(7) of the LGPS Regulations.

8 REVIEW AND AMENDMENT OF MEMORANDUM OF UNDERSTANDING

The Administering Authority will review the Memorandum of Understanding from time to time. The Administering Authority reserves the right to amend the Memorandum of Understanding at any time and with immediate effect and will provide written notice to the Scheme Employer of such amendment.

¹ Consent is needed under the Access to Medical Reports Act 1988 in relation to health data. Consent for GDPR purposes needs to be fully informed, specific, unambiguous and freely given by way of a statement of clear affirmative action by the Member.

Fair Processing Notice

This notice tells you about why we (Leicestershire County Council, the Data Controller) need your information and how we will handle it.

What information do we need from you?

The types of personal data we hold and process about you can include:

- Contact details, including name, address, telephone numbers and email address.
- Identifying details, including date of birth, national insurance number and payroll reference numbers.
- Information that is used to calculate and assess eligibility for benefits, for example, length of service or membership and salary information.
- Information about your family, dependents or personal circumstances, for example, marital status and information relevant to the distribution and allocation of benefits payable on death.

Why do we need this?

We need this information in order to administer, manage and provide a Local Government Pension Service to you, including the provision of an online service.

(If you have registered for the Online Pension Service, you will also have provided your email address, which is held to allow notifications to be sent to you when updates have been made to your pension record, for example, when your annual pension statement is added)

Why are we allowed to process your information?

Data Protection law allows us to process your information within certain conditions. In this case we are using the legal obligation to administer the Pension Service as the lawful condition for us to do this.

We also need an appropriate lawful reason to process sensitive data. In this case we are processing your sensitive personal data because this is necessary as part of your employment.

Who will we share this with?

Sometimes we need to share your information with others. We will only do this when it is necessary in order to offer you this service, or if we are required to do so by law. We do not plan to share it with anyone else or use it for anything else. When it is necessary, we may disclose your personal information to the following organisations:

- (a) The Dept for Work and Pensions (for prevention/detection of fraud)
- (b) Other Local Government Pension Funds (for statutory reasons, i.e. where an automatic transfer of pension benefits from another local authority applies, or, in the event that a death grant has become payable, other local government pension funds would need to be aware of this as it may impact on any payments due from their fund.)
- (c) Faraday Tracing Bureau (for the purposes of mortality screening)
- (d) Hymans Robertson (Pension scheme actuaries, for statutory pension fund valuation exercises and TUPE transfers)
- (e) Club Vita, a subsidiary of Hymans Robertson (for the purposes of assessing mortality data)
- (f) KPMG, External Auditors (for the provision of an external audit of pension administration and data quality)
- (g) Civica (for the purposes of providing an online portal for scheme members)
- (h) South Yorkshire Pension Fund (they provide us with a facility to run reports on this data, this helps us in the administration of the scheme)
- (i) Any of our employees, officers, agents, suppliers or subcontractors, as is reasonably necessary for the purposes set out in this privacy notice, and as necessary :

- a. to the extent that we are required to do so by law;
- b. in connection with any ongoing or prospective legal proceedings;
- c. in order to establish, exercise or defend our legal rights (including providing information to others for the purposes of fraud prevention and reducing credit risk);
- d. to any person who we reasonably believe may apply to a court or other competent authority for disclosure of that personal information where, in our reasonable opinion, such court or authority would be reasonably likely to order disclosure of that personal information.

How will we keep it secure?

We will take all reasonable steps to prevent the loss, misuse or alteration of your personal information. Only the people who need to see your personal information will be allowed access to it. We will not send your information outside of the UK.

How long we will keep it for?

We will only keep this information for as long as necessary or as the law requires. For this service that would normally be one hundred years following the end of the tax year of leaving the Local Government Pension Scheme.

What if something changes?

If the information you provided changes or your circumstances change, please contact Leicestershire County Council Pension Section, County Hall, Glenfield, Leicester LE3 8RB. Tel: 0116 305 6944. Email: pensions@leics.gov.uk

If we need to change something like who we want to share this information with, we will contact you to let you know.

What are your rights?

You may request to see a copy of the personal information we hold about you. The law also provides you with other rights regarding your information including some around; correction of inaccurate data, objection to processing, moving your information to somewhere else, and in some cases, getting your information deleted.

If you are unhappy with the way your data is being handled or if you need to contact Leicestershire County Council's Data Protection Officer, please contact the Information Governance Team.

Email: informationgovernance@leics.gov.uk

If you are not satisfied with any response you may receive from us based on a complaint or concern about your personal information, you then have the option of contacting the Information Commissioners Office to take that complaint further. The Information Commissioners Office does like to see that you have raised a complaint with the Council first and received a response before contacting them. If you do wish to contact them, the address details can be found below:

The Information Commissioners Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF
 Telephone: 0303 123 1113 (local rate) or 01625 545 745 (national rate)
 Website: www.ico.org.uk Email: casework@ico.org.uk

LCC Retention Schedule - Corporate Resources (CR)

ref number (leave blank)	Set	Sub-set	Description / Scope Notes	Personal Data?	LCC classification level	Retention Trigger	Retention Period	Disposal Action /Method	Authority	Owner (Normally head of service)	Access Restricted	Shared (formal agreement)	Any other notes
	Pensions	All scheme leavers with no further liability between 1977 and 1989	Documents, paper such as birth certificates and marital status details that were needed to enable accurate pension benefit calculations to be performed.	yes	3	Starts at the date the member left the LGPS	100 years following year of leaving	destroy	1. The Pension Section receives regular claims from members/ex-members/spouses (current or future) for claims of payments/refunds/transfers out. This takes place on a daily basis. 2. HMRC require Pension Schemes to provide details of historic contracted out membership to ensure their records reconcile with Pension Funds in order to correctly calculate and pay State Pension increases (PI) and Pension Fund benefits. This includes previous members with no further liability in the scheme e.g. those who have had refunds or transfers out.	Ian Howe Pensions Manager	yes	no	Previous scheme members or their spouses/children can request details of their previous scheme membership. Enquiries can also be received from HMRC as well as the DWP pensions tracing service.
	Pensions	All scheme leavers with no further liability from 1990 onwards	Documents all electronic, such as birth certificates and marital status details that were needed to enable accurate pension benefit calculations to be performed.	yes	3	Starts at the date the member left the LGPS	100 years following year of leaving	destroy	1. The Pension Section receives regular claims from members/ex-members/spouses (current or future) for claims of payments/refunds/transfers out. This takes place on a daily basis. 2. HMRC require Pension Schemes to provide details of historic contracted out membership to ensure their records reconcile with Pension Funds in order to correctly calculate and pay State Pension increases (PI) and Pension Fund benefits. This includes previous members with no further liability in the scheme e.g. those who have had refunds or transfers out.	Ian Howe Pensions Manager	yes	no	Previous scheme members or their spouses/children can request details of their previous scheme membership. Enquiries can also be received from HMRC as well as the DWP pensions tracing service.

3 = Low risk

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LOCAL PENSION BOARD– 18 JUNE 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

UPDATE ON PENSION FUND POOLING

Purpose

1. The purpose of this report is to update the Board on progress towards pooling of the Pension Fund.

Background

2. The Leicestershire Fund will be one of 9 schemes that pool pension assets within the LGPS Central Pension Pool.
3. Post pooling the Local Pension Committee will continue to set the Leicestershire Fund's strategic asset allocation, thereby deciding which types of investments the Fund would invest in.
4. LGPS Central will be responsible for implementing these asset allocation decisions, through the appointment of managers or direct investment management undertaken by LGPS Central.
5. Pooling will take several years to implement, due to then need to set-up sub-funds by LGPS central and then amalgamate the existing holdings for the 9 partner schemes.
6. The key actuarial valuation assumptions will continue to be agreed by the Committee, as will the Investment Strategy and Funding Strategy Statements.

LGPS Central Update

7. LGPS Central successfully went live on 1st April 2018, without any major issues. Three internally-managed pooled passive funds with a value of over £5bn, in which West Midlands Pension Fund invests, were launched on this date and are functioning as expected.
8. LGPS Central is also providing services to a number of Partner Funds in respect of the stewardship of assets belonging to those Partner Funds – for example private equity portfolios and externally-managed investment managers.
9. Staffing levels at LGPS Central continue to increase and are at levels that are suitable for current business, and preparing for the launch of new pooled fund products in the months ahead.

10. LGPS Central is midway through a search for the external investment managers that will be appointed to manage its first externally-managed pooled active fund, which will be for global equities. This fund is expected to be launched in the Autumn and Leicestershire Fund is likely to make an investment, utilising the assets currently managed within its two global equity portfolios.
11. It is expected that other manager searches, for externally-managed sub-funds, will be commencing shortly, with Emerging Market equities likely to be the next. Work is also on-going at LGPS Central to agree with Partner Funds their requirements within the fixed interest asset classes, amongst others.
12. As previously informed to the Board, Leicestershire's investments Manager has moved to LGPS Central and a decision has been taken not to replace this post on a like-for-like basis. The rationale behind this decision is that the requirement for such a deep level of investment knowledge would be less necessary in the future, as pooling itself will remove some of the work. As an example external investment managers will, in the future, be appointed and monitored by LGPS Central so these skills are no longer required by an employee of the Fund.
13. This change also provides the opportunity to consider where some of the Fund related tasks are undertaken. The main changes are to aligning the actuarial work with the Pension Administration section and the accounting work with the County Council's technical accounting team. This will support knowledge sharing and reduce some of the handovers that were taking place between teams.
14. In the short-term there is a reduction in the investment expertise at the Fund. This creates a challenge in how best to manage the assets in the period up to the point that LGPS Central has a pooled investment vehicle that the Fund can utilise. To ensure that issues arising are dealt with in a timely manner discussions have taken place with LGPS Central to provide advisory services in a number of areas to cover the period up to the point of the launch of their relevant sub-fund. The Fund will continue to benefit from the support of its Independent Investment Advisor and Hymens.
15. The Fund has a number of investments in closed-ended funds, whereby an investment manager is appointed to fulfil a specific purpose via a pooled fund which is set up to run for a specified period of time (although extension periods are possible). Essentially closed-ended funds make investments, take the necessary action to improve their value, sell them and return the proceeds to investors within this specified period of time. Typical examples of closed-ended funds are private equity, private debt and all of the investment that comprise the Fund's 'Opportunity Pool'.
16. Employing LGPS Central to provide oversight to the vast majority of the Fund's closed-ended fund investments is unlikely to be beneficial, as there is no natural ability to exit the investment in the event of issues arising. However, LGPS Central could add value in the event of there being a specific issue within an individual closed-ended fund, for example a key individuals within the investment process leaving. LGPS Central has indicated a willingness to assist when required. With this support and the Fund's existing investment advisors continuing to manage these investments locally is considered appropriate.

17. Foreign currency management is another area where local management is likely to be maintained for an extended period. Kames provide an active foreign currency hedge for the Fund, which is not a service currently offered by LGPS Central. The Millennium portfolio looks to add value through currency exposures, which isn't something the other Partner Funds have expressed an interest in.
18. For the Fund's investments where LGPS Central's advisory agreement is seen to be beneficial a formal agreement will be entered into between the Fund and LGPS Central. This will protect the Fund's interests over the period of time until the appropriate LGPS Central sub-fund is launched. Initial discussions between the two parties have taken place and investments such as active global and emerging market equities, pooled and direct property, emerging market debt and targeted return are likely to be suitable for this arrangement. LGPS Central will only be able to advise the Fund on potential courses of action, and will not act without the Fund's approval.

Recommendation

The Local Pension Board is asked to note the report.

Equality and Human Rights Implications

None.

Officers to Contact

Mr C Tambini, Director of Corporate Resources
Tel: 0116 305 6199 Email: Chris.Tambini@leics.gov.uk

Mr D Keegan, Assistant Director Strategic Finance and Property
Tel: 0116 305 7668 Email: Declan.Keegan@leics.gov.uk

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LOCAL PENSION BOARD – 18 JUNE 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

INTERNAL AUDIT ARRANGEMENTS (INCLUDING INTERNAL AUDIT WORK CONDUCTED DURING 2017-18 AND THE INTERNAL AUDIT PLAN 2018-19)

Purpose of the Report

1. The purpose of this report is to inform the Local Pension Board (the Board) about the internal audit arrangements for the Leicestershire County Council Pension Fund (the Fund) and to summarise the outcomes of audits conducted during 2017-18 and outline the internal audit plan for 2018-19.

Background

2. The Terms of Reference for the Leicestershire Local Pension Board record that it shall, '*...assist (Leicestershire) County Council (the Council), as administering authority, in ensuring the effective and efficient governance and administration of the (Local Government Pension) Scheme*'.
3. The Council is required to make arrangements for the proper administration of the financial affairs of the Fund and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Council's Director of Corporate Resources who undertakes the role and responsibilities and of the Fund's Treasurer (the Treasurer).
4. The Council's Financial Procedure Rules apply to the administration of the Fund, and specifically rule 4F (15) which places responsibility on the Director of Corporate Resources for arranging a continuous internal audit of the County Council's financial management arrangements. This responsibility is derived from the Local Government Act 1972 and the Accounts and Audit Regulations 2015. Leicestershire County Council Internal Audit Service (LCCIAS) managed by the Head of Internal Audit Service (HoIAS), provides the internal audit function to the Fund.
5. The Board's constituted responsibility for ensuring effective and efficient governance, allows for reporting plans for and the results of internal audit activity to the Fund's designated governing body.

The Internal Audit Function

6. The Public Sector Internal Audit Standards (PSIAS), revised 2017, define internal audit as: - 'An independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.
7. In April 2018 after a peer review, LCCIAS was deemed to conform to the PSIAS. These are explained in more detail in the Leicestershire County Council Internal Audit Charter (revised November 2016). The methodologies and approaches defined in the Charter will be applied to all audits conducted on County Council (including Pensions) audits.
8. The PSIAS require that after the closure of the audit year, the nominated Head of Internal Audit Service (HoIAS), (at the County Council, the Head of Internal Audit & Assurance Service undertakes this role), reports to those charged with governance (the Board), on work conducted during the year containing a summary of findings, recommendations and opinions. The PSIAS also require that at the beginning of the audit year, an annual plan of audits should be agreed with the Treasurer and noted by the Board.
9. Most planned audits are 'assurance' type, which requires undertaking an objective examination of evidence to reach an independent opinion on whether risk is being mitigated. Other planned audits are 'consulting' type, which are primarily advisory and allow for guidance to be provided to management. These are intended to add value, for example, by commenting on the effectiveness of controls designed before implementing a new system. Unplanned 'investigation' type audits may also be required.
10. For each audit, Terms of Engagement are agreed with the Treasurer or his representative. After the audit, the Treasurer receives a report containing any findings and recommendations for control improvements and an 'opinion' on what level of assurance can be given that risks are being managed. There are four assurance levels: full; substantial; partial; and little. If any recommendations are graded high importance (HI) i.e. denoting either an absence of a key control or evidence that a key control is not being operated and as such the system is open to material risk exposure, this would normally mean that the opinion would be graded as only 'partial' assurance. HI recommendations would be reported to the Local Pensions Committee and would remain in that Committee's domain until the HoIAS was satisfied that corrective action had been implemented. Additionally, because of the County Council's statutory duty to administer the Fund, HI recommendations will continue to be tabled at meetings of the Corporate Governance Committee.
11. The Board may choose to ask the HoIAS to explain HI recommendations and especially any slippage beyond agreed dates in implementing actions.

Internal Audit Work Conducted During 2017-18

12. Appendix 1 contains a brief summary of the work conducted by LCCIAS during 2017-18. Six assurance audits were undertaken and the assurance grading was overall positive. There were no HI recommendations. Of the six audits undertaken, five were shared with the Fund's External Auditor (KPMG LLP) in order to form their audit risk assessment in preparation for their annual audit of the Fund's accounts.
13. LCCIAS also co-ordinated the County Council's requirements for the biannual National Fraud Initiative counter fraud data matching exercise.
14. The table below shows planned against actual performance both in terms of number of audits and days allocated.

Table 1 : Overall performance against 2017-18 internal audit plan

	<u>Audits</u>	<u>Complete @ 24/5</u>	<u>Incomplete @ 24/5</u>	<u>Plan days</u>	<u>Actual days</u>	<u>Diff</u>
B/fwd from 16-17	1	1	0	7.0	3.0	+4
Planned	8	7	1	49.0	49.0	0
Planned not started	1	0	1	5.0	0.0	-5
Client management	1	1	0	4.0	4.0	0
Total	11	9	2	65.0	56	-9

15. One of the jobs planned and not started was in relation to the re-structure and the governance arrangements around the 'pooling' of investments. This was because there was insufficient auditable areas in the 17/18 year. However, some background information was obtained in readiness for work planned in 18/19.
16. The total cost to the Fund for all work undertaken during 2017/18 was £16,520.

The Internal Audit Plan 2018-19

17. Appendix 2 contains a brief summary of audits planned during 2018-19. To compile the plan, the HoIAS held discussions with the Fund Treasurer, the Pensions Manager and the Investments Manager. An assumption has been made that in their audit of the Fund's accounts, the External Auditors will continue to utilise LCCIAS' work in their audit risk assessment.
18. There is a small allocation for completing audits that were not concluded last year.
19. LCCIAS will comment on both information and system security for a replacement pensions administrative system due to go live in November 2018. Assistance will also be provided with data transfer using IDEA (a data analysis tool).
20. The final part of the plan is client management and includes the HoIAS duties of planning, reporting and attending the Board.

21. The cost of the planned 70 days of internal audit work is charged to the administration costs of the Fund and is likely to be in the region of £20,650.

Recommendation

The Board is asked to note the report.

Equality and Human Rights Implications

None specific

Appendices

Appendix 1 - Internal Audit Work Conducted in 2017-18
Appendix 2 - Internal Audit Plan 2018-19

Officers to Contact

Neil Jones (Head of Internal Audit & Assurance Service) neil.jones@leics.gov.uk
(0116) 305 7629
Chris Tambini (Fund Treasurer) Chris.tambini@leics.gov.uk (0116) 305 6199)

Internal Audit Plan 2017- 18

Appendix 1

Audit Title	Audit objective...to ensure...	Opinion
Contribution Banding Changes ¹	Pension contribution banding changes for a sample of LCC employees have been accurately applied with effect from 1st April 2017	Substantial
Contribution Calculations ¹	Contributions to the pension fund have been correctly applied from April 2017 from the following: o Leicestershire County Council (LCC) o Other Employing Bodies, where LCC does/does not administer the payroll on their behalf	Full
Investments ¹	Payments to fund managers	Full
Pensions Transfers	Undertaken bi-annually	Full
Re-structure of LGPS	Governance arrangements around the 'pooling' of investments.	Not done
Pension Increase ¹	The validity and accuracy of the annual Pensions Increase.	Full
Replacement Pensions Administrative System	Auditor consulting role, including specialist ICT advice, to ensure that risks have been identified and controls have been considered and built in to the development specifications. Includes attendance at Project Board meetings	Ongoing
NFI	Monitoring that any pensions matches (normally continuing payments after death) are investigated	Complete
Client management	To include: - • research and any advice to the Fund's officers • Annual planning and reporting including attendance at the Local Pension Board • providing internal audit resource to assist with pensions administration tasks (IDEA)	Complete

Guaranteed Minimum Pension	Reconciliation of our data to HMRC data in preparation of 2018 when we take on responsibility for GMPs.	Full
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¹ These audits are used by the External Auditor (KPMG LLP) to inform their audit risk assessment.

Internal Audit Plan 2018- 19**Appendix 2**

Audit Title	Audit objective...to ensure...	Days
Investments	Work in progress at the end of March 2018 as follows: <ul style="list-style-type: none">- Investments – Payments to Fund Managers (Concluded)- Replacement Pensions Administrative System (Ongoing)	6
Contribution Banding Changes ¹	Pension contribution banding changes for a sample of LCC employees have been accurately applied with effect from 1st April 2018.	6
Contribution Calculations ¹	Contributions to the pension fund have been correctly applied from April 2017 from the following: <ul style="list-style-type: none">o Leicestershire County Council (LCC)o Other Employing Bodies, where LCC does/does not administer the payroll on their behalf	7
Investments ¹	An area to be chosen from the rolling programme of audits.	10
Pensions Creation	Undertaken bi-annually.	10
Re-structure of LGPS	Governance arrangements around the 'pooling' of investments.	6
Business Continuity	Adequate arrangements have been made for the smooth transition of key tasks following the departure of the Investments Manager.	4
Pension Increase ¹	The validity and accuracy of the annual Pensions Increase.	6
Replacement Pensions Administrative System	Auditor consulting role, including specialist ICT advice, to ensure that risks have been identified and controls have been considered and built in to the development specifications. Includes attendance at Project Board meetings as well as assistance with the transfer of information.	8

NFI	Monitoring that any pension matches (normally continuing payments after death) are investigated.	3
Client management	To include: - <ul style="list-style-type: none"> • research and any advice to the Fund's officers • Annual planning and reporting including attendance at the Local Pension Board • providing internal audit resource to assist with pensions administration tasks (IDEA). 	4
Total days		70

¹ These audits are used by the External Auditor (KPMG LLP) to inform their audit risk assessment.



LOCAL PENSION BOARD

18 JUNE 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

YEAR-END AND STATUTORY DEADLINES

Purpose of the Report

1. The purpose of this report is to provide the Board with a progress update on the 2017/18 year-end process for the production of annual benefit statements required by the deadline of the 31 August 2018.

Background

2. The Pension Section has statutory requirements to produce member's annual benefit statements by the 31 August 2018 and pension saving statements for members who have breached the Annual Allowance by the 6 October 2018.
3. Both deadlines are extremely challenging as the Pension Section relies on accurate and timely data from the Fund's 189 active employers to achieve this.
4. As part of the preparation for year-end, the Leicestershire Pension Section issued an employer bulletin detailing employers' duties; the year-end layout and the timeline to all employers on 26 January 2018.
5. 30 April 2018 was the deadline for employers to provide their year-end returns with a signed off reconciliation form. The position as at 30 May 2018 was;
 - 188 employers had provided the Pensions Section with their year-end return.
 - 1 employer; G Purchase (two active members), has not provided a year-end return. The Pension Section has been following this up with the employer.
 - Leicester City Council had significant difficulties reconciling the data from their payroll system to the contributions paid over and was not able to submit their year-end information until 25 May 2018. Given the size of the City Council (8624 active members) any delay beyond the 30 April 2018 impacts on the time available for the Pension Section to meet its statutory

deadlines. The Pension Section has moved extra resource to work on the year-end process to deal with this.

6. For those 188 employer returns received, the Pension Section has already started uploading member data to their pension administration system. This highlights various member data issues and these are already being returned to employers for investigation and resolution. This will continue until the 13 August 2018.
7. Employers will have to resolve the data queries by 17 August 2018. It is expected however, the vast majority of member queries will be resolved by the 31 July 2018.
8. Any employer that has failed to resolve any data queries by the 17 August 2018 will have the original data they provided loaded and used in the calculation of their members statements.
9. The Pension Section will provide on-line statements to scheme members by the 31 August 2018 and paper versions will be sent to those members who have still opted for that service.
10. If the remaining employer (G Purchase) fails to provide a complete, accurate and reconciled year-end return by 31 July 2018, the Pension Section will write to the two members explaining why they will not receive an annual benefit statement by the 31 August 2018. Whilst this is a breach of legislation, because there are only two members affected, the Pension Manager does not deem this a material breach and will continue to actively pursue the issue with G Purchase to try and avoid any breach.

Recommendation

It is recommended that the Board notes the report.

Equal Opportunities Implications

None specific

Officers to Contact

Ian Howe – Pensions Manager Tel. (0116) 305 6945
Declan Keegan – Assistant Director of Strategic Finance and Property
Tel. (0116) 305 6199



LOCAL PENSION BOARD

18 JUNE 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

RECORD KEEPING - DATA IMPROVEMENT PLAN

Purpose of the Report

1. The purpose of this report is to update the Board on monthly postings for the data improvement plan within the Pension Section.

Background

2. At the Pension Board meeting on the 4 December 2017 the Board was presented a report titled Record Keeping – Data Improvement (Monthly Posting), in response to the Pension Regulator’s focus on pension record keeping and data improvement.
3. The report, identified monthly posting as an area where improvements could be made in order to ensure the timely receipt of accurate data from employers
4. The report detailed the phased implementation of monthly posting as being the most significant data improvement for the Pension Section.

Monthly Postings

5. Monthly postings have started for a small number of employers with a number of other employers developing the necessary payroll extract in order to run the process. The position as of 31 May 2018 is detailed in the appendix.

Monthly posting provides a number of benefits;

- The Pension Section receives more timely data
- Data queries are identified more quickly and resolved more easily
- Significant data errors will not be received by the Pension Section as the system will not allow employers to submit certain flawed data
- Data accuracy is improved and maintained more easily on the pension system
- Scheme members running their own on-line calculations will be able to access more timely and accurate data

- Data available for benefit calculations e.g. retirements, deaths, leavers will be more timely and accurate
- Employers will receive data queries throughout the year in a much more timely manner, reducing the significant volume of work at year-end
- The Pension Section is able to manage the year-end process more easily, by spreading the data queries over 12 months
- The Pension Section is meeting The Pension Regulators requirement for data improvement.

Implementation Plan

- 6.. The Pension Section has grouped all the Funds employers into phases for implementation purposes. Much of the implementation relies on larger employers being able to extract the data from their payroll systems in a required format. The Pension Section accepts changes take place at the employers e.g. employers merge or change payroll providers which may impact on their implementation phase.
7. Any new admission bodies that join the Fund will implement monthly postings.
8. The deadline for all employers to be monthly posting is the 31 March 2020. This is detailed in the Fund's latest Administration and Communication Strategy which is currently being consulted on with the Fund's employers.

Resource

9. The Pension Section has recruited a Pensions Officer on a two year temporary contract to work on the phased implementation of monthly postings, working closely with the Funds employers.

Recommendation

It is recommended that the Board notes the report.

Appendix

Appendix– Monthly posting position 31 May 2018

Background Papers

Pension Board Report 4 December 2017 - goo.gl/Uo3ZhQ

Equality and Human Rights Implications

None specific

Officers to Contact

Ian Howe – Pensions Manager – Tel. (0116) 305 6945

Declan Keegan – Assistant Director of Strategic Finance and Property

Tel. (0116) 305 6199

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APPENDIX A - Position as at 30 May 2018

EMPLOYER	Category of Employer	Live on iConnect?	Priority	Live Date Scheduled?	Work Underway?	Current Status	Oracle Payroll Number	Provider	ACTIVES @ 09/04
Manor High School	Dataplan	No		1		Apr-18 Yes		102 Dataplan	48
Krishna-Avanti Prm'ry	Dataplan	No		1		Apr-18 Yes		Dataplan	35
MOWBRAY EDUCATIONAL TRUST	Dataplan	No		1		Apr-18 Yes		Dataplan	198
David Ross Education Trust	Dataplan	No		1		Apr-18 Yes		Dataplan	63
ESPO	EMSS	No		1		Apr-18 Yes	31	EMSS	250
Leics Firefighters	Fire	No		1		Apr-18 Yes		EMSS	492
Blaby DC	Large	No		1		Apr-18 Yes		District	313
Charnwood BC	Large	No		1		Apr-18 Yes		District	484
Lough University	Large	No		1		Apr-18 Yes		District	1380
Loughborough College	Large	No		1		Apr-18 Yes		District	334
Leicester City Council	City	No		2		Yes		City	8624
Harborough DC	City	No		2				City	189
Broughton Astley PC	City	No		2				City	4
Leicestershire CC	County	No		2		Data Requested	Spec sent to employer	10/023/029 EMSS	7418
Derbys Firefighters	Fire	No		2		Yes	Dummy data produced	Derbys	585
Notts Firefighters	Fire	No		2		Yes	Dummy data produced	Notts	650
North West Leics D C	Large	No		2		Yes - at Employer end	Spec sent to employer	District	542
REGENT COLLEGE	EMSS	No		3				EMSS	48
Welland Park CC	EMSS	No		3			104	EMSS	50
Lutterworth High School	EMSS	No		3			113	EMSS	44
The Kibworth School	EMSS	No		3			105	EMSS	35
South Wigston High School	EMSS	No		3			111	EMSS	54
Ash Field Academy	EMSS	No		3			600	EMSS	101
Forest Way School	EMSS	No		3			109	EMSS	108
The Market Bosworth School	EMSS	No		3			117	EMSS	52
Stafford Leys Comm Primary	EMSS	No		3			120	EMSS	66
Dorothy Goodman School	EMSS	No		3			119	EMSS	138
Gartree High School	EMSS	No		3			118	EMSS	53
Ivanhoe College	EMSS	No		3			134	EMSS	68
Ivanhoe U5s	EMSS	No		3			179	EMSS	6
Huncote Community Primary Sch	EMSS	No		3			124	EMSS	13
Ibstock Community College	EMSS	No		3			150	EMSS	77
East Midland Shared Services	EMSS	No		3			10	EMSS	138
King Edward VII S&S College	EMSS	No		3			149	EMSS	66
Ashby School	EMSS	No		3			147	EMSS	103
Ashby Hill Top Primary School	EMSS	No		3			153	EMSS	28
Lady Jane Grey Primary School	EMSS	No		3			159	EMSS	26
Castle Donington College	EMSS	No		3			160	EMSS	22
Queniborough CofE Primary Sch	EMSS	No		3			163	EMSS	28
Birkett House School	EMSS	No		3			167	EMSS	122
Church Hill CofE Junior School	EMSS	No		3			164	EMSS	21
St Michael & All Angels CofE	EMSS	No		3			166	EMSS	16
Rendell Primary School	EMSS	No		3			172	EMSS	25
Barwell CofE Academy	EMSS	No		3			170	EMSS	25
Bottesford CofE Primary School	EMSS	No		3			168	EMSS	17
Thrussington CofE Primary Sch	EMSS	No		3			161	EMSS	7
Holywell Primary School	EMSS	No		3			171	EMSS	29
Mountfields Lodge School	EMSS	No		3			174	EMSS	54
Measham CofE Primary School	EMSS	No		3			173	EMSS	23
St.Peters CofE Primary Academy	EMSS	No		3			176	EMSS	26
Outwoods Edge Primary School	EMSS	No		3			175	EMSS	53
Ratby Primary School	EMSS	No		3			181	EMSS	29
Stonebow Primary School	EMSS	No		3			182	EMSS	26

EMPLOYER	Category of Employer	Live on iConnect?	Priority	Live Date Scheduled?	Work Underway?	Current Status	Oracle Payroll Number	Provider	ACTIVES @ 09/04
Cobden Primary School	EMSS	No		3			185	EMSS	53
Red Hill Field Primary School	EMSS	No		3			186	EMSS	21
Asfordby Hill Primary School	EMSS	No		3			188	EMSS	16
Mercenfeld Primary School	EMSS	No		3			193	EMSS	29
South Charnwood High School	EMSS	No		3			190	EMSS	34
The Pastures Primary School	EMSS	No		3			194	EMSS	30
Battling Brook Primary School	EMSS	No		3			196	EMSS	63
Frisby CE Primary School	EMSS	No		3			200	EMSS	10
Thringstone Primary School	EMSS	No		3			195	EMSS	28
Brocks Hill Primary School	EMSS	No		3			197	EMSS	23
Rothley CofE Primary School	EMSS	No		3			180	EMSS	33
Hastings High School	EMSS	No		3			207	EMSS	36
Old Dalby CofE Primary School	EMSS	No		3			199	EMSS	11
Stanton under Bardon Primary	EMSS	No		3			191	EMSS	9
Hall Orchard Primary School	EMSS	No		3			208	EMSS	52
Kirby Muxloe Primary School	EMSS	No		3			211	EMSS	37
Robert Bakewell Primary School	EMSS	No		3			212	EMSS	28
Falcon Primary School	EMSS	No		3			613	part City/ part EMSS	20
Loughborough CofE Primary	EMSS	No		3			220	EMSS	25
Townlands CofE Primary Academy	EMSS	No		3			228	EMSS	22
Bradgate Education Partnership	MAT	No		3				EMSS	232
Symphony Learning Trust	MAT	No		3				EMSS	256
Learn Academy Trust	MAT	No		3				EMSS	189
DISCOVERY SCHOOLS MAT	MAT	No		3				EMSS	395
DOMINICS CATHOLIC AT	MAT	No		3				EMSS	58
Success Academy Trust	MAT	No		3				EMSS	141
Wigston Academies Trust	MAT	No		3				EMSS	149
Apollo Partnership Trust	MAT	No		3				EMSS	135
LEAD ACADEMY MAT	MAT	No		3				EMSS	125
Diocese of Leicester AT / LEICS ACADEMIES CHARITABLE TRUST	MAT	No		3				EMSS	209
LAUNDE PRIMARY MAT	MAT	No		3				EMSS	91
Odyssey Education Trust	MAT	No		3				EMSS	62
OWLS MAT	MAT	No		3				EMSS	121
Inspiring Primaries Academy Trust	MAT	No		3				EMSS	119
Rushey Mead Educational Trust	MAT	No		3				EMSS	286
The Learning without Limits AT	MAT	No		3				EMSS	217
Oval Learning Partnership	MAT	No		3				EMSS	65
Hinckley & Bosw'th BC	Large	No		4		Yes		Dummy data produced	364
Melton B C	Large	No		4				District	159
Brooksby Melton College	Large	No		4		With Employer		Spec sent to employer	226
Stephenson College	Large	No		4		With Employer		Spec sent to employer	140
LEICESTER COLLEGE	Large	No		4		With Employer		Spec sent to employer	640
The Chief Constable & The OPCC	Large	No		4		With Employer		Spec sent to employer	1473
De Montfort University	Large	No		4		With Employer		Spec sent to employer	1446
Groby Brookvale	Large	No		4				District	109
Countesthorpe Leysland CC	Large	No		4				District	101
Vol Action Leicester	Medium	No		5				District	24
SOUTH LEICS COLLEGE	Medium	No		5				District	95
Wyggeston Queen Elizabeth I	Medium	No		5				District	93
UPPINGHAM COMMUNITY COLLEGE	Medium	No		5				EPM	72
GATEWAY 6TH FORM COLLEGE	Medium	No		5				District	50
CASTERTON B&EC AT	Medium	No		5				District	61
EMH Homes	Medium	No		5				District	18
Capita IT City Rushey Mead	Medium	No		5				District	1

EMPLOYER	Category of Employer	Live on iConnect?	Priority	Live Date Scheduled?	Work Underway?	Current Status	Oracle Payroll Number	Provider	ACTIVES @ 09/04
Capita Services ex Charnwood	Medium	No		5				District	28
Limehurst Academy	Medium	No		5				District	54
Woodbrook Vale School	Medium	No		5				District	43
Rawlins Academy	Medium	No		5				District	93
Humphrey Perkins School	Medium	No		5				District	43
The Martin High School	Medium	No		5				District	49
Redmoor Academy	Medium	No		5				District	57
Wreake Valley Academy	Medium	No		5				District	49
Lutterworth Academies Trust	Medium	No		5	With Employer	Spec sent to employer		District	83
Long Field Academy	Medium	No		5				District	25
Hinckley Academy	Medium	No		5				District	72
Brockington College	Medium	No		5				District	90
Queensmead Primary Academy	Medium	No		5				District	44
Capita IT City of Leicester	Medium	No		5				District	1
Capita IT Judgmeadow CC	Medium	No		5				District	1
Quadron Services	Medium	No		5				District	17
G4S (Constabulary)	Medium	No		5				G4S	17
Turning Point (City Council)	Medium	No		5				District	24
Turning Point (County Council)	Medium	No		5				District	17
Rutland CC	Rutland	No		6				District	478
EPM - Rutland CC	Rutland/EPM	No		6	With Employer	Spec sent to employer		EPM	inc in Rutland
The Rutland & District Schools' Federation	MAT	No		7				District	99
Brooke Hill Academy Trust	MAT	No		7				District	36
The Blessed Cyprian MAT	MAT	No		7				District	146
BEACON ACADEMY MAT	MAT	No		7				District	53
St Gilberts of Sempringham	MAT	No		7				District	9
The Midland Academies Trust	MAT	No		7				District	25
Heighington Millfield Community Academy Trust (Lincs)	MAT	No		7				District	17
The Priory AT Belvoir Academy	MAT	No		7				District	42
Nova Ed Trust (Melton Vale)	MAT	No		7				District	20
Tudor Grange Academies Trust	MAT	No		7				Mixed	125
LIFE Academy Trust	MAT	No		7				Mixed	165
BEAUCHAMP LIONHEART MAT	MAT	No		7				Mixed	262
The Rutland Learning Trust	MAT	No		7				Mixed	72
CORPUS CHRISTI MAT	MAT	No		7				Strictly Ed	123
Herrick Primary School	City	No		8				Judicium	inc in City
G4S (City Council)	Medium	No		5				G4S	12
Mountsorrel PC	Small	No		8				District	1
Kirby Muxloe PC	Small	No		8				District	1
SLM (Blaby DC)	Small	No		8				District	1
ASHBY WOULDLS TOWN COUNCIL	Small	No		8				District	1
MARKET BOSWORTH PARISH COUNCIL	Small	No		8				District	1
BARROW UPON SOAR PC	Small	No		8				District	1
Bagworth & Thornton PC	Small	No		8				District	1
Oakthorpe, D & A PC	Small	No		8				District	1
East Goscote Parish Council	Small	No		8				District	1
Twycross Parish Council	Small	No		8				District	1
CSE Ltd	Small	No		8				District	1
Future Cleaning Services	Small	No		8				District	1
SILEBY PARISH COUNCIL	Small	No		8				District	2
Leics Forest East PC	Small	No		8				District	2
Spire Homes Limited	Small	No		8				District	2
East West Community Centre Ltd	Small	No		8				District	2
G Purchase Construction LTD	Small	No		8				District	2

EMPLOYER	Category of Employer	Live on iConnect?	Priority	Live Date Scheduled?	Work Underway?	Current Status	Oracle Payroll Number	Provider	ACTIVES @ 09/04
Groby Parish Council	Small	No		8				District	2
Pinnacle Group	Small	No		8				District	2
MCS Cleaning	Small	No		8				District	2
Bradgate Park Trust	Small	No		8				District	3
GLEN PARVA PARISH COUNCIL	Small	No		8				District	3
Melton Learning Hub	Small	No		8				District	3
Barwell Parish Council	Small	No		8				District	3
Thurcaston & Cropston PC	Small	No		8				District	3
LUTTERWORTH T C	Small	No		8				District	5
Rushcliffe Care Ltd	Small	No		8				District	5
Seven Locks Housing	Small	No		8				District	5
Aspens (City Crown Hills)	Small	No		8				District	5
Enderby Parish Council	Small	No		8				District	5
SHEPSHED PARISH COUNCIL	Small	No		8				District	6
Whetstone PC	Small	No		8				District	6
Fusion Lifestyle	Small	No		8				District	6
Caterlink (Mowbray Ed Trust)	Small	No		8				District	6
ASHBY TOWN COUNCIL	Small	No		8				District	7
ANSTEY PARISH COUNCIL	Small	No		8				District	7
A B M Catering Ltd	Small	No		8				District	7
Stephenson Studio School	Small	No		8				District	7
Blaby Parish Council	Small	No		8				District	8
Chartwells	Small	No		8				District	8
SYSTON TOWN COUNCIL	Small	No		8				District	10
Solo Service Group	Small	No		8				District	10
Caterlink (Fulhurst CC)	Small	No		8				District	10
Ryhall CE Academy	Small	No		8				District	11
Prospects Services	Small	No		8				District	11
Oadby and Wigston BC iConnect		Yes				Live		EMSS	148
BRAUNSTONE TOWN COUNCIL iConnect		Yes				Live			15
THURMASTON PARISH COUNCIL iConnect		Yes				Live			12
COUNTSTHORPE PC iConnect		Yes				Live			10
FIRE SERVICE CIVILIANS iConnect		Yes				Live	33	EMSS	152



LOCAL PENSION BOARD

18 JUNE 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

RISK MANAGEMENT AND INTERNAL CONTROLS

Purpose of the Report

1. To inform the Board of the current Pension Fund risk register.

Background

2. At each of its meetings the Local Pension Board considers a report concerning risk management and internal controls as stipulated in the Pension Regulators Code of Practice.
3. The Leicestershire Fund already manages risk and this is recorded on the Fund's risk register. The risk register is regularly reviewed by officers and presented to the Board at each Board meeting. That latest version of the Pension Fund Risk register is attached as an appendix.
4. Internal and external audits highlight pension risks allowing the Pensions Manager to remedy these as necessary.
5. The Local Pension Committee approved the current risk register on the 25 May 2018.

Identified Risks

6. Risks on the risk register are scored based on impact and likelihood. There are two scores included for each risk. The first score (Current Risk Score) is before any further actions and additional controls are added, and the second score (Residual Risk Score) is after the additional controls and actions have been implemented. This is reflected in the table detailed on the Pension Fund Risk register.
7. The impact, is the severity of the failure to the Fund. This ranges from 1 (the lowest) to 5 (the highest).
8. The likelihood, is the possibility of the failure taking place. This ranges from 1 (the lowest) to 5 (the highest).

9. The impact and likelihood scores are multiplied for the total risk score and given a risk category of high (red – scores of 15 or over), medium (amber – scores between 7 and 14), green (low – scores of 6 or below).
10. Any risks with a current risk score below 15 are managed at service level. All pension risks are currently below 15.

Recommendation

It is recommended that the Board notes the report.

Appendix

Appendix – Pensions Risk Register May 2018

Officers to Contact

Ian Howe – Pensions Manager
Tel. (0116) 305 6945

Declan Keegan – Assistant Director Strategic Finance and Property
Tel. (0116) 305 7668

Pensions																
R i s k n o t e	S e r v i c e	Risk	Causes (s)	Consequences (s)	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; <i>Tolerate</i> <i>Treat</i> <i>Terminate</i> <i>Transfer</i>	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner	
1	Pensions	If we fail to reconcile HRMC GMP data with the Pension Section data there is a risk of overpayment of Pensions Increase	Government changes to end contracting out legislation. Contracting out ended April 2016. Between 2015 and December 2018 Pensions need to reconcile GMP data. From 2018 we take responsibility for GMPs so we need to ensure we pay Pensions Increase. (e.g. no GMP means we pay full PI and if there is a GMP we pay less PI)	Overpaying pensions Reputation	Ian Howe	Checking of HMRC GMP data to identify any discrepancies	3	3	9	Treat	Working through cases Developed reporting tools to assist Recruitment taking place for a full time person to join the project	3	2	6	Ian Howe	Managed at Service level
2	Pensions	If we fail to implement a pension administration system, pensioner payroll and immediate payments system the Pension Section will fail to deliver its statutory duties for both LGPS and the 3 Fire Authorities. It will also be unable to pay	The current pensions administration system contract ends in April 2019	Failure of the Pension Section Unable to pay pensioners Unable to pay single payments Unable to meet statutory requirements Manual calculations Huge increase in administration	Ian Howe	Currently use a successful pension administration system Currently use a separate member self-service facility, pensioner payroll and immediate payments system.	5	2	10	Treat	Tender document completed Working in partnership with another Fund Working closely with internal IT, ESPO, internal audit and others Survey completed for pensioner payroll Recruiting a project manager	5	1	5	Ian Howe	Managed at Service level

		pensioners and other single payments (e.g. lump sums)		time causing delays Increased appeals						Project team being established						
3	Pensions	If we fail to meet the service requirements of the three Fire Authorities we may lose their business	Changes in legislation on the Firefighters pension scheme has significantly increased the scheme's complexity. Only limited knowledge in the Section in this area.	Reputation Potential loss of business	Ian Howe	Quarterly meetings take place with the Fire Authorities to resolve issues Membership of the Midlands Fire Officer Group enables us to identify and resolve issues early Resource on the team increased SLA and contracts produced	3	2	6	Treat	Continue to monitor and develop improvements to work processes, guiding all three Fire Authorities to similar processes and decisions (where possible). Set up a joint pension board for the 3 Fire Authorities	2	2	4	Ian Howe	Managed at Service level
4	Pensions	If we fail to receive accurate and timely data from employers scheme members pension benefits could be incorrect or late	A continuing increase in Fund employers is causing administrative pressure in the Pension Section. This is in terms of receiving accurate and timely data from these new employers who have little or no pension knowledge	Late or inaccurate pension benefits to scheme members Reputation Increased appeals Greater administrative time being spent on individual calculations	Ian Howe	Training provided for new employers Guidance notes provided for employers Communication and administration guide provided to employers	3	3	9	Treat	Implement IConnect with employers so they provide monthly data in a secure and timely manner Review the SLA and communication and administration guide (for IConnect)	3	2	6	Ian Howe	Managed at Service level
5	Pensions	If we fail to implement the 2018 amendment regulations benefits could be paid incorrectly or not paid at the correct times	Changes to the Pension Regulations	Incorrect pensions or late benefits to scheme members Increased complaints or appeals Reputation	Ian Howe	LGA to provide guidance to Funds System provider working on system changes	3	2	6	Treat	Implement all system changes Write to all members affected Calculate and separately check all benefit changes	3	1	3	Ian Howe	Managed at Service level

6	I n v s	If employer and employee contributions are not paid accurately and on time	Error on the part of the scheme employer	Potentially reportable to The Pensions Regulator as late payment is a breach of The Pensions Act	Declan Keegan	Receipt of contributions is monitored and late payments are chased quickly	2	4	8	Treat	Late payers will be reminded of their legal responsibilities.	2	3	6	Declan Keegan	Managed at Service level		
7	I n v s	If assets held by the Fund are ultimately insufficient to pay benefits due to individual members	Ineffective setting of employer contribution rates over many consecutive actuarial valuations	Significant financial impact on scheme employers due to the need for large increases in employer contribution rates.	Chris Tambini	Input into actuarial valuation, including ensuring that actuarial assumptions are reasonable and the manner in which employer contribution rates are set does not bring imprudent future financial risk	5	2	10	Treat	Actuarial assumptions need to include an element of prudence, and Officers need to understand the long-term impact and risks involved with taking short-term views to artificially manage employer contribution rates	4	2	8	Chris Tambini	Managed at Service level		
8	P e n s / I n v s	If the sub-funds of Community Admission Bodies were not monitored to ensure that there is the correct balance between risks to the Fund and fair treatment of the employer	Changing financial position of both sub-fund and the employer	Significant financial impact on employing bodies due to need for large increases in employer contribution rates, which may ultimately lead to insolvency and a deficit that has to be met by the Fund.	Ian Howe/ Declan Keegan	Ensuring, as far as possible, that the financial position of Community Admission Bodies is understood. On-going dialogue with them to ensure that the correct balance between risks and fair treatment continues.	5	2	10	Treat	Dialogue with the employers, particularly in the lead up to the setting of new employer contribution rates.	3	2	6	Ian Howe/ Declan Keegan	Managed at Service level		

9	I n v s	If market investment returns are consistently poor and this causes significant upward pressure onto employer contribution rates	Poor market returns, most probably caused by poor economic conditions	Significant financial impact on employing bodies due to the need for large increases in employer contribution rates	Chris Tambini	Ensuring that strategic asset allocation is considered at least annually, and that the medium-term outlook for different asset classes is included as part of the consideration	5	2	10	Treat	Making sure that the investment strategy is sufficiently flexible to take account of opportunities and risks that arise, but is still based on a reasonable medium-term assessment of future returns	4	2	8	Chris Tambini	Managed at service level
10	I n v s	If market returns are acceptable but the performance achieved by the Fund is below reasonable expectations	Poor performance of individual managers, or poor asset allocation policy	Opportunity cost in terms of lost investment returns, which is possible even if actual returns are higher than those allowed for within the actuarial valuation	Chris Tambini	Ensuring that the causes of underperformance are understood and acted on where appropriate	3	3	9	Treat	After careful consideration, take decisive action where this is deemed appropriate. It should be recognised that some managers have a style-bias and that poor performance will happen on occasions.	2	2	4	Chris Tambini	Managed at service level
11	I n v s	Failure to take account of ALL risks to future investment returns within the setting of asset allocation policy and/or the appointment of investment managers	Some assets classes or individual investments perform poorly as a result of incorrect assessment of all risks inherent within the investment.	Opportunity cost within investment returns, and potential for actual returns to be low. This will lead to higher employer contribution rates than would otherwise have been necessary.	Chris Tambini	Ensuring that all factors that may impact onto investment returns are taken into account when setting asset allocation policy. Only appointing investment managers that integrate responsible investment into their processes, and ensuring that managers take a holistic view on the risks associated with the investments they make on behalf of the Fund.	3	3	9	Treat	Responsible investment aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns	2	2	4	Chris Tambini	Managed at service level
12	I n v s	Investment pooling within the LGPS fails to deliver a higher long term net	LGPS Central fails deliver better net investment returns than the Fund would	Lower returns will ultimately lead to higher employer contribution rates	Chris Tambini	Shareholders' Forum, Joint Committee and Practitioners' Advisory Forum will give	3	3	9		Set-up of LGPS Central likely to most difficult phase, and Fund will continue to monitor	2	2	4		

		investment return	have expected to achieve it investment pooling did not occur	than would otherwise have been the case					Treat	closely how the company evolves				Chris Tambini	Managed at service level		
1 3	I n v s	Investment decisions are made without having sufficient expertise to properly assess the risks and potential returns	The combination of knowledge at Committee, Officer and Consultant level is not sufficiently high	Poor decisions likely to lead to low returns and higher employer contribution rates	Chris Tambini			3	3	9	Treat	On-going process of updating and improving the knowledge of everybody involved in the decision-making process	2	2	4	Chris Tambini	Managed at service level

Risk Impact Measurement Criteria

Scale	Description	Departmental Service Plan	Internal Operations	People	Reputation	Financial per annum / per loss
1	Negligible	Little impact to objectives in service plan	Limited disruption to operations and service quality satisfactory	Minor injuries	Public concern restricted to local complaints	<£50k
2	Minor	Minor impact to service as objectives in service plan are not met	Short term disruption to operations resulting in a minor adverse impact on partnerships and minimal reduction in service quality.	Minor Injury to those in the Council's care	Minor adverse local / public / media attention and complaints	£50k-£250k Minimal effect on budget/cost
3	Moderate	Considerable fall in service as objectives in service plan are not met	Sustained moderate level disruption to operations / Relevant partnership relationships strained / Service quality not satisfactory	Potential for minor physical injuries / Stressful experience	Adverse local media public attention	£250k - £500k Small increase on budget/cost: Handled within the team/service
4	Major	Major impact to services as objectives in service plan are not met.	Serious disruption to operations with relationships in major partnerships affected / Service quality not acceptable with adverse impact on front line services. Significant disruption of core activities. Key targets missed.	Exposure to dangerous conditions creating potential for serious physical or mental harm	Serious negative regional criticism, with some national coverage	£500-£750k. Significant increase in budget/cost. Service budgets exceeded

5	Very High/Critical	Significant fall/failure in service as objectives in service plan are not met	Long term serious interruption to operations / Major partnerships under threat / Service quality not acceptable with impact on front line services	Exposure to dangerous conditions leading to potential loss of life or permanent physical/mental damage. Life threatening or multiple serious injuries	Prolonged regional and national condemnation, with serious damage to the reputation of the organisation i.e. front-page headlines, TV. Possible criminal, or high profile, civil action against the Council, members or officers	>£750k Large increase on budget/cost. Impact on whole council
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Risk Likelihood Measurement Criteria

Rating Scale	Likelihood	Example of Loss/Event Frequency	Probability %
1	Very rare/unlikely	EXCEPTIONAL event. This will probably never happen/recur.	<20%
2	Unlikely	Event NOT EXPECTED. Do not expect it to happen/recur, but it is possible it may do so.	20-40%
3	Possible	LITTLE LIKELIHOOD of event occurring. It might happen or recur occasionally.	40-60%
4	Probable /Likely	Event is MORE THAN LIKELY to occur. Will probably happen/recur, but it is not a persisting issue.	60-80%
5	Almost Certain	Reasonable to expect that the event WILL undoubtedly happen/recur, possibly frequently.	>80%

Risk Scoring Matrix

Impact

5 Very High/Critical
4 Major
3 Moderate
2 Minor
1 Negligible

5	10	15	20	25
4	8	12	16	20
3	6	9	12	15
2	4	6	8	10
1	2	3	4	5
1 Very Rare/Unlikely	2 Unlikely	3 Possible/Likely	4 Probable/ Likely	5 Almost certain

Likelihood*

*(Likelihood of risk occurring over lifetime of objective (i.e. 12 mths))