



Meeting: **Local Pension Board**

Date/Time: **Monday, 23 August 2021 at 10.00 am**

Location: **Microsoft Teams.**

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 24 May 2021.		(Pages 3 - 8)
2. Question Time.		
3. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.		
4. Declarations of interest in respect of items on the agenda.		
5. Funding Position 31 March 2021.	Director of Corporate Resources	(Pages 9 - 22)
6. Pension Fund Administration Report April to June 2021 - Quarter One.	Director of Corporate Resources	(Pages 23 - 46)
7. Risk Management and Internal Controls.	Director of Corporate Resources	(Pages 47 - 60)
8. Continuous Improvements Report.	Director of Corporate Resources	(Pages 61 - 68)



9. Additional Voluntary Contributions. Director of Corporate Resources (Pages 69 - 74)
10. Any other items which the Chairman has decided to take as urgent.
11. Dates of Future Meetings.
Monday 8 November 2021 10am
Wednesday 16 Feb 2022 10am
Wednesday 4 May 2022 10am
Wednesday 17 August 2022 10am
Wednesday 26 October 2022 10am
12. Exclusion of the Press and Public
The public are likely to be excluded during consideration of the following items in accordance with Section 100(A)(4) of the Local Government Act 1972 (Exempt Information)
13. Additional Voluntary Contributions. Director of Corporate Resources (Pages 75 - 80)

TO:

Employer representatives

Mrs R. Page CC
Cllr E. Pantling
Mr. R. Shepherd CC

Employee representatives

Ms. C. Fairchild
Ms. D. Haller
Ms. R. Gilbert

Reserve Employee representative: Mr. M. Saroya



Minutes of a meeting of the Local Pension Board held at County Hall, Glenfield on Monday, 24 May 2021.

PRESENT

Mrs. R. Page CC (in the Chair)

Ms. C. Fairchild
Ms. R. Gilbert
Mr. M. Saroya

Mr. R. J. Shepherd CC

Apologies

Apologies were received from Cllr. E. Pantling and Ms. D. Haller. Mr. M. Saroya attended as reserve Employee Representative.

86. Minutes of the meeting held on 8 February 2021.

The minutes of the meeting held on 8 February 2021 were taken as read, confirmed and signed.

87. Question Time.

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

88. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.

There were no items for consideration.

89. Declarations of interest in respect of items on the agenda.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

Mr Shepherd declared a personal interest in respect of Agenda Item 6 Pension Fund Administration Report January to March 2021 to East Midlands Shared Services referred to within the report as a Member of its Joint Committee.

90. Additional Voluntary Contributions.

The Board received a report from the Director of Corporate Resources regarding performance of the Fund's Additional Voluntary Contributions provider the Prudential. A copy of the report marked 'Agenda Item 5' is filed with these minutes.

The Pensions Manager informed the Board that Prudential were no longer able to attend and had provided their response in respect of some concerns that the Board may have, which is filed with these minutes.

The Board noted that the Pensions Manager had self-reported the disruption to the Pensions Regulator as delays with Prudential had affected timeliness in payments out to retiree's which breached pension regulations. Members understood that such a breach was out of the Fund's control however that ultimately the Fund was accountable for the delay. It was noted that the Fund had until 30 June 2021 to respond to the Pensions Regulator if timescales were improved, otherwise the regulator would need to consider further steps.

Mr. Saroya, spoke of his own experience having been affected by the Prudential's delay, having contacted them numerous times and receiving no response using their internal portal signposted to deal with complaints. Furthermore, phone lines had left him waiting with no response after numerous hours. It was recognised that organisations the size of Prudential could be susceptible to issues with migration of systems, however mitigations and communications plans would also be expected to be in place to honour previously promised timescales for resolution. Mr. Saroya thanked the Pensions Team for the work in escalation of his issue and placed no fault with the Fund.

Arising from the discussion Members raised the following points which they asked to be further raised within a letter to the Pru:-

- That a full and clear improvement plan be provided with timescales prior to the Fund's proposed response to the Pension Regulator before 30 June.
- How would the Prudential honour their commitments to the improvement plan?
- What actions will the Prudential take if they are unable to meet the improvement plan?
- How will the Prudential ensure that compensation is paid to Leicestershire Fund members impacted, without them needing to go through the Fund's formal Internal Dispute Resolution Procedure (IDRP) process, and does not disadvantage members who have been delayed, but have been less vocal in their demands, waiting to see the situation improve?
- Prudential must provide full and total assurance, that no scheme member will be negatively financially impacted by the delays investing members contributions. Officers had received assurance of this, but the wording in The Prudential's original letter, filed with these minutes, brings this into question.
- Prudential to provide evidence the service levels have improved to an average 14 days for processing a retirement claim. How does that relate to the Leicestershire Fund?
- Will the Prudential write to all the Leicestershire Fund's employers and AVC payers, to explain the situation and what action is being taken to resolve this?
- Why will the Prudential not meet with the Leicestershire Pension Board in an open forum?
- What protection is available to AVC scheme payers in the Leicestershire Fund, should the Prudential go bankrupt and is there sufficient cover in place via the Financial Services Compensation Scheme?

The Board recognised the long partnership the Leicestershire Pension Fund held with the Prudential and emphasised the strong desire to resolve the issue positively for the benefit of the Fund's scheme members. However Members ultimately remained extremely concerned with the current situation.

RESOLVED:

That the Pensions Manager respond to the Prudential expressing the concern and questions discussed at the meeting and organise a separate meeting between Prudential and Board Members.

91. Pension Fund Administration Report January to March 2021 - Quarter Four.

The Board received a report from the Director of Corporate Resources regarding administration of the Fund January to March 2021. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

Arising from the discussion the following points arise:-

- i. The workload of the Pensions Section remained high but cases were being progressed positively, with deaths returning to pre-covid levels having worked through the previous peaks.
- ii. The County Council had moved to a new Fusion Oracle system but there had only been minor issues which had been expected given the large system. Members were pleased to note the move had not impacted on the Fund's monthly posting process.
- iii. The Fund's Actuary Hymans Robertson had been successful with a recent tender and would remain Fund actuary for at least five years.

Members thanked the Pensions Section for all of the work undertaken in the quarter and had no matters of concern that it wished to refer to the Local Pension Committee.

RESOLVED:

That the Board notes the report.

92. Employer Risks and Exits

The Board considered a report by the Director of Corporate Resources regarding the outcome of the consultation on changes to the Funding Strategy Statement following regulation changes to employer risks and exits as well as the Fund's Policy on Employer Risk. A copy of the report, marked 'Agenda Item 7', is filed with these minutes.

Members noted that the Fund was not minded to allow reviews of employer contributions outside of the usual Fund valuation process. In exceptional cases where a Fund employer experienced genuine financial difficulty, the Fund would look to review the contribution rate if it were to increase the chance of repayment. The risk would first be considered alongside risk to other Fund employers and would be assessed to consider putting additional security in place. The Fund would seek actuarial advice on all cases.

RESOLVED:

That the Board support the proposed changes to the Fund's Funding Strategy Statement.

93. Good Governance Phase 3 - Progress Report.

The Board considered a report from the Director of Corporate Resources updating Members on progress towards the Good Governance Phase 3 Report. A copy of the report marked 'Agenda Item 8' is filed with the minutes.

The Board noted that the Fund expected and awaited statutory guidance to be published by the Ministry of Housing, Communities and Local Government on the recommendations set out by the Scheme Advisory Board. It was expected that standards would increase from current standard practice and that there would be areas, currently fully compliant where further strengthening would be required. The Board would be kept updated on the matters as they progressed.

RESOLVED:

That the report is noted.

94. Pensions and Cyber Risk.

The Board considered a report of the Director of Corporate Resources regarding Cyber Risk and Security. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

Members noted that 92% of all employee information was received through IConnect. Officers from the Pensions Section had met with Leicestershire County Council's Technical Security and the systems supplier Aquila Haywood (Aquila) and conducted an information security risk assessment review. Aquila also conducted accredited annual penetration testing, with Leicestershire County Councils IT team having provided assistance on reports and the technical side of results to the Fund.

RESOLVED:

That the report be noted.

95. Continued Improvements and Systems.

The Board considered a reported of the Director of Corporate Recourses providing an update on progress in respect of areas identified improvement within the Pensions Section. A copy of the report, marked 'Agenda Item 10', is filed with these minutes.

RESOLVED:

That the report be noted.

96. Internal Audit Arrangements (Including Internal Audit Work Conducted During 2020-21 and the Internal Audit Plan 2021-2022) and the Pension Fund Risk Register.

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, including internal audit work completed and the Internal Audit Plan 2021-2022 and the Pension Fund Risk Register. A copy of the report is filed with these minutes, marked 'Agenda Item 11'.

The Board welcomed the outcome of the 2020-21 audit report which had resulted in a positive assurance grading with no high importance recommendations.

Internal Audit assured the Board that they held detailed conversations with the County Councils IT Team who provided evidence of the penetration testing on a corporate level in relation to cyber security.

RESOLVED:

That the report be noted.

97. Pension Fund Conflict of Interest Policy.

The Board considered a report of the Director of Corporate Resources regarding the Pension Fund's draft Conflict of Interest Policy. A copy of the report marked '12' is filed with these minutes.

Members supported the Policy which would enhance the governance and controls that were already in place as part of Fund policies.

RESOVLED:

That the draft Conflict of Interest Policy be supported.

98. Date of Next Meeting.

RESOLVED:

That the date of the next meeting is scheduled for 23 August 2021 at 10am.

10.00 am - 12.00 pm
24 May 2021

CHAIRMAN

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LOCAL PENSION BOARD - 23 AUGUST 2021

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

FUNDING POSITION 31 MARCH 2021

Purpose of the Report

1. To inform the Board about the Fund's estimated Funding Position as at the 31 March 2021.

Background

2. Leicestershire Local Government Pension Scheme is required to complete a Pension Fund Valuation every three years. The most recent valuation took place on the 31 March 2019.
3. At the 31 March 2019 valuation the Fund was 89% funded which broadly meant there was sufficient funding to pay 89 pence of every £1.00 of members benefits at the time of the valuation. The valuation exercise is to ensure that investment and employer contribution plans can be adjusted so that a shortfall does not actually take place. The 31 March 2019 valuation set the employer contribution rates for the three years, 1 April 2020 to the 31 March 2023.
4. The next Fund valuation is on the 31 March 2022, however Fund Officers requested the Fund's Actuary Hymans Robertson, provide a mid-valuation funding position to assess progress since the last valuation, and to provide a guide on the likely outcome at the 2022 valuation.
5. The mid-valuation funding position as at the 31 March 2021 shows an improvement to the overall funding level to 100% funded, but also provides a warning on the overall impact on future employer rates. Funding levels are calculated separately for each employer and several will still have deficits to resolve.
6. The mid-valuation exercise is not as thorough as the full valuation exercise (e.g. no detailed pension data provided by the Fund or full calculations completed by the Actuary) hence there is potential for changes to the actual valuation result at 31 March 2022. There is also potential change to investment return to the 31 March 2022.

Key Funding Measures

7. The Fund Actuary, Hymans Robertson has provided a Member Briefing document. This is attached as Appendix A.
8. Rather than duplicate much of the detail from this document, this report concentrates on the key changes since the 2019 valuation.
9. Since the 2019 valuation, the key funding measures are estimates to have changed after allowing for market conditions to the 31 March 2021. These measures are;
10. **Past Service Funding Position.** The past service funding shortfall has decreased from £537m to £15m, based on the Fund targeting annual future investment returns which have an 80% likelihood of being achieved. A prudent approach was taken to deal with the uncertainty of McCloud at the 31 March 2019 valuation and this has been followed through in the mid-valuation exercise.
11. **Expected future investment return.** The COVID pandemic disrupted the investment markets and in 2020 the expected investment return on the Fund had worsened relative to the 2019 valuation. However, the position has subsequently improved and the expected future investment returns over 20 years is broadly the same as the 2019 valuation, with Hymans estimating the Fund's asset allocation remaining at 80% likelihood of achieving an annual return of at least 3.8% per annum.
12. **Investment Return.** At the 2019 valuation investment returns of 4.5% were required to provide 100% funded. The 2021 mid-valuation shows investment returns of 3.8% are required to be 100% funded.

Indicative impact on future employer contribution rates

13. Employer rates are split into two, primary and secondary rates.
 - The primary rate covers the cost of future benefit accrual.
 - The secondary rate covers the cost of benefits already accrued.

Hymans indicate the cost of future benefit accrual has increased which is likely to increase the cost of the primary rate.

Hymans indicate the improved past service funding position will have a positive impact, which may slightly reduce the cost of the secondary rate.

14. It is difficult to predict with any certainty the overall impact on the employer rates at the current time. Employers are grouped into separate categories and those presenting a greater risk to the Fund, are assessed further. The indicative mid-valuation 2021 position seems to suggest no major changes to funding plans, which could equate to a possible levelling of employer rates,

although this may not be the case for all employers, with some seeing an increase in their rate.

15. The mid-valuation exercise is designed as a check for Officers to assess progress made in reducing the deficit. It also indicates if there is any need to adjust investment and employer contribution plans. The results at the 31 March 2021 indicate there is no corrective action required by the Fund or the employers.

Government Actuary Department Section 13

16. The Government Actuary's Department (GAD) carried out benchmarking analysis at the 2019 valuation across all LGPS Funds. This exercise analysed all Funds data using a consistent funding approach to highlight any funding risks. However, it is important to note the GAD funding basis has no direct correlation to the Fund's valuation or mid-valuation result. Officers are pleased to confirm there were no risks highlighted in the Leicestershire Fund. GAD have not yet published the final report, and it is expected later this year.

Timeline for the 31 March 2022 Valuation

17. The following table provides a guide to the estimated timeline for the 31 March 2022 valuation. For the 2022 valuation, Officers intend to split the employers into two working groups. This is simply designed to assist administration. It allows the Pension Section to deal with one group of employers first (the stabilised employers), then moving onto all the other employers. The stabilised employers tend to be the larger tax raising employers, e.g. Leicestershire County Council, Leicester City, the Borough and District Councils, Police and Fire.

Date	Topic	Action or Awareness
August/September 2021	Mid-valuation funding update	Board/Committee
September 2021	Provide Hymans with stabilised employer data	Pension Section
September/October 2021	Calculate indicative stabilised employer rates	Hymans
November 2021	Agree principles for the 2022 assumptions	Committee
March 2022	Results of the stabilised employer modelling	Committee
April 2022	Provide the stabilised employers with their indicative rates. 1 April 2023 to 31 March 2026	Pension Section/Stabilised employers
June 2022	Agree final valuation assumptions	Committee

August 2022	Provide Hymans with all Fund data	Pension Section
August/September 2022	Review selected employer's financial health	Pension Section
August/September 2022	Calculate Fund results	Hymans
September/October 2022	Whole Fund valuation results	Committee/Board
October/November 2022	Provide the other employers with their indicative rates. 1 April 2023 to 31 March 2026	Pension Section/Fund employers
December 2022	Changes to Fund Funding Strategy Statement and Investment Strategy Statement	Pension Section/Fund employers
February 2023	Funding Strategy Statement and Investment Strategy Statement	Committee/Board
March 2023	Final valuation report produced with final employer rates	Hymans
April 2023 to March 2026	Employer rates implemented	Pension Section/Fund employers

Recommendation

18. Members of the Board note the report.

Equal Opportunities Implications

None specific

Appendix

Appendix A – Member Briefing Funding Update as at 31 March 2021

Officers to Contact

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Member briefing - funding update at 31 March 2021

Executive summary

Since the 2019 valuation, the key funding measures are estimated to have changed after allowing for market conditions to 31 March 2021. These measures are:

- **Past service funding position:** The past service funding shortfall has decreased from £537m to £15m. This notional funding position is based on the Fund targeting annual future investment returns which have a 80% likelihood of being achieved. The reduction in shortfall has been largely driven by strong investment performance since 31 March 2019 (which has been 17.2%)
- **Expected future investment return:** The outlook for future investment returns (over the next 20 years) is broadly the same as the 2019 formal valuation. At 31 March 2021, we estimate that the Fund's asset allocation has a 80% likelihood of achieving an annual return of at least 3.8% p.a. (at 31 March 2019, the equivalent return was also 3.8% p.a.).
- **Fully funded required rate:** The Fund is now fully funded (exactly 100%) using a future investment return assumption of 3.8% p.a. As above, we estimate that the Fund's asset allocation has a 80% likelihood of achieving these returns (over the next 20 years). At the 2019 formal valuation future investment returns of 4.5% p.a. were required to be fully funded, and the likelihood of achieving these returns was only 70%.
- **Indicative impact on future contributions**
 - **Secondary rate contributions:** the improved past service funding position will have a positive impact on Secondary rate contributions, all else being equal.
 - **Future service cost (Primary rate contributions):** The cost of future benefit accrual has increased. While future investment return expectations (over the next 20 years) remain broadly the same as at the 2019 valuation, future market conditions (particularly those beyond 20 years) for valuing benefit costs are expected to be more challenging and are applying upward pressure to the future service cost (compared to March 2019).

Purpose and scope

This paper has been commissioned by and is addressed to Leicestershire County Council as Administering Authority of the Leicestershire County Council Pension Fund ("the Fund").

Its purpose is to provide the Fund's Pension Committee ("the Committee") and Pension Board ("the Board") with a high level summary of funding strategy, including an update on the overall fund level funding position as at 31 March 2021 and how it compares to the position at the last formal valuation of the Fund (31 March 2019).

This paper relies on information and results contained within the 31 March 2019 formal valuation report and the Funding update report at 31 March 2021 previously provided to the Fund. Further information regarding the data, assumptions, methodology, funding risks and professional standards associated with the results within this paper are contained within these two reports and are available on request.

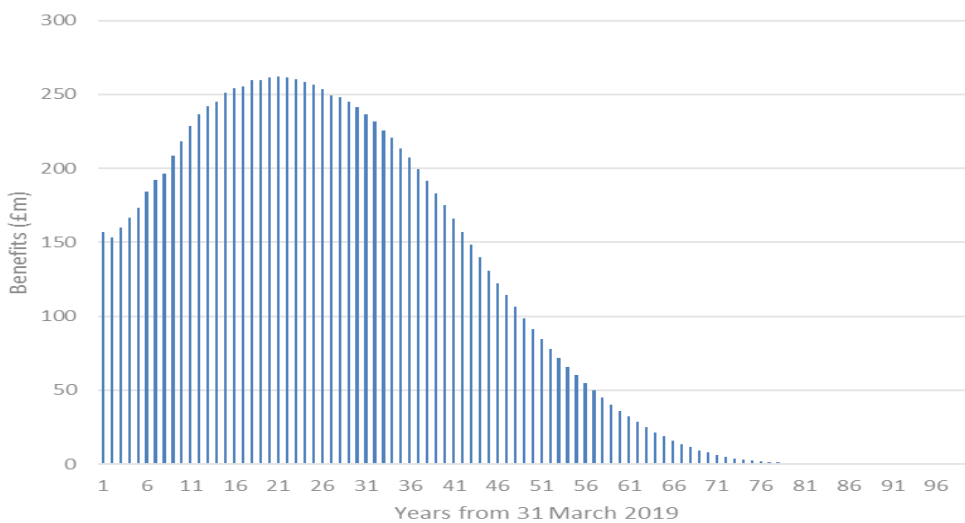
Funding position

The funding position is only a snapshot in time and is based on a single set of assumptions about the future. To measure the funding position, we compare the value of the Fund's assets on that date against the expected cost

(including an allowance for future investment returns) of all the future benefit payments accrued up to the valuation date (the liabilities).

The Fund's liabilities are the future benefit payments due to members in respect of their service accrued in the Fund. Actual benefit payments in the future will be in respect of both service accrued up to today ("past service") and service that will be accrued in the future ("future service"). However, the funding position traditionally presented is only in respect of **past service** benefits.

The chart below shows the future benefit payments in respect of service accrued by all members in the Fund at 31 March 2019.



Using an assumption about the future investment return generated from the Fund's assets allows a value to be placed on these payments in today's money; the liabilities. The higher the assumed future investment return, the lower the liability value and therefore the higher the funding level (and vice versa). The value placed on the liabilities is extremely sensitive to the future investment return assumption.

Future investment return assumption

The funding position results are more meaningful when stakeholders can understand the likelihood, and hence the level of prudence, attached to them. Furthermore, the Fund's funding strategy is required to include a margin of prudence to provide security of member benefits.

For the purpose of reporting a funding level and an associated funding surplus/deficit for the 2019 valuation, an investment return of 3.8% p.a. was used. Based on the Fund's investment strategy, at 31 March 2019 it was estimated that the Fund's assets had a 80% likelihood of achieving this return of 3.8% p.a. (over the next 20 years).

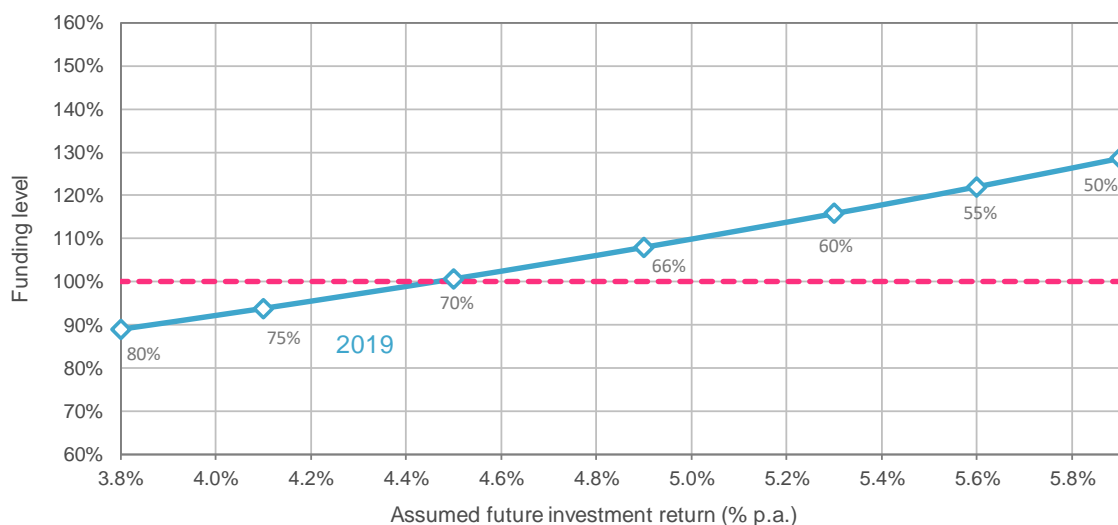
In reality, the Fund's assets are expected (on average) to deliver returns which are more in line with 'best estimate' returns. The funding strategy assumes lower returns to safeguard against various risks (including investment risk). However, the investment strategy will typically seek to achieve the highest possible returns for the given strategic allocation. Note, the 'best estimate' return (i.e. a 50% chance of being achieved over the next 20 years) at 31 March 2019 was 5.9% p.a.

2019 valuation recap

At 31 March 2019 the funding position was a deficit of £537m. This past service funding position was calculated using a future investment return assumption of 3.8% p.a. As described above, there was an 80% likelihood that the Fund's assets will achieve these returns.

Valuation Date	31 March 2019
Total Liabilities (£m)	4,849
Assets (£m)	4,312
Surplus / (Deficit) (£m)	(537)
Funding Level	89%

Of course had the Fund adopted a different future investment return assumption, the funding position would be higher or lower than the 89% reported at 31 March 2019. The chart below shows how the funding level varies under different future investment return assumptions. The likelihood of achieving these returns is noted next to each point of the chart.



From the chart we can see that the Fund could have reported a fully funded position at 31 March 2019 if a 4.5% p.a. future investment return assumption was used (instead of 3.8% p.a.). However, the likelihood of the Fund's assets achieving 4.5% p.a. (on average over the next 20 years) is 70% and this assumption would therefore be less prudent.

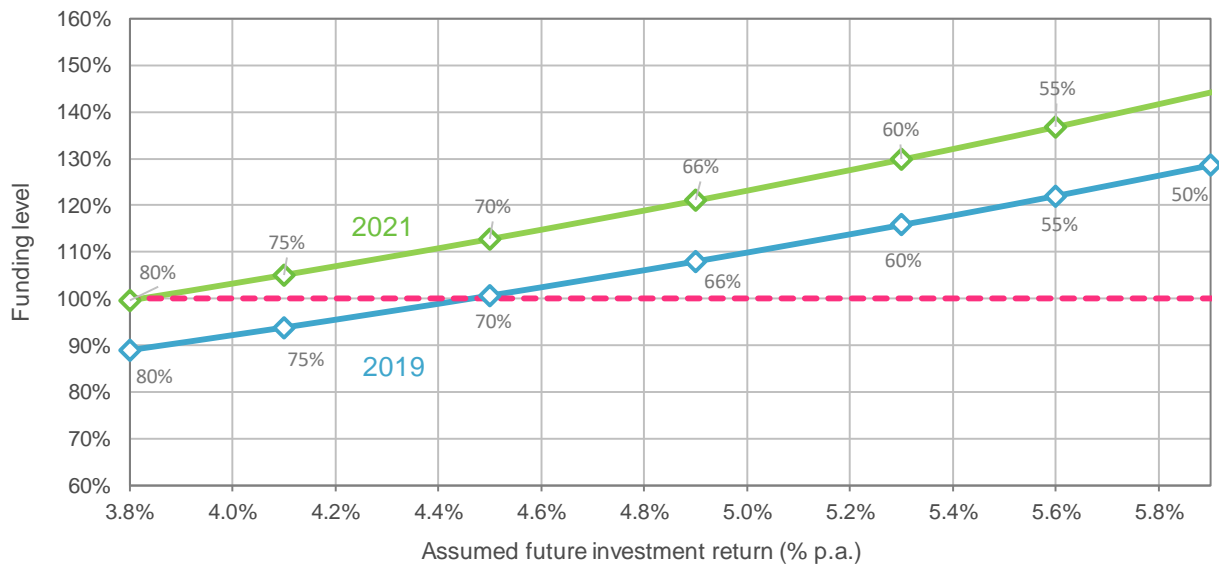
Funding update at 31 March 2021

At 31 March 2021 the estimated funding position has improved with the deficit reducing to £15m.

Valuation Date	31 March 2021	31 March 2019
Total Liabilities (£m)	5,145	4,849
Assets (£m)	5,130	4,312
Surplus / (Deficit) (£m)	(15)	(537)
Funding Level	100%	89%

To maintain consistency with the approach adopted at 31 March 2019, the funding update was calculated using a future investment return assumption with an 80% likelihood of being achieved, i.e. to keep the same level of prudence in the reported funding position.

At 31 March 2021 we estimate that the Fund's asset allocation has a 80% likelihood of achieving an annual return of at least 3.8% p.a. (at 31 March 2019, the equivalent return was also 3.8% p.a.), i.e. the outlook for future investment returns is broadly the same as the last formal valuation, as illustrated in the chart below.



From this chart, we can see that the likelihood of achieving any given future investment return remains broadly the same as 2019. However, regardless of the investment return assumption used, there has been an improvement in the funding position at 31 March 2021 compared to the 2019 valuation, reflecting an increase in assets held today per pound of benefit to be paid out in future. This improvement has been driven by strong investment performance over the period (17.2% since 31 March 2019).

Change since 2019 valuation

At the 31 March 2019 valuation, the Fund's assets were insufficient to pay all future benefit payments based on an assumed investment return of 3.8% p.a.. To have sufficient monies, it was estimated that the Fund would need either:

- an additional £537m of assets as at 31 March 2019; or
- future investment returns of at least 4.5% p.a. (which were estimated to be achievable in c.70% of future outcomes).

Comparing both of these figures to the equivalent as at 31 March 2021 we note that:

- the past service funding shortfall has decreased from £537m to £15m; and
- the required investment return to be fully funded has fallen from 4.5% p.a. to 3.8% p.a. The likelihood of the Fund's assets achieving the required level of return has increased from 70% to 80%.

The Fund is now more likely to have sufficient assets to meet earned benefit payments than at the previous valuation.

Impact on future contributions

The LGPS Regulations require employer contribution rates to be broken down into:

- the Primary contribution rate – defined as the actuarial cost of new benefits being earned by current employees (active members) expressed as a percentage of pensionable pay; and
- the Secondary contribution rate – any adjustment to the primary contribution rate (such as additional contributions to repair any deficits).

Employer contributions are reviewed and certified every 3 years at formal valuations. The next formal valuation of the Fund will be at 31 March 2022. Therefore, the impact on employer contributions described below is purely

indicative based on the funding update at 31 March 2021. Any changes in markets before the next formal valuation will affect these projections.

Secondary rate contributions

Secondary rate contributions are paid by employers to target a funding position over an agreed time horizon (as detailed in the Fund's FSS). Employers have their own funding plans within the Fund with varying funding positions and time horizons.

At 31 March 2021, the Fund is now notionally fully funded. Therefore, it can be inferred that the improved past service funding position is likely to have a positive impact on Secondary rate contributions at the next valuation for the average employer, all else being equal.

Of course any changes in funding position (and any impact on contributions rates) will be varied across the Fund's employers and is dependent on each individual employer's membership.

Primary rate contributions

As discussed above, the past service funding position has improved. However, being 100% funded in a scheme like the LGPS which is both open to future accrual and new entrants, is not the endgame. For the average fund, two-thirds of the benefit payments made over the next 50 years will be in respect of benefits yet to be earned. This will include benefits earned by existing members (new accrual) and benefits earned by new members who begin service in the LGPS after the valuation date (new joiners). The assets held today only cover past service benefits – we still need to fund those benefits yet to be earned.

While future investment return expectations (over the next 20 years) remain broadly the same as at the 2019 valuation, future market conditions (particularly those beyond 20 years) for valuing benefit costs are expected to be more challenging and are applying upward pressure to the future service cost (compared to March 2019).

The increased cost of future accrual will lead to increased Primary contribution rates. For the average employer any increases in Primary contribution rates may be partially (or wholly) offset by reductions in Secondary contribution rates.

Summary

As at 31 March 2021, the past service funding position has improved primarily due to the Fund's investment outperformance since 31 March 2019. However, the future service position has deteriorated.

Combining both these factors together, if the Fund's funding strategy and investment strategy remained static, we may expect funding plans to remain broadly unchanged at the next formal valuation (31 March 2022).

However, there are many moving parts and as such the following caveats apply:

- the funding position and cost of future benefit accrual may change when an allowance is made for [RPI reform](#) and the resulting impact on future inflation expectations;
- the impact on the rates of different employers will vary depending on their membership profile;
- legal judgements such as McCloud and Goodwin will impact employers differently (the above analysis doesn't make any allowance for these matters); and
- any change to market conditions and the outlook for future returns will impact contributions requirements.

Other considerations

COVID-19

The COVID-19 pandemic has severely disrupted investment markets. At the beginning of the pandemic (in early 2020), the expected future investment return on the Fund's assets had worsened (relative to the 2019 valuation). As described above, this position has recovered and future returns are now expected to be broadly in line with the 2019 valuation expectations.

Given the increased market volatility, we would be happy to provide Members with further updates in the future to monitor the ongoing position of the Fund as the pandemic, macroeconomic environment and the efficacy of vaccination programmes continue to affect the future outlook for both investment returns and inflation.

Our funding projections make no allowance for actual membership experience or updates to longevity assumptions as a result of the pandemic or otherwise.

GAD Section 13

The Government's Actuary's Department (GAD) carried out benchmarking analysis across all LGPS funds at the 2019 valuation. This report reviewed several funding risk indicators to draw comparison between funds and to raise concerns with any funds that failed on any given risk metric. We are pleased to report that GAD raised no concerns about the Fund's funding position and funding policies in its review.

Using GAD's standardised national funding assumptions, the Fund was c103% funded at the 2019 valuation - an increase from the 89% reported by the Fund in its 2019 valuation report under the local assumptions described within this paper. It is worth noting that GAD's assumptions are only suitable for comparison between funds and each fund has discretion to set its own funding plans.

The results contained within this paper have no direct correlation with the GAD funding basis. However, as the improvement in past service funding has been driven by better than expected investment returns it is reasonable to expect the GAD funding basis would also show an improvement of a similar magnitude, all else being equal. Note, GAD do not carry out any analysis of funds in the period between triennial valuations.

Funding versus accounting assumptions

The actuarial assumptions adopted by the Fund for funding purposes are different to those prescribed for preparation of accounting disclosures. In particular, the funding discount rate (future investment return) assumption is currently higher than the discount rate adopted for accounting purposes. All else being equal, this places a higher value on pension liabilities when using accounting assumptions compared to the funding assumptions. This means that, for the average LGPS employer, their accounting balance sheet will be worse than their funding position.

It is important to note that cash contribution requirements are set by the Fund with reference to the employers' funding positions only; the accounting position does not affect the cash contributions that an employer needs to pay to the LGPS.

Reliances and limitations

This paper has been prepared for Leicestershire County Council as Administering Authority of the Leicestershire County Council Pension Fund for the purpose described above. It has not been prepared for use for any other purpose and should not be so used. The paper should not be disclosed to any third party except as required by law or regulatory obligation or with our prior written consent. We accept no liability where the paper is used by or disclosed to a third party unless we have expressly accepted such liability in writing. Where this is permitted, the paper may only be released or otherwise disclosed in a complete form which fully discloses our advice and the basis on which it is given.

The following Technical Actuarial Standards are applicable in relation to this advice, and have been complied with where material and to a proportionate degree:

- TAS100

This report together with the formal valuation report for the Fund (issued March 2020), the Fund's Funding Strategy Statement and the Funding update report at 31 March 2021 set out the aggregate of our advice.

Prepared by:-



Richard Warden FFA



Tom Hoare FFA

12 July 2021

For and of behalf of Hymans Robertson LLP

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LOCAL PENSION BOARD - 23 AUGUST 2021

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND ADMINISTRATION REPORT **APRIL TO JUNE 2021 - QUARTER ONE**

Purpose of the Report

1. The purpose of this report is to inform the Local Pension Board of the main administrative actions in the quarter. The report covers governance areas including administration of Fund benefits, including the performance of the Pensions Section against its Performance Indicators. The Board is recommended to raise any areas of concern to be reported to the Local Pensions Committee.

Background

2. The Pensions Section is responsible for the administration of Local Government Pension Scheme benefits of the Leicestershire Pension Fund's 98,000 members.

Performance Indicators

3. Attached as Appendix A to this report are the performance indicators for the Pensions Section, which form part of the Section's Service Plan and have been agreed by the Director of 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 2021 quarter are included as Appendix A
5. The Pension Section continues to deal with a large volume of work. The situation remains challenging but it's a generally improving position. Extra resource has been allocated from the Early Leavers Team and moved to the Payments and Taxation Team, to assist with retirements, deaths and payments.

Governance – Service Delivery**General Workloads**

6. The tables show the position in the key work areas, April to June 2021.

April 2021

Area	Cases completed in the period	Remaining cases at the end of the period	Maximum Number of Cases at Month End
Preserved benefits	44	1,067	750
Retirement Options	155	291	250
Retirements Paid	170	274	250
Deaths	112	216	100
Refunds	86	308	400
Pension Estimates	77	186	250
Transfers in	55	210	200
Transfers out (excluding interfunds out)*	29	48	100
Aggregations	112	843	250
New starters set up on the pension system	422	n/a	n/a

May 2021

Area	Cases completed in the period	Remaining cases at the end of the period	Maximum Number of Cases at Month End
Preserved benefits	186	999	800
Retirement Options	163	280	250
Retirements Paid	145	323	250
Deaths	99	185	100
Refunds	176	259	400
Pension Estimates	102	201	250
Transfers in	69	199	200
Transfers out (excluding interfunds out)*	41	45	100
Aggregations	103	801	450
New starters set up on the pension system	377	n/a	n/a

June 2021

Area	Cases completed in the period	Remaining cases at the end of the period	Maximum Number of Cases at Month End
Preserved benefits	84	1,110	850
Retirement Options	260	213	250
Retirements Paid	187	363	250
Deaths	89	194	100
Refunds	155	193	400
Pension Estimates	135	180	250
Transfers in	34	220	200
Transfers out (excluding interfunds out)*	46	45	100
Aggregations	120	746	450
New starters set up on the pension system	502	n/a	n/a

*Interfunds out are excluded from the figures as Regulations allow one year for members to decide whether to transfer.

**New starters are set up from IConnect interfaces load files provided by the employers.

7. The main points to note;
- Preserved benefits are increasing. The Pensions Manager will assess the position at the end of July with an aim of targeting preserved benefits for the stabilised employers, in preparation for the valuation exercise.
 - Aggregations continue to reduce.
 - Deaths remain higher than expected but new cases have reduced.
 - Retirements are higher than expected.

Complaints – Internal Disputes Resolution

8. The Pension Section deals with complaints through the Local Government Pension Scheme's formal Internal Dispute Resolution Procedure (IDRP). However, complaints are usually resolved informally, avoiding the need for the IDRP to commence. Initial complaints are often caused by misunderstandings or human error and can quickly be resolved.
9. In the period April to June 2021 there was one new IDRP stage 2 appeal.

There was progress on two existing Stage 2 cases;

- One case was referred back to the member's previous employer to reconsider their original Stage 1 decision.
- The second case, which had already been referred back to the previous employer for reconsideration, has been subsequently reviewed again. Following this, the stage 1 decision remains, and the scheme member may now decide to proceed with the appeal.

Data Improvement

10. The Pension Section continues an implementation of monthly postings using i-Connect, with each employer in a phased implementation group, as part of the Leicestershire Fund's data improvement plan. The main developments in the April to June 2021 quarter were:
- A total of 10 employers have gone live on monthly posting, including the following phase one employers: Rutland & District Schools' Federation, Limehurst Academy, Woodbrook Vale School, Aspens (5 separate employers).
 - The previously delayed Fusion Academy i-Connect reports were provided at the end of May 2021. Fund Officers uploaded the missing data covering the period from October 2020 to March 2021. This was completed in three weeks allowing year-end data to be processed normally, to achieve the statutory 31 August 2021 annual benefit statement deadline.
 - Work is on-going to generate i-Connect reports for the next group of employers who moved to the Fusion payroll system in April 21: Leicestershire County Council, East Midlands Shared Service and ESPO
 - Officers have written to the phase two employers to request an i-Connect report by mid-July.
 - Large outstanding phase one employers in progress include St Thomas Aquinas Multi Academy Trust, Rutland County Council, The Vines Academy Trust and EPM who administer the payroll for several employers. Officers have provided feedback to these employers on their initial data submission and are waiting for replies to the queries and/or amended reports. These employers are the highest priority when data is received.
 - The Pension Section is continuing to upload the following employers i-Connect reports to control the timing and ensure the quality of data: Leicestershire County Council, Leicestershire County Council Academies (Oracle and Fusion), Leicester City Council and Melton Borough Council

11. As at 16th July 2021, 130 of the employers are live on i-Connect which is 67%, and approximately 32,600 members which is 92% of active scheme members. The main goals for next quarter are moving forward with outstanding phase one employers and starting to process phase two employers. A full list of all the employers monthly posting implementation as at 16 July 2021 is attached as Appendix B.

Plan for 2021/22

12. To help Officers achieve the deadline of getting all the remaining 68 employers onboarded to i-Connect by 31/3/2022, the employers are split into three groups and target each group at a set date:

- **Phase one:** This consist of the remaining priority one employers and some priority two & three employers. Correspondence was sent to these employers requesting that the April 2021 report is sent to Pension by 15th May.

Out of the 27 employers that were contacted, seven have been onboarded to I-connect, 12 have sent data in which Officers have checked, provided feedback and are awaiting for the employer to respond, seven employers have sent data in and is awaiting checking by Officers, and one employer has contacted Officers explaining they have a problem producing the data.

- **Phase two:** This consists of the remaining priority two employers and some priority three employers. Correspondence was sent to these employers requesting that the April 2021 report is sent to Pensions by 15th July.

Out of the 16 employers that were contacted, one has been onboarded to I-connect, four have sent data in and is awaiting checking by Officers, and 11 employers have not sent the data in and have received reminders.

- **Phase three:** This will consist of the remaining priority three employers, who have fewer than a dozen members each. Correspondence to these employers will go out at the start of August requesting that the April 2021 report is sent to Pensions by 15th September.

Breaches Log

13. The Pension Manager retains the Fund's breaches log. Each breach is reviewed to decide if the breach is material or not. Only material breaches are reported to the Pensions Regulator.
14. At the Board's meeting on the 24 May, there was one open material breach relating to the late payment of members pension benefits with Prudential Additional Voluntary Contributions (AVCs). The Pensions Regulator set an improvement date as the 30 June 2021. The Pensions Manager confirmed there was a significant improvement prior to the 30 June 2021, and the risk has reduced. Therefore, the material breach has closed, but the situation

remains closely monitored. A separate report to the Board details the Prudential's position.

Year-End

15. The Pension Section started preparing for 2020/21 year-end in January 2021. The employers received the year-end layouts and completion details.
16. The deadline for submission of the year-end information was the 30 April 2021.
17. The position at 16th July 2021 was;
 - All 195 employers have submitted the year end data and out of those;
 - 12 employers are still being reconciled
 - 30 employers have been reconciled and the Pension Section have uploaded the data and have sent the queries to these employers for resolution
 - 153 employers have been updated with the relevant data, any queries have been resolved and are ready for the annual benefit statements to be produced
18. By the 31 July 2021 all data queries must be resolved and sent back to the Pension Section.
19. The Pension Section will then update members records with the relevant data, prior to running member's annual benefit statements by the statutory deadline of the 31 August 2021. At this stage, there is nothing to indicate the statutory deadline will not be achieved.

Governance – Audit

20. During the quarter April to June 2021, there were no Internal Audit reports received.

Governance - Regulation Changes

21. In June Government published two consultations on the Cost Cap and the Discount Rate Methodology. The closing dates for both consultations ended on the 19 August. Officers considered both consultations and after liaising with the Fund Actuary. Officers decided not to reply given the extremely technical nature of the consultation. These areas are detailed as follows;

Cost Cap

22. The cost cap is designed to manage scheme costs, however in 2016 the cost cap was breached on the low side, thereby requiring improvements to scheme members benefits. These improvements were not implemented because McCloud was pending and the remedy outstanding. Therefore, the 2016 cost cap valuation is still outstanding and is subject to legal challenge from the unions.
23. The consultation appears an attempt to make the cost cap results more stable and less perverse, e.g. to avoid a situation where a breach on the low side leads to benefit improvement despite costs rising for employers due to a lower discount rate (which happened at the last round of valuations in the unfunded schemes).
24. Officers believe the consultation is forward looking and any reforms would apply to the 2020 cost cap valuation, so the 2016 situation will remain unresolved.

Discount Rate Methodology (the SCAPE rate)

25. The discount rate is used in the calculation of employer rates in the unfunded schemes (e.g. Police, Fire, Teachers, NHS etc). The SCAPE rate is also used by the Government Actuary Department (GAD) to calculate factors used in the LGPS. The factors are used in retirements and transfers, so it is possible that any changes to the methodology could affect members benefits and overall fund costs, although the impact is expected to be minimal.

Governance – National

Pensions Regulator Code of Practice

26. The Pensions Regulator (TPR) has announced that it intends to amalgamate its current 15 codes into a single code of practice. A consultation will take place later this year with the intention of the new single code being in place towards the end of 2021. Officers understand much of the current information will remain, but it will include new areas, cyber security and potentially some investments.
27. Prior to the intended amalgamation, the Pensions Manager has completed a review of the Funds progress against TPR's current codes. Officers complete this exercise periodically and this was last brought to the Board in 2019.
28. Since 2019 there has been several improvements from partial compliance to full compliance. There are two areas where full compliance is not met;
- Not all Board Members have completed The Pension Regulators e-learning programme. However, Officers are aware Board Members have completed some sections of it.

- Requests for information are not routinely acknowledged if information cannot be immediately provided. The Pensions Manager feels this is unrealistic and impractical. However, The Pension Section does list its timescale targets on the Fund website. Fund Officers also inform Scheme Members of timescales when they ask, and if there is going to be a likely delay in replying to a scheme member (e.g. for an estimate) Officers aim to inform the member of the potential delay.

29. The Fund's compliance to TPR's current codes is reflected in Appendix C.

Pension Dashboard

30. Government will require all Pension Funds in the UK to comply with a requirement, enabling anyone to view all their pension benefits "in one single place". It is expected to become law for Local Government Pension Schemes by 2023. This exercise is called the Pension Dashboard.
31. Anyone who wishes to use the national Pension Dashboard will need to register, have a secure login, and will need to successfully answer several security questions.
32. Once into the secure dashboard, the person will then be able to see all their pension benefits, via the single dashboard website. This will include access to their pension benefits in the Leicestershire Fund.
33. The Fund will be required to securely provide data to the dashboard, which is expected to be uploaded daily.
34. National testing of the dashboard will start in 2022, with the likelihood for LGPS Funds to go live in April 2023. The role out to all other pension providers in the UK is likely to continue to 2025. The intention is to commence with the larger pension schemes and progress to the smaller schemes by 2025.
35. Fund Officers will be working with the Fund's pension administration system provider Aquila Heywood on this exercise. It is expected, the national dashboard will include a link to the Fund's existing Member Self-Service system, which will complement the dashboard.
36. There are several practicalities involved in this exercise including;
- Capturing and recording additional items from our 98,000 scheme members including; Country Code (almost all will be UK), individual's email addresses and individual's mobile numbers. Officers are looking to see if the monthly IConnect extract from employers can be expanded to capture these new fields for our active members.
 - The cost for implementing the dashboard for the Fund, both in terms of system changes and resources time, is currently unknown. The Pensions Manager will monitor this national exercise.

Governance – Fund Policies

37. There were no changes to Fund policies in the quarter.

Governance – Actuarial

38. During the period April to June 2021, Officers completed the actuarial tender. Hymans Robertson, the Fund's existing Actuary were successful and remain the Fund Actuary for the following five years, with a possible extension of five further years. Hymans will attend the Pension Board, as set out elsewhere on the agenda, to present to the Board about the mid-valuation exercise. The presentation will broadly include the following items;

- The role of the Actuary and how it links with the Leicestershire Fund
- The Fund's valuation process
- Assumptions used in the 2019 valuation
- A mid-valuation funding position. The last valuation was on the 31 March 2019, that set the employer rates for the period 1 April 2020 to 31 March 2023.
- Government Actuary Department's (GAD) separate valuation process and any potential impact

Governance – Employer Risk

39. The Pension Fund usually required a full bond to be in place for TUPE transfers that took place prior to 1 April 2019. This allows the Pension Fund to claim the bond value from the bond provider should the contractor fail to make payment of their pension costs to the Pension Fund.
40. Since the 1 April 2019 with the introduction of pass-through, the need for a full bond has been negated because much of the pension liability moves back to the outsourcing employer (the letting employer) at the end of the contract. This has significantly reduced the bond value needed by the Fund as security as there is only a requirement for a capital cost bond to cover the pension strain for the members age 55 or over, if they are made redundant and entitled to immediate payment of their pension. In some pass-through cases no bond is required.
41. Officers continue to monitor employer risks including the bond values and the contract dates, working closely with the employers to maintain the required security. Unfortunately, some employers do not maintain the bonds and allow these to lapse.
42. The Fund employers are regularly reminded to contact the Pensions Manager as quickly as possible if they are considering TUPE transfers out. They are made aware all pension issues should be resolved before the staff transfer.
43. As at the 16 July 2021, cases outstanding are detailed in the tables below.

Bonds Outstanding

Pre April 2019 or pass-through	Letting employer and Contractor	Full or Capital Cost Bond / Value and End Date	Comments
Pre April 2019 (contract extended to 31/3/2022)	Tudor Grange (Samworth) to CSE Ltd	Full. £58,000 to 31/3/2022 (previous bond lapsed on 31/3/2020 when original contract was due to end)	CSE have agreed terms with the bond provider and all parties are now working to complete.
Pre April 19 (contract extended to 31/8/2021)	South Charnwood High School to MCS Cleaning	Full. £11,000 to 31/08/2021 (previous bond lapsed on 31/8/2020 when original contract was due to end)	Officers continue to chase the bond. Officers have notified South Charnwood High School that they will be responsible for any deficit if MCS Cleaning default without a bond in place. Officers have been informed the contract has been retendered and MCS Cleaning have won it. South Charnwood High School and Officers are considering a pass-through admission for the new contract.
Pre April 19 (Contract extended to 31/7/2022)	The MEAD Educational Trust (Primary Schools) to Caterlink	Full £131,000 to 31/7/2022 (previous bond lapsed on 31/7/2021 when original contract was due to end)	Officers were recently notified that the contract had been extended to July 2022. Officers are working to reinstate the bond.
Pre April 19 (Contract extended to 31/7/2022)	The MEAD Educational Trust (Secondary schools) to Caterlink	Full £160,000 to 31/7/2022 (previous bond lapsed on 31/7/2021 when original contract was due to end)	Officers were recently notified that the contract had been extended to July 2022. Officers are working to reinstate the bond.

Admission Agreement Outstanding (some also have bonds)

Pre April 2019 or pass-through	Letting employer and Contractor	Full or Capital Cost Bond / Value and End Date	Comments
Pass through 1 January 2021	Beacon Academy to Hutchinson Catering	Capital Cost bond of £13,000 (5-year contract with an additional 2 years optional)	Both the admission agreement and bond have been agreed and are with all parties to complete.
Pass through 12 February 2021	City Council (City of Leicester College) to Atalian Servest	Capital Cost bond of £86,000 3-year contract	Both the admission agreement and bond have been agreed and are with all parties to complete.
Pass through 7 June 2021	LIFE MAT to Total Swim	Capital Cost Bond of £4,000	Draft bond and admission agreement circulated May 2021 Officers have been informed that the admission agreement has been agreed but are waiting for the bond to be agreed before documents are circulated for signature.

44. As part of the Fund Employer risk policy, officers are reviewing the historic bonds. Officers have identified the following Transferee Admission Bodies where a bond is needed. Previously it was either considered a bond was not required or the bond had lapsed.

Employer Bond Review

Pre April 2019 or pass-through	Letting employer and Contractor	Full or Capital Cost Bond / Value / Start Date / length of bond	Comments
Pre April 2019	Leicestershire County Council to Rushcliffe CARE	Capital Cost bond of £61,000 March 2021 3 years	Officers issued the bond for agreement in April 2021. Officers have been informed that the bond is with the bank for approval.
Pre April 2019	City Council to G4S	Capital Cost bond of £57,000 May 2021 3 years	Officers issued the bond for agreement in April 2021. Officers have been informed that the bond is with the bank for approval.
Pass through	Blaby DC (2019 contract) to SLM	Capital Cost bond of £31,000 March 2021 3 years	Member at the employer turned 55 Officers issued the bond for agreement, but the bank have asked for amendments to be made. Officers made suggested amendments and this is back with the bank for approval.

45. The cases completed in the quarter are listed below;

- David Ross Education Trust to Caterlink
- City Council (Shaftsbury School) to Compass

Governance – Knowledge and Understanding

46. Board and Committee Members have access to the Fund Actuaries online LGPS training.
47. The training is in manageable sections and covers a wide range of topics. The Pensions Manager receives a quarterly update, detailing which areas of the training Members have attended.
48. Officers believe this is a valuable tool, individually detailing which topics will be useful to assist Member's knowledge and understanding.

Recommendation

49. It is recommended the Board considers the report and raises any areas of concern with the Local Pension Committee.

Equality and Human Rights Implications

None specific

Appendix

Appendix A – Key Performance Indicators April to June 2021

Appendix B – Fund’s position on the role out of monthly postings (July 2021)

Appendix C – Fund’s TPR scorecard – June 2021

Officers to Contact

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APPENDIX A – KEY PERFORMANCE INDICATORS APRIL TO JUNE 2021

Quarter - April to June 2021									
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%	89%	▶	89%	Establish members understanding of info provided - rated at least mainly ok or clear	95%	100%	▲	99%
Pension payments made within 10 working days of receiving election	95%	92%	▶	90%	Experience of dealing with Section - rated at least good or excellent	95%	92%	▶	91%
Death benefits/payments sent to dependant within 10 working days of notification	90%	81%	▼	75%	Establish members thoughts on the amount of info provided - rated as about right	92%	94%	▲	93%
					Establish the way members are treated - rated as polite or extremely polite	97%	100%	▲	100%
Good or better than target	▲				Email response - understandable	95%	87%	▼	89%
Close to target	▶				Email response - content detail	92%	91%	▶	90%
Below target	▼				Email response - timeliness	92%	87%	▶	92%

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APPENDIX B Position as at 16th July 2021

TOTAL EMPLOYERS: 193	Category / size of Employer	Live on iConnect?	Phase	Current Status	Oracle / Fusion payroll	Handed over to ER	Recent Notes
Live on i-Connect (130 employers)							
Rutland & District Schools' Federation	Medium ER	Yes	1	Live		Yes	Went live June 21
Limehurst Academy	Medium ER	Yes	1	Live		Yes	Went live June 21
Woodbrook Vale School	Medium ER	Yes	1	Live		Yes	Went live July 21
Atalian Servest (Soar and Moat)	Small ER	Yes	2	Live		Yes	Went live April 21
Aspens (Lutterworth AT)	Small ER	Yes	1	Live		Yes	Went live May 21
Aspens (City Crown Hills)	Small ER	Yes	1	Live		Yes	Went live May 21
Aspens (Mowbray Ed Trust 2)	Small ER	Yes	1	Live		Yes	Went live May 21
Aspens (Mowbray Ed Trust)	Small ER	Yes	1	Live		Yes	Went live May 21
Aspens (Nova ET)	Small ER	Yes	1	Live		Yes	Went live May 21
Coombes Catering Ltd	Small ER	Yes	3	Live		Yes	Went live April 21
ASHBY WOULD'S TOWN COUNCIL	Small	Yes		Live		Yes	
Avanti School Trust	Medium	Yes		Live		Yes	Payroll moving from Dataplan to APS in April 21, work in progress
Barwell Parish Council	Small	Yes		Live		Yes	
Bellrock Management	Small	Yes		Live		Yes	
Better Futures MAT (Gateway 6th form college)	EMSS	Yes		Live	Oracle	Yes	
Blaby DC	Large	Yes		Live		Yes	
Bradgate Park Trust	EMSS	Yes		Live	Fusion - Oct 20	No	
BRAUNSTONE TOWN COUNCIL iConnect	Small	Yes		Live		Yes	
Brookvale High School	Large	Yes		Live		Yes	
Broughton Astley PC	City	Yes		Live		Yes	Payroll administered by NWLDC from April 21
Charnwood BC	Large	Yes		Live		Yes	
COUNTESTHORPE PC iConnect	Small	Yes		Live		Yes	
David Ross Education Trust	Medium	Yes		Live		Yes	
De Montfort University	Large	Yes		Live		Yes	
East Midland Shared Services	EMSS	Yes		Live	Fusion - April 21	No	Fusion i-Connect report in progress
Embrace AT (incl. Brockington College)	Large	Yes		Live		Yes	
EMH Group (East midlands homes/housing group)	Small	Yes		Live		Yes	
Enderby Parish Council	Small	Yes		Live		Yes	
ESPO	EMSS	Yes		Live	Fusion - April 21	Yes	Fusion i-Connect report in progress
FIRE SERVICE CIVILIANS iConnect	Large	Yes		Live		Yes	
GLEN PARVA PARISH COUNCIL	Small	Yes		Live		Yes	
Govindas (Avanti Schools)	Small	Yes		Live		Yes	Payroll moving from Dataplan to APS in April 21, work in progress
Harborough DC	City	Yes		Live		Yes	Payroll administered by NWLDC from April 21
Hinckley & Bosw'th BC	Large	Yes		Live		Yes	
Learn Academy Trust	Medium	Yes		Live		Yes	
Leicester City Council	City	Yes		Live		No	
Leicester College	Large	Yes		Live		Yes	
Leicestershire CC (payroll 10 & 23)	EMSS	Yes		Live	Fusion - April 21	No	Fusion i-Connect report in progress
Leics Forest East PC	Small	Yes		Live		Yes	
Long Field Academy	Medium	Yes		Live		Yes	
Lough University	Large	Yes		Live		Yes	
Loughborough College	Large	Yes		Live		Yes	
LUTTERWORTH T C	Small	Yes		Live		Yes	
MARKET BOSWORTH PARISH COUNCIL	Small	Yes		Live		Yes	
Melton B C	City	Yes		Live		No	
Melton Learning Hub	Small	Yes		Live		Yes	
Midland Academies Trust	Medium	Yes		Live		Yes	
Mountsorrel PC	Small	Yes		Live		Yes	
MOWBRAY EDUCATIONAL TRUST	Medium	Yes		Live		Yes	
North West Leics D C	Large	Yes		Live		Yes	
Oadby and Wigston BC iConnect	EMSS	Yes		Live	Oracle	Yes	
OAK MAT	Medium	Yes		Live		Yes	
Priory AT Belvoir Academy, The	Medium	Yes		Live		Yes	
Queensmead Primary Academy	Medium	Yes		Live		Yes	
Rawlins Academy	Large	Yes		Live		Yes	
Rendell Primary School	Medium	Yes		Live		Yes	
Rise A CoFE MAT (was Diocese of Leicester AT) SAAF payroll	Large	Yes		Live		Yes	
Scraptoft PC	Small	Yes		Live		Yes	
SLM (Blaby DC 2006 contract)	Small	Yes		Live		Yes	
SLM (Blaby DC 2019 contract)	Small	Yes		Live		Yes	
SLM (Oadby and Wig)	Small	Yes		Live		Yes	
SLM Everyone active (NW Leisure)	Large	Yes		Live		Yes	
SYSTON TOWN COUNCIL	Small	Yes		Live		Yes	
The Chief Constable & The OPCC	Large	Yes		Live		Yes	
The Mead Educational Trust	Medium	Yes		Live		Yes	
THURMASTON PARISH COUNCIL iConnect	Small	Yes		Live		Yes	
Welland Park CC	Medium	Yes		Live		Yes	
Whetstone PC	Small	Yes		Live		Yes	
WQE and Regent College group	Large	Yes		Live		Yes	
Wigston Academies Trust	Medium	Yes		Live	Fusion - Oct 20	No	Moved to Fusion payroll Oct-20
DISCOVERY SCHOOLS MAT	Large - Academy	Yes		Live	Fusion - Oct 20	No	Moved to Fusion payroll Oct-20
Dorothy Goodman School	Large - Academy	Yes		Live	Fusion - Oct 20	No	Moved to Fusion payroll Oct-20
Forest Way School	Large - Academy	Yes		Live	Fusion - Oct 20	No	Moved to Fusion payroll Oct-20
Gartree High School	Large - Academy	Yes		Live	Fusion - Oct 20	No	Moved to Fusion payroll Oct-20
Ibstock Community College	Large - Academy	Yes		Live	Fusion - Oct 20	No	Moved to Fusion payroll Oct-20
Kirby Muxloe Primary School	Large - Academy	Yes		Live	Fusion - Oct 20	No	Moved to Fusion payroll Oct-20
LIFE Academy Trust	Large - Academy	Yes		Live	Fusion - Oct 20	No	Moved to Fusion payroll Oct-20
Lutterworth High School	Large - Academy	Yes		Live	Fusion - Oct 20	No	Moved to Fusion payroll Oct-20
Mountfields Lodge School	Large - Academy	Yes		Live	Fusion - Oct 20	No	Moved to Fusion payroll Oct-20
Redmoor Academy	Large - Academy	Yes		Live	Fusion - Oct 20	No	Moved to Fusion payroll Oct-20
South Wigston High School	Large - Academy	Yes		Live	Fusion - Oct 20	No	Moved to Fusion payroll Oct-20
Stanton under Bardon Primary	Large - Academy	Yes		Live	Fusion - Oct 20	No	Moved to Fusion payroll Oct-20
Success Academy Trust	Large - Academy	Yes		Live	Fusion - Oct 20	No	Moved to Fusion payroll Oct-20
The Pastures Primary School	Large - Academy	Yes		Live	Fusion - Oct 20	No	Moved to Fusion payroll Oct-20
Apollo Partnership Trust	Large - Academy	Yes		Live	Oracle	No	
Asfordby Hill Primary School	Large - Academy	Yes		Live	Oracle	No	
Ash Field Academy	Large - Academy	Yes		Live	Oracle	No	
Ashby Hill Top Primary School	Large - Academy	Yes		Live	Oracle	No	
Ashby School	Large - Academy	Yes		Live	Oracle	No	
Attenborough Learning Trust	Large - Academy	Yes		Live	Oracle	No	
Barwell CoFE Academy	Large - Academy	Yes		Live	Oracle	No	
Battling Brook Primary School	Large - Academy	Yes		Live	Oracle	No	
Birkett House School	Large - Academy	Yes		Live	Oracle	No	
Bottesford CoFE Primary School	Large - Academy	Yes		Live	Oracle	No	
Bradgate Education Partnership	Large - Academy	Yes		Live	Oracle	No	
Castle Donington College	Large - Academy	Yes		Live	Oracle	No	
Church Hill CoFE Junior School	Large - Academy	Yes		Live	Oracle	No	
Cobden Primary School	Large - Academy	Yes		Live	Oracle	No	
Falcon Primary School	Large - Academy	Yes		Live	Oracle	No	
Frisby CE Primary School	Large - Academy	Yes		Live	Oracle	No	
Glebelands Prim Sch (City)	Large - Academy	Yes		Live	Oracle	No	
Hall Orchard Primary School	Large - Academy	Yes		Live	Oracle	No	
Hastings High School	Large - Academy	Yes		Live	Oracle	No	
Herrick Primary School	Large - Academy / City	Yes		Live	Oracle	No	
Holywell Primary School	Large - Academy	Yes		Live	Oracle	No	
Inspiring Primaries Academy Trust	Large - Academy	Yes		Live	Oracle	No	EMSS to Dataplan payroll 01/06/21 - work in progress
Ivanhoe College	Large - Academy	Yes		Live	Oracle	No	
LIONHEART MAT	Large - Academy	Yes		Live	Oracle	No	
Loughborough CoFE Primary	Large - Academy	Yes		Live	Oracle	No	
Measham CoFE Primary School	Large - Academy	Yes		Live	Oracle	No	

TOTAL EMPLOYERS: 193	Category / size of Employer	Live on iConnect?	Phase	Current Status	Oracle / Fusion payroll	Handed over to ER	Recent Notes
Odyssey Education Trust	Large - Academy	Yes		Live	Oracle	No	
Old Dalby CofE Primary School	Large - Academy	Yes		Live	Oracle	No	
Outwoods Edge Primary School	Large - Academy	Yes		Live	Oracle	No	
Oval Learning Partnership	Large - Academy	Yes		Live	Oracle	No	
OWLS MAT	Large - Academy	Yes		Live	Oracle	No	
Queniborough CofE Primary Sch	Large - Academy	Yes		Live	Oracle	No	
Robert Bakewell Primary School	Large - Academy	Yes		Live	Oracle	No	
Rothley CofE Primary School	Large - Academy	Yes		Live	Oracle	No	
Scholars Academy Trust	Large - Academy	Yes		Live	Oracle	No	
South Charnwood High School	Large - Academy	Yes		Live	Oracle	No	
St Mary & St John Rutland	Large - Academy	Yes		Live	Oracle	No	
St Michael & All Angels CofE	Large - Academy	Yes		Live	Oracle	No	
St.Peters CofE Primary Academy	Large - Academy	Yes		Live	Oracle	No	
Stonebow Primary School	Large - Academy	Yes		Live	Oracle	No	
Symphony Learning Trust	Large - Academy	Yes		Live	Oracle	No	
The Learning without Limits AT	Large - Academy	Yes		Live	Oracle	No	
The Market Bosworth School	Large - Academy	Yes		Live	Oracle	No	
Thringstone Primary School	Large - Academy	Yes		Live	Oracle	No	
Thrusington CofE Primary Sch	Large - Academy	Yes		Live	Oracle	No	
Townlands CofE Primary Academy	Large - Academy	Yes		Live	Oracle	No	

Phase 1: Outstanding Employers (20 employers)

Rutland CC (paid in-house)	Large	No	1	With ER			
Brooke Hill Academy Trust	EPM	No	1	With ER			
CASTERTON B&EC AT	EPM	No	1	With ER			
L.E.A.D ACADEMY MAT	EPM	No	1	With ER			
Rutland CC (paid by EPM)	EPM	No	1	With ER			
The Rutland Learning Trust	EPM	No	1	With ER			Move away from EPM in July 21
Tudor Grange Academies Trust	EPM	No	1	With ER			
UPPINGHAM COMMUNITY COLLEGE	EPM	No	1	With ER			
BEACON ACADEMY MAT	Medium	No	1	With ER			
Capita IT City of Leicester	Medium	No	1	With ER			
Capita IT City Rushey Mead	Medium	No	1	With ER			
Capita Services ex Charnwood	Medium	No	1	With ER			
Lady Jane Grey Primary School	Medium	No	1	With ER			
Lutterworth Academies Trust / Lutterworth College	Medium	No	1	With ER			
Nova Ed Trust (Melton Vale)	Medium	No	1	With ER			
SOUTH LEICS COLLEGE	Medium	No	1	With ER			
St Therese of Lisieux / St Gilbert of Sempringham	Small	No	1	With ER			Moved under Nott Diocese (same as St.Thomas Aquinas)
St Thomas Aquinas CMAT	Large	Partly	1	With ER			Moved under Nott Diocese (same as St Therese)
The Futures Trust (Hinckley Academy)	Medium	No	1	With ER			
The Vines Academy Trust	Large	No	1	With ER			

Phase 2: Outstanding Employers (18 employers)

ASHBY TOWN COUNCIL	Small	No	2	With ER			
Atalian Servest (City Food Co Ltd)	Small	No	2	With ER			
Caterlink (Mead ET Primaries)	Small	No	2	With ER			
Caterlink (Mead ET Sec)	Small	No	2	With ER			
Caterlink (Mowbray Ed Trust)	Small	No	2	With ER			Leaving July 21
Caterlink (Tudor Grange AT)	Small	No	2	With ER			
Caterlink (WQE1 Group)	Small	No	2	With ER			
Caterlink (The Futures Trust)	Small	No	2	With ER			
Caterlink (DRET)	Small	No	2	With ER			New ER
Quadron Services	Small	No	2	With ER			
Ridge Crest Cleaning	Small	No	2	With ER			
Ryhall CE Academy	Small	No	2	With ER			
SHEPSHED TOWN COUNCIL	Small	No	2	With ER			
Stephenson Melton Brooksby Group (SMB)	Large	No	2	With ER			Further delay due to payroll merge, pushed back to mid 21
Stephenson Studio School	Small	No	2	With ER			Payroll done by SMB, further delay due to payroll merge, pushed back to mid 21
Turning Point (City Council)	Medium	No	2	With ER			
Turning Point (County Council)	Medium	No	2	With ER			
Voluntary Action Leicester	Small	No	2	With ER			

Phase 3: Outstanding Employers (25 employers)

ANSTEY PARISH COUNCIL	Small	No	3				
Bagworth & Thornton PC	Small	No	3				
Blaby Parish Council	Small	No	3				
Bottesford PC	Small	No	3				New ER from 01/01/21
Chartwells	Small	No	3				
Churchill Contract Services	Small	No	3				
Cleantec Services (AET)	Small	No	3				
Compass Servest (City, Shaf)	Small	No	3				New ER from 12/04/21
CSE (Robert Smyth Tudor Grange)	Small	No	3				
CSE (Samworth Tudor Grange)	Small	No	3				
East Goscote Parish Council	Small	No	3				
East West Community Centre Ltd	Small	No	3				
Fusion Lifestyle	Small	No	3				
G4S (City Council)	Small	No	3				
Groby Parish Council	Small	No	3				
Hutchinson Catering	Small	No	3				
Kirby Muxloe PC	Small	No	3				
MCS Cleaning	Small	No	3				
Mitie Care (Chief Constable)	Small	No	3				
Oakham TC	Small	No	3				
Rushcliffe Care Ltd	Small	No	3				
SILEBY PARISH COUNCIL	Small	No	3				
Solo Service Group (Leics CC)	Small	No	3				
Thurcaston & Cropston PC	Small	No	3				
Waterloo Housing Group (WHG, was Seven Locks / Platform	Small	No	3				

Phase 4: Outstanding Employers (0)**INACTIVE - Left LGPS / joined another ER / Inactive EE's**

Age Concern	No active members
AXIS Property Services (Melton BC)	No active members
BARROW UPON SOAR PC	No active members
Brocks Hill Primary	Moved under Lionheart MAT or still under EPM - ongoing
Capita IT Crown Hills	No active members
Capita IT Judgmeadow CC	No active members
CORPUS CHRISTI MAT	No active members
Countesthorpe Leysland CC	CLCC moved from EMSS to LIFE Acad Trust
Derbys Firefighters	Fire has moved PS
Future Cleaning Services	No active members
G Purchase Construction LTD	No active members
I Care	No active members
Merckenfeld Primary School	Moved under Bradgate Ed Partnership
Notts Firefighters	Fire has moved PS
Oakthorpe D & A PC	No active members. Left the fund 22/10/20
Pinnacle Group	No active members
Prospects Services	Left LGPS
Spire Homes Limited	No active members
St Thomas Aquinas CMAT	Left EMSS payroll Jul-19

TOTAL EMPLOYERS: 193	Category / size of Employer	Live on iConnect?	Phase	Current Status	Oracle / Fusion payroll	Handed over to ER	Recent Notes
Stafford Leys Comm Primary							Moved under Bradgate Ed Partnership
Humphrey Perkins School	Medium ER	Yes	2	Live			Gone Live - part of Lionheart- moved to EMSS Acad
Martin High School, The	Medium ER	Yes	2	Live			Gone Live - part of Lionheart- moved to EMSS Acad
Leics Firefighters	Large ER	Yes		Live			New payroll provider from 01/07/20 to 31/12/20 - not moving to i-Connect, YE data to be provided.
G4S (Constabulary)	Small ER	No	3				Contract ended Jan 21
BEAUCHAMP (part of Lionheart)		No	1				Moved payroll from EPM to EMSS 01/04/21
Mellors Catering Ltd	Small ER	No	3				Joined 01/09/2019 (delayed Admission Agreement from Beacon Academy (Academies Enterprise Trust)).
A B M Catering Ltd	Small ER	No	3				ABM contract ended 11/2/21.
King Edward VII S&S College	Acad - EMSS Oracle	Yes		Live			
Foxfield Acad / CIT Academy	Small ER	Yes		Live		Yes	Went live Jan 21. Left Leics 31/03/21
Caterlink (Fulhurst CC)	Small ER	No	2				Left Feb 21
The Kibworth School	Acad - EMSS Oracle	Yes		Live	Oracle	No	Joined Mead ET (Dataplan) April 21

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Scorecard summary

Leicestershire Pension Fund

The following gives an at-a-glance summary of the current compliance position against the PSPA2013, tPR CoP14 and LGPS Regulations

General Requirement			
	Current compliance	Previous compliance	Responsibility
Local pension board to be established by 1 April 2015 and to have had its first meeting within 4 months of that date	Full	Full	Administering Authority
Determine the manner and terms by which members of the local pension board are appointed and removed.	Full	Full	Administering Authority
Local Pension Board to have equal number of scheme member representatives and employer representatives which is no fewer than 4 in total.	Full	Full	Administering Authority
To ensure the representation of the pension board has the right balance of skills, experience and representation	Full	Full	Administering Authority
To ensure the pension board is appropriately covered in any code of conduct, conflicts of interest or breaches of the law policies prepared by the administering authority	Full	Full	Administering Authority
Pension board members to receive training in respect of these policies	Full	Full	Administering Authority
Pension board to have its own policy on knowledge and understanding requirements	Full	Full	Local Pension Board
A nominated person to be in place and responsible for ensuring the knowledge and understanding policy is implemented and necessary training delivered	Full	Partial	Administering Authority
The administering authority to provide access to the required training (including induction training) for pension board members	Full	Partial	Administering Authority
The administering authority to be satisfied that persons appointed to the local pension board do not have a conflict of interest.	Full	Full	Administering Authority
All pension board members to have a personalised training plan in place that is regularly monitored and updated	Full	Partial	Administering Authority
The administering authority to have regard to guidance issued by the Secretary of State	Full	Full	Administering Authority

Knowledge & Understanding			
	Current compliance	Previous compliance	Responsibility
A member of the local pension board must be conversant with the scheme rules and any document recording policy about the administration of the scheme adopted by the administering authority	Full	Partial	Local Pension Board
A process should be in place to ensure a member of the local pension board has the knowledge and understanding required of the law relating to pensions and other matters which are prescribed in the Regulations which is sufficient to enable them to perform their duties	Full	Full	Administering Authority
The administering authority should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding	Full	Full	Administering Authority
The administering authority should designate a person to take responsibility for ensuring that a framework is developed and implemented.	Full	Full	Administering Authority
The administering authority should prepare and keep an updated list of the documents with which they consider pension board members need to be conversant, including the scheme rules and relevant Fund specific documentation.	Full	Partial	Administering Authority
The roles and responsibilities of pension board members should be clearly documented	Full	Full	Administering Authority
Local pension board members are aware of their personal legal responsibilities in terms of knowledge and understanding.	Full	Full	Local Pension Board
The administering authority should assist individual local pension board members to determine the degree of knowledge and understanding that is sufficient for them to effectively carry out their role, responsibilities and duties as a pension board member	Full	Full	Administering Authority
Administering authorities should offer pre-appointment training or mentoring if appropriate	Full	Full	Administering Authority
The administering authority should maintain individual training plans for local pension board members, together with records of learning activities required	Full	Partial	Administering Authority
Local pension board members should invest sufficient time in their learning and development alongside their other responsibilities.	Full	Full	Local Pension Board
The members of the pension board should be familiar with the AVC options offered by the Fund, including the choice of investments offered to members and the relative performance of those investment options	Full	Partial	Local Pension Board
Have pension board members completed tPR's e-learning programme, which is provided to help meet the needs of local pension board members	Partial	Partial	Local Pension Board

Conflicts of Interest			
	Current compliance	Previous compliance	Responsibility
The administering authority should have in place an appropriate conflicts of interest policy, clearly identifying to whom any potential conflict should be reported	Full	Full	Administering Authority
The conflicts of interest policy should have a regular review date incorporated in to it	Full	Full	Administering Authority
All those with a responsibility for managing and administering the scheme should understand their own roles in identifying and reporting potential conflicts of interest and the steps involved in reporting any conflicts (or potential conflicts) that might arise	Full	Full	Administering Authority
The administering authority should maintain a register of all conflicts (and potential conflicts) that are raised, reviewing them appropriately	Full	Full	Administering Authority
Declaration of conflicts (or potential conflicts) of interest should be disclosed on appointment and at regular intervals	Full	Full	Administering Authority
Declaration of conflicts (or potential conflicts) of interest should be a standing item on all Fund related meetings and agendas	Full	Full	Administering Authority

Publishing Information About the Scheme			
	Current compliance	Previous compliance	Responsibility
The administering authority must publish information about the local pension board and keep that information up to date	Full	Full	Administering Authority
The published information must include who the members of the local pension board are, their representative role and the matters falling within the local pension boards responsibility	Full	Full	Administering Authority
The published information should include the local pension board appointment process	Full	Full	Administering Authority
The administering authority should publish information about the local pension board's business	Full	Full	Administering Authority
The administering authority should consider any requests for additional information to be published to encourage scheme member engagement and promote a culture of transparency	Full	Full	Administering Authority
The administering authority should publish information on the pension board business	Full	Full	Administering Authority
Managing Risks and Internal Controls			
The administering authority is required to have in place internal controls that include adequate systems, arrangements and procedures for the administration and management of the Fund (including external service providers and third parties)	Full	Full	Administering Authority
The administering authority should have in place a process to identify and evaluate risks and establish appropriate internal controls	Full	Full	Administering Authority
The administering authority should have in place a risk register to record all risks and actions taken, which is reviewed regularly	Full	Full	Administering Authority
The administering authority should regularly review the effectiveness of its risk management and internal control processes	Full	Full	Administering Authority
Risk management and internal controls should be a standing item on the Pension Committee and pension board agendas	Full	Full	Administering Authority

Scheme Record Keeping			
	Current compliance	Previous compliance	Responsibility
The administering authority must be able to demonstrate that they keep accurate, up to date and enduring records to be able to govern and administer the LGPS effectively	Full	Full	Administering Authority
The administering authority must ensure that scheme member data across all membership categories specified in the Record Keeping Regulations is complete and accurate and the data is subject to regular data evaluation	Full	Full	Administering Authority
The administering authority must keep specific data which will enable it to uniquely identify a scheme member and calculate pension benefits correctly	Full	Full	Administering Authority
The administering authority should require participating employers to provide them with timely and accurate data	Full	Full	Administering Authority
The administering authority should seek to ensure that employers understand the main events which require information about members to be communicated	Full	Full	Administering Authority
The administering authority should have policies and procedures in place for the regular monitoring of data	Full	Full	Administering Authority
The administering authority should carry out regular (at least annually) data reviews	Full	Full	Administering Authority
The administering authority should ensure that appropriate procedures and timescales are in place for scheme employers to provide updated information when member data changes	Full	Full	Administering Authority
The administering authority should be able to trace the flow of funds into and out of the scheme, reconcile these and keep records of transactions	Full	Full	Administering Authority
The administering authority must keep records of pension board meetings and discussions and records of decisions made other than at a local pension board meeting that is later ratified.	Full	Full	Administering Authority
The administering authority should retain records for as long as they are needed and have in place an adequate system and process for record retention	Full	Full	Administering Authority
Where the administering authority has identified poor quality or missing data there should be a data improvement plan in place	Full	Full	Administering Authority
The administering authority should reconcile member records with the relevant employers and be able to identify those scheme members who are approaching retirement, those who are active members and those that are deferred members	Full	Full	Administering Authority
The administering authority must ensure that processes created to manage scheme member data are compliant with the Data Protection Act 1998 and data protection principles	Full	Full	Administering Authority
The administering authority should be able to demonstrate that records are kept in accordance with other relevant legislation	Full	Full	Administering Authority

Maintaining Contributions			
	Current compliance	Previous compliance	Responsibility
The administering authority should ensure there are effective policies and procedures in place to identify payment failures and assess the materiality of any failures identified	Full	Full	Administering Authority
Employers should be provided with the necessary guidance to ensure they provide the required information to enable contributions to be monitored	Full	Full	Administering Authority
Where the administering authority identify a payment failure they should follow a process to resolve issues quickly (e.g. monthly monitoring of employer payments to ensure contributions paid on time and in full)	Full	Full	Administering Authority
The administering authority should maintain a record of investigations and communications in relation to payment failures	Full	Full	Administering Authority
The administering authority should review processes or develop a new process which is able to detect situations where fraud may be more likely to occur and where additional checks may be appropriate.	Full	Full	Administering Authority
The administering authority must report payment failures which are likely to be of material significance to tPR	Full	Full	Administering Authority

Member Communication			
	Current compliance	Previous compliance	Responsibility
Scheme regulations require the administering authority to provide an annual benefit statement to all active, deferred and pension credit members containing certain legal information	Full	Full	Administering Authority
The administering authority should ensure that all members with AVCs are provided an annual benefit statement from their AVC provider within the required timescales and that it contains the required legal information	Full	Full	Administering Authority
The administering authority must provide scheme members with basic scheme information, meeting minimum legal requirements	Full	Full	Administering Authority
Disclosure regulations make provision for scheme members and others to receive information that is relevant to their pension rights and scheme entitlements and provided within certain legal timescales	Full	Full	Administering Authority
Where information is provided electronically it should comply with legal requirements	Full	Full	Administering Authority
The administering authority should attempt to make contact with their scheme members and where contact is not possible carry out a tracing exercise to locate scheme members.	Full	Full	Administering Authority
Requests for information should be acknowledged if information requested cannot be immediately provided.	Partial	Partial	Administering Authority

Internal Dispute Resolution Procedure			
	Current compliance	Previous compliance	Responsibility
The administering authority has in place an Internal Dispute Resolution Procedure	Full	Full	Administering Authority
The procedure clearly sets out: - who it applies to; - who the adjudicator is; - the information the applicant must include; - how the final decision is reached - escalation procedures (tepas, Pensions Ombudsman); - appropriate timescales	Full	Full	Administering Authority
The administering authority has ensured all scheme employers have appropriate arrangements in place for dealing with stage 1 disputes	Full	Full	Administering Authority
The administering authority should regularly review its dispute process to ensure its effectiveness and that the necessary timescales are being met (inc. the employer processes at stage 1)	Full	Full	Administering Authority
The administering authority should ensure it appropriately draws attention to the pension dispute process in any correspondence or other Fund material where appropriate	Full	Full	Administering Authority

Breaches of the Law			
	Current compliance	Previous compliance	Responsibility
The administering authority should be satisfied that those responsible for reporting breaches of the law are made aware of their legal requirements and the Pensions Regulator's guidance. This includes: - Officers; - members of the pension board; - any person involved in the administration of the scheme; - scheme employers; - professional advisers; - any other person otherwise involved in advising the Fund	Full	Full	Administering Authority
The administering authority should have a breaches of the law policy in place	Full	Full	Administering Authority
The administering authority should have identified a person responsible for maintaining the breaches of the law policy, reporting and recording processes	Full	Full	Administering Authority
The administering authority should maintain a breaches log, setting out all breaches, whether or not reported to taper	Full	Full	Administering Authority

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LOCAL PENSION BOARD – 23 AUGUST 2021

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

RISK MANAGEMENT AND INTERNAL CONTROLS

Purpose of the Report

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

Background

2. The Pension Regulator's (TPR) code of practice on governance and administration of public service pension schemes requires that administrators need to record, and members be kept aware of 'risk management and internal controls. The code states this should be a standing item on each Pension Board and Pension Committee agenda.
3. In order to comply with the code the risk register and an update on supporting activity is included on each agenda.

Risk Register

4. The updated risk register has been attached as an appendix to this report. There are no new risks, and there was a reduction to the risk score on:
 - Risk 4 – Missing data is being received from the employers for the McCloud exercise.
 - Risk 8 – The Prudential are actively working with Fund Officers to implement improvements and this is progressing positively.

To meet Fund Governance best practise, the risk register has been shared with Internal Audit. Internal Audit have considered the register and are satisfied with the current position.

Recommendation

5. It is recommended that the Board notes the revised risk register of the Pension Fund.

Equality and Human Rights Implications

None

Appendix

Appendix - Risk Register

Officers to Contact

Mr C Tambini, Director of Corporate Resources

Tel: 0116 305 6199 Email: Chris.Tambini@leics.gov.uk

Mr D Keegan, Assistant Director Strategic Finance and Property

Tel: 0116 305 7668 Email: Declan.Keegan@leics.gov.uk

Mr I Howe, Pensions Manager

Tel: 0116 305 6945 Email: Ian.Howe@leics.gov.uk

Appendix A - Leicestershire Pension Fund Risk Register July 2021

Risk no	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; <i>Tolerate Treat Terminate Transfer</i>	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
1	Pens	If the Pension Fund fails to hold all pensioner data correctly, including Guaranteed Minimum Pension (GMP) data, individual member's annual Pensions Increase results could be wrong.	From 2018 the pensions section has had responsibility for GMPs creating the need to ensure that this is accounted for in the pensions increases	Overpaying pensions (i.e. for GMP cases pension increases are lower) Reputation	Ian Howe	Checking of HMRC GMP data to identify any discrepancies. Internal Audit run an annual Pensions Increase result test and provide an annual report of findings	3	3	9	Treat	Officers run the HMRC GMP check on a case by case basis and input the results into member records at retirement	2	1	3	Ian Howe
2	Pens	If the pensions fund fails to receive accurate and timely data from employers, scheme members pension benefits could be incorrect or late This includes data at year-end	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 and employers that change payroll systems so require new reporting processes	Late or inaccurate pension benefits to scheme members Reputation Increased appeals Greater administrative time being spent on individual calculations Failure to meet statutory year-end requirements	Ian Howe	Training provided for new employers Guidance notes provided for employers Amended SLA and communication and administration guide distributed to employers making IConnect a statutory requirement by 31/3/2022) Year-end specifications provided	3	3	9	Treat	Implement IConnect with the remaining employers so they provide monthly data in a secure and timely manner Inform the Local Pension Board each quarter on progress made	3	2	6	Ian Howe
3	Pens	If the Pensions Section fails to meet the	Pensions database now hosted outside of LCC. Employer data submitted through online portal.	Diminished public trust in ability of Council to provide services. Loss of confidential information	Ian Howe	Regular LCC Penetration testing and enhanced IT health checks in	5	2	10	Treat	Work with LCC ICT and Aquila Heywood (software suppliers) to establish processes to reduce risk, e.g. can	5	1	5	Stuart Wells

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
		information/cyber security and governance requirements, then there may be a breach of the statutory obligations.	Member data accessible through member self-service portal (MSS). Data held on third party reporting tool (DART). Greater awareness of information rights by service users.	compromising service user safety. Damage to LCC reputation. Financial penalties.		place. LCC have achieved PSN compliance. New firewall in place providing two layers of security protection in line with PSN best practice.					Aquila Heywood demonstrate that they are carrying out regular penetration testing and other related processes take place. Liaise with Audit to establish if any further processes can be put in place in line with best practice. Report the findings to the Board.				
4	Pens	The resolution of the McCloud case could increase administration significantly resulting in difficulties providing the ongoing pensions administration service The liabilities of the Fund are expected to increase for all employers	Mr McCloud winning his appeal on age discrimination on public sector pension schemes and the protection afforded to older members during the move to career average benefits, followed by Government losing their right of appeal.	Ultimate outcome currently unknown but likelihood is; Increasing administration Revision of previous benefits Additional communications Complaints/appeals Increased costs	Ian Howe	Guidance from LGA, Hymans, Treasury	3	3	9	Treat once details are confirmed	Employer bulletin to employers making them aware of the current situation Await proposed resolution from the employment tribunal Assisting the LGA on the employer McCloud data template (missing hours April 2014 to date) No statutory deadline to be set for completion of the work Team set up in the Pension Section to deal with McCloud casework Data being received from the employers and loaded into the	2	2	4	Ian Howe

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
											administration system				
5	Pens	If contribution bandings and contributions are not applied correctly, the Fund could receive lower contributions than expected	Errors by Fund employers payroll systems when setting the changes	Lower contributions than expected. Incorrect actuarial calculations made by the Fund. Possibly higher employer contributions set than necessary	Ian Howe	Pension Section provides employers with the annual bandings each year. Pension Section provides employers with contributions rates (full and 50/50) Internal audit check both areas annually and report their findings to the Pensions Manager	4	2	8	Treat	Pension Officers check sample cases at year-end Pension Officers to report major failings to internal audit before the annual audit process Major failings to be reported to the Pensions Board	4	1	4	Ian Howe
6	Pens	If immediate payments are not applied correctly, scheme members one off payments could be wrong	Human error when setting up immediate payments System failures Unable to meet weekly deadlines	Reputation Complaints/appeals Time resource used to resolve issues Members one off payments, not paid, paid late, paid incorrectly	Ian Howe	Benefit Team Tracker process Benefits checked and authorised by different Officers Additional Assistant Team Manager resource provided	5	2	10	Treat	A more automated process now set up Internal audit to review the process Officers re-engineering the retirement process Monitor the structure of the Pension Section to resource the area sufficiently Officers requested further system security checks on immediate payments (bank account checks)	5	1	5	Ian Howe
7	Pens	If all the transfers out checks are not completely fully	Increasing demand for transfers out from	Reputation Future bad advice	Ian Howe	TPR checks	3	3	9	Treat	Escalation process to Internal Legal Colleagues to check IFA,	3	2	6	Ian Howe

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
		there could be future bad advice challenges brought against the Fund's pension administration	members Increased transfer out activity from Companies interested in tempting people to transfer out their pension benefits Increased complexity on how the receiving schemes are set up	claims brought against the Fund IDRP appeals (possible compensation payments)		Follow LGA guidance Queries escalated to Team Manager then Pensions Manager					Company set up, alleged scam activity Further escalation process to external Legal Colleagues Signed up to The Pension Regulator's national pledge "To Combat Pension Scams" National changes potentially forthcoming for checks on the receiving scheme's arrangements				
8	Pens	If the Funds In House AVC provider (The Prudential) does not meet its service delivery requirements the Pension Fund is late in making payment of benefits to scheme members	The Fund must offer AVCs as per the Regulations Prudential implemented a new administration system in November 2020 Covid lockdown restrictions and home working	Failure to meet key performance target for making payments of retirement benefits to members Complaints Reputational damage Members may cease paying AVCs	Ian Howe	Written to all active scheme members with AVCs Reported it to the Chair of the Pension Boards and Senior Officers Reported to the LGA and other Funds Discussed with the Prudential Weekly list of outstanding cases sent to the Prudential for priority	3	3	9	Treat	Reported the delayed payment of benefits (due to the Prudential's delays) as a material breach to the Pensions Regulator Prudential attended a meeting with the Local Pension Board Prudential working through an improvement plan Prudential engage with Fund Officers positively to quickly resolve issues	3	1	3	Ian Howe

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
9	Invs	Employer and employee contributions are not paid accurately and on time	Error on the part of the scheme employer CV19 may reduce some employer's income so they are unable to make payment	Potentially reportable to The Pensions Regulator as late payment is a breach of The Pensions Act.	Ian Howe	Receipt of contributions is monitored, and late payments are chased quickly. Communication with large commercial employers with a view to early view of funding issues.	2	4	8	Treat	Late payers will be reminded of their legal responsibilities.	2	3	6	Declan Keegan
10	Invs	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. The 2019 valuation assessed the contribution rates with a view to calculating monetary contributions alongside employer percentages of salaries where appropriate. Regular review of market conditions and dialogue with the schemes biggest employers with respect to the direction of future rates. Planning for the 2022 valuation has commenced with	4	2	8	Bhulesh Kachra

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
											the actuary.				
11	Pens/ Invs	Sub-funds of individual employers 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. Risk to the Fund of insolvency of an individual employer. This will ultimately increase the deficit of all other employers.	Ian Howe/ Declan Keegan	Ensuring, as far as possible, that the financial position of each employer 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. Include employer risk profiling as part of the Funding Strategy Statement update. To allow better targeting of default risks Investigate arrangements to de-risk funding arrangements for individual employers. Ensure that the implications of the independent, non-public sector status, of further education, sixth form colleges, and the autonomous, non-public sector status of higher education corporations is fully accounted for in the Funding Strategy	4	2	8	Ian Howe/ Declan Keegan
12	Invs	Market investment returns are consistently poor, and this causes significant upward pressure onto	Poor market returns most probably caused by poor economic conditions and/ or shocks e.g. CV19.	Significant financial impact on employing bodies due to the need for large increases in employer	Chris Tambini	Ensuring that strategic asset allocation is considered at least annually, and that the medium-term	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	4	2	8	Bhulesh Kachra

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
		employer contribution rates		contribution rates		outlook for different asset classes is included as part of the consideration					based on a reasonable medium-term assessment of future returns.				
13	Invs	Market returns are acceptable, but the performance achieved by the Fund is below reasonable expectations	Poor performance of individual managers including LGPS Central, 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. Lower returns will ultimately lead to higher employer contribution rates than would otherwise have been the case	Chris Tambini	Ensuring that the causes of underperformance are understood and acted on where appropriate Shareholders' Forum, Joint Committee and Practitioners' Advisory Forum will provide significant influence in the event of issues arising. Appraisal of each LGPS Central investment product before a commitment to transition is made	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 poorer relative performance will occur. Decisions regarding manager termination to consider multiple factors including performance versus mandate and reason for original inclusion. 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 audit activity, which has been designed in collaboration with the audit functions of the partner funds	2	2	4	Bhulesh Kachra
14	Invs	Failure to take account of ALL risks	Some assets classes or individual investments	Opportunity cost within investment	Chris Tambini	Ensuring that all factors that may	3	4	12	Treat	Responsible investment aims to incorporate	2	2	4	

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
		to future investment returns within the setting of asset allocation policy and/or the appointment of investment managers	perform poorly as a result of incorrect assessment of all risks inherent within the investment.	returns, and potential for actual returns to be low. This will lead to higher employer contribution rates than would otherwise have been necessary.		<p>impact onto investment returns are taken into account when setting the asset allocation.</p> <p>Only appointing investment managers that integrate responsible investment (RI) into their processes.</p> <p>Utilisation of dedicated RI team at LGPS Central and preparation of a RI plan for the fund.</p>					<p>environmental (including Climate change), social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns.</p> <p>Annual refresh of the Fund's asset allocation allows an up to date view of risks to be incorporated and avoids significant sort term changes to the allocation.</p> <p>Asset allocation policy allows for variances from target asset allocation to take advantage of opportunities and negates the need to trade regularly where investments under and over perform in a short period of time.</p>				Bhulesh Kachra
15	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, which will require 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	Bhulesh Kachra
16	Invs	The transition of	Pooling does not	Savings available do	Chris	Central maintains	2	3	6	Treat	Approach for each	2	2	4	

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
		investment assets to LGPS Central is not successful	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.	not justify the transition costs and on-going cost of running LGPS Central	Tambini	the flexibility to run funds internally. Specialist transition manager being appointed, with independent specialist oversight. Formal review follows each transition. Implementation being phased, allowing capacity to be managed and lessons learned.					transition assessed independently. Views from 8 partners sought throughout the transition process. LGPS Central's Internal Audit plan includes an assessment of the governance surrounding the transition				Bhulesh Kachra

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

Scale	Description	Departmental Service Plan	Internal Operations	People	Reputation	Financial per annum / per loss
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 of risk occurring over lifetime of objective (i.e. 12 mths)



LOCAL PENSION BOARD - 23 AUGUST 2021

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND CONTINUOUS IMPROVEMENTS REPORT

Purpose of the Report

1. To provide a regular update to the board regarding progress in respect of areas of identified improvement within the Pensions Section.

Background

2. The Continued Improvements and Systems team has been created to assess and improve existing processes, maximising the use of technology, whilst exploring other areas including tenders, new legislation, governance and data quality. An appendix has been provided to cover the areas of improvement to be addressed, but the key developments since last quarter are provided in more detail below.

Member Self Service (MSS)

3. Pensions provide a Member Self Service facility through the website for scheme members and encouraging them to sign up is a key aim. All scheme members have the opportunity to register for an MSS account which allows them instant access to their pension details. It allows members to see the current value of their pension benefits as well as the ability to transfer documents securely to and from the pensions section. Active and deferred members are able to perform their own pension calculations, whilst pensioner members are able to download and print off payslips and P60s. A demonstration of the system was most recently provided to the Board following the meeting on 8th February 2021.
4. The latest registration figures, provided in Appendix A show an overall slight increase from those shown in the previous report with over a thousand more members either partially or fully registered.
5. In order to encourage further take up and to coincide with the production of Annual Pension Statements due on 31st August an article is due to be published on the County Council intranet in early September. In addition, Leicestershire Police have publishing an article on a monthly basis since June

encouraging their members to register. Other employers were contacted at the end of July and asked to distribute a message to their scheme members promoting registration with MSS this month in order that they may view their Statements.

Bulk Deferred and Refund Calculations

6. The latest version of the Pensions administration system Altair, now allows for some automation of calculations to be performed in bulk. There are two areas where this can be performed: refund quotations and deferred benefits, subject to satisfying the criteria stated in the specification.
7. The calculation is currently restricted to calculations where:
 - Membership of the LGPS began on or after 1st April 2014;
 - The member record already shows the leaving date and a 'undecided leaver' status;
 - All pension contribution data and CARE pay (*i.e. Career Average Revalued Earnings, the pay that pension contributions have been deducted from and the figure used in the calculation of pension benefits*) are already included on the record.
8. Prior to 1st April 2014, the calculation of pension benefits is fundamentally different, less suited to automation and has not yet been incorporated into this bulk facility.
9. Given the criteria described above, this development is particularly suited to employers who have signed up to the Pensions iConnect facility as pension contributions and CARE pay plus leaving dates, are posted month directly to member records on a monthly basis. As 92% of active scheme member records are now updated using iConnect, there are a relatively small number of leavers that would not be eligible for inclusion in this process.
10. Where iConnect is not in use, data in respect of the tax year of leaving is provided via a leaver form that is emailed to the office and needs to be entered on to the record manually by Officers, which is why these cases would not be eligible for inclusion in any bulk run.
11. These are both areas with significant volumes of cases, covering all scheme leavers with less than two years membership and those aged under aged 55 with an entitlement to a deferred pension. At the time of writing a process is being trialled for limited numbers of records and any issues are being worked through. For example, a change in approach will be required to identify which cases can be processed automatically and which will still require manual input.

12. Whilst such a process has an obvious benefit, with the ability to clear large numbers of cases in less time, there are other issues to consider. For example, the reason for leaving is assumed to be voluntary, creating a risk for ill health or death cases to be incorrectly processed.
13. On a related note, work has begun on refining the need for employers to provide a leaver form in all cases, given that all required information has already been provided through iConnect for scheme members who do not have any entitlement to final salary benefits. In order for a new approach to work, Officers are working on a robust method of ensuring that no cases are missed. It is expected that a leaver form will still be required for all leavers aged 55 or over. An employer has been identified for a trial period and progress will be monitored.

Customer Satisfaction Surveys

14. Following the production of a pension estimate or the completion of a retirement case, a Customer Satisfaction survey is made available to scheme members. These provide valuable feedback from members which feeds into the quarterly admin report that is produced for the Board.
15. The number of completed surveys have dropped in recent months. This directly relates to the reduction in the number of paper surveys issued as a result of more retirement and estimate letters being uploaded directly to members through MSS and less being posted. When a letter is posted a paper survey form is provided along with a pre-paid envelope. For MSS cases, a link to an online survey is included in the email that is sent to scheme members advising them of that their letter has been sent to their online account.
16. As a result, officers are currently exploring different ways of encouraging members to complete the surveys. From July, a separate email, sent in the month following the completion of the case work has been issued. Whilst at the time of writing it is too early to say if this will improve matters, the number of completed surveys will continue to be monitored and other ideas considered.

EPIC

17. Further to the section covering 'Employer Risk' in the Continuous Improvements Report dated 24th May 2021, Officers have purchased EPIC, from South Yorkshire Pension Fund, an employer database that is designed assist officers in the recording of key employer data. It has been designed to enable the recording of key items that are not held in Altair including financial data and employer contacts, which will make targeted correspondence easier to produce. It will also provide alerts for annual exercises such as bond

reviews, employer policies and the storage of key documentation, e.g. admission agreements.

18. This is a separate system and not related to the Heywood products such as Altair or iConnect.

19. Work has now begun on reformatting the data described above to allow Officers from South Yorkshire to transfer the bulk of that data automatically into EPIC in preparation for when the system goes live.

20. At the time of writing Officers have agreed:

- Supply the formatted data to South Yorkshire Pension Fund by 30th July;
- A 'test' version of EPIC will be released approx. mid August;
- Officers will sign off on the test version and go live in September.
- An update on the EPIC system will be provided in the next report.

Recommendation

21. It is recommended that the Board notes all areas of the report.

Equality and Human Rights Implications

None specific

Appendix

Appendix A: Member Self Service Registrations 25th July 2021

Appendix B: Areas of Improvement August 2021

Officers to Contact

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Pensions Manager

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Appendix A - Member Self Service Statistics as at 25th July 2021

Figures show members who have partially or completely registered for MSS

	Current Figures for Board Report dated 23rd August 2021	Previous Figures included in Board Report dated 24th May 2021	Current Figures for Board Report dated 23rd August 2021	Previous Figures included in Board Report dated 24th May 2021	Current Figures for Board Report dated 23rd August 2021	Previous Figures included in Board Report dated 24th May 2021	Current Figures for Board Report dated 23rd August 2021	Previous Figures included in Board Report dated 24th May 2021
	All Employers	All Employers	County	County	City	City	Police	Police
Active Members	12,831 (35.3%)	12,436 (34.2%)	2913 (37.1%)	2,833 (35.6%)	2,857 (34.3%)	2,754 (33.1%)	799 (47.2%)	734 (43.3%)
0-39	2459 (21.8%)	2,271 (20.8%)	577 (24.9%)	548 (23.9%)	479 (19.8%)	444 (19.0%)	195 (30%)	155 (25.0%)
40-49	2795 (30.3%)	2,670 (29.1%)	646 (30.8%)	621 (29.3%)	560 (28%)	536 (26.9%)	148 (42.6%)	136 (38.4%)
50-59	5137 (45.4%)	4,914 (43.2%)	1151 (46.4%)	1,079 (43.7%)	1182 (43.5%)	1,119 (41.1%)	321 (63.1%)	301 (59.5%)
60+	2440 (53.8)	2,581 (52.6%)	539 (55.2%)	585 (54.7%)	636 (53.5)	655 (51.0%)	135 (71.4%)	142 (66.0%)
Deferred Members	7802 (25.8%)	7,586 (25.0%)	2,418 (24.8%)	2,360 (24.1%)	1772 (23.1%)	1,714 (22.2%)	311 (32.2%)	294 (30.7%)
0-39	1165 (15.3%)	1,080 (14.6%)	283 (14.4%)	260 (13.5%)	239 (12.6%)	218 (11.9%)	75 (19.1%)	71 (18.5%)
40-49	1865 (21.7%)	1,766 (20.9%)	523 (19.6%)	499 (19.2%)	430 (19.2%)	406 (18.4%)	87 (34.2%)	76 (30.2%)
50-59	3892 (33.4%)	3,700 (31.6%)	1305 (31.1%)	1,227 (29.3%)	920 (31.1%)	879 (29.5%)	125 (46.2%)	117 (43.8%)
60+	880 (36.6%)	1,040 (37.4%)	307 (34.2%)	374 (35.5%)	183 (30.6%)	211 (30.3%)	24 (50%)	30 (52.6%)
Pensioner Members	11247 (40.7%)	10,753 (39.4%)	3,911 (37.2%)	3,759 (36.0%)	2780 (39.9%)	2,669 (38.7%)	428 (51.8%)	389 (48.6%)
Dependant Members	587 (20.5%)	564 (20%)	214 (20.8%)	204 (20.1%)	155 (21%)	152 (20.9%)	18 (22.7%)	18 (23.1%)

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Appendix B - Areas of Improvement August 2021

Area	Affected Team	Aim	Target Completion Date	Comments added 23082021
Member Self Service	Continued Improvements	To increase number of scheme member registrations, by raising awareness through online demos, articles and targeted comms with various categories of members, e.g. pensioners, deferreds, actives.	On-going	Meetings held with Leicestershire Police and County to promote MSS with articles and include references in existing documents. In addition, an article sent to other employers for inclusion in their comms, to remind members that Annual Benefit Statements will be available through MSS.
Member Self Service	Continued Improvements	To use MSS facilities to allow letters to be uploaded to members to reduce postage, and allow for them to return their forms in the same way.	On-going	This is being used where possible now for retirement, estimate and aggregation letters that do not require a response. In addition option forms are now available online for use where a member has been provided with their retirement options.
Printing/Scanning Solutions	Continued Improvements / Early Leavers	To explore alternative approaches to printing and scanning with a view to enabling all pensions staff to work from home.	Summer 2021	Scanning now dealt with by LCC's Central Print with training on-going for printing.
Employer Risk	Continued Improvements / Employers and iConnect	To purchase or develop an employer tracker system, to assist officers in monitoring employer related data including contribution payments and bonds, resulting in a reduction of risk. Consider whether overlaps between Pensions contribution monitoring work and work carried out by Investments can be addressed.	Summer 2021	EPIC System now purchased. Preparatory work to be completed by 30/7 to allow test version to be released in mid August with live version scheduled for September.
Governance	Continued Improvements / Payments and Taxation / Employers and iConnect	Development and maintenance of office training manual covering all aspects of section administration. Also to review existing office processes including altair workflows, to streamline and improve whilst assessing potential for fraud and manual errors, reducing these wherever possible	Initial document in place 31 March 2021	Initial processes in place. Work on-going regarding the refining and improvement of processes on-going, including a review around member requirements that must be in place before releasing payments.
Governance	Continued Improvements / Payments and Taxation / Employers and iConnect	Examine areas of governance, including the implementation of the recommendations made by SAB's 'Good Governance' Project, ensuring that the section is compliant in all areas	On-going	Awaiting further guidance from MHCLG due Autumn.
Employer Training	Continued Improvements	To increase comms with employers, mainly through use of MS Teams	On-going	Nothing scheduled currently.

McCloud Project Phase 1	McCloud / Continued Improvements	Employers to provide member data to Pensions, i.e. hours changes and service breaks covering the period April 2014 to March 2022, which we will need to upload to our records prior to implementation of the 'remedy' once confirmed, to assess whether pension benefits will need to be adjusted in light of the McCloud/Sargeant ruling.	30/06/22	Work on-going with this exercise, with data being formatted ready for uploading to pensions administration system.
McCloud Project Phase 2	McCloud / Continued Improvements	Implementation of the 'remedy', including the recalculation and amendment of benefits, plus communication to scheme members of the changes. Remedy may also include other aspects, e.g. possible option for members to aggregate any separate records, yet to be confirmed.	31/12/22	Draft regulations expected later this year.
Actuarial Tender	Continued Improvements	Tender has been issued for the appointment of a Scheme Actuary	01/05/21	Completed
Data Quality Issues	Continued Improvements	Data Errors raised through the annual Common Data / Scheme Specific Data reports need to be cleared in order to improve the TPR 'Data Score'. Other data errors raised through Hyman's Data Portal as part of preparation for Mid Term Valuation Exercise.	TPR Reports 31/7/2021: Mid Term Valuation Exercise 30/9/2021	Work has been done in both areas and will continue.
Cyber Security	Continued Improvements	In preparation for the annual Cyber Security review in October, an internal review of Officers' permissions on the altair administration system to be performed.	31/10/21	Preparation on this has begun, to assess for any inconsistencies between officers performing similar duties.
Governance	Payments and Taxation	A review of processes in place for the release of payments	31/10/21	Initial conversation has taken place identifying some initial improvements that can be undertaken.



LOCAL PENSION BOARD - 23 AUGUST 2021

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

ADDITIONAL VOLUNTARY CONTRIBUTIONS

Purpose of the Report

1. To inform the Board about the service delivery improvements with the Pension Fund's in-house Additional Voluntary Contribution (AVC) provider the Prudential.

Background

2. Leicestershire Local Government Pension Scheme is required to provide an Additional Voluntary Contribution (AVC) scheme where active contributors may elect to pay extra pension contributions, known as AVCs, to provide additional benefits at retirement or in the event of death in service.
3. AVC contributions are deducted directly from scheme members pay before tax is calculated, so if a scheme member does pay tax, they receive tax relief automatically. Such additional contributions do not form part of the Pension Fund and do not require an employer's contribution.
4. The Prudential Assurance Company Limited (the Prudential) has been the Leicestershire Pension Fund's in-house AVC provider since 31 March 1996. The Prudential's service delivery has been good for a many years, however from November 2020 the Fund experienced a marked fall in the Prudential's service standards, causing the Fund to make late payment of members retirement benefits with AVCs.
5. Prior to the 24 May 2021, The Pensions Manager, in agreement with the Chair of the Local Pension Board, reported the Fund's delays in processing retirement benefits for members with AVCs, to The Pensions Regulator as a material breach.
6. The Prudential's service standards were reported to the Local Pension Board at its meeting on the 24 May 2021. The Prudential decided not to attend the meeting on the 24 May 2021, instead requesting a closed forum. The Board report is available within the background papers of this report.

7. On the 27 May 2021 the Pensions Manager wrote to the Prudential listing the Local Pension Board's concerns and questions. The letter is appended.
8. The Local Pension Board and Fund Officers subsequently met with three Prudential colleagues in a closed meeting on the 7 June 2021. The meeting provided opportunity to hear from the Prudential directly and to discuss the necessary improvements.

Prudential Improvements

9. Since the meeting on the 7 June 2021 Fund Officers have experienced a significant improvement at the Prudential.
10. The Prudential investigated the Fund's late receipt of contributions from the Fund's employers. The largest missing monthly payment related to contributions from De Montfort University, effecting several scheme members.
11. All the missing payments have been resolved by the Fund's employers and credited to the scheme members Prudential AVC accounts. Whilst the responsibility for accurate payment and receipt of AVCs lies between the employers and Prudential, if there are future delays these will be reported to the Pensions Manager. The Pensions Manager will then investigate the cases. The Prudential explained that late receipt of contributions from employers has caused issues with their timeliness of processing AVC retirement benefits.
12. On-line Fund access. The Prudential has spoken to Fund Officers to understand their problems in accessing the Prudential's online system. Prudential now have a greater understanding of the system issues and have reported these back to the Prudential for system release improvements. Additionally, the Prudential are actively working with several of our active AVC scheme payers, to identify why they cannot see some of their invested AVCs, via their online portal.
13. The Prudential has committed to make improvements to their service delivery by the 30 June 2021, the date set by The Pensions Regulator for improvements by the Leicestershire Fund. The Pension Manager recognises improvements have been made by this date, but further improvements are still required.
14. The Prudential have given their honour and commitment to the improvement plan, and Fund Officers can report a marked improvement in response times and help with any queries being raised by the Fund. As at the 30 June 2021 there were only two outstanding retirement cases, and both were being positively worked through.
15. The Prudential remain confident that they will make all the necessary improvements but have agreed to keep in regular contact with the Pensions Manager to resolve further issues, as they occur. The Pension Manager

confirms the Prudential are in regular contact with him and the Pensions Team.

16. The Prudential confirmed that any Leicestershire Fund member impacted by the delays will not need to go through the Fund's formal Internal Dispute Resolution Procedure (IDRP) process. The Prudential will look at all cases automatically and assess if compensation is due on a case by case basis.
17. The Prudential confirmed that no scheme member will be negatively financially impacted by the delays in investing their contributions.
18. The Prudential have not provided documentary evidence of the 14 days for processing retirement claims, but the Pensions Manager continues to monitor this and escalate any cases that fall outside of this timeline.
19. The Prudential explained their reasons for not wanting to meet in an open forum. There appeared to be some confusion as to the direction of the planned Board meeting, in that, the Prudential thought scheme members could ask questions directly, which they cannot. At the closed meeting on the 7 June 2021, Members of the Leicestershire Pension Board explained the Board prefers to operate in an environment of openness and transparency, for the benefit of the Fund's members.
20. The Prudential confirmed they understood AVC scheme payers qualified for Financial Service Compensation Scheme cover. However, the Prudential were clear the issues being encountered were purely administrative and not financial.

AVC Providers

21. Whilst the Fund has seen a significant improvement since the 7 June 2021, the Prudential's issues highlight how quickly a large and well recognised AVC provider can fall into difficulties.
22. Fund Officers are therefore working with the Fund's Actuary Hymans Robertson on an informal review of other Local Government AVC providers.
23. Fund Officers do not wish to end the contract with the Prudential. However, Officers are minded too have a second AVC provider for current and new scheme members, offering more choice and investment options.
24. After the results of the informal review are known, if there is sufficient interest from other external Local Government AVC providers, Officers will consider a formal tender for a second AVC provider.

Recommendation

25. Members of the Board note the report.

Equal Opportunities Implications

None specific

Appendix

Appendix – Pension Manager and Board’s letter to the Prudential dated 27 May 2021

Background Page

[Report to Local Pension Board 24 May 2021 – Additional Voluntary Contributions.](#)

Officers to Contact

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**Sandra Fitzgerald
Client Manager
Prudential**

Date: 27 May 2021
My Ref: Pen/IH - Prudential
Your Ref:
Contact: Ian Howe
Phone: 0116 305 6945
Fax:
Email: Ian.howe@leics.gov.uk

Dear Sandra

Prudential – Leicestershire Local Pension Board

I write in reply to the letter you sent to me on the 20 May 2021, from your Director Claire Bousfield. This reply is sent on behalf of Fund Officers and the Leicestershire Pension Board.

I presented the report, that I had previously shared with you, to the Leicestershire Local Pension Board on the 24 May 2021.

The Board were extremely disappointed the Prudential did not feel able to attend the open meeting but have agreed to meet with you and your colleagues in a closed forum.

Of the dates and times offered by the Prudential, we accept Monday 7 June between 1pm and 2pm.

However, in preparation of the meeting, the Board wish to raise several points.

Please ensure the Prudential provide a full and clear reply on each point.

- Prudential must provide a full and clear improvement plan with timescales prior to the meeting. The issues should be resolved or significantly improved, by the 30 June 2021.
- How will the Prudential honour their commitments to the improvement plan?
- What actions will the Prudential take if they are unable to meet the improvement plan?
- How will the Prudential ensure that compensation is paid to Leicestershire Fund members impacted, without them needing to go through the Fund's formal Internal Dispute Resolution Procedure (IDRP) process, and does not

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- disadvantage members who have been delayed, but have been less vocal in their demands, waiting to see the situation improve?
- Prudential must provide full and total assurance, that no scheme member will be negatively financially impacted by the delays investing members contributions. Officers had received assurance of this, but the wording in Ms Bousfield's letter brings this into question.
 - Prudential to provide evidence the service levels have improved to an average 14 days for processing a retirement claim. How does that relate to the Leicestershire Fund?
 - Will the Prudential write to all the Leicestershire Fund's employers and AVC payers, to explain the situation and what action is being taken to resolve this?
 - Why will the Prudential not meet with the Leicestershire Pension Board in an open forum?
 - What protection is available to AVC scheme payers in the Leicestershire Fund, should the Prudential go bankrupt, and is there sufficient cover in place via the Financial Services Compensation Scheme?

The Board and Fund Officers remain extremely concerned by the current situation. They look forward to receiving your reply, and meeting with you and your colleagues, to discuss how improvements can be made to resolve each of the current issues.

The Board and Fund Officers recognise the long partnership the Leicestershire Fund has with the Prudential and wish to emphasise there is a strong desire to resolve the issue positively for the benefit of the Fund's scheme members.

Yours sincerely

Ian Howe

Ian Howe
Pensions Manager

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By virtue of paragraph(s) 3, 10 of Part 1 of Schedule 12A of the Local Government Act 1972.

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