

Meeting: **Local Pension Board**

Date/Time: **Monday, 17 September 2018 at 9.30 am**

Location: **Gartree Committee Room - County Hall**

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

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

AGENDA

<u>Item</u>	<u>Report by</u>	
1. Minutes of the meeting held on 28 June 2018.		(Pages 3 - 6)
2. Question Time.		
3. Questions asked by members under Standing Order 7(3) and 7(5).		
4. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.		
5. Declarations of interest in respect of items on the agenda.		
6. Pension Fund Administration Report - April to June 2018 Quarter.	Director of Corporate Resources	(Pages 7 - 12)
7. Administration and Communication Strategy Review.	Director of Corporate Resources	(Pages 13 - 48)
8. Record Keeping - Data Improvement Plan.	Director of Corporate Resources	(Pages 49 - 56)
9. Year-End Statutory Deadlines.	Director of Corporate Resources	(Pages 57 - 58)
10. Pension Fund Breaches.	Director of Corporate	(Pages 59 - 72)



- | | Resources | |
|--|---------------------------------|-----------------|
| 11. Local Pension Board Members - Knowledge and Understanding (Training Update). | Director of Corporate Resources | (Pages 73 - 80) |
| 12. Risk Management and Internal Controls. | Director of Corporate Resources | (Pages 81 - 90) |
| 13. Bonds and Guarantors. | Director of Corporate Resources | (Pages 91 - 94) |
| 14. Dates of Future Meetings. | | |

Future meetings of the Committee are scheduled to take place on the following dates:

3 December 2018
4 March 2019
17 June 2019
16 September 2019
2 December 2019

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

TO:

Employer representatives

Mr. D. Jennings CC
Mr. R. Page CC
Cllr. D. Alfonso

Employee representatives

Ms. D. Haller
Mrs. D. Stobbs
Ms. D. Royston



Minutes of a meeting of the Local Pension Board held at County Hall, Glenfield on Monday, 18 June 2018.

PRESENT

Mr. D. Jennings CC (in the Chair)

Cllr. D. Alfonso

Mrs. R. Page CC

1. Election of Chairman.

RESOLVED

That Mr. D. Jennings CC be appointed Chairman of the Local Pension Board for the period ending with the date of the Annual Council meeting in May 2019.

Mr. D. Jennings CC in the Chair

2. Election of Vice Chairman.

RESOLVED:

That Mrs. R. Page CC be appointed Vice Chairman of the Local Pension Board for the period ending with the date of the Annual Council meeting in May 2019.

3. Minutes of the previous meeting.

The minutes of the meeting held on 12 March 2018 were taken as read, confirmed and signed.

4. Question Time.

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

5. Questions asked by members.

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

6. Urgent Items.

There were no items for consideration.

7. Declarations of interest.

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

8. Pension Fund Administration Report - January to March 2018.

The Board considered a report of the Director of Corporate Resources regarding the performance of the Pension Section against its performance indicators. A copy of the report, marked '8', is filed with these minutes.

Members were informed that the tender for the replacement pension administration system had been signed on a ten years contract. It consisted of the core module, pensioner payroll (including immediate payments), employer self-service and member self-service.

RESOLVED:

That the report be noted.

9. Update on Pension Fund Pooling.

The Board considered a report of the Director of Corporate Resources, which updated the Board on Pension Fund Pooling. A copy of the report, marked '9', is filed with these minutes.

Members noted after the departure of the Investment Manager to LGPS Central the position had not been replaced on a like for like basis, as LGPS Central would be taking over many of the responsibilities. Other duties would be picked up within other areas of the Council.

RESOLVED:

That the report be noted.

10. Internal Audit Arrangements.

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

The Board noted that there were no high importance recommendations for 2017/18.

RESOLVED:

That the report be noted.

11. Year-end and Statutory Deadlines.

The Board considered a report of the Director of Corporate Resources on year-end and statutory deadlines. A copy of the report, marked '11', is filed with these minutes.

The Board noted that the Pension Section was heavily reliant on receiving timely and accurate information from the Fund's 189 employers in order to meet the annual benefit statement statutory deadline of 31 August 2018. It was reported that since the report was written G Purchase had submitted its return. This meant all 189 returns had been received which was a good position to be in.

Members were made aware there was a delay with the City Council due to issues with a new payroll system. Members were reassured however that the City Council was working

closely with the County Council in order to resolve any problems and additional resource had been designated to help get finalise all returns by the deadline.

RESOLVED:

That the report be noted.

12. Record Keeping - Data Improvement Plan.

The Board considered a report of the Director of Corporate Resources, which updated the Board the Data Improvement Plan. A copy of the report, marked '12', is filed with these minutes.

RESOLVED:

That the report be noted.

13. Risk Management and Internal Controls.

The Board considered a report of the Director of Corporate Resources, which updated Risk Management and Internal Controls. A copy of the report, marked '13', is filed with these minutes.

RESOLVED:

That the report be noted.

CHAIRMAN

18 June 2018

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LOCAL PENSION BOARD

17 SEPTEMBER 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND ADMINISTRATION REPORT – APRIL TO JUNE 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 an appendix to this report are the performance indicators for the Pensions Section, which form part of the Section's Service Plan and have been agreed by the Director of Corporate Resources. 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 Pensions Section

4. The results for the April to June 2018 quarter are detailed within the Appendix A. Customer satisfaction remains good and overall performance figures remain positive in the quarter.

There was a fall in the death benefits/payments sent to dependants within 10 working days KPI to 84%. This was due to resource being moved onto the statutory year-end work. More resource has now been moved back onto this area and the KPI is increasing.

Administration

5. General Workloads

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

April 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	180	599	750
Aggregations	33	1,036	250
Interfunds in	90	203	200
Retirements	337	582 plus 4,741*	500
Deaths	55	114	100

May 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	122	647	800
Aggregations	46	1,034	450
Interfunds in	68	194	200
Retirements	399	529 plus 4,741*	500
Deaths	72	97	100

June 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	147	755	850
Aggregations	61	1,003	450
Interfunds in	75	194	200
Retirements	391	547 plus 4,741*	500
Deaths	90	98	100

The main points to note are;

- Work to reduce aggregations has commenced. This will increase from September, after year-end is complete.
- The Pension Section has 4,741 pre 2014 preserved members* aged between 55 and 60 who may wish to take advantage of the early payment of their preserved benefits, following the Local Government

Pension Scheme (Amendment) Regulation 2018 change, back dating payment to May 2018. The Pension Section has sent out a letter to these preserved members and is working through the replies. 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.

6. GMP reconciliation

The work on the national GMP reconciliation exercise continues.

The position as at August 2018 and the change since the last quarter are detailed in the table below;

Membership Type (Phase 1)	Cases with Pensions	Cases completed	Cases with HMRC	Stalemate Cases**
Pensioner and Preserved	530	50,641*	1	15
The change since the last quarter	Up 203	Up 244	Down 447	Nil

Membership Type (Phase 2)	Cases with Pensions	Cases completed	Cases with HMRC	Stalemate Cases**
New Pensioners	4,967	865	0	0
The change since the last quarter	Down 773	Up 773	Nil	Nil
Active	27,528	2,926	1,088	0
The change since the last quarter	Down 708	Up 456	Up 252	Nil

*Includes non-contracted out records.

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

7. Governance

The Public Services Pensions Act 2013 introduced a framework for the regulatory oversight of governance and administration of public sector pension schemes by The Pension Regulator (TPR). TPR continues to put greater emphasis onto governance and administration of the Local Government Pension Scheme in the following areas;

- Conflicts of interest
- Record keeping (data improvement plan)
- Maintaining Contributions
- Training Log
- Internal Dispute Resolution Procedure (IDRP)
- Breaches

8. Conflicts of Interest

This is a standard item on the agenda of Local Pension Board meetings.

9. Record keeping (data improvement plan)

The Local Pension Board has received a number of reports detailing the Fund's improvement plan, the latest at the Local Pension Board meeting on the 18 June 2018.

A separate report details the Fund's improvement plan and progress made.

10. Maintaining Contributions

Contributions are already managed and maintained by the Pension Investment Team. The move to monthly posting of contributions, which is part of the data improvement plan, should assist with the reconciliation of contributions.

11. Training Log

The Pension Manager updates training on the Local Pension Board training log and brings this, at least annually, to the Board.

A separate report details the Local Board training.

12. Internal Dispute Resolution Process (IDRP)

If a scheme member has a complaint that cannot be resolved informally, they can take this through the formal complaints process, the internal dispute resolution process. There are two stages to the IDRP, and if the complaint remains unresolved the scheme member can take it to the Pension Ombudsman who will ultimately determine the decision.

In the period April to June 2018 there was one IDRP stage 2 appeal.

In the case, the former member has appealed against her former employer's decision not to grant her payment of her preserved pension early on ill health grounds or to allow her ill health retirement.

IDRPs has been included as a training item for the Local Pension Board but for ease this will now be a standard item within this report.

13. Breaches

The Local Pension Board received a report about Breaches in October 2016 and had subsequent training on breaches and the reporting process. The latest training on breaches took place after the Local Pension Board meeting on the 18 June 2018.

Significant breaches will now be recorded as a standard item within the report.

In the period April to June 2018 there were no breaches reported.

A separate report details the Fund's breaches log.

Recommendation

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

Equality and Human Rights Implications

None specific

Appendix

Appendix A - Quarterly Results – April to June 2018

Officers to Contact

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

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

APPENDIX A

Quarter - April 2018 to June 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%	99%	▲	97%	Establish members understanding of info provided - rated at least mainly ok or clear	95%	98%	▲ 99%
Pension payments made within 10 working days of receiving election	95%	94%	▶	97%	Experience of dealing with Section - rated at least good or excellent	95%	96%	▲ 94%
Death benefits/payments sent to dependant within 10 working days of notification	90%	84%	▼	93%	Establish members thoughts on the amount of info provided - rated as about right	92%	97%	▲ 94%
					Establish the way members are treated - rated as polite or extremely polite	97%	99%	▲ 100%
Good or better than target	▲				Email response - understandable	95%	98%	▲ 100%
Close to target	▶				Email response - content detail	92%	96%	▲ 100%
Below target	▼				Email response - timeliness	92%	98%	▲ 100%



LOCAL PENSION BOARD

17 SEPTEMBER 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

ADMINISTRATION AND COMMUNICATION STRATEGY REVIEW

Purpose of the Report

1. The purpose of this report is to inform the Board on the outcome of the consultation on the Pension Fund's Administration and Communication strategy.

Background

2. The Local Government Pension Scheme Regulations 2013 requires the Pension Section to have an Administration and Communication strategy.
3. The previous version of the strategy was dated April 2016.

The aim of the administration element of the strategy is to set out the quality and performance standards expected of Leicestershire County Council in its role as administering authority and the Fund's employer responsibilities.

4. The communication strategy element details how the Pension Section communicates with a number of different parties including scheme members and employers.
5. At the end of the strategy document it includes the Pension Section's performance targets and service level agreement. This section is especially important as it details timescales to be achieved by the Pension Section and Fund employers with potential financial implications if these are not achieved.
6. In March 2018 the Local Pension Board considered a revised Strategy which was subsequently subject to a four week consultation period in which the Fund's employers feedback was considered and incorporated.
7. There was only one written response from Rutland Council Human Resources Department confirming they had no issues with the document. No other comments were received.

8. Subject to approval, the revised strategy, which is appended to the report, will be implemented from the 1 October 2018.

Changes to the 2016 version

9. There are three key changes to the 2016 version.

Administrative charges to members

Whilst the Pension Section has charged scheme members for divorce calculations for a number of years and additional estimates since April 2017, these charges have not been incorporated into the strategy document. For completeness the charges for 2018/2019 are included. The Strategy allows for future increases to the charges, linked to annual CPI rises.

General Data Protection Regulations

The General Data Protection Regulations (GDPR) came into force in May 2018. GDPR is incorporated in the revised version.

Data Improvement Plan – Monthly Posting

The Pension Regulator governance and administration requirement, under the Public Services Pensions Act 2013, requires Funds to improve data quality.

The Leicestershire Fund has developed a data improvement plan. The main improvement is the implementation of monthly postings, by all the Fund's employers, by the 31 March 2020.

The new administration and communication strategy includes implementation of monthly postings for all the Fund's employers. All employers will be sent a copy of the new strategy and reminded of the 31 March 2020 deadline for all fund employers to adopt monthly postings.

Recommendation

10. It is recommended that the Board approves the revised Administration and Communication Strategy.

Equal Opportunities Implications

None specific

Appendix

Appendix – The new Administration and Communication Strategy dated 1 October 2018

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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Leicestershire Local Government Pension Scheme

Joint Administration and Communication Strategy

Sections

1. Administration Strategy
2. Communication Strategy
3. General Data Protection Regulations (GDPR)
4. Performance Targets
5. Service Level Agreements

This document details two strategies, the administration and communication strategies for Leicestershire Local Government Pension Scheme.

It also details the Pension Section performance targets and service level agreement for the Scheme's employers.

1ST October 2018 version 2.0

SECTION 1

ADMINISTRATION STRATEGY

INTRODUCTION

An administration strategy, as allowed for by the Local Government Pension Scheme, is seen as one of the tools which can help in delivering a high quality administration service to the scheme member and other interested parties. Delivery of a high quality administration service is not the responsibility of one person or organisation, but is rather the joint working of a number of different parties.

This is the pension administration strategy statement of the Leicestershire County Council Pension Fund (LCCPF), administered by Leicestershire County Council (the administering authority). Employers in the Leicestershire Pension Fund have been consulted on regarding this document.

The strategy statement sets out the quality and performance standards expected of Leicestershire County Council in its role of administering authority and scheme employer, as well as all other scheme employers within the Leicestershire Fund. It seeks to promote good working relationships, improve efficiency and enforce quality amongst the scheme employers and the administering authority.

BACKGROUND

The LGPS represents a significant benefit to scheme members. Much of the success in promoting the scheme amongst scheme members and ensuring a high quality service delivery depends upon the relationship between the administering authority and scheme employers in the day to day administration of the scheme. Good quality administration can also help in the overall promotion of the scheme and remind or alert employees to the value of the LGPS, thereby helping with recruitment, retention and motivation of employees.

The Fund comprises over 180 scheme employers with active members, and approximately 90,000 scheme members in relation to the Local Government Pension Scheme (LGPS). The efficient delivery of the benefits of the LGPS is dependent on sound administrative procedures being in place between a number of interested parties, including the administering authority and scheme employers.

IMPLEMENTATION

The strategy statement was first put in place 1 April 2016 with a number of the Fund employers. *This second version is effective from 1st October 2018.* This strategy statement sets out the expected levels of performance of both the administering authority and the scheme employers within the Leicestershire Fund, as well as details on how performance levels will be monitored and the action that might be taken where persistent failure occurs.

Any enquiries in relation to this pension administration strategy statement should be sent to:

Ian Howe - Pension Manager

Leicestershire County Council Pension Fund

County Hall

Glenfield

Leicester LE3 8RB

ian.howe@leics.gov.uk

Telephone: 0116 305 6945

REGULATORY FRAMEWORK

The implementation of an Administration Strategy has regulatory backing in the form of the Local Government Pension Scheme Regulations 2013. These provide the conditions and regulatory guidance surrounding the production and implementation of an Administration Strategy.

Regulation 59(1) enables an LGPS administering authority to prepare a document ("the pension administration strategy") which contains such of the matters mentioned below as they consider appropriate:-

- Procedures for liaison and communication with their relevant employing authorities.
- The establishment of levels of performance which the administering authority and the relevant employing authorities are expected to achieve in carrying out their functions under the LGPS by-
 - (i) the setting of performance targets;
 - (ii) the making of agreements about levels of performance and associated matters; or
 - (iii) such other means as the administering authority consider appropriate;
- Procedures which aim to secure that the administering authority and the relevant employing authorities comply with the statutory requirements in respect of those functions and with any agreement about levels of performance.
- Procedures for improving the communication by the administering authority and the relevant employing authorities to each other of information relating to those functions.
- The circumstances in which the administering authority may consider giving written notice to a relevant employing authority on account of that employer's unsatisfactory performance in carrying out its functions under these Regulations when measured against levels of performance.
- Such other matters as appear to the administering authority to be suitable for inclusion in that strategy.

In addition, regulation 59(6) of the Administration Regulations also requires that, where a pension administration strategy is produced, a copy is issued to each of their relevant employing authorities as well as to the Secretary of State. Similarly, when the strategy is revised at any future time the administering authority (after say a material change to any policies contained within the strategy) must notify all of its relevant employing authorities and also the Secretary of State.

It is a requirement that, in preparing or revising any pension administration strategy, that the administering authority must consult its relevant employing authorities and such other persons as it considers appropriate. A consultation took place with the Fund's employers prior to the publications of both versions in 2016 and again in 2018 and following feedback changes were incorporated. Regard must be had by both the administering authority and employing authorities to the current version of any pension administration strategy when carrying out their functions under the LGPS Regulations.

In addition, regulation 70 of the Administration Regulations allows an administering authority to recover additional costs from a scheme employer where, in its opinion, they are directly related to the poor performance of that scheme employer. Where this situation arises the administering authority is required to give written notice to the scheme employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.

The following strategy statement, therefore, sets out the information required in accordance with regulation 59(1) and forms the basis of the day to day relationship between Leicestershire County Council as the administering authority and the employing authorities of the Leicestershire Pension Fund. It also sets out the circumstances under regulation 70 where additional costs are incurred as a result of the poor performance of a scheme employer, together with the steps that would be taken before any such action were taken.

Leicestershire Local Pension Board

Pension governance rules introduced Pension Boards from April 2015.

The Leicestershire Local Pension Board is a statutory committee of the County Council appointed to assist the County Council, as administering authority, in securing compliance with legislation and any requirements imposed by The Pensions Regulator. It also assists in ensuring effective and efficient governance and administration of the scheme.

RESPONSIBILITIES AND PROCEDURES

Procedures for liaison and communication with employers

The delivery of a high quality administration service is not the responsibility of just the administering authority, but depends on the joint working of the administering authority with a number of individuals in different organisations to ensure scheme members, and other interested parties, receive the appropriate level of service or ensure that statutory requirements are met.

Where new employers join the Fund or existing employers require assistance understanding their role and responsibilities guidance will be provided.

This strategy statement has been developed following consultation with scheme employers and other interested parties. It takes account of scheme employers' current pension knowledge, perception of current administration standards and specific training needs to ensure the level of service can be delivered to the required standard.

Establishing levels of performance

Performance standards

The LGPS prescribes that certain decisions be taken by either the administering authority or the scheme employer, in relation to the rights and entitlements of individual scheme members. In order to meet these obligations in a timely and accurate manner, and also to comply with overriding disclosure requirements, the Leicestershire Pension Fund should agree levels of performance between itself and the scheme employers which are set out in the service level agreement included in this strategy statement.

Quality

Overriding legislation

In carrying out their roles and responsibilities in relation to the administration of the Local Government Pension Scheme the administering authority and scheme employers will, as a minimum, comply with overriding legislation, including:

- Pensions Act 1995 and associated disclosure legislation;
- Freedom of Information Act 2000;
- Age Discrimination Act 2006;
- Data Protection Act 1998 and General Data Protection Regulations from May 2018;
- Disability Discrimination Act 1995;
- Finance Act 2004; and
- Health and Safety legislation.

Where agreed, the administering authority and scheme employers will comply with local standards which go beyond the minimum requirements set out in overriding legislation. Such best practice standards are outlined in the section on timeliness set out below.

Internal standards

The administering authority and scheme employers will ensure that all functions/tasks are carried out to agreed quality standards. In this respect the standards to be met are:

- compliance with all requirements set out in the on line employer procedural guide;
- work to be completed in the required format and/or on the appropriate forms contained within the on line employer procedural guide;
- monthly data will be submitted by employers to the Pension Fund using IConnect;
- information to be legible and accurate;
- communications to be in a plain language style
- information provided to be checked for accuracy by an appropriately trained member of staff;
- information provided to be authorised by an agreed signatory; and
- actions carried out, or information provided, within the timescales set out in this strategy document.

Timeliness and accuracy

Overriding legislation dictates minimum standards that pension schemes should meet in providing certain pieces of information to the various parties associated with the scheme. The scheme itself sets out a number of requirements for the administering authority or scheme employers to provide information to each other, scheme members and prospective scheme members, dependants, other pension arrangements or other regulatory bodies. Locally agreed performance standards have been proposed which cover all aspects of the administration of the scheme, where appropriate going beyond the overriding legislative requirements. These locally agreed standards for the Leicestershire Pension Fund are attached to this strategy.

For the avoidance of doubt "accuracy" in this Strategy is defined as when we have received a completed form with no gaps in mandatory areas and with no information which is either contradictory within the document or which we need to query.

The timeliness relates to a date of event being either the date the member started or left the LCCPF or any other material change that affects a scheme member's pension record.

Procedures for ensuring compliance with statutory requirements and levels of performance

Ensuring compliance is the responsibility of the administering authority and scheme employers. We will work closely with all scheme employers to ensure compliance with all statutory requirements, whether they are specifically referenced in the LGPS Regulations, in overriding legislation, or in this Administration Strategy. We will also work with employers to ensure that overall quality and timeliness is continually improved. Various means will be employed, in order to ensure such compliance and service improvement, seeking views from as wide an audience as possible. These include:

Audit

The Leicestershire Pension Fund will be subject to annual audit of its processes and internal controls. The Leicestershire Pension Fund and scheme employers will be expected to fully comply with any requests for information from both internal and approved external auditors. Any subsequent recommendations made will be considered by Leicestershire County Council and where appropriate duly implemented (following discussions with scheme employers where necessary).

Performance monitoring

The Employing Authority may monitor performance against specific tasks set out in the service level agreement and return the information to the Leicestershire County Council Pension Section on an agreed basis.

Leicestershire County Council will monitor its own performance of the administering authority in carrying out its responsibilities in relation to the scheme.

Improving employer performance (where necessary)

The Pension Section will seek, at the earliest opportunity, to work closely with employers in identifying any areas of poor performance, provide the opportunity for necessary training and development and put in place appropriate processes to improve the level of service delivery in the future.

Where persistent and ongoing failure occurs and no improvement is demonstrated by an employer, and /or unwillingness is shown by the employer to resolve the identified issue, the following sets out the steps we will take in dealing with the situation in the first instance;

- LCC Pensions will contact and/or meet with the employer to discuss the area(s) of poor performance and how they can be addressed.

- Where no improvement has been demonstrated by the employer, or where there has been a failure to take agreed action by the employer, LCC Pensions will issue a formal written notice to the employer setting out the area(s) of poor performance that has been identified, the steps taken to resolve those area(s) and giving notice that the additional costs may now be reclaimed.
- LCC Pensions will clearly set out the calculations of any loss or additional costs resulting to the LCCPF/Administering authority, taking account of time and resources in resolving the specific area of poor performance; and
- LCCPF make a claim against the scheme employer, setting out the reasons for doing so, in accordance with the Regulations.

CIRCUMSTANCES WHERE THE ADMINISTERING AUTHORITY MAY LEVY COSTS ASSOCIATED WITH THE EMPLOYING AUTHORITIES POOR PERFORMANCE

Regulation 70 of the Local Government Pension Scheme Regulations 2013 provides that an administering authority may recover from an employing authority any additional costs associated with the administration of the scheme incurred as a result of the poor level of performance of that employing authority. Where an administering authority wishes to recover any such additional costs they must give written notice stating:-

- The reasons in their opinion that the scheme employer's poor performance contributed to the additional cost;
- The amount of the additional cost incurred;
- The basis on how the additional cost was calculated; and
- The provisions of the pension administration strategy relevant to the decision to give notice.

CIRCUMSTANCES WHERE COSTS MIGHT BE RECOVERED

Any additional costs to the Leicestershire Pension Fund in the administration of the LGPS that are incurred as a direct result of poor performance will be recovered from the scheme employer or third party service provider, depending on the party which is responsible. The circumstances where such additional costs will be recovered from the employing authority are:

- persistent failure to provide relevant information to the administering authority, scheme member or other interested party in accordance with specified performance targets (either as a result of timeliness of delivery or quality of information);
- failure to pass relevant information to the scheme member or potential members, either due to poor quality or not meeting the agreed timescales outlined in the performance targets;
- failure to deduct and pay over correct employee and employer contributions to the Leicestershire Fund within the stated timescales;
- instances where the performance of the scheme employer results in fines being levied against the administering authority by the Pension Regulator, Pensions Ombudsman or other regulatory body.

CALCULATION OF COSTS INCURRED

For a persistent failure to resolve an isolated case satisfactorily the Fund will recharge costs from the point in time at which we write a formal letter to the scheme employer until the case is resolved, at a rate of £50 for each hour an officer spends trying to resolve the matter.

For persistent and ongoing failure to meet targets, following the intervention to assist the employer concerned, the Fund will recharge the additional costs due to the employer's poor performance at the rate of £50 per hour spent, from the point in time that the formal letter was sent, until performance improves.

Where the performance of the scheme employer results in fines or additional costs being levied against the Fund will recharge the full costs it has incurred to the relevant employer.

REVIEW PROCESS

We will review our administration strategy to ensure it remains up to date and meets the necessary regulatory requirements at least every two years.

CONSULTATION

In preparing the administration strategy the Pension Section consulted with the relevant employing authorities and other persons considered appropriate.

The relevant employing authorities must be notified in writing of the final changes and where a copy of the revised strategy may be obtained.

SECTION 2

COMMUNICATION STRATEGY

INTRODUCTION

This is the Communications Policy Statement of the Leicestershire County Council Pension Fund.

The Fund liaises with over 180 employers and approximately 90,000 scheme members in relation to the Local Government Pension Scheme. The delivery of the benefits involves communication with a number of other interested parties. This statement provides an overview of how we communicate and how we measure whether our communications are successful.

The communication strategy has been in place since 1 April 2016 with a number of the Fund employers. Any enquiries in relation to this Communication Policy Statement should be sent to:

Pensions Manager
Leicestershire County Council
County Hall
Glenfield
Leicester, LE3 8RB

REGULATORY FRAMEWORK

This policy statement is required by the provisions of Regulation 61 of the Local Government Pension Scheme Regulations 2013. The provision requires us to:

"....prepare, maintain and publish a written statement setting out their policy concerning communications with:

- (a) members;*
- (b) representatives of Members;*
- (c) prospective Members;*
- (d) employing Authorities."*

In addition it specifies that the statement must include information relating to:

- “(a) the provision of information and publicity about the Scheme to members, representatives of members and employing authorities;*
- (b) the format, frequency and method of distributing such information or publicity; and*
- (c) the promotion of the Scheme to prospective members and their employing authorities.”*

Responsibilities and Resources

Within the County Council's Pensions Section the responsibility for communication material is performed by the Pension Manager with the assistance of one or more senior pension officers.

The team write and design all communications including any web based or electronic material. They are also responsible for arranging all forums, workshops and meetings covered within this statement. Though we write all communication within the section, all design work is carried out by the Council's publications team. We also carry out all the arrangements for forums, workshops and meetings covered within this statement.

Printing is carried out internally by the Council's printing department or externally where this is more cost effective.

COMMUNICATION WITH KEY AUDIENCE GROUPS

Our audience

We communicate with a number of stakeholders. For the purposes of this communication policy statement, we are considering our communications with the following audience groups:

- active members;
- deferred members;
- pensioner members;
- prospective members;
- employing authorities (scheme employers and admission bodies);
- union representatives;
- elected members/the Local Pension Committee/Local Pensions Board;
- media, and
- other stakeholders.

In addition there are a number of other stakeholders with whom we communicate on a regular basis, such as Her Majesty's Revenues and Customs, the Department for Communities and Local Government, the Pensions Advisory Service, and other pension providers. We also consider as part of this policy how we communicate with these interested parties.

General communication

General day to day communication will continue to be paper based. However, we will complement this by use of electronic means such as e-mail and our information website: www.leicestershire.gov.uk/pensions.

However in accordance with County Council policy, large scale communications, such as annual statements, P60s and pension payslips will be provided electronically whenever possible. Members and pensioners can request exemption from this upon written/telephone request, and give instruction that communications continue to be paper based. It is therefore the default that annual benefit statements can be found on-line with a modeller for scheme members to run their own estimates. The Pensions Online system can be found at: www.leicestershirepensionfund.org

Branding

As the Pension Fund is administered by Leicestershire County Council, literature and communications will conform with the branding of the Council.

Accessibility

We recognise that individuals may have specific needs in relation to the format of our information or the language in which it is provided. Demand for alternative formats/languages is not high enough to allow us to prepare alternative format/language material automatically.

POLICY ON COMMUNICATION WITH ACTIVE, DEFERRED AND PENSIONER MEMBERS

Our objectives with regard to communication with members are:

- for the LGPS to be used as a tool in the attraction and retention of employees.
- to better educate and explain to members the benefits of the LGPS.
- to provide more opportunities for face to face communication.
- as a result of improved communication, for queries and complaints to be reduced.
- for our employers to be employers of choice.
- to improve the take up of the LGPS by employees.
- to reassure stakeholders.

Our objectives will be met by providing the following communications, which are over and above individual communications with members (for example, the notifications of scheme benefits or responses to individual queries). The communications are explained in more detail beneath the table:

Type	Media	Frequency	Method of Distribution	Audience Group (Active, Deferred, Pensioner or All)
Membership Form with cover letter "F" (Auto enrolment compliant)	Paper based	On commencing employment	Issued via employer	New employees
Pension Fund Report and Accounts	Paper and on Pensions website	Annually	Paper copies can be requested	All
Annual Benefit Illustrations	Generally on-line but paper still available	Annually	On-line or posted to home address.	Active and Deferred
Information about the Scheme	On Pensions website	n/a	n/a	All
Face to face education sessions and presentations	Face to face	On request by employers/member group (subject to available resource)	On request	Actives and employers

Explanation of communications

Membership form – Introductory guidance providing an overview of the LGPS, including how much it costs, the retirement and death benefits and how to access further information from the website. Letter F provides details that are compliant with auto-enrolment disclosure and also how a member can obtain an opt-out form.

Pension Fund Report and Accounts – Details of the value of the Pension Fund during the financial year, income and expenditure as well as other related details, for example, the current employing authorities and scheme membership numbers.

Annual Benefit Illustrations – For active members these include the current value of benefits. The associated death benefits are also shown and whether the member has nominated person(s) to receive the lump sum death grant. In relation to deferred members, the benefit statement includes the current value of the benefit.

Website – The LCC has a designated Leicestershire County Council Pensions information website www.leicestershire.gov.uk/pensions this is complemented by a national Local Government Pension Scheme website freely available <https://www.lgpsmember.org> which will provide scheme specific information, frequently asked questions and answers, links to related sites etc.

Pensions Online – Members and pensioners have access to online pension accounts to view and print annual statements, P60s, payslips. Members can also run their own estimates on-line. This can be found at www.leicestershirepensionfund.org

Face to face education sessions and presentations – These are sessions that are available on request for groups of members. For example, where an employer is going through a restructuring or review, it may be beneficial for the employees to understand the impact any pay reduction may have on their pension rights or a general overview of the scheme is requested.

Administration Charges - The Pension Section can charge scheme members for certain divorce work and multiple member estimates. The charge is to cover administration time spent on these cases. The Pension Regulator Code of Practise 14 Governance and Administration of Public Service proposed that it is permissible under Disclosure Regulation that additional information can be made available at a charge.

Work Item	Charge
Divorce – Initial CETV	No charge
Divorce – Additional CETV within 12 months	As required, charged at £150 plus VAT
Divorce – Provision of other information	As required, charged between £150 and £725 plus VAT
Divorce – Receipt of pension sharing order or consent order and to establish a new or prospective pensioner record	As required, charged at £475 plus VAT
Divorce – Assuming all documents are in place, settle a transfer out	As required, charged at £250 plus VAT
Estimate - Additional Member Initiated Estimate (within 12 months)	Annual Benefit Statement – no charge One additional written estimate within 12 months – no charge

	<p>On-line estimates – no charge</p> <p>Additional estimates charged at £100 each plus VAT</p>
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The charges may be amended each year in line with inflationary changes.

POLICY ON PROMOTION OF THE SCHEME TO PROSPECTIVE MEMBERS AND THEIR EMPLOYING AUTHORITIES

Our objectives with regard to communication with prospective members are:

- to improve take up of the LGPS.
- for the LGPS to be used as a tool in the attraction of employees.

As we, in the County Council's Pension Section, do not have direct access to prospective members, we will work in partnership with the employing authorities in the Fund to meet these objectives. We will do this by providing the following communications:

Method	Media	Frequency	Method of Distribution	Audience Group
Membership Form with cover letter "F" (Auto enrolment compliant)	Paper based	On commencing employment	Issued via employer	New employees

POLICY ON COMMUNICATION WITH EMPLOYING AUTHORITIES

Our objectives with regard to communication with employers are:

- to strengthen relationships.
- to assist employers understand their role and responsibilities.
- to assist employers in understanding costs/funding issues.
- to work together to maintain timely and accurate data.
- to provide a secure way to transfer data to the Fund on a monthly basis.
- to ensure smooth transfers of staff.

- to ensure they understand the benefits of being an LGPS employer.
- to assist them in making the most of the discretionary areas within the LGPS.

Our objectives will be met by providing the following communications:

Method	Media	Frequency	Method of Distribution	Audience Group
Employers' Guide	Pensions website	At joining and updated as necessary	www.leicestershire.gov.uk/pensions	Main contact for all employers
Bulletins	Electronic (e-mail)	When required	E-mail	All contacts for all employers
Valuation meeting	Face to face	Tri-Annually	Invitations by e-mail/post	All contacts for all employers
Pension Fund Report and Accounts	Paper based and on Pensions website	Annually	Post	Main contact for all employers
Meeting with Managers	Face to face	On request	Invitations by post or email	Senior management involved in funding and HR issues.
IConnect	On-line secure website	Monthly data submissions	On-line secure transfer of data – IConnect	Main data submission route for all current and new employers

Explanation of communications

Employers' Guide - A detailed guide that provides guidance on the employer responsibilities including the forms and other necessary communications with the Pension Section and scheme members.

Bulletins – A technical briefing that will include recent changes to the scheme, the way the Pension Section is run and other relevant information so as to keep employers fully up to date.

Valuation meeting – A formal seminar style event with a number of speakers covering topical LGPS issues.

Pension Fund Report and Accounts – Details of the value of the Pension Fund during the financial year, income and expenditure as well as other related details, for example, the current employing authorities and scheme membership numbers.

Manager meeting – Gives employers the opportunity to discuss their involvement in the scheme with Pension staff.

IConnect – Provides a secure route for employers to submit their monthly pension data to the Pension Section. There are two solutions available depending on the size of scheme membership at the employer.

POLICY ON COMMUNICATION WITH UNION REPRESENTATIVES

Union representatives sit on the Local Pension Board.

Our objectives with regard to communication with union representatives are:

- to foster close working relationships in communicating the benefits of the scheme to their members
- to ensure they are aware of the Pension Scheme regulations
- to engage in discussions over the future of the scheme
- to provide opportunities to educate union representatives on the provisions of the scheme benefits

Our objectives will be met by providing the following communications:

Method	Media	Frequency	Method of Distribution	Audience Group
Face to face education sessions	Face to face	When Local Pension Board meetings and as and when required	Face to face or via the Local Government Employers organisation	All members of the Local Pension Board
Local Pension Board meetings	Meeting	Quarterly or as required	Attendees of the Board	All

Explanation of communications

Face to face education sessions – these are education sessions that are available on request for union representatives on the Local Pension Board, for example to improve their understanding of the basic principles of the scheme, or to explain possible changes to policies.

Local Pension Board meetings – a formal committee of the County Council, consisting of elected members and employee representatives, attended by senior managers, at which pension administration issues are discussed.

POLICY ON COMMUNICATION WITH ELECTED MEMBERS

Elected Members sit on both the Local Pension Board and Local Pension Committee.

Our objectives with regard to communication with elected members:

- to ensure they are aware of their responsibilities in relation to the scheme
- to seek their approval to the development or amendment of discretionary policies, where required
- to seek their approval to formal responses to government consultation in relation to the scheme

Our objectives will be met by providing the following communications:

Method	Media	Frequency	Method of Distribution	Audience Group
Face to face education sessions	Face to face	When Local Pension Board and Local Pension Committee meet and as and when required	Face to face or via the Local Government Employers organisation	All members of the Pension Boards
Local Pension Board and Local Pension Committee Meetings	Meeting	Quarterly or as required	Attendees of the Boards	All

Explanation of communications

Training Sessions – that provide a broad overview of the main provisions of the LGPS, and elected member's responsibilities within it.

Local Pension Board and Local Pension Committee meetings - formal meetings of the County Council, consisting of elected members, union representatives [Local Pension Board], attended by senior managers.

POLICY ON COMMUNICATION WITH OTHER STAKEHOLDERS/INTERESTED PARTIES

Our objectives with regard to communication with other stakeholder/interested parties are:

- to meet our obligations under various legislative requirements
- to ensure the proper administration of the scheme
- to deal with the resolution of pension disputes
- to administer the Fund's AVC scheme

Our objectives will be met by providing the following communications:

Method	Media	Frequency	Method of Distribution	Audience Group
Pension Fund valuation reports	Hard copy	Every three years	Post	Department for Communities and Local Government(DCLG)/Her Majesty's Revenues and Customs (HMRC)/all scheme employers
Formal resolution of pension disputes	Hard copy or electronic	As and when a dispute requires resolution	Via email or post	Scheme member or their representatives, the Pensions Advisory Service/the Pensions Ombudsman
Completion of questionnaires	Electronic or hard copy	As and when required	Via email or post	DCLG/HMRC/the Pensions Regulator

Explanation of communications

Pension Fund Valuation Reports – a report issued every three years setting out the estimated assets and liabilities of the Fund as a whole, as well as setting out individual employer contribution rates for a three year period commencing one year from the valuation date

Resolution of pension disputes – a formal notification of pension dispute resolution, together with any additional correspondence relating to the dispute

Completion of questionnaires – various questionnaires that may be received, requesting specific information in relation to the structure of the LGPS or the make up of the Fund

SECTION 3

GENERAL DATA PROTECTION REGULATIONS (GDPR)

In May 2018 the General Data Protection Regulations (GDPR) came into force.

The Pension Section has followed Leicestershire County Council's corporate plan in dealing with this. The regulations are designed to protect scheme member's data.

The Pension Section and employers are both deemed data controllers so there is no requirement for a data sharing agreement to be in place; i.e. there is no legal requirement for employers to have a data sharing agreement.

There is a requirement for two statements to be available and these are;

- Memorandum of understanding for employers
- Fair processing notice

These are available on our website

<https://www.leicestershire.gov.uk/jobs-and-volunteering/working-for-the-council/local-government-pensions/pensions-data-sharing>

The Pension Section has incorporated GDPR into information provided to new scheme members on the pension scheme membership form and welcome letter. Employers should inform all new employees that their personal data is shared with Leicestershire County Council Pension Section, in order for the County Council to meet its statutory responsibility of administering the Leicestershire Local Government Pension Scheme.

SECTION 4

PERFORMANCE TARGETS

So as to measure the success of our communications with active, deferred and pensioner members, we will use the following key performance indicators:

Timeliness

We will aim to meet the following target delivery timescales:

Communication	Audience	Target delivery period
Benefit Statements as at 31 March	Active members	31 August each year
Pension Saving Statements as at 31 March	Active members who breach the Annual Allowance pension growth tax threshold	6 October each year
Issue of retirement benefits	Active members retiring	92% of retirement benefits to be issued within 10 working days of receiving all the necessary information.
Payment of pension benefits	Active members retiring	<i>95% paid within 10 working days of receiving election.</i>
Notification of death related benefits	Dependants of scheme members	90% within 10 days of death notification paperwork.

Customer experience

Feedback media	Perspective	Target
Paper questionnaire issued	Establish members understanding of information provided – rated at least mainly ok or clear	95%
Paper questionnaire issued	Experience of dealing with Section – rated at least good or excellent	<u>95%</u>
Paper questionnaire issued	Establish members thoughts on the amount of info provided – rated as about right	92%
Paper questionnaire issued	Establish the way members are treated – rated as polite or extremely polite	97%
Email survey	Rated as understandable (good or above)	95%
Email survey	Detail of content (good or above)	92%
Email survey	Timeliness of response (good or above)	92%

REVIEW PROCESS

We review the performance targets annually.

SECTION 5

SERVICE LEVEL AGREEMENTS**BY THE ADMINISTERING AUTHORITY**

Function / Task	Performance target
LIAISON AND COMMUNICATION	
Publish and keep under review the Leicestershire Pension Fund administration strategy	Within one month of any changes being agreed with scheme employers
Keep up to date the web based Employer's guide	Continual process
Issue and keep up to date all forms required for completion by either scheme members, prospective scheme members or scheme employers	30 working days from admission of new employer or date of change/amendment
Formulate and publish policies in relation to all areas where the administering authority may exercise a discretion within the scheme	Within 30 working days of policy being agreed by the related Board
Deliver training sessions for scheme employers	Upon request from scheme employers, or as required
Notify scheme employers and scheme members of changes to the scheme rules	Within 30 working days of the change(s) coming into effect
Notify scheme employer of issues relating to scheme employer's poor performance (including arranging meeting if required)	Within 10 working days of performance issue becoming apparent
Notify scheme employer of decision to recover additional costs associated with the scheme employer's poor performance (including any interest that may be due)	Within 10 working days of scheme employer failure to improve performance, as agreed
Issue annual benefit statements to active members as at 31 March each year	By the following 31 August
Issue pension saving statements to active members who breach the Annual Allowance pension growth tax threshold as at 31 March each year	By the following 6 October
Issue annual benefit statements to deferred benefit members as at 31 March each year	By the following 31 August

FUND ADMINISTRATION	
Issue formal valuation results (including individual employer details)	10 working days from receipt of results from fund actuary (but in any event no later than 31 March following the valuation date)
Carry out interim valuation exercise on cessation of admission agreements or scheme employer ceasing participation in the Leicestershire Pension Fund	Upon each cessation or occasion where a scheme employer ceases participation on the Leicestershire Pension Fund
Arrange for the setting up of separate admission agreement funds, where required (including the allocation of assets and notification to the Secretary of State)	Within 3 months of agreement to set up such funds
All new prospective admitted bodies to undertake, to the satisfaction of the Leicestershire Pension Fund, a risk assessment of the level or bond required in order to protect other scheme employers participating in the pension fund	To be completed before the body can be admitted to the Leicestershire Pension Fund
All admitted bodies to undertake a review of the level of bond or indemnity required to protect the other scheme employers participating in the fund	Annually, or such other period as may be agreed with the administering authority
Publish, and keep under review, the fund's governance policy statement	Within 30 working days of policy being agreed by the relevant Board
Publish and keep under review the Pension Fund's funding strategy statement	To be reviewed at each triennial valuation, following consultation with scheme employers and the fund's actuary. Revised statement to be issued with the final valuation report

Publish the Pension Fund annual report and any report from the auditor	By 31 December following the year end
SCHEME ADMINISTRATION	
Make all necessary decisions in relation to a scheme member and issue combined statutory notification to new scheme member (including aggregation of previous LGPS membership)	1 month from receipt of all necessary information
Provide responses to scheme members/scheme employers/personal representatives/dependents and other authorised persons	10 days from receipt of all necessary information
Provide transfer-in quote to scheme member	1 month from receipt of all necessary information
Confirm transfer-in payment and membership change to scheme member	10 days from receipt of all necessary information
Arrange for the transfer of scheme member additional voluntary contributions into in-house arrangement	10 days from receipt of all necessary information
Calculate cost of additional pension contributions, and notify scheme member	1 month from receipt of all necessary information
Notify scheme employer of scheme member's election to pay/cease/amend additional pension contributions and/or additional voluntary contributions	10 days from receipt of all necessary information
Provide requested estimates of benefits to employees / employers including any additional fund costs in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency	1 month from receipt of all necessary information
Notify leavers of deferred benefit entitlements	Within 2 months of receipt of all necessary information
Provide details of estimated Transfers Out	Within 1 month of receipt of all necessary information
Payment of Transfers Out	10 working days of receipt of all necessary information
Notify retiring employees of options, enclosing appropriate forms	10 working days of receipt of all necessary information KPI

Payment of retirement Lump Sum and pension	Lump sum -10 working days of receipt of all necessary information after retirement Pension – Paid in the next available pay run, thereafter the last banking day of each month KPI
Death notifications – issue initial letter requesting certificates	5 working days following notification of death
Notification of survivor benefits	10 working days of receipt of all necessary information KPI
Appoint stage 2 “appointed person” for the purposes of the pension dispute process and notify all scheme employers of the appointment	Within 30 working days following the resignation of the current “appointed person”
Process all stage 2 pension dispute applications	Within two months of receipt of the application, or such longer time as is required to process the application where further information or clarification is required.
Publish and keep under review the Leicestershire Pension Fund policy on the abatement of pension on re-employment	Notify scheme employers and publish policy within one month of any changes or revisions to the policy
Load employers monthly data received via IConnect	Within 1 month of receiving all the necessary information.

BY THE SCHEME EMPLOYER

Function / Task	Performance Target
LIAISON AND COMMUNICATION	
Formulate and publish policies in relation to all areas where the employing authority may exercise a discretion within the scheme (including providing a copy of the policy decision(s) to the Leicestershire Pension Fund	Within 30 working days of policy being formally agreed by the employer. Ideally review these annually by 30 June.
Remit and provide details of total employer/employee contributions	9 th working day of month after deduction
Respond to enquiries from administering authority	10 working days from receipt of enquiry
Provide year end information required by the Leicestershire Pension Fund for valuation purposes and for individual scheme members annual benefit statements, annual allowance and lifetime allowance calculations, in a format agreed with the Leicestershire Pension Fund	<i>By 30th April following the year end, due to the earlier closure of the accounts.</i>
Ensure payment of additional costs to the Leicestershire Pension Fund associated with the poor performance of the scheme employer	Within 30 working days of receipt of invoice from the Leicestershire fund
Distribute any information provided by Leicestershire Pension Fund to scheme members/potential scheme members	Within 15 days of its receipt
Notification to the Leicestershire Pension Fund (so they can liaise with actuary) of material changes to workforce/assumption related areas (e.g. restructurings/pay reviews/employer going to cease/ contracting out of services).	No later than 10 working days after material change / formal employer agreement on assumption related areas
Provide new/prospective scheme members with scheme information and new joiner forms	5 working days of commencement of employment or change in contractual conditions
Inform LCCPF of all cases where a prospective new employer or admitted body may join the fund	Notify LCCPF at least 3 months <u>before</u> the date of transfer

Function / Task	Performance Target
FUND ADMINISTRATION	
Payment of additional fund payments in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency retirement	Within 30 working days of receipt of invoice from the Leicestershire Pension fund / within timescales specified in each case

EMPLOYER ADMINISTRATION	
<p>New Starter Make all necessary decisions in relation to new scheme members in the LGPS (whether full or part time, pensionable pay, appropriate contribution rate band, etc)</p>	10 working days of scheme member joining
<p>New Starter Provide administering authority with scheme member details on appropriate form/via electronic interface. Issue starter form to new employee.</p>	10 working days of scheme member joining/from month end of joining
<p>Pension Contributions Arrange for the correct deduction of employee contributions from a scheme members pensionable pay on becoming a scheme member</p>	Immediately on joining the scheme, opting in or change in circumstances
<p>Pension Contributions Ensure correct employee contribution rate is applied and arrange for reassessment of employee contribution rate in line with employer's policy</p>	Immediately upon commencing scheme membership, reviewed as per policy
<p>Pension Contributions Ensure correct rate of employer contribution is applied</p>	Immediately following confirmation from the administering authority of appropriate employer contribution rate
<p>Pension Contributions Ensure correct deduction of pension contributions during any period of child related leave, trade dispute or other forms of leave of absence from duty</p>	Immediately, following receipt of election from scheme member to make the necessary pension contributions

<p>Pension Contributions Commence/amend/cease deductions of additional regular contributions</p>	<p>Commence/amend in month following election to pay contributions or notification received from administering authority, cease immediately following receipt of election from scheme member</p>
<p>Pension Contributions Arrange for the deduction of AVCs and payment over of contributions to AVC provider(s)</p>	<p>Commence deduction of AVCs in month following the month of election Pay over contributions to the AVC provider(s) by the 19th of the month following the month of election</p>
<p>Pension Contributions Refund any employee contributions when employees opts out of the pension scheme before 3 months</p>	<p>Month following month of opt out</p>
<p>Pension Contributions Cease deduction of employee contributions where a scheme member opts to leave the scheme</p>	<p>Month following month of election, or such later date specified by the scheme member</p>
<p>End of year Send a completed end of year detailed contribution spreadsheet used for valuation purposes and for individual scheme members annual benefit statements, annual allowance and lifetime allowance calculations, in a format agreed with the Leicestershire Pension Fund</p>	<p><u>By 30th April following the year end, due to the earlier closure of the accounts.</u></p>
<p>Monthly Pensions Return Provide administering authority with a monthly pension return using the secure online facility IConnect.</p>	<p>By the 15th of the following month.</p>
<p>Leavers Determine reason for leaving and provide notification to administering authority of scheme leavers</p>	<p>Within 30 days of leaving</p>
<p>Retirement Determine reason for retirement and provide notification to administering authority of retiree</p>	<p>Within 10 working days of notification of intention to retire</p>

<p>Final Pay Provide CARE and final pay information for each scheme member who requires an estimate, leaves/retires/dies and forward to Leicestershire Pension Fund on appropriate form/via electronic interface</p>	<p>Within 10 working days following date of estimate request/leaving/retirement/death</p>
<p>Employer appointments Appoint an independent medical practitioner qualified in occupational health medicine, in order to consider all ill health retirement applications and agree appointment with Leicestershire Pension Fund</p>	<p>Within one month of commencing participation in the scheme or date of resignation of existing medical adviser</p>
<p>Employer appointments Appoint person for stage 1 of the pension dispute process and provide full details to the administering authority</p>	<p>Within 30 working days following the resignation of the current "appointed person"</p>
<p>IConnect – Monthly Posting* Submit pension data via the secure IConnect employer self-service module</p>	<p>By the end of the following month</p>

*Monthly submission of pension data for the LGPS is currently not mandatory under the Local Government Pension Scheme Regulations, however The Pension Regulator determines a governance requirement of every Pension Fund is to have a data improvement plan in place.

The Leicestershire Funds data improvement plan requires receipt of accurate and timely data from employers via monthly data submissions.

The Pension Manager is extremely keen to continue the positive implementation of monthly postings using IConnect with all employers.

The deadline for all employers to implement monthly posting using IConnect is 31 March 2020. If you require further information about IConnect please phone the Pension Section on Tel 0116 305 5052.

This is designed to assist both employers and the Pension Section manage the year-end process, but ultimately benefits scheme members who will be able to view their most timely and accurate pension data, using the member self-service online system.

1ST October 2018 version 2.0



LOCAL PENSION BOARD

17 SEPTEMBER 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 the progress of the Council's Pension Section's Data Improvement Plan.

Background

2. The Pensions Regulator has highlighted nationally that data quality in the Local Government Pension Scheme needs to be improved. The Leicestershire Fund's Data Improvement Plan, which was implemented in September 2017 is attached as Appendix A.

Implementation Plan

3. One of the areas of improvement is implementing monthly postings.
4. 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 that where employer changes take place e.g. where two Fund employers merge together to form a single new employer or employers change payroll providers, these may impact on their implementation phase.
5. Progress on monthly posting is tracked and the implementation position as at 5 September 2018 is shown in Appendix B.
6. Any new admission bodies that join the Fund implement monthly postings as standard.
7. The deadline for all existing employers to move to a monthly posting schedule is the 31 March 2020.

8. The Fund's new Administration and Communication Strategy from 1 October 2018 details the Fund's requirement for monthly posting and the deadline.

Recommendation

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

Appendices

Appendix A – Data improvement plan.

Appendix B – Monthly posting position 5 September 2018

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

Number	Improvement	Benefit	Impact	Deadline
1	Implement Monthly Postings	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Phased implementation (employers grouped) • All new employers automatically implement monthly postings • Work closely with employers and their payroll providers in developing the payroll extracts • Changes in working practices internally and at employers 	31 March 2020

Number	Improvement	Benefit	Impact	Deadline
2	Tracing for preserved members	<ul style="list-style-type: none"> • Fund is able to write to members more easily • Most recent address and postcode is held on the admin system which assists with valuation exercises based on longevity within regions 	<ul style="list-style-type: none"> • Pensions work on missing members in manageable groups rather than one large exercise • Letters to include remind members to inform us of their change of address 	On-going
3	GMP reconciliation	<ul style="list-style-type: none"> • To ensure the correct pensions increase is being paid by the Fund • To ensure our records reconcile with HMRCs data 	<ul style="list-style-type: none"> • Project Team working on the exercise • Errors reported back to HMRC for investigation 	31 December 2018
4	TPR Data Scoring	<ul style="list-style-type: none"> • To measure our data on an annual basis, highlighting areas in data that investigation/improvement • To ensure our records reconcile with HMRCs data 	<ul style="list-style-type: none"> • Enhances the current year-end and valuation data checking exercises already provided • Use the Heywood data measuring/scoring reporting process • Provides consistency with other LG Funds nationally • To be reported to the Local Pension Board annually after year-end 	Mid-September 2018, 2019, 2020

APPENDIX - Position as at 5 September 2018

Appendix B

EMPLOYER	Category of Employer	Live on iConnect?	Priority	Live Date Scheduled?	Work Underway?	Current Status	Oracle Payroll Numbr	Provider	ACTIVES @ 09/04	Comments
Manor High School	Dataplan	No	1	Apr-18	Yes	Live data produced	102	Dataplan	48	
Avanti School Trust	Dataplan	No	1	Apr-18	Yes	Live data produced		Dataplan	35	
MOWBRAY EDUCATIONAL TRUST	Dataplan	No	1	Apr-18	Yes	Live data produced		Dataplan	198	
David Ross Education Trust	Dataplan	No	1	Apr-18	Yes	Live data produced		Dataplan	63	
ESPO	EMSS	Yes	1	Apr-18	Yes	Live	31	EMSS	250	Passed over to employer
Leics Firefighters	Fire	No	1	Apr-18	Yes	Dummy data loaded		EMSS	492	
Blaby DC	Large	Yes	1	Apr-18	Yes	Live		District	313	Passed over to employer
Charnwood BC	Large	Yes	1	Apr-18	Yes	Live		District	484	Passed over to employer
Lough University	Large	Yes	1	Apr-18	Yes	Live		District	1380	Passed over to employer
Loughborough College	Large	Yes	1	Apr-18	Yes	Live		District	334	Passed over to employer
Leicestershire CC	County	No	2		Yes	Live data produced	10/023/	EMSS	7418	Currently working on data checks
Leicester City Council	City	No	2		Yes	Spec sent to employer		City	8624	Year End prioritised >>> Queried progress with employer - expect a reply following a CITY meeting with SAFE (06/09).
Harborough DC	City	No	2					City	189	
Broughton Astley PC	City	No	2					City	4	
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	Spec sent to employer		District	542	Year End prioritised >>> Queried progress with employer - await reply.
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	
Thrusington 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	
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	
Merchenfeld Primary School	EMSS	No	3				193	EMSS	29	
South Charnwood High School	EMSS	No	3				190	EMSS	34	

EMPLOYER	Category of Employer	Live on iConnect?	Priority	Live Date Scheduled?	Work Underway?	Current Status	Oracle Payroll Numb	Provider	ACTIVES @ 09/04	Comments
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 EV	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	Live		District	364	Passed over to employer
Melton B C	Large	No	4					District	159	
Brooksby Melton College	Large	No	4		With Employer	Spec sent to employer		District	226	
Stephenson College	Large	No	4		With Employer	Spec sent to employer		District	140	
LEICESTER COLLEGE	Large	No	4		With Employer	Spec sent to employer		District	640	
The Chief Constable & The OPCC	Large	No	4		With Employer	Spec sent to employer		District	1473	
De Montfort University	Large	No	4		With Employer	Spec sent to employer		District	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	
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	Strictly Ed	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	

EMPLOYER	Category of Employer	Live on iConnect?	Priority	Live Date Scheduled?	Work Underway?	Current Status	Oracle Payroll Numb	Provider	ACTIVES @ 09/04	Comments
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	Strictly Ed	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 WOULD'S TOWN COUNCIL	Small	Yes	8		Apr-18 Yes	Live		District	1	Passed over to employer
MARKET BOSWORTH PARISH COUNCIL	Small	Yes	8		Apr-18 Yes	Live		District	1	Passed over to employer
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	Yes	8		Apr-18 Yes	Live		District	2	Passed over to employer
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	
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	Yes	8		Apr-18 Yes	Live		District	3	Due to handover 19/09.
Melton Learning Hub	Small	Yes	8		Apr-18 Yes	Live		District	3	Passed over to employer
Barwell Parish Council	Small	Yes	8		Apr-18 Yes	Live		District	3	Passed over to employer
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	Yes	8		Apr-18 Yes	Live		District	5	Passed over to employer
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	

EMPLOYER	Category of Employer	Live on iConnect?	Priority	Live Date Scheduled?	Work Underway?	Current Status	Oracle Payroll Numb	Provider	ACTIVES @ 09/04	Comments
Solo Service Group	Small	No	8					District	10	
Caterlink (Fulhurst CC)	Small	No	8					District	10	
Ryhall CE Academy	Strictly Ed	No	8					District	11	
Prospects Services	Small	No	8					District	11	
Oadby and Wigston BC iConnect	EMSS	Yes		Apr-18	Yes	Live		EMSS	148	Passed over to employer
BRAUNSTONE TOWN COUNCIL iConnect	Small	Yes		Apr-18	Yes	Live		District	15	Passed over to employer
THURMASTON PARISH COUNCIL iConnect	Small	Yes		Apr-18	Yes	Live		District	12	Passed over to employer
COUNTESTHORPE PC iConnect	Small	Yes		Apr-18	Yes	Live		District	10	Passed over to employer
FIRE SERVICE CIVILIANS iConnect	EMSS	Yes		Apr-18	Yes	Live	33	EMSS	152	Passed over to employer



LOCAL PENSION BOARD

17 SEPTEMBER 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 the outcome on the 2017/18 year-end process and 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.
6. The Pension Section loaded initial data and ran checks on its validity. Any queries were sent back to the employers to investigate and resolve.
7. The Pension Section has been in regular contact with the employers throughout the year-end process and has been helping employers with their queries.
8. 17 August 2018 was the deadline for employers to resolve the queries and reply back to the Pension Section.
9. Between 17 and 31 August, the Pension Section loaded the final data, produced and distributed the statements.

10. The position as at 31 August 2018 was;

- All 189 employers provided Pensions with their year-end return.
- All 189 employers resolved their data queries and their members received annual benefit statements by the 31 August 2018 statutory deadline, with the exception of only 69 individual members (less than 0.2% of active members), for whom ongoing queries are still being resolved.
- The 69 cases were spread over 7 different employers.
- The Pension Section will arrange a second batch of annual benefit statements later in 2018 to deal with the 69 cases.
- 31,405 active members and 30,169 preserved members received their annual benefit statements by the statutory deadline.

11. The Pension Section provided on-line statements and paper versions to those members who have still opted for that service.

12. The Pensions Manager has considered the 69 cases that did not receive their annual benefit statement by the 31 August 2018, and found there were no themes found (e.g. the issues were not from one single employer, and covered a number of differencing issues) and therefore decided this is not a material breach so will not be reported to The Pension Regulator.

Recommendation

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

Equal Opportunities Implications

14. 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

17 SEPTEMBER 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND BREACHES

Purpose of the Report

1. The purpose of this report is to provide the Board with an update concerning Pension Fund breaches and to present the latest log which details breaches up to the 1 September 2018.

Background

2. The Public Services Pensions Act 2013 introduced a framework for the regulatory oversight of governance and administration of public service pension schemes by The Pensions Regulator (TPR).
3. In April 2015 TPR published its code of practise on governance and administration of public service pension schemes. This introduced a requirement for Pension Funds to log breaches of scheme rules.
4. In August 2016 the Pension Manager produced a procedure for reporting breaches of Law to the Pensions Regulator and this was considered by the Local Pension Board meeting in October 2016. A copy of the Procedure for Reporting Breaches of the Law to the Pensions Regulator is attached as Appendix A.
5. The Pension Manager maintains the breaches log for recording significant incidents. Using the procedure for guidance, these are considered by officers who decide if they are deemed material breaches or not. Material breaches are reported to The Pensions Regulator. There have been no material breaches in the Leicestershire Fund since August 2016.

Breaches Log

6. The breaches log as at September 2018 is attached as Appendix B.

7. There have been five breaches recorded and these have not been deemed material. However one of these was still reported to The Pensions Regulator who instructed the Fund to resolve the issue internally. The breach was subsequently satisfactorily resolved.
8. There is one breach that remains active. This is currently viewed as not material, although it could develop that status. The CSE are a new admission body who have employed one member of staff from Tudor Grange Academy since September 2017 following a transfer of undertakings protection of employment (TUPE transfer). However, the CSE have not been able to secure the required bond, as required by the Pension Fund, so the admission agreement and bond documents remain unsigned. This means the one member of staff is not an active member of the scheme. All parties have been working hard to resolve this issue, but without success. Once the situation is resolved the one member will be able to back date their scheme entry to September 2017. The member of staff and their Union are aware of the situation.
9. The Pension Manager does not record member complaints on the breaches log. Complaints are normally dealt with informally, but those that are not resolved informally are dealt with via the formal internal dispute resolution procedure (IDRP). Cases are now highlighted as a standard item on the administration report.

Recommendation

10. The Board is asked to note this report.

Equal Opportunities Implications

None specific

Appendices

Appendix A – Procedure for Reporting Breaches of the Law to the Pensions Regulator

Appendix B – Breaches Log

Officers to Contact

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

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

A Procedure for Reporting Breaches of the Law to the Pensions Regulator

Leicestershire Pension Fund

Introduction

- 1 In April 2015 the Pensions Regulator (the Regulator) published its Code of Practice no 14 (the Code) *Governance and administration of public service pension schemes*. This is not a statement of law of itself, but nonetheless it carries weight.
- 2 There are many and various laws relating to the Local Government Pension Scheme, with many and various people having a statutory duty to report material breaches of the law to the Regulator. To assist, the Code states that a procedure should be established to ensure that those with a responsibility to make reports are able to meet their legal obligations. This document is that procedure for the Leicestershire Pension fund, which relates to all of the Fund's areas of operation.
- 3 Much of the text herein is drawn from the Code itself. Where it has been, the Regulator's copyright applies.

Legal requirements

- 4 Certain people are required to report breaches of the law to the Regulator where they have reasonable cause to believe that:
 - a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with and;
 - the failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions.
- 5 People who are subject to the reporting requirement ('reporters') for public service pension schemes are:
 - scheme managers;
 - members of the local pension board;
 - any person who is otherwise involved in the administration of the Fund (and thus members of the pension board and all of the Fund's officers);
 - employers, and any participating employer who becomes aware of a breach should consider their statutory duty to report, regardless of whether the breach relates to, or affects, members who are its employees or those of other employers;
 - professional advisers including auditors, actuaries, legal advisers and fund managers; and

- any person who is otherwise involved in advising the managers of the scheme in relation to the scheme.

Reasonable cause

- 6 Having 'reasonable cause' to believe that a breach has occurred means more than merely having a suspicion that cannot be substantiated.
- 7 Reporters should ensure that where a breach is suspected, they carry out checks to establish whether or not a breach has in fact occurred. For example, a member of a funded pension scheme may allege that there has been a misappropriation of scheme assets where they have seen in the annual accounts that the scheme's assets have fallen. However, the real reason for the apparent loss in value of scheme assets may be due to the behaviour of the stock market over the period. This would mean that there is not reasonable cause to believe that a breach has occurred.
- 8 Where the reporter does not know the facts or events around the suspected breach, it will usually be appropriate to consult the appropriate Officer regarding what has happened. It would not be appropriate to check in cases of theft, suspected fraud or other serious offences where discussions might alert those implicated or impede the actions of the police or a regulatory authority. Under these circumstances the reporter should alert the Regulator without delay.
- 9 If the reporter is unclear about the relevant legal provision, they should clarify their understanding of the law to the extent necessary to form a view.
- 10 In establishing whether there is reasonable cause to believe that a breach has occurred, it is not necessary for a reporter to gather all the evidence which the Regulator may require before taking legal action. A delay in reporting may exacerbate or increase the risk of the breach.

Material significance

- 11 In deciding whether a breach is likely to be of material significance to the Regulator, it would be advisable for the reporter to consider the:
 - cause of the breach;
 - effect of the breach;
 - reaction to the breach; and
 - the wider implications of the breach.

- 12 When deciding whether to report, those responsible should consider these points together. Reporters should take into account expert or professional advice, where appropriate, when deciding whether the breach is likely to be of material significance to the Regulator.
- 13 The breach is likely to be of material significance to the Regulator where it was caused by:
- dishonesty;
 - poor governance or administration;
 - slow or inappropriate decision making practices;
 - incomplete or inaccurate advice; or
 - acting (or failing to act) in deliberate contravention of the law.
- 14 When deciding whether a breach is of material significance, those responsible should consider other reported and unreported breaches of which they are aware. However, historical information should be considered with care, particularly if changes have been made to address previously identified problems.
- 15 A breach will not normally be materially significant if it has arisen from an isolated incident, for example resulting from teething problems with a new system or procedure, or from an unusual or unpredictable combination of circumstances. But in such a situation, it is also important to consider other aspects of the breach such as the effect it has had and to be aware that persistent isolated breaches could be indicative of wider scheme issues.

Effect of the breach

- 16 Reporters need to consider the effects of any breach, but with the Regulator's role in relation to public service pension schemes and its statutory objectives in mind, the following matters in particular should be considered likely to be of material significance to the Regulator:
- Local Board members not having the appropriate degree of knowledge and understanding, which may result in the Board not fulfilling its role, the Fund not being properly governed and administered and/or the Pension Board breaching other legal requirements;
 - Local Board members having a conflict of interest, which may result in them being prejudiced in the way that they carry out their role, ineffective governance and administration of the scheme and/or the Pension Board breaching legal requirements;
 - adequate internal controls not being established and operated, which may lead to the Fund not being run in accordance with the Scheme's Regulations

and other legal requirements, risks not being properly identified and managed and/or the right money not being paid to or by the Fund at the right time;

- accurate information about benefits and Scheme administration not being provided to Scheme members and others, which may result in members not being able to effectively plan or make decisions about their retirement;

- appropriate records not being maintained, which may result in member benefits being calculated incorrectly and/or not being paid to the right person at the right time;

- anyone involved with the administration or management of the Fund misappropriating any of its assets, or being likely to do so, which may result in assets not being safeguarded; and

- any other breach which may result in the Fund being poorly governed, managed or administered.

- 17 Reporters need to take care to consider the effects of the breach, including any other breaches occurring as a result of the initial breach and the effects of those resulting breaches.

Reaction to the breach

- 18 Where prompt and effective action is taken to investigate and correct the breach and its causes and, where appropriate, notify any affected members, the Regulator will not normally consider this to be materially significant.

- 19 A breach is likely to be of concern and material significance to the Regulator where a breach has been identified and those involved:

- do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence;

- are not pursuing corrective action to a proper conclusion;

- fail to notify affected scheme members where it would have been appropriate to do so.

Wider implications of the breach

- 20 Reporters should consider the wider implications of a breach when they assess which breaches are likely to be materially significant to the Regulator. For example, a breach is likely to be of material significance where the fact that the breach has occurred makes it appear more likely that other breaches will emerge in the future. This may be due to the scheme manager or pension board members having a lack of appropriate knowledge and understanding to fulfil their responsibilities or where other pension schemes may be affected.

For instance, public service pension schemes administered by the same organisation may be detrimentally affected where a system failure has caused the breach to occur.

Examples of breaches

Example 1

- 21 An employer is late in paying over employee and employer contributions, and so late that it is in breach of the statutory period for making such payments. It is contacted by officers from the administering authority, it immediately pays the moneys that are overdue, and it improves its procedures so that in future contributions are paid over on time. In this instance there has been a breach but members have not been adversely affected and the employer has put its house in order regarding future payments. The breach is therefore not material to the Regulator and need not be reported.

Example 2

- 22 An employer is late in paying over employee and employer contributions, and so late that it is in breach of the statutory period for making such payments. It is also late in paying AVCs to the Prudential. It is contacted by officers from the administering authority, and it eventually pays the moneys that are overdue, including AVCs to the Prudential. This has happened before, with there being no evidence that the employer is putting its house in order. In this instance there has been a breach that *is* relevant to the Regulator, in part because of the employer's repeated failures, and also because those members paying AVCs will typically be adversely affected by the delay in the investing of their AVCs.

Example 3

- 23 A pension overpayment is discovered and thus the administering authority has failed to pay the right amounts to the right person at the right time. A breach has therefore occurred. The overpayment is however for a modest amount and the pensioner could not have known that (s)he was being overpaid. The overpayment is therefore waived. In this case there is no need to report the breach as it is not material.

Example 4

- 24 Members of the Local Pension Board, the Local Pension Committee and key Officers have a responsibility to declare if they have a material interest in any decision that they are involved in. This may, for example, be a family member

that is employed by an investment management firm that is being considered for appointment or an individual investment decision that may have potential benefit for themselves or a close friend/family member. This interest should be declared prior to any decision being taken, and the interested party should be excluded from the decision.

If it is subsequently found that a notification of material interest was not made, this would be considered a material breach and should be reported to the Regulator. Non-disclosure of the material interest is also likely to lead to disciplinary action against the individual.

Submitting a report to the Regulator

- 25 Before you submit a report you should obtain clarification of the law around the suspected breach. You should contact the Pensions Manager in the first instance.
- 26 The Pensions Manager will consider whether the Regulator would regard the breach as being material. (S)he will also clarify any facts, if required. If the case requires input from others, including a Legal view, (s)he will seek advice, as required.
- 27 Some matters could be urgent, if for example a fraud is imminent, whilst others will be less so. Non-urgent but material breaches should be reported to the Regulator within 30 working days of them being confirmed, and in the same time breaches that are not material should be recorded (see later).
- 28 Some breaches could be so serious that they must always be reported, for example a theft of funds by anyone involved with the administration or management of the Fund. It is difficult to be definitive about what constitutes a breach that must always be reported, but one test is: might it reasonably lead to a criminal prosecution or a serious loss in public confidence?
- 29 Any report that is made (which must be in writing and made as soon as reasonable practicable) should be dated and include as a minimum:
 - full name of the Fund;
 - description of the breach or breaches;
 - any relevant dates;
 - name of the employer or scheme manager (where known);
 - name, position and contact details of the reporter; and
 - role of the reporter in relation to the Fund.

- 30 Additional information that would help the Regulator includes:
- the reason the breach is thought to be of material significance to the Regulator;
 - the address of the Fund;
 - the pension scheme's registry number (if available); and
 - whether the concern has been reported before.
- 31 Reporters should mark urgent reports as such and draw attention to matters they consider particularly serious. They can precede a written report with a telephone call, if appropriate.
- 32 Reporters should ensure they receive an acknowledgement for any report they send to the Regulator. Only when they receive an acknowledgement can the reporter be confident that the Regulator has received their report.
- 33 The Regulator will acknowledge all reports within five working days of receipt, however it will not generally keep a reporter informed of the steps taken in response to a report of a breach as there are restrictions on the information it can disclose.
- 34 The reporter should provide further information or reports of further breaches if this may help the Regulator to exercise its functions. The Regulator may make contact to request further information.
- 35 Breaches should be reported as soon as reasonably practicable, which will depend on the circumstances. In particular, the time taken should reflect the seriousness of the suspected breach.
- 36 In cases of immediate risk to the Fund, for instance, where there is any indication of dishonesty, the Regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary. The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert the Regulator to the breach.

Recording breaches that have not been reported to the Regulator

- 37 Breaches that are found not to be material to the Regulator must still be recorded. This is so that if similar breaches continue, then they become material. Recording all breaches also highlights where improvements are required, to try and prevent similar breaches.

- 38 Breaches that are not being reported should be recorded: (the breaches log is included at the end of the document).

Whistleblowing protection and confidentiality

- 39 The Pensions Act 2004 makes clear that the statutory duty to report overrides any other duties a reporter may have such as confidentiality and that any such duty is not breached by making a report. The Regulator understands the potential impact of a report on relationships, for example, between an employee and their employer.
- 40 The statutory duty to report does not, however, override 'legal privilege. This means that oral and written communications between a professional legal adviser and their client, or a person representing that client, while obtaining legal advice, do not have to be disclosed. Where appropriate a legal adviser will be able to provide further information on this.
- 41 The Regulator will do its best to protect a reporter's identity (if desired) and will not disclose the information except where lawfully required to do so. It will take all reasonable steps to maintain confidentiality, but it cannot give any categorical assurances as the circumstances may mean that disclosure of the reporter's identity becomes unavoidable in law. This includes circumstances where the regulator is ordered by a court to disclose it.
- 42 The Employment Rights Act 1996 (ERA) provides protection for employees making a whistleblowing disclosure to the regulator. Consequently, where individuals employed by firms or another organisation having a statutory duty to report disagree with a decision not to report to the regulator, they may have protection under the ERA if they make an individual report in good faith. The Regulator expects such individual reports to be rare and confined to the most serious cases.

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Leicestershire Pension Fund – Breaches Log

Appendix B

To be read in conjunction with the Funds “Procedure for Reporting Breaches of the Law to the Pensions Regulator”

Date	Who identified the breach	Cause	Effect	Reaction	Wider Implications	Material or Not	If material – date reported to TPR	Outcome
April 2016 to January 2017	Investment Manager	Continued late payment of contributions from Cottesmore Primary	Delayed investment of the contributions	Prompt reminders issued	Nil. No impact on the members benefits	Not material (but TPR made aware)	9 January 2017	TPR instructed the Fund resolve it directly. Payments now made on time
August 2016 to June 2017	Pensions Manager	New admission body and outsourcing employer’s failure to sign the legal documents, relating to the new employer joining the Fund	Scheme members delayed joining the scheme	Prompt reminders and implications explained to all parties	Delayed contributions into the Fund. Members not covered during the delay period	Not material, if resolved by August 2017	n/a	Local Pension Board added pressure. All documents were signed and members benefits were fully backdated and all contributions were received
September 2017	Pensions Manager	One Fund employer did not resolve all their year-end queries	200 actives members annual benefit statements were not provided	Prompt action taken by the Fund and the	Nil. Statements were received the year before	Not material	n/a	The employer resolved the queries by the end of September 2017.

		by the statutory deadline	by the 31 August. 58,345 statements were produced by the 31 August.	employer				Statements were produced in October 2017.
September 2017	Pensions Manager	New admission body (CSE) unable to secure a full bond and therefore legal documents remain outstanding	One member unable to remain in the Fund until the documents are completed	Large amounts of administration, legal and actuarial time has been spent. Prompt reminders and a face to face meeting has taken place	Member still unable to join the scheme. The member and the Union are aware of the situation	Not material currently. To be resolved internally.	n/a	Ongoing (still live)
September 2018	Pensions Manager	7 employers did not resolve all their year-end queries by the statutory deadline	69 active members annual benefit statements were not provided by the 31 August. 61,574 statements were produced by the 31 August.	Remaining 69 cases being completed by the employers in September 2018	Nil. Statements were received the year before	Not material	n/a	Ongoing for 69 cases. Statements to be produced by the 30 November 2018

As at September 2018



LOCAL PENSION BOARD

17 SEPTEMBER 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

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

Purpose of the Report

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

Background

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

Recommendation

8. The Board is asked to note this report.

Equality and Human Rights Implications

9. None specific

Background Papers

10. Appendix A – Training log as at August 2018.

Officers to Contact

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

APPENDIX A

LOCAL PENSION BOARD – TRAINING LOG (August 2018)

Topic	Good level of Knowledge & Understanding	Date Report or Presentation/Training Provided
Background to Legislative Framework		
Key provisions of the Public Service Pensions Act 2013	✓	Training 14/12/15
Overview of roles and responsibilities associated with the Local Government Pension Scheme	✓	Training 14/12/15, Training 16/6/16, 4/12/2017
Roles and Responsibilities of the Local Pension Board		
Assisting the Scheme Manager – governance and administration	✓	Report 19/6/15, Training 9/12/15
Potential conflicts of interest	✓	Each meeting
Reporting of breaches	✓	Report 9/10/15, Report 3/10/16, Training 18/6/18
Knowledge and understanding	✓	Report 14/12/15, Training 16/6/16
Roles and Responsibilities of the Scheme Manager		
Pension Regulations	✓	Presentation 19/6/15, Training 8/2/2016, Report 18/6/18
Legislation	✓ (some)	Training 9/12/15
Calculation and payment of benefits	✓	Presentation 19/6/15 (further training agreed), Training 8/2/16
Annual Benefit Statements	✓	Report 9/10/15, Report 14/12/15, Training 18/6/18
Discretions	✓	Training 7/11/16
Internal dispute resolution (stage 1,2, TPAS, Ombudsman)	✓	Training 16/6/16, Training 18/6/18
Record keeping	✓	Training 7/11/16, Report and Training 18/6/18

Internal controls and risk management	✓	Report 9/10/15, Report 3/10/16, Report 18/6/18
Reporting of breaches	✓	Report 9/10/15, Report 3/10/16, Training 18/6/18
Administration of Local Pension Board	✓	Training 8/2/16
Managing potential conflicts of interest	✓	Training 8/2/16
Admission Bodies – Bonds/Guarantees	✓	Discussed at the Local Pension Board meeting 16/6/16, Training 7/11/16
<u>Topic</u>	Good level of Knowledge & Understanding	Date Report or Training Provided
Roles and Responsibilities of the Scheme Employers		
Providing pension information to the administering authority	✓	Report 4/3/2016, Report 16/6/16, Report 12/3/18
Year-end	✓	Report 4/3/2016, Report 16/6/16, Report 18/6/18
Automatic enrolment	✓	Training 7/11/16
Deduction and payment of contributions	✓	Training 7/11/16, Report 12/3/18
Internal dispute resolution (stage 1)	✓	Training 16/6/16 (further training required in roles and responsibilities for scheme employers)
Roles of Advisers and Other Key Persons / Bodies		
Officers of the Authority	✓	Training 16/6/16, 4/12/17, 18/6/18
Auditors	✓	Training 16/6/16, 4/12/17, 18/6/18
National Scheme Advisory Board	✓	Training 16/6/16, 4/12/17, 18/6/18
Department for Communities and Local Government	✓	Training 16/6/16, 4/12/17, 18/6/18
Local Government Association	✓	Training 16/6/16, 4/12/17, 18/6/18
Pensions Advisory Service	✓	Training 16/6/16, 4/12/17, 18/6/18
Pensions Ombudsman	✓	Training 16/6/16, 4/12/17, 18/6/18

The Pensions Regulator	✓	Report 9/10/15, Training 9/12/15, Training 16/6/16, 4/12/17, 18/6/18
Additional Voluntary Contribution (AVC) Provider - Prudential	✓	Report and training 8/12/16, 4/12/17, 18/6/18
Investments		
Actuarial Valuation	✓	Pension Board Meeting – to hear from the Pension Fund Actuary 26/2/2016
Different Asset Classes	✓	Training 14/12/15
Decision-making process	✓	Training 14/12/15
Risk vs. Reward	✓	Training 14/12/15
LGPS Asset Pooling	✓	Training 14/12/15

Summary of Events/Training

19 June 2015 - Reports

Role of the Local Board

External audit plan

Internal audit arrangements

Quarterly administration report (introduction)

19 June – Presentation

Introduction to Pensions

9 October 2015 – Reports

Quarterly administration report (annual benefit statements, partnership working)

Managing pension section workloads

Joint administration and communication strategy

Reporting breaches of the law to The Pension Regulator

Risk register

13 November 2015 – Pension Board Reports

Invited to attend the Pension Board (investments)

9 December 2015 – Training

Governance regulations

TPR

Statutory deadlines

Pension taxation

14 December 2015 – Reports and Training

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

Annual benefit statements

Board members – knowledge and understanding

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

8 February 2016

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

State scheme changes, GMPs and GMP reconciliation

26 February 2016

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

16 June 2016

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

LGA Trustee Training event details (3 days split over Oct, Nov, Dec 2016) Ms D Stobbs, Ms D Haller, Ms A Severn-Morrell

3 October 2016 – Reports

Risk management and internal controls

Pension fund governance and administration

7 November 2016 – Training

Record keeping

Deduction and payment of contributions

Automatic enrolment

Admission bodies – bonds and guarantors

Discretions

8 December 2016 – Reports and Training

Additional Voluntary Contributions (AVCs) - Prudential

13 March 2017 – Training

Service Plan; system tender, IConnect, GMP rec, SLA

12 June 2017 – Report

Year End and statutory deadlines

18 September 2017 – Reports and Training

Record keeping

Pension Taxation – Annual and Lifetime Allowance

4 December 2017 – Training

Roles of advisers and other key persons/bodies

LGA Trustee Training event details (3 days split over Oct, Nov, Dec 2017) Cllr Jennings, Cllr Bedford

12 March 2018 – Reports

Administration and Communication Strategy (draft) – includes, providing pension information to the administering authority and deduction and payment of contributions

18 June 2018 – Reports and Training

Local Government Pension Scheme (Amendment) Regulations 2018

Internal controls and risk management

Year-end

Breaches, annual benefit statements, IDRPs, record keeping, roles of advisers and other key persons/bodies

IH 09/08/2018



LOCAL PENSION BOARD

17 SEPTEMBER 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

RISK MANAGEMENT AND INTERNAL CONTROLS

Purpose

1. The purpose of this report is to inform the Board of any concerns relating to the risk management and internal controls of the Pension Fund, as stipulated in the Pension Regulator's Code of Practice.

Background

2. In April 2015 The Pension Regulator (TPR) published its code of practise on governance and administration of public service pension schemes. This introduced a number of areas pension administrators need to record and members be kept aware of.
3. One area within the code is risk, more specifically 'risk management and internal controls', which the code states should be a standing item on each Local Pension Board and Pension Committee agenda.
4. The Leicestershire Fund already manages risk and has a risk register in place that is regularly reviewed by officers. Internal and external audit also consider risks within Pensions and highlight any risk concerns. However, in order to comply with the code the Director of Corporate Resources has agreed to have this as a standard item on both agendas.

Risk Register

5. The updated Risk Register is attached as an appendix to this report. A new risk relating to the transition of assets to LGPS Central (number 14) has been added to the register. This complements the existing risk (number 12) regarding pooling delivering higher investment returns.
6. Following the request by the Pension Committee at their meeting on the 25 May 2018 the criteria for assessing the Impact and Likelihood of risks has been added to the register. The criteria is a replication of the that used by the County Council, with the addition of financial criteria specifically for investment performance due to their significant value.

Identified Risks of Concern

7. There are currently no identified risks of concern.

Recommendation

8. The Local Pension Board is asked to note the latest risk register of the Pension Fund.

Appendix

9. Risk Register

Equality and Human Rights Implications

10. None.

Officers to Contact

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

Mr I Howe, Pensions Manager, Corporate Resources
Tel: 0116 305 6945 Email: Ian.Howe@leics.gov.uk

Risk no	Service	Risk	Causes (s)	Consequences	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	Pens	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
2	Pens	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 pensioners and other single payments (e.g. lump sums)	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 time causing delays Increased appeals	Ian Howe	Currently use a successful pension administration system Currently use a separate member self-service facility, pensioner payroll and immediate payments system. Successful tender completed and project team established	5	2	10	Treat	Working in partnership with another Fund Working closely with internal IT, internal audit and others Detailed project planning	5	1	5	Ian Howe

3	Pens	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
4	Pens	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
5	Pens	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	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

				Reputation													
6	Invs	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
7	Invs	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
8	Pens/Invs	Sub-funds of Community Admission Bodies are 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

9	Invs	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
10	Invs	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
11	Invs	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

12	Invs	Investment pooling within the LGPS fails to deliver a higher long term net investment return	LGPS Central fails to deliver better net investment returns than the Fund would have expected to achieve if investment pooling did not occur	Lower returns will ultimately lead to higher employer contribution rates than would otherwise have been the case	Chris Tambini	Shareholders' Forum, Joint Committee and Practitioners' Advisory Forum will give significant influence in the event of issues arising.	3	3	9	Treat	The set-up of LGPS Central is likely to be the most difficult phase. The Fund will continue to monitor closely how the company evolves Programme of LGPS Central internal activity, which has been designed in collaboration with the audit functions of the partner funds.	2	2	4	Chris Tambini
13	Invs	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	Continuing focus on ensuring that there is sufficient expertise to be able to make thoughtfully considered investment decisions	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
14	Invs	The transition of investment assets to LGPS Central is not successful	Pooling does not reduce the on-going management costs of assets Transition costs are significantly higher, for example the cost of selling the existing investments and buying new ones.	Savings available do not justify the transition costs and on-going cost of running LGPS Central	Chris Tambini	Central maintains the flexibility to run funds internally. Specialist transition manager being appointed. Implementation being phased, allowing capacity to be managed and lessons learned	2	3	6	Treat	Advisors engaged to assess the impact upon Leicestershire's assets. Views from 8 partners sought throughout the transition process. Central increasing the level of engagement with Funds LGPS Central's Internal Audit plan includes an assessment of the governance surrounding the transition	2	2	4	Chris Tambini

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	Pension Section <£50k Investments Losses expected to be recovered in the short term
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	Pension Section £50k-£250k Minimal effect on budget/cost Investments Some underperformance, but within the bounds of normal market volatility
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	Pension Section £250k - £500k Small increase on budget/cost: Handled within the team/service Investment Underperformance by a manager requiring review by the Investment Sub-committee

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	Pension Section £500-£750k. Significant increase in budget/cost. Service budgets exceeded Investment Underperformance of significant proportion of assets leading to a review of the Investment or Funding strategy
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/Fund, members or officers	Pension Section >£750k Large increase on budget/cost. Investment Employer contributions expect to increase significantly above Funding Strategy requirement

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	5	10	15	20	25
	4 Major	4	8	12	16	20
	3 Moderate	3	6	9	12	15
	2 Minor	2	4	6	8	10
	1 Negligible	1	2	3	4	5
		1	2	3	4	5
		Very Rare/Unlikely	Unlikely	Possible/Likely	Probable/ Likely	Almost certain
						Likelihood*

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



LOCAL PENSION BOARD

17 SEPTEMBER 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

BONDS AND GUARANTORS

Purpose

1. The purpose of this report is to inform the Board about bonds and guarantors when Academy and Multi Academy Trusts outsource work to new employers under the transfer of undertakings (protection of employment) regulations (TUPE).

Background

2. When an Academy or Multi Academy Trust (MAT) outsources work under TUPE the scheme members Local Government Pension Scheme benefits have to be maintained under Fair Deal.
3. The Academy or MAT can do this in two ways;
 - a. The new employer sets up a broadly comparable pension arrangement , or
 - b. The new employer opts to become a transferee admission body (TAB) in the Leicestershire Pension Fund. This is the more common option and requires two legal documents to be completed, an admission agreement and bond.
4. The new employer has to ensure a bond is set up with their bond provider, in advance of the transfer of staff. The value of the bond is calculated by the Fund's Actuary. The bond is used if the new employer becomes financially unstable and is unable to meet its financial commitments in the scheme. The Fund claims against the bond so member's pension benefits can be paid without the need to discharge the cost across other employers in the Fund.
5. Bonds are made up of two elements;
 - a. The market related risk of the employer,
 - b. The capital cost. If a member is made redundant age 55 or over they are entitled to immediate payment of their pension benefits unreduced. This creates a capital cost that is paid directly to the Fund.
6. The Leicestershire Fund currently includes both elements in the calculation of bond values for new employers who have received employees from outsourcing Academies and MATs; this is known as the "full bond".

Challenge

7. The Fund is being challenged by Academies, MATs and the new employers about the bond values as they feel they are unreasonable. Their view is the guarantee is “two fold” i.e. the new employer is having to stand an unreasonable bond value when in reality any amount of deficit remaining, if the new employer defaults, will be passed back to the Academy or MAT automatically under the LGPS regulations, therefore negating the need for the market related element of the bond.
8. The Fund takes its current approach because if the new employer defaults, and the Academy or MAT is unable to meet the cost, it can still go to the bond provider to meet the cost.
9. The Fund currently requests the full bond because its view is the Academy or MAT cannot act as guarantor without the Secretary of States approval. If approval is granted by the Secretary of State, the Fund will only request the capital cost bond which will be lower than the value of the full bond. However, the Pension Manager is not aware of approval being granted by the Secretary of State.
10. The Department for Education (DfE) informal opinion is that an Academy or MAT cannot act as guarantor without the approval of the Secretary of State.
11. The Ministry of Housing Communities and Local Government (MHCLG) informal opinion is an Academy or MAT can act as guarantor without the approval of the Secretary of State. This is supported by regulation 64(3) of the Local Government Pension Scheme Regulations 2013.
12. Differing informal views from DfE and MHCLG create uncertainty causing Administering Authorities to take differing approaches.

Investigation

13. The Pension Manager understands if an Academy or MAT acts as guarantor without the Secretary of States approval they are breaching their obligations under the Funding Agreement with the DfE.
14. The Pension Manager has requested an opinion from the Local Government Association (LGA) to help officers decide if a change of approach is required in the Leicestershire Fund. The LGA are aware of the issue. They have agreed that MHCLG raise this issue with the DfE to help resolve the current conflicting position. In addition, the LGA are expecting MHCLG to issue further consultation on Fair Deal in the LGPS by the end of 2018. One of the options being put forward is the outsourcing employer would remain the scheme employer, thereby negating the issue.
15. The Pension Manager has approached the Fund’s Actuary and their informal opinion is the Fund should consider its position, believing an Academy or MAT (whether explicitly or implicitly) is the guarantor when they outsource to a third party [new employer].

16. The Pension Manager has approached a number of other LGPS Funds and their informal opinions are to allow Academies or MATs to act as guarantor without the Secretary of States approval.

Recommendation

17. The Local Pension Board is asked to recommend further investigation that will support officers in making a decision; whether or not to allow Academies and MATs to act as guarantor without the need for Secretary of State approval, thereby only requiring a capital cost bond.

Equality and Human Rights Implications

18. None.

Officers to Contact

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