



Meeting: **Local Pension Board**

Date/Time: **Wednesday, 7 February 2024 at 10.00 am**

Location: **Microsoft Teams**

Contact: **Mrs A. Smith (0116 305 2583).**

Email: **Angie.Smith@leics.gov.uk**

AGENDA

<u>Item</u>	<u>Report by</u>
1. Election of Chairman.	
2. Election of Vice Chairman.	
3. Minutes of the meeting held on 18 October 2023.	(Pages 3 - 6)
4. Question Time.	
5. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.	
6. Declarations of interest in respect of items on the agenda.	
7. Pension Fund Administration Report, October to December 2023 - Quarter Three.	(Pages 7 - 20)
8. Net Zero Climate Strategy Progress Update.	(Pages 21 - 28)
9. Pension Fund - Business Plan and Budget 2024/25.	(Pages 29 - 52)
10. Pension Fund Continuous Improvements Report.	(Pages 53 - 66)



11. Pension Fund Training Needs Self Assessment. (Pages 67 - 86)
12. Pension Fund Policy Report. (Pages 87 - 152)
13. Risk Management and Internal Controls. (Pages 153 - 164)
14. Date of next meeting.

The next meeting of the Board is scheduled to take place on 17 April 2024, at 10.00am.

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

TO:

Employer representatives

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

Employee representatives

Mr. A Cross
Ms. R. Gilbert
Mr. M. Saroya



Minutes of a meeting of the Local Pension Board held at County Hall, Glenfield on Wednesday, 18 October 2023.

PRESENT

Mrs. R. Page CC (in the Chair)

Mrs. C. Fairchild
Mrs. R. Gilbert

Mr. M. Saroya
Mr. R. J. Shepherd CC

16. Minutes

The minutes of the meeting held on 2 August 2023 were taken as read, confirmed and signed.

17. Question Time.

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

18. 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.

19. 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.

No declarations were made.

20. Consultation: Next Steps on Investment.

The Board considered a report from the Director of Corporate Resources which provided information on the consultation paper issued by the Department for Levelling Up, Housing and Communities (DLUHC) on 11 July 2023, titled "Next Steps on Investment" and an overview of the Fund's response. A copy of the report marked 'Agenda Item 5' is filed with these minutes.

Arising from the discussion, the following points arose:

- i. A Member questioned what the Fund's stance was to the Government wanting to see pooling move further and faster, if it was compulsory and what were the risks. The Director reported it was the Government's intention to get individual local authorities to pool faster. There were a number of funding pools around the country, including

LGPS Central. Pooling ranged across the country where some funds had not pooled much at all, but some were substantially pooled. It was further noted the Government wanted the pools to be larger, therefore those that were subscale might be subsumed into bigger pools.

- ii. The Fund's stance was that it was already in a fairly big pool with other local authorities, with up to £55billion in assets under management, taking it over the £50billion bracket, and was large enough not to be subsumed into another pool. There were also regulatory, legal governance issues around subsuming to consider, as well as time, large costs and overheads involved.
- iii. A Member raised a point made in the report about lack of clarity over whether low-cost external passive holdings could be classed as pooled and asked if it was a substantial risk. The Director reported that many local authorities invested in Legal and General Investment Management (LGIM). The Fund had entered into a number of investment products a number of years ago, and these were collectively procured with six other local authorities, commonly known as the Seven Shires Agreement. LGIM's fees were competitive, and if the Fund were forced to divest from LGIM and had to reinvest with LGPS Central, it could cost more, therefore the Fund wanted the Government to include the LGIM products as pooled and had included the point in its response back to Government.
- iv. A Member raised concern over the way the Fund was being directed through prescribed allocations and welcomed the Local Pension Committee's comments at its meeting in September 2023. The Director acknowledged the concern, which had been included in the response back to Government, noting each local authority should take decisions based on its investment consultants' advice and on its own individual merits, and was an opinion shared across the LGPS.
- v. A Member queried in terms of the consultation, if there was any sense that the Government would listen to concerns and take on board what was being said or was the view from past experience that Government would press ahead with their proposals to pool faster and further. The Director reported there were a lot of asks from Government within the consultation, but it was felt that some of the bigger requirements, such as to pool faster and further, would likely be watered down following a push to do so from respondents to the consultation. It was further noted Government deadlines were fairly short and had not taken into consideration that transitions from one part of the portfolio could be a costly and lengthy exercise. Some of the other asks as part of the consultation weren't as heavy hitting, with some supported by the Fund.

RESOLVED:

That the consultation paper issued DLUHC titled "Next Steps on Investment" and an overview of the Fund's response be noted.

21. Pension Fund Administration Report, July to September 2023 - Quarter Two.

The Board considered a report from the Director of Corporate Resources which provided information on the main administrative actions in the second quarter period from July to September 2023. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

Arising from the discussion, the following points arose:

- i. In response to a Member question, the Director advised administration of the Additional Voluntary Contributions (AVCs) at the Prudential had progressed significantly, and was satisfied that previous administrative issues were more or less resolved. It was noted that when occasional cases arose that required intervention by Pension Officers, there was now a contact at the Prudential who could be contacted directly for early resolution of issues.
- ii. Members were informed of a wider review of AVCs and working taking place nationally through the Norfolk Framework, working with officers and with three other funds in the UK to build a framework that funds would be able to go to if they chose, if they were considering a review of their AVCs, or a change of their AVC provider or new additional AVC provider. The expected live date for the new framework was March 2024.
- iii. A Member queried the 10.1% pensions increase. It was noted the increase had been applied to all pensions from April 2023 as a statutory requirement to pay the inflation rate as at September 2022, and was standard across all LGPS funds. It was noted the increase was much higher than what had been experienced in previous years. In terms of overall fund valuation, the increase was one element of assessing the cost of the fund moving forward.
- iv. A Member queried, with regards to the annual benefits statements and the statutory requirement for the fund to issue them to scheme members, how many statements were accessed through the self-service portal. The Director undertook to provide information to the next Board meeting, but noted that work continued to increase uptake up of member self-service (MSS), and uptake had increased in active members in the police area.

RESOLVED:

- a. That the Pension Fund Administration Report, July to September 2023, quarter two be noted.
- b. That the Director be requested to incorporate into the next report statistics on MSS usage.

22. Pension Fund Continuous Improvements Report.

The Board considered a report from the Director of Corporate Resources which provided an update regarding progress in respect of areas of identified improvement within the Pensions Section. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

During presentation of the report, the following points were noted:

- i. Members were asked to note that further information on the McCloud remedy could be found on the Hymans online tool.
- ii. The McCloud functionality on the system would be switched on 13 November 2023, following the implementation of an upgrade to pension payroll, and to allow extra time to ensure the changes in respect of McCloud were fully understood by officers,

particularly whilst LGA guidance was still awaited, and was in line with other East Midlands authorities who had not yet gone live.

Arising from the discussion, the following points arose:

- iii. Following a member query on what outwards 'Club' transfers were, it was explained that public sector schemes use an agreed calculation method on how transfers should be calculated to ensure that transfers within the public sector, the value of benefits bought would remain broadly the same.
- iv. Flexible retirement was an area that had been highlighted with the system suppliers, in order to check if cases were affected by the McCloud legislation, to ensure calculations were correct.
- v. Appendix A provided the latest figures in terms of the number of people registered or partially registered for the member self-service (MSS) portal, broken down to show active, deferred and dependent members, further split into categories including age. The information also covered employers.

RESOLVED:

That the pension fund continuous improvements report be noted.

23. Risk Management and Internal Controls.

The Board considered a report from the Director of Corporate Resources which provided information on any changes relating to the risk management and internal controls of the Pension fund, as stipulated in the Pension Regulator's Code of Practice. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

Members were asked to note a change to Risk 17, the resolution of the McCloud remedy updated to include the latest legislation.

RESOLVED:

That the report on risk management and internal controls be noted.

24. Chairman's Announcement

The Chair noted that Caroline Fairchild, Employee Representative, would shortly be retiring and the Board meeting would be Caroline's last one. The Chair thanked Caroline for her input and support as Deputy Chairman of the Board, and asked Members to join her in wishing her well in her retirement.



LOCAL PENSION BOARD – 7 FEBRUARY 2024

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND ADMINISTRATION REPORT
OCTOBER to DECEMBER 2023 - QUARTER THREE

Purpose of the Report

1. The purpose of this report is to inform the Local Pension Board of the main administrative actions in the second quarter period from October to December 2023. The report covers governance areas including administration of Fund benefits and 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 103,000 members.

Performance Indicators

3. Attached 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, namely 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 quarter October to December 2023 are included as Appendix A.
5. Two KPIs for business processes were lower than target in the month. Death benefits sent to dependants within 10 working days of notification was 88% (slightly below target of 90%).

6. Retirement benefit notifications to members within 10 working days of paperwork being received was 83% (KPI target is 92%). This fall was predominately due to increased time producing and checking cases due to the McCloud legislation changes.
7. Unfortunately, there was also a system calculation bug in the initial McCloud delivery. This has subsequently been changed in the “test” system but still requires a manual work round. However, with the ongoing McCloud system improvements, alongside Pension colleagues gaining greater experience and understanding, it is expected the KPI result will stabilise into quarter four but it’s still too early to be able to provide meaningful statistics on the full impact.
8. Customer service KPIs generally remained above target throughout the quarter. However, one KPI fell below target; the Experience of dealing with the Pension Section was at 89% (KPI target is 95%). Analysis of the feedback identified dissatisfaction with delays in receiving retirement and estimate figures. These delays were predominately caused by the additional time taken to produce and check pension benefits due to the McCloud changes.
9. Officers are continuing to watch closely the KPIs and timescales for completion of cases following McCloud implementation.

Governance – Service Delivery

General Workloads

10. The tables show the volumes in each work area during the months October to December 2023.
11. The Pensions Manager has included a RAG rating to each work area to highlight which areas are below target, close to target, or good or better than target.
12. The rating compares the cases that can be processed to the maximum target number of cases at month end. This is designed to assist Officers identify the work areas that require the greatest immediate attention.

Target	Rating
Below target	▼
Close to target	▶
Good or better than target	▲

October 2023

Area	Cases completed (calculated and checked) in the period	Cases that require more information (cases that are on hold)	<u>Cases that can be processed</u> (cases that can be worked on)	Total cases	<u>Maximum target number of cases that be processed at month end</u>	Rating
Preserved Benefits	111	281	1,693	1,974	1,000	▼
Retirement Options	268	210	174	384	300	▲
Retirements Paid	232	382	114	496	300	▲
Deaths	78	131	99	230	200	▲
Refunds	60	163	158	321	400	▲
Pension Estimates	73	10	208	218	250	▲
Transfers in	66	95	190	285	200	▲
Transfers out (excluding interfunds out) *	7	28	36	64	100	▲
Aggregations	99	205	1,465	1,670	1,000	▼
New starters set up**	1,367	n/a	n/a	n/a	n/a	n/a

November 2023

Area	Cases completed (calculated and checked) in the period	Cases that require more information (cases that are on hold)	<u>Cases that can be processed</u> (cases that can be worked on)	Total cases	<u>Maximum target number of cases that be processed at month end</u>	Rating
Preserved Benefits	115	274	1,806	2,080	1,000	▼
Retirement Options	249	196	162	358	350	▲
Retirements Paid	215	373	74	447	350	▲
Deaths	120	141	74	215	200	▲

Refunds	160	130	121	251	400	▲
Pension Estimates	154	15	150	165	250	▲
Transfers in	51	136	153	289	200	▲
Transfers out (excluding interfunds out) *	38	36	15	51	100	▲
Aggregations	91	205	1,673	1,878	1,000	▼
New starters set up**	888	n/a	n/a	n/a	n/a	n/a

December 2023

Area	Cases completed (calculated and checked) in the period	Cases that require more information (cases that are on hold)	Cases that can be processed (cases that can be worked on)	Total cases	Maximum target number of cases that be processed at month end	Rating
Preserved Benefits	88	273	1,809	2,082	1,000	▼
Retirement Options	162	219	188	407	300	▲
Retirements Paid	160	310	54	364	300	▲
Deaths	88	147	67	214	200	▲
Refunds	53	110	176	286	400	▲
Pension Estimates	86	11	123	134	250	▲
Transfers in	38	134	160	294	200	▲
Transfers out (excluding interfunds out) *	29	37	17	54	100	▲
Aggregations	25	200	1,794	1,994	1,000	▼
New starters set up**	234	n/a	n/a	n/a	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.

13. Fund Officers have identified 1,059 new starters that records have been created on the pensions administration system (Altair) between June 2023 and December 2023, that already have another record on the system. Therefore, these members will need to be investigated and determine if an aggregation task need setting up. Fund Officers are investigating these cases during January and February so an increase in the number of aggregations case be expected.

14. **Governance – General**

Complaints – Internal Disputes Resolution

15. 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.

16. In the third quarter period there were no new IDRP Stage 2 appeals.

17. In the quarter Fund Officers were asked to provide information to the Ombudsman's Office on a case submitted by a previous scheme member in 2022, who has a complaint against her former employer. It is likely this case will continue.

Breaches Log

18. 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.

19. There were no material breaches in the quarter.

McCloud and Dashboards

20. The Board has requested McCloud and Dashboards are standing items at each quarterly report.

21. A summary update is included in the Improvements report further in the Board's agenda pack.

2023/24 Year-End Preparation

22. An employer bulletin has been sent out detailing the requirements for year end and that the deadline for submitting the March 2024 data report is 30 April 2024.

23. IConnect is used to update Altair each month with individual members' pension data and ensures that Pensions have all the information needed to complete the year end work, including the necessary data checks.
24. Between 1 April 2023 and 31 August 2023 all the maintained County Council schools (80) and academies (43) that were paid by East Midlands Shared Service (EMSS) left and joined various new payroll providers.
25. There are approximately 6,000 members that are involved in these payroll moves. This has created a substantial amount of additional pension work for this year end exercise because each time an employer changes payroll provider, the IConnect report needs to be checked to make sure that it meets the specifications to be uploaded for each scheme member.
26. 93 schools and academies moved to a single payroll provider. The final reports were received in December 2023 from this payroll provider, several months later than required. Fund Officers have carried out the specifications checks on the reports and found several issues with the reports such as data in columns that should not be populated, or mandatory fields not being populated. Unfortunately, there were also inconsistencies between reports for the various schools and academies.
27. After a significant amount of liaison from August 2023 to January 2024 between Officers and the payroll provider team, the reports were finally approved on the 19 January 2024. Officers have instructed the schools and academies that the reports can now be uploaded assuming the member mismatching checks have been completed first.
28. Within the 6,000 member cases that moved to new payroll providers 1,196 member data mismatches were identified. A number of these are due to variances on how multiple employment data is held on the different types of payroll systems. A breakdown of these and progress made to the 19 January 2024 are detailed in the table below.

Type of Mismatches	Mismatches at the start of the exercise	Mismatches resolved	Remaining mismatches
Multiple employments e.g. (2 posts on Iconnect report but only 1 record on Altair)	383	239	144
No record on Altair but appears on the Iconnect report	734	475	259
No record on the Iconnect report but appears on Altair	79	23	56

29. The main concern for year end is receiving all the necessary monthly data (from August 2023 to March 2024), ensuring its accuracy, resolving all the mismatches, and loading all the data in time for annual benefit statements to be run by the statutory deadline of the 31 August 2024.
30. Two full time Pension colleagues have temporarily moved from the Early Leavers Team to the Employers and IConnect team to assist this exercise.
31. Maintained Schools fall under the County's pension liability and will form part of the County's data at the next Fund valuation.
32. Officers will provide the Board with a further year-end update at the next meeting.

Governance – Audit

33. During the quarter there were two Internal Audit reports received relating to administrative work on Pension Creations and Calculation of Pension Contributions.

Pension Creations

34. The audit objective is to review payments for new pensioners, including lump sums and death grants.
35. The report found no accuracy issues with any of the scenarios. However, the Pensions Manager has agreed to a recommendation, that formal written procedures outlining the process and monetary levels for checking and authorising are produced.

Calculation of Pension Contributions

36. The audit objective is to ensure that contributions from employers to the Pension Fund have been correctly applied.
37. There were no material issues identified but two recommendations were made.
38. If there are any differences identified at the reconciliation stage between Payroll and Oracle Fusion these should be rectified promptly, and cover arrangements for Investment colleagues need to be in place for prompt posting into Oracle Fusion.
39. Both recommendations were agreed by Fund Officers.

Governance – The Pensions Regulator Code of Practise

40. In 2021 The Pensions Regulator (TPR) completed a consultation on amalgamating their current ten codes into one single code.
41. On 10 January 2024 the new TPR General Code of Practice was laid before Parliament which is expected to come into force in March 2024.

42. Officers and The Fund's Actuary will compare the current codes and the new single code via a "gap" analysis.

43. Further information will be provided to future Pension Board and Pension Committee meetings as the outcomes of the new code are worked through.

Governance – Employer Risk

44. Fund Officers continue to regularly review employer risk. Where there are outstanding admission agreements or bonds, these are reported to the Board each quarter.

45. In the table below, the outstanding cases are listed in risk order, highest to lowest. The highest risk cases tend to be the longest unsigned admission agreements. Unsigned admission agreements mean, the staff that have transferred to the new employer are currently not active LGPS members. Once the admission agreement is legally signed, the pension start date for the staff will be backdated to the date of transfer, so the staff do not lose any scheme membership.

46. Medium or lower risk cases tend to be where bonds are outstanding. The risk level is assessed by either bond value or the type of employer that provided the outsourcing and their ability to act as guarantor to the Fund.

47. When scheme members reach age 55 the risk increases because if those members are made redundant or retire on interests of efficiency, they qualify for unreduced pension benefits. A strain cost is generated in these cases that must be paid in full by the employer.

48. The position on 29 January 2024 is as follows.

Letting employer and Contractor	Outstanding Issue	Type of admission agreement and start date if outstanding	Full or Capital Cost Bond / Value and End Date	Comments	Fund Risk Level
Aspens - Leicester City Council (Herrick Primary)	Admission Agreement and Cash Deposit	Pass-through 1 September 2022	£25,000	Draft Admission Agreement circulated and approved. Aspens requested a cash deposit (rather than a bond). Aspens have approved the agreement. Awaiting approval from the City Council. Members have been written to explaining the delay.	High

Letting employer and Contractor	Outstanding Issue	Type of admission agreement and start date if outstanding	Full or Capital Cost Bond / Value and End Date	Comments	Fund Risk Level
Relish (5 LCC maintained schools)	Admission Agreement and Bond	Pass-through 15 July 2023	£29,000	<p>Draft Admission Agreement and bond circulated for approval.</p> <p>Relish have approved the admission agreement.</p> <p>Awaiting confirmation of the bond and bond agreement.</p> <p>Members have been written to explaining the delay.</p> <p>Officers continue to chase Relish</p>	High
CleanTEC (Lionheart AT)	Admission Agreement and Bond	Pass-through 1 September 2023	£165,000	<p>Draft Admission Agreement and bond circulated for approval.</p> <p>Reviewed amendments to the bond agreement from the bondsman and counter amendments sent.</p> <p>Members have been written to explaining the delay.</p> <p>Officers continue to chase CleanTec and Lionheart AT for approval of the admission agreement</p>	High
Bam FM (Tudor Grange Academies Trust)	Admission Agreement	Pass-through 1 August 2023	n/a	<p>Draft admission agreement circulated for approval.</p> <p>Approved by Tudor Grange. Awaiting approval from BAM.</p> <p>Members have been written to explaining the delay.</p> <p>Officers continue to chase BAM.</p>	High
Atalian Servest (City of Leicester)	Bond (previously set at £86,000)	n/a	£112,000	Bond extension notices issued to Atalian Servest to	Low

Letting employer and Contractor	Outstanding Issue	Type of admission agreement and start date if outstanding	Full or Capital Cost Bond / Value and End Date	Comments	Fund Risk Level
				pass to guarantor to authorise. Officers continue to chase both parties.	
Atalian Servest (Soar & Moat)	Bond (previously set at £66,000)	n/a	£92,000	Bond extension notices issued to Atalian Servest to pass to guarantor to authorise. Officers continue to chase both parties.	Low
Coombs Catering - Hastings High School	Bond	n/a	£16,700	Final bond agreement circulated for signature.	Low
Taylor Shaw (Elior) - MET	Bond	n/a	£12,000	Draft bond agreement circulated again. Taylor Shaw have approved the bond agreement and are sourcing a bond.	Low

49. The high-risk cases are all being chased and monitored by Fund Officers. All parties understand the need to complete these by the 31 March 2024 for year-end.

50. The cases completed in the quarter are listed below.

- Lionheart Academies Trust to Coombs Catering Contract 2023 – Admission agreement.
- Cobden Primary School to Caterlink Limited 2023 – Admission agreement
- Tudor Grange Academies Trust (Samworth Academy) to CSE Education System 2023 contract – Admission agreement
- LCC Schools (Hose CofE Primary School, Long Clawson CofE Primary School and Stathern Primary School) to Coombs Catering 2023 Contract – Admission agreement.
- Old Dalby CofE Primary to Coombs Catering – Admission agreement
- Symphony Learning Trust to Relish School Foods 2023 Contract – Admission agreement.

51. Officers continue to monitor and reduce historic employer risk. Voluntary Action Leicester (VAL) and Bradgate Park Trust, two of the oldest Community Admission

Bodies (CABs) have moved from old style admission agreements to pass-through admission agreements from the 1 October 2023.

52. This reduces the overall Fund risk as historic CAB admission agreements do not have any security. The move to pass-through admissions introduces Fund security with the County or City acting as guarantor.

53. VAL has been finalised and the legal arrangements completed.

54. The latest position on Bradgate Park is detailed in the following table.

Letting employer and contractor	Outstanding Position	Type of admission agreements and start date	Full or Capital Cost Bond / Value and end date	Comments	Fund Risk Level
Bradgate Park Trust (County and City Councils)	Admission Agreement	Pass-through 1 October 2023	n/a – members are below age 55	Draft admission agreement circulated for approval. BPT lawyers have sent amendments. This is being reviewed by County and City legal teams	Medium

Governance – Knowledge and Understanding

55. On the 1 June 2023 the Fund Actuary launched its new on-line knowledge and understanding training tool for the Fund's Committee and Board Members.

56. Board Members are encouraged to complete the modules during 2024, starting with Module 3 Administration, including Additional Voluntary Contributions, Policies and Procedures.

57. A module 3 training session for Pension Board Members will commence after the Board meeting on the 7 February 2024.

58. Officers and the Board will assess the success (or not) of this approach and develop future module training based on the outcome.

Recommendation

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

Equality Implications

60. There are no equality implications arising from the recommendations in this report.

Human Rights Implications

61. There are no human rights implications arising from the recommendations in this report.

Appendices

Appendix A – Key Performance Indicators October to December 2023

Officers to Contact

Ian Howe
Pensions Manager
Telephone: (0116) 305 6945
Email: Ian.Howe@leics.gov.uk

Simone Hines
Assistant Director Finance, Strategic Property and Commissioning
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APPENDIX A

Quarter Three – 1 October 2023 to 31 December 2023

Quarter - October to December 2023									
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%	83%	▼	93%	Establish members understanding of info provided - rated at least mainly ok or clear	95%	95%	▲	99%
Pension payments made within 10 working days of receiving election	95%	95%	▲	96%	Experience of dealing with Section - rated at least good or excellent	95%	89%	▼	94%
Death benefits/payments sent to dependant within 10 working days of notification	90%	88%	▶	89%	Establish members thoughts on the amount of info provided - rated as about right	92%	94%	▲	95%
					Establish the way members are treated - rated as polite or extremely polite	97%	97%	▲	98%
Good or better than target	▲				Email response - understandable	95%	100%	▲	100%
Close to target	▶				Email response - content detail	92%	100%	▲	100%
Below target	▼				Email response - timeliness	92%	92%	▲	95%

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LOCAL PENSION BOARD – 7 FEBRUARY 2024
NET ZERO CLIMATE STRATEGY PROGRESS UPDATE
REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of the Report

1. The purpose of this report is to provide an update on the latest Climate Risk Management Report for the Leicestershire County Council Pension Fund and activities of the Fund since approval of the Net Zero Climate Strategy.

Policy Framework and Previous Decisions

2. The Fund must follow the law and statutory guidance for preparing and maintaining its Investment Strategy Statement and must take proper advice and act prudently when making investment decisions. Subject to this, the Fund should consider any factors that are financially material to the performance of its investments, including environmental, social and governance (ESG) factors. This includes considerations over the long term, dependent on the time horizon over which the Fund's liabilities arise. These decisions are taken by the Local Pension Committee.
3. In November 2021 the Local Pension Committee agreed to commence work on producing the Fund's first Climate Strategy, recognising the systematic impact climate change could have on the Fund. Following extensive engagement and consultation with scheme members, the Committee, advisors, and the Local Pension Board, a Net Zero Climate Strategy (NZCS) was approved 3 March 2023.

Background

4. As set out in the Fund's Investment Strategy Statement the Fund holds investments in various asset classes, which includes the world's biggest companies in sectors that include manufacturing, technology, and transport. Climate change is a systematic risk where the climate actions, or inaction, of companies can positively or negatively affect other companies, as well as the overall economy.
5. The NZCS outlines the Fund's strategic approach to managing climate risk, and proposed approach to achieving net zero by 2050, with an ambition for sooner. This includes some changes to the metrics and targets engaged on in

order to simplify and better align the targets to the guidance provided by the Institutional Investor’s Group for Climate Change.

6. The NZCS aligns with the investment belief set out in the Investment Strategy Statement that the Fund must ensure the portfolio is not overexposed to specific risk factors, ensuring it remains well-diversified across regions, technologies, and sectors. This may relate to technological risk and ensuring the Fund does not overvalue ‘green’ assets as part of a ‘green bubble’, does not have overexposure to new technology without proven track record, or be at risk from governmental policy reversals, for example.
7. In recognition of the risk climate change poses, LGPS Central on behalf of the Fund has produced a Climate Risk Report annually since 2020. This report combines bottom-up and top-down analysis and is designed to give the Fund a view of the climate risk held throughout its entire asset portfolio, accompanied by proposed actions the Fund could take to manage and reduce that risk. This enables the Fund to analyse progress against the baseline of data from previous reports, reassess the Fund’s exposure to climate-related risks and opportunities, and identify further means for the Fund to manage its material risks.

Progress Against the Fund’s Net Zero Climate Strategy

8. The latest Climate Risk Management Report takes a snapshot of Fund data as at 31 March 2023. Progress against the Fund’s Net Zero Climate Strategy targets are set out at a high level below. These all contribute to the Fund’s high-level primary target of net zero by 2050, with an ambition for sooner.
9. In some cases, the Fund’s baseline data as of 31 December 2019 has been restated due to improved data available through the data provider. Any targets have been compared against the most up to date and accurate data available.

Interim Primary Target	2019 (restated)	2023	Difference
40% absolute carbon emissions reduction for the Equity Portfolio by 2030 (tco2e).	196k tco2e	158k tco2e	-19.4%

10. This 2030 interim target measures the total amount of greenhouse gases (scope 1 and 2) attributable to the Fund’s ownership of shares in underlying companies.
11. The 19.4% reduction is between 2019 and 2023, and has been achieved despite a 19.8% increase in assets undermanagement over the same time period.

Interim Primary Target	2019 (restated)	2023	Difference
50% carbon intensity reduction by 2030 for the Equity Portfolio (tCO₂e/\$m)	164.4	102.0	-38%

12. This 2030 interim target is calculated by dividing a company's scope 1 and 2 emissions per million dollars in sales, for each portfolio company and calculating the weighted average by portfolio weight. This measure acts as a proxy for carbon price. Were a global carbon price to be introduced in the form of a carbon tax this would be more financially detrimental to carbon intensive companies, than to carbon efficient companies.
13. This measure has decreased by 38%. This is largely led by a decline in asset allocation by the Fund's active managers in hard-to-abate sectors such as energy and materials, as well as a backdrop of declining carbon intensities of companies within these sectors, partially driven by companies income growth outstripping emissions growth.
14. Both 2030 interim metrics progress well in relation to Fund targets, they are also outperforming the reference market index, with all actively managed portfolios having lower carbon metrics compared to the relevant market index.

Secondary Target	2019 (restated)	2023
Reduce exposure to fossil fuel reserves within the Equity Portfolio	5.7%	5.2%

15. This metric includes companies owning fossil fuel reserves, thermal coal reserves or utilities deriving more than 30% of their energy from coal. This can be considered a measure of exposure to the risk of stranded assets. However, this does not account for the company's revenue from fossil fuels, potentially including companies with lower actual risk. The Fund's exposure is also below the reference benchmark portfolio of 7.7%.
16. To address limitations, a new measure based on fossil fuel companies' revenue was introduced. It calculates the maximum revenue percentage from conventional and unconventional oil, gas and thermal coal. The 2019 baseline for this measure of 2.3% has reduced to 1.9% in 2023. It is worth noting this measurement estimates where reported values are not available and may overestimate exposure.

Secondary Target	2019 (restated)	2023

Increase exposure to climate solutions within the Equity Portfolio	36.6%	39.4%
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17. This metric shows the weight of the Fund's equity portfolio in companies whose productions include climate solutions such as alternative energy, energy efficiency, green buildings, pollution prevention and sustainable water. It is worth noting that this metric is compiled from a wide range of the data providers data points and there is no universal standard definitive list for climate solutions.
18. When considering this metric by revenue, as in paragraph 16, we can see an increase from 4.3% to 5.4%. This allows for a comparison of the portfolio exposure to clean technology adjusted according to a proportion of the underlying companies size. This measure is also using maximised estimates where data is not available, meaning there is a potential to overestimate exposure.

Secondary Target	2019	2023
Increase Asset Coverage	45%	47%

19. The current data able to be analysed is 47% of the Fund's assets under management. While additional underlying funds have been included in this year's climate report, data coverage has remained limited. LGPS Central's next focus will be to improve data availability for fixed income and adding sovereign emissions data which will further improve these measures.

Secondary Targets	2023
90% of the Fund's assets under management in material sectors are classified as achieving Net Zero, aligned or aligning by 2030.	68.3%
90% of the Fund's financed emissions have net zero targets, alignment pathway or subject to engagement by 2030.	80.7%

20. These targets provide the Fund with a forward-looking measure to understand the extent to which the underlying portfolio is aligning to net zero. The Fund's Net Zero Climate Strategy set out the intention to work with LGPS Central to set alignment targets.
- For the material sectors target we can consider sectors such as mining, metals and construction which are largely the highest impact companies especially.
 - For the financed emissions target this will support the former target, as well as drive increased engagement with companies.

21. A company is considered at least aligning to the Paris Agreement pathway, in keeping global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius, by LGPS Central at this stage if:
- a. The company scores above median in the Low Carbon Transition Score, which assesses how well a company manages risks and opportunities related to the low carbon transition, and it meets one of the following criteria:
 - b. The company has a science-based target **or** the company has an implied temperature rise rating of 2degrees or lower.
22. The Fund will be able to monitor progress against these targets in future years, as well as looking at how the Fund can consider
23. The last of the Fund's secondary targets relate to Leicestershire County Council and LGPS Central becoming net zero operationally by 2030. Leicestershire County Council has set a net zero 2030 operational target. LGPS Central are looking to set an operational target during 2024.
24. Evidently the Fund's portfolio appears to moving in the right direction, aligning with the Net Zero Climate Strategy. It is making progress against the 2019 baseline and when compared to reference indexes. This will be kept under review annually, with a review of the Net Zero Climate Strategy due in 2026. It is important to note performance may not be linear due to market fluctuations and yearly changes in asset allocation.
25. The Fund additionally uses other methods to monitor climate risk, including metrics expected to be required from the Department for Levelling Up, Housing and Communities (DLUHC) and other metrics available to LGPS Central. These provide a deeper assessment of climate risk and opportunity.

Action Taken

26. Alongside the targets and metrics within the Net Zero Climate Strategy there are also key areas around investment, engagement and stewardship. Some highlights are set out below.
27. Investments: As at the end of 2023 the Fund has already invested over £1billion in funds that ties in climate friendly factors with positive financial performance:
- a. Forestry investments, the Fund's holdings sequester the equivalent to the annual emissions from 233,000 cars. A recent investment has also been into a Carbon Offset Fund which looks to plant new forests, and

reforestation to provide a source of sustainable low carbon wood and verifiable carbon offsets.

- b. £800million in a climate fund, which favours investment in companies that take a proactive approach to environmental factors, tilting away from the worst emitters.
- c. £55m in solar power with battery systems, to support the decarbonisation of the energy system, and as part of demand from data centres.
- d. A Low Carbon Transition Fund that reduces exposure to fossil fuel, while improving exposure to climate solutions and decarbonises yearly.

28. Engagement with companies: The Fund works with its partners including LGPS Central and the Local Authority Pension Fund Forum and investment managers. In 2022/23 the Fund voted at 6,256 meetings (76,588 resolutions), opposed one or more resolutions in 4,165 meetings (mainly on board structure), and supported all resolutions in 1,963 meetings.

29. Annual progress reports from LGPS Central and the Local Authority Pension Fund Forum are received, and the Local Pension Committee receives quarterly reports on engagement matters.

30. The Fund engages with investment managers who consider climate risks, supporting the Fund's long-term goal. Many of the Fund's external managers have set net zero ambitions and have already begun measuring the impact of their portfolios, given these portfolios do not include climate factors as a mandate requirement. Officers monitor manager data and engage with them on progress made, even where these asset classes remain out of scope of the Fund's annual climate report.

Next Steps

31. Actions arising from the latest Climate Risk Management Report were included within the Responsible Investment Plan 2024 as agreed by the Local Pension Committee in January 2024.

32. Working with LGPS Central and external managers the Fund will look to continue ongoing monitoring of underlying managers, especially in relation to their engagement with top contributors within their portfolios.

33. The Pension Fund as a long-term investor must take a long-term view of its approach to investments. The Fund will review the NZCS and targets at least every three years and monitor progress annually as part of the Climate Risk Report. This will be supported through other Fund documents such as the Strategic Asset Allocation, Investment Strategy Statement, Funding Strategy Statement, and risk register.

Equality and Human Rights Implications

34. The Strategy recognises many human rights factors are adversely affected by climate change. While there are no direct implications from the Net Zero Climate Strategy, as part of the Fund's approach to Responsible Investment the Fund seeks to ensure it continues to incorporate Environmental, Social and Governance issues in all areas of investment practices in line with the Principles for Responsible Investment as set out in the Investment Strategy Statement.
35. These considerations include engaging with companies through investment managers, the Local Authority Pension Fund Forum and LGPS Central to ensure they manage risks around the transition to a low carbon economy that includes key issues around labour and human rights.

Background Papers

Local Pension Committee – 1 December 2023 – Climate Risk Management Report
https://democracy.leics.gov.uk/documents/s179981/LPF_Climate-Risk-Management-Report_Public.pdf

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LOCAL PENSION BOARD

7 FEBRUARY 2024

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND – BUSINESS PLAN AND BUDGET 2024/25

Purpose of the Report

1. The purpose of this report is to inform the Local Pension Board of the Pension Fund's Administration and Investment Business Plans and Pension Fund budget for 2024/25.

Background

2. To demonstrate good governance, the Pension Fund's Budget and Business Plan are presented to the Board for consideration. The Business Plan is formed of two documents, one covers administration, the other covers investments.
3. The 2024/25 Business Plan and Budget will be presented to the Local Pension Committee in March 2024 for approval to ensure the Pension Section is adequately resourced to continue to provide the level of service required by scheme members and Fund employers over the next financial year.

Business Plan

4. The Pension Section's Administration Business Plan details the main changes that impact on the Pension Fund in 2024/25. The most significant are implementing a solution for the national Pensions Dashboards, ongoing implementation of McCloud, review the Fund's Additional Voluntary Contribution (AVC provider) and review the Fund's member tracing service.
5. The key points are detailed in points 1, 3, 6 and 7. The Business Plan is attached as Appendix A.
6. The investments business plan covers five main areas: training, policies, assets, fund valuation and reporting. One area of focus during the year will be the delivery of the implementation of the Fund's first Net Zero Climate Strategy and ensuring it aligns with the Strategic Asset Allocation. Full details of individual work and deliverables are included within Appendix B.

Pension Fund Budget

7. Is it important to note the Pension Fund budget is independent of the Council's budget and its finances are managed separately. The Director of Corporate Resources, as the Fund's designated senior officer, has reviewed the Pension Fund budget independently considering the full needs of the service. Whilst the Good Governance project has not been finalised, Phase 3 of the report includes the following proposal;
- Each administering authority must ensure their committee is included in the business planning process. Both the Committee and LGPS senior officer must be satisfied with the resource and budget allocated to the deliver the LGPS service over the next financial year.
8. The current budget covers the financial year 2023/24 with projected estimates up to 2026/27. A summary of the budget is shown below including current forecasts for 2024/25 to 2026/27. The 2024/25 forecast budget is expected to be sufficient to meet the Fund's statutory requirements.

Budget Heading	2023/24 Budget £'000s	2023/24 Forecast £'000s	2024/25 Forecast £'000s	2025/26 Forecast £'000s	2026/27 Forecast £'000s
Investment Management Expenses (split into three areas)					
o Management	25,792	25,792	27,518	29,339	31,216
o Transaction	6,642	6,642	7,087	7,556	8,039
o Performance	10,500	6,000	10,000	10,000	10,000
Sub Total	42,934	38,434	44,605	46,894	49,255
LGPS Central costs (Governance, operator running costs, product development)	1216	1199	1298	1350	1417
Staffing	1,551	1,743	1,848	1,913	1,980
IT costs	520	500	530	540	550
Actuarial costs	150	90	150	400	150
Support Services / other	630	700	650	670	700
Total	47,001	42,666	49,081	51,767	54,052
% of assets under management	0.85%	0.73%	0.78%	0.77%	0.76%
Average assets under management in year	5,500,000	5,872,500	6,265,488	6,680,089	7,107,494

9. The LGPS Central budget is agreed by shareholders before the start of the new financial year. An update will be provided later in the year once more accurate costs are agreed. At present the best estimates are included for 2024/25.

Investments

10. The Fund holds no reserves and has no capital expenditure planned.
11. The total budget being forecasted for approval is £49.1 million for 24/25. A breakdown of the expenses is set out below.

Investment Management Expenses

12. Investment Management Expenses have been split into three sections, management fees, transaction costs and performance fees. There could be deviations from these numbers given the changes within fee structures and changes of investment manager. For example, reduced investment manager fees, as a direct or indirect result of asset pooling or increased performance fees if mandates which are subject to performance fees when product investment returns are ahead of the hurdles required.
13. The 2023/24 investment management expenses are a forecast and will be subject to investment market returns that will be finalised after the financial year ends. The Fund has assumed a prudent long-term investment return for the purpose of this budget estimate with estimates provided to 2026/27.
14. The performance fee estimate can be highly variable given the Fund would not expect meaningful performance fees when general market returns are depressed. At the time of setting the budget for 23/24 markets were far more stable and as such a prudent estimate was included within the 23/24 budget based on the prior year forecast. Investment performance during 23/24 has been lower than in the previous year and as such the Fund would expect a lower performance fee for the full year. Once again the Fund has forecasted a higher, more prudent forecast for performance fees in future years to reflect a more normalised rate of investment return.
15. Assets under management (AUM) has been estimated to grow over time plus an estimate for net contributions which is the sum of employer and employee contributions less pensions and lump sums paid. As the AUM increases, the pounds value of investment managers fees will increase given investment management fees are paid based percentages of asset values. The investment management expenses as a percentage of the Fund reduces all other things being equal as fixed costs are spread over a larger AUM.

LGPS Central costs oversight, governance and product development

16. The budget for LGPS Central and costs borne to the Fund, concerning oversight, governance and product development have not yet been approved for the financial year 2024/25. The Shareholder meeting is scheduled for February 27th 2024 when resolutions will be presented for vote. At present the best estimate is included for 2024/25 costs. Where a budget cannot be agreed within timescales the shareholder agreement allows for a RPI based change on the previous years budget to be ratified.

17. The Fund's expected share of costs has been estimated at £1.3 million. The governance costs for LGPS Central are split equally between the eight member local authorities. Operator running costs are split based on assets under management and product development costs are allocated based on products that our Fund has expressed an interest in. As time has passed the level of product development fees has reduced as fewer Central products have been bought forward. There is likely continual product development as Partner Funds have their own investment advisors with differing allocations and strategies being approved each year.

Staffing

18. The 2024/25 Pensions Administration staffing budget covers staffing related costs for 38 full time equivalent staff. This includes two temporary full time Pension Assistants employed to work on the McCloud project until 31 March 2025 and two full time Apprentices who are due to start in early 2024/25.
19. The McCloud legislation went live on the 1 October 2023, backdated to April 2014. There remains uncertainty on certain elements and statutory guidance is pending and no final implementation date has been set by DLUHC. McCloud preparation and implementation was the most challenging area in 2023/24. The Pension Manager expects this to continue throughout 2024/25.
20. For 2024/25 Officers have assumed an increase of 6% and 3.5% in the following two years in line with the County Council's assumptions.
21. The expected salary spends in 2023/24 is anticipated to be £192,000 more than budget. This has primarily been due to higher than anticipated inflation and pay award and the increased work associated with McCloud.

IT Costs

22. Following a full tender process, the Pension Section invested in a new pensions administration system in 2018/19 including pensioner payroll, IConnect for employers to submit data monthly, the main core system, workflow and image, and member self-service.
23. In 2023/24 the Pension Section purchased and implemented an enhancement to the administration system, to further automate the retirement to pensioner payroll process. The cost of the system was detailed in the tender and annual costs remains at £520,000 each year, plus an element for annual inflation.
24. In 2024/25 Officers will need to purchase a new system called an Integrated Service Provider (ISP) to enable the Fund to comply with new national Pensions Dashboard programme. Pensions Dashboards enable people to view all their pensions in "one single Dashboard". For the Fund to link its data from the Heywood pensions administration system to the Dashboard, an ISP is required. Officers will investigate the ISP and adjust the ongoing budget as necessary.
25. The expected spend for 2023/24 is anticipated to be £20,000 less than budget.

Actuarial Charges

26. Actuarial charges are budgeted at £150,000 each year, and at £400,000 during Fund valuation years. The next valuation is the 31 March 2025 so the 2025/26 budget for actuarial costs is £400,000 although elements of the valuation work will be brought forward into 2024/25 to assist administration.
27. The expected spend for 2023/24 is anticipated to be £60,000 less than budget.

Support Services/Other

28. Support Services were made up of Strategic Financial and Operational Finance charges, East Midlands Shared Services, Internal Audit, Central Print, Democratic Services and Legal Services.
29. The expected spend for 2023/24 is anticipated to be £700,000 which is £70,000 more than budget. This is primarily due to high inflation and greater amounts of work provided by Central Print. Other costs include annual subscriptions, tracing service charges, Officer qualifications, training for Officers, Committee and Board Members.
30. The 2024/25 budget for Support Service is £650,000 which is £50,000 less than the anticipated spend for 2023/24 primarily due to a reduction in East Midlands Shared Services payroll charge.
31. Benchmarking
32. Officers undertook a review of the Leicestershire administration charges and compared this with a sample of other Funds. The costs covered administration areas and excluded investment costs. The charges were based on the 2021/22 values taken from each Fund's annual report.
33. The 2021/22 exercise identified Leicestershire's administration charge was £25.96 per member. This compared favourably to other Funds of a similar size scheme membership, and the national average of £30.25
34. Leicestershire administration charge for 2022/23 is £28.29 per member. An exercise to compare other Fund's 2022/23 administration charges will take place and be brought to a future Board meeting.

Budget Summary

35. Over 85% of the budget is spent on investment manager related expenses. Given that most investment manager expenses are based on a percentage of assets under management any increase in asset values, for example an increase in stock market/equity returns, will result in higher management fees paid in total.

36. Investment management costs are volatile and are likely to be higher than expected if investment performance exceeds assumptions. Therefore, the costs detailed in the report could significantly change if returns exceed expectations.

Recommendation

37. It is recommended that the Board notes the Business Plan and Pension Fund budget for 2024/25.

Equality Implications

38. There are no direct implications arising from the recommendations in this report. The Fund incorporates financially material Environmental, Social and Governance (“ESG”) factors into investment processes. This has relevance both before and after the investment decision and is a core part of the Fund’s fiduciary duty. The Fund will not appoint any manager unless they can show evidence that responsible investment considerations are an integral part of their decision-making processes. This is further supported by the Fund’s approach to stewardship and voting through voting, and its approach to engagement in support of a fair and just transition to net zero. There are no changes to this approach as a result of this paper.

Human Rights Implications

39. There are no direct implications arising from the recommendations in this report. The Fund incorporates financially material Environmental, Social and Governance (“ESG”) factors into investment processes. This has relevance both before and after the investment decision and is a core part of the Fund’s fiduciary duty. The Fund will not appoint any manager unless they can show evidence that responsible investment considerations are an integral part of their decision-making processes. This is further supported by the Fund’s approach to stewardship and voting through voting, and its approach to engagement in support of a fair and just transition to net zero. There are no changes to this approach as a result of this paper.

Appendix

Appendix A: The Pension Section’s Administration Business Plan 2024/25

Appendix B: Pension Fund Investment Business Plan 2024/25

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**Pensions Administration
Business Plan
2024-2025**

Level One – Changes that impact on the Pension Fund or Leicestershire County Council - (resourced from Pension Fund)

	Priority (Not business as usual)	Key Actions	Performance measures / KPI	Impact	Support required from another service	Customer	Timescale/ Due Date
1	Implement a solution for the national “pensions dashboard” Project for LGPS and Additional Voluntary Contributions (AVCs)	<ul style="list-style-type: none"> • Write new reports via Insights to identify data improvements • Data cleanse member data • Reduce backlogs of preserved benefits and aggregations • Use the Heywood ISP technical solution that meets the national dashboards requirements • Link the solution to the Fund’s current member self-service solution • Communicate dashboards to employers and fund members 	<ul style="list-style-type: none"> • Monitor the internal KPI measuring improved take up of the Fund’s member self-service. • Monitor future increases in member self-service take up once linked to the national dashboard 	<ul style="list-style-type: none"> • Increased administration cost for the solution • Resource required for report writing and data cleansing • Increased member enquiries about LGPS benefits • Review and amend communications and letters to include the national pensions dashboard 	<ul style="list-style-type: none"> • Heywood (system provider) • Fund employers • LGA 	<ul style="list-style-type: none"> • Pension Sections 103,000 scheme members 	<ul style="list-style-type: none"> • Project work – phased development and improvement • Summer 2024 finalise ISP • Autumn 2024 conclude AVC data checks and process • September 2025 (ongoing data checks) • September 2025 (on boarded) • April 2026 (live)

2	SAB – Good Governance Project	<ul style="list-style-type: none"> Implement the final areas of recommendation from the Good Governance Project 	<ul style="list-style-type: none"> Continue to watch the national position Guided by Hymans 	<ul style="list-style-type: none"> Improve the governance of the Fund Reduce risk 	<ul style="list-style-type: none"> Hymans Legal (potentially) Other Funds (potentially) Pensions Board, Committee and Democratic Services CIPFA SAB 	<ul style="list-style-type: none"> Scheme members 	<ul style="list-style-type: none"> No deadline set by SAB but complete within 3 months of the final project report
3	Implement “phase two” of the McCloud remedy – the calculation or recalculation of member benefits with the McCloud period (1 April 2014 to 31 March 2022) included	<ul style="list-style-type: none"> Load the final hours and service breaks into the pension system Calculate new leavers and retirements with the McCloud period included Recalculate pension benefits for members since April 2014 Certain Teachers service will be included as LGPS benefits 	<ul style="list-style-type: none"> Revise benefits and adjust payments where necessary Develop a KPI for amending the benefits for scheme members Regular reports detailing progress and risk to the Pension Board 	<ul style="list-style-type: none"> Additional time to process leavers and retirements from active (to check hours and run the McCloud calc) Additional time and resource recalculating cases since April 2014, and paying arrears where necessary 	<ul style="list-style-type: none"> Pension colleagues (internal) Heywood (system changes) LGA Legal Services (potential for legal appeals) Teachers (multiple employment cases) Other public sector schemes for non-aggregations 	<ul style="list-style-type: none"> All scheme members and their dependants 	<ul style="list-style-type: none"> Deadline for completion for active cases August 2025 (for inclusion 31 March 2025 annual benefit statements) Other cases – still to be confirmed (but likely to be in 2025/26)
4	Review and implement The Pension Regulators new Code of Practice	<ul style="list-style-type: none"> Review the new code 	<ul style="list-style-type: none"> Report progress to the Pension Board 	<ul style="list-style-type: none"> Failure to comply could cause 	<ul style="list-style-type: none"> Legal Services Hymans LGA 	<ul style="list-style-type: none"> All scheme members 	<ul style="list-style-type: none"> New code is expected in

		<ul style="list-style-type: none"> • Check the Fund’s compliance against all areas of the new code • Make any necessary changes 		breaches of pension law			<p>early 2024/25.</p> <ul style="list-style-type: none"> • Implement changes within 3 months
5	Agree with the Chair of the Pension Board training based on the “training need self-assessments” and Hymans on-line training solution	<ul style="list-style-type: none"> • Training (internal and/or external) 	<ul style="list-style-type: none"> • Report/s to the Board • Inclusion in the Fund annual report 	<ul style="list-style-type: none"> • Reduce risk • Increase awareness • Further support the Administering Authority 	<ul style="list-style-type: none"> • All Board Members • Pensions Manager • Hymans • Legal Services • External Trainer 	<ul style="list-style-type: none"> • Board Members • Admin Authority • Scheme members 	<ul style="list-style-type: none"> • Ongoing – targeting completion of certain modules as detailed in Board reports throughout 2024/25.
6	Formally review the Fund’s AVC provider	<ul style="list-style-type: none"> • Review the market using the new national Framework Set up a tender • Score the tender • Write to the scheme members and Fund employers • Officers to consider new investment fund choices 	<ul style="list-style-type: none"> • Results of a formal tender review process • Investment options • Member charges • Reports to the Board and Committee 	<ul style="list-style-type: none"> • Potentially a new or additional AVC provider • Liaise with scheme members about potentially swapping provider (if a new or additional provider is appointed) • Initially increased administration (during the tender build and 	<ul style="list-style-type: none"> • National AVC Framework • Actuary • Officers • Fund employers 	<ul style="list-style-type: none"> • Scheme members • Scheme employers • Heywood system provider 	<ul style="list-style-type: none"> • August 2024

				during implementation)			
7	Review the Fund's member tracing service and overseas pensioner process	<ul style="list-style-type: none"> • Informally review the marketplace • Review possible Frameworks • Tender exercise 	<ul style="list-style-type: none"> • Report/s to the Board 	<ul style="list-style-type: none"> • Reduce risk • Improve customer experience • Improved efficiency 	<ul style="list-style-type: none"> • Heywood for possible system changes • Possibly a third-party provider • Possibly procurement or a National Framework 	<ul style="list-style-type: none"> • Admin Authority • Scheme members and their dependants • Internal audit 	<ul style="list-style-type: none"> • March 2025

Level Two – Changes that impact on or from Corporate Resources – nil

Level Three – Pension Section (continuous improvement) – (Resourced from the Pension Fund) – All Business as Usual and continually monitored

	Priority (Business as usual)	Key Actions	Performance measures / KPI	Impact	Support required from another service	EHRIA required Y/N	Officer	Timescale/ Due Date
8	Maintain the Local Government KPIs at or above target, for all areas of Local Government pension administration.	<ul style="list-style-type: none"> • Key focus on making payments to scheme members within the current KPI and customer satisfaction • Work closely with Pension Team Managers • Monitor changes in legislation 	<ul style="list-style-type: none"> • Report the 3-business process and 7 customer perspective KPIs to the Local Pension Board each quarter 	<ul style="list-style-type: none"> • Maintain and improve customer service • Highlights any falls in service so these can be addressed quickly • Increased officer morale – positive feedback is very welcome 	<ul style="list-style-type: none"> • All fund employers • Heywood for possible system changes 	N	Ian Howe	On-going Quarterly reports to the Local Pension Board

		<ul style="list-style-type: none"> • Monitor workloads • Monitor CIPFA benchmarking KPIs • Demonstrate value for money • Review in line with the outcome of the SAB Good Governance project 						
9	Implement ongoing customer service improvements	<ul style="list-style-type: none"> • Team Managers to explore ongoing customer service improvement opportunities 	<ul style="list-style-type: none"> • Implement new KPI's and review measuring techniques 	<ul style="list-style-type: none"> • Ensure the highest level of service available • Continually look to enhance and improve the customer experience including ongoing improvements to the helpdesk, capturing member feedback, communications, processes, online submission of data, member self-service • 	N	N	Ian Howe	On-going
10	Continue to develop a suit of Insight reports	<ul style="list-style-type: none"> • Identify data improvement requirements 	<ul style="list-style-type: none"> • Short term to long term pension changes 	<ul style="list-style-type: none"> • Improves efficiency • Reduces risk (e.g. over or under payments) 	N	N	Ian Howe	On-going

		<ul style="list-style-type: none"> Look at various options on how Insights will improve efficiency covering all Teams 	reported monthly to Team Manager to monitor	<ul style="list-style-type: none"> Eases workloads at year-end (spreading this throughout the year) 				
11	<p>Manage and reduce employer risk</p> <p>Keep the employer tracking system (EPIC) updated for monitoring employer changes and risks</p>	<ul style="list-style-type: none"> Continue to review bonds and guarantors Continue to guide new TUPE outsourcings to pass-through pooling Work with the remaining CABs on reducing their Fund risk Monitor FE and HE bodies under a possible new DfE guarantee 	<ul style="list-style-type: none"> Negating the need for full bonds where possible Assess bond values and take necessary action Inform the Board each quarter 	<ul style="list-style-type: none"> Reduce fund related employer risk Reduce full bond values by moving to pass-through when appropriate Reduce outsourcing pension costs and risk Reduce the risk of default by new employers at TUPE Possible remodelling of FE and HE employer rates 	<ul style="list-style-type: none"> Hymans Pensions Liaison Officer Legal services Employers 	N	Ian Howe	On-going
12	Achieve all the statutory deadlines – ABS by 31 August and pension taxation statements by 6 October	<ul style="list-style-type: none"> Work closely with Fund employers, especially those changing payroll providers 	<ul style="list-style-type: none"> Regulatory statutory deadlines 	<ul style="list-style-type: none"> Failure is a reportable “material breach” of pension rules Reportable to The Pensions Regulator Inform the Local Pension Board Reputational damage 	<ul style="list-style-type: none"> All fund employers and their payroll providers EMSS 	N	Ian Howe	31 August 6 October

13	Manage staff sickness levels within the Pension Section	<ul style="list-style-type: none"> • Team Managers to continue to manage sickness to keep as low as possible 	<ul style="list-style-type: none"> • Pension Section target of 5.0 	<ul style="list-style-type: none"> • Increased sickness – negative impact on morale, KPIs and targets, increased risk of failure with customer service standards and increases time for work completion 	N	N	Ian Howe	On-going
14	Continue to develop the right balance between office and home working solutions	<ul style="list-style-type: none"> • Continue to reduce post moving more to MSS • Maintain close contact with all colleagues working from home 	<ul style="list-style-type: none"> • Increase MSS take up targeting specific areas (e.g. members reaching age 55) • Target specific employers on MSS take up • Team Managers to liaise regularly with each member of their team 	<ul style="list-style-type: none"> • Maintain staff morale • Improved efficiency • Reduced risk • Maintain regular dialog with colleagues and adapt where possible to accommodate colleagues needs 	N	N	Ian Howe	On-going

Pensions Administration

Overview

- Provides a statutory service administering the Local Government Pension Scheme to over 180 employers in the Leicestershire Fund with over 103,000 scheme members.
- Rated highly by customers for providing a positive customer experience
- Reports to the Leicestershire Local Pension Board and Pensions Committee, made up of both employee and employer representatives

Key drivers

- Achieve or better, key performance indicators in business processes and customer satisfaction
- Develop bulk processes internally to improve efficiency and make resource available in other key work areas
- Implement phase two of the McCloud remedy
- Improve reporting and efficiency via Insights
- Implement a solution to the national dash boards exercise
- Maintain the right balance between home and office working, for both the service and colleagues

Ian Howe – 3rd January 2024

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Leicestershire County Council Pension Fund

Pensions Investment Business Plan

2024-2025

	Item	Key in year deliverables	Aims	Support required from another service	Timescales
Training	Continuous training of the Local Pension Committee	<ul style="list-style-type: none"> • Officers to review training policy and training needs self-assessment for members and create individual training plans. • Publicise LGPS Central's Annual Responsible Investment/Stakeholder Day meeting date to LPC Members • New Members to have induction with relevant officer(s) and induction pack. Hymans training module 1 – intro to the LGPS • Completion of all Hymans training modules for all officers and members in 22/23: • Training plan for 23/24 based on self-assessments and key issues across the LGPS. • Quarterly Manager presentations. 	<ul style="list-style-type: none"> • Training needs to understand individual requirements, officers to advise Member accordingly • To build minimum standard of knowledge by improving RI understanding, knowledge of investment asset classes and Fund mandates • Highlight LAPPF engagement success and progress as well as informing of new areas of RI. • Hymans online training to generally improve knowledge in the most important areas for Committee members and officers 	Training from external sources can include Hymans, LGPS Central, LAPPF, Funds investment managers	<ul style="list-style-type: none"> • March 2024 • As available • Throughout year • As needed throughout year • Progress to be highlighted to officers and members quarterly

	Item	Key in year deliverables	Aims	Support required from another service	Timescales
Policies	Net Zero Climate Strategy	<ul style="list-style-type: none"> • Continued implementation of Net Zero Climate Strategy and action plan. • Communication of Strategy and progress against climate metrics. • Further development of measurements through future iterations of Climate Risk Management Report in line with government guidance best practice and data availability • Manager monitoring and engagement on climate metrics and targets. 	<ul style="list-style-type: none"> • To manage the climate risk and opportunities to the Fund arising from Climate Change. • To communicate to scheme members and interested parties of the current progress versus the NZCS interim targets. • To communicate and engage with the Fund's investment managers on the Fund's expectations with relation to climate risk management. 	<ul style="list-style-type: none"> • External support / resource as required to be defined for selected workstreams, Hymans, LGPS Central, other external bodies 	<ul style="list-style-type: none"> • Ongoing, multiyear timescales with 2030 interim targets agreed at March 2023 LPC.
	Update Investment Strategy Statement (ISS)	<ul style="list-style-type: none"> • Annual update of ISS to include changes from 2024 Strategic Asset Allocation (SAA) review • Update the latest position from the 2023 climate risk report (CRR) and implications to delivery of the Net Zero Climate Strategy interim targets (March 2023) 	<ul style="list-style-type: none"> • Annual refresh which sets the parameters within which the Fund's assets can be invested highlighting factors taken into account when deciding the investment strategy such as responsible investing and climate risk and opportunities. 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • April 2024

	Item	Key in year deliverables	Aims	Support required from another service	Timescales
	Annual Review of Fund's various policies and strategies	<ul style="list-style-type: none"> To undertake a review of the Fund's various policies and strategies including the cash management strategy. 	<ul style="list-style-type: none"> Annual refresh of relevant Strategies to reflect any developments / maintain best practice within the Fund and its management (such as the NZCS). Or government guidance. 	External Support/resource as required Hymans, LGPS Central or other external bodies.	Ongoing, as required
Asset Allocation	<p>Complete the 2023 SAA approved decisions.</p> <p>Enact the 2024 decisions from the Strategic Asset Allocation (SAA) review</p>	<ul style="list-style-type: none"> Create and propose implementation plan for outcomes from the 2024 SAA proposals and ISC recommendations Enact other decisions as approved by the Committee in Jan 2024 throughout the year as appropriate 	<ul style="list-style-type: none"> To complete investment decisions proposed by Hymans and approved by Committee in Jan 2023 and January 2024 noting that some decisions require careful planning and take a significant amount of time 	<ul style="list-style-type: none"> The Fund's investment advisor Hymans Robertson and LGPS Central. 	<ul style="list-style-type: none"> Existing 2023 SAA approvals currently planned to be completed in H1 2024 2024 SAA reviews are scheduled at Investment sub committee meetings as follows: <ol style="list-style-type: none"> Protection assets Review of two income asset class investments (timberland and bank capital relief)
	Investment manager presentations	<ul style="list-style-type: none"> Four manager presentations covering 4 differing various asset classes at scheduled Pension Committees. Asset classes to chosen by officers throughout the year. 	<ul style="list-style-type: none"> To improve the Committee understanding of the sector and mandates the Fund has investments within including LGPS Central's governance of external managers. 	Investment Manager attendance	<ul style="list-style-type: none"> Investment managers for quarterly committee meetings scheduled for March, June, September and November 2024

	Item	Key in year deliverables	Aims	Support required from another service	Timescales
		<ul style="list-style-type: none"> • Each manager to cover the following: <ul style="list-style-type: none"> ○ ESG – e.g. how they identify, assess, and manage climate risks ○ Describe the mandate and aims ○ Mandate performance ○ Market outlook for their sector 	<ul style="list-style-type: none"> • Question manager on ESG policies and performance versus mandate goals • Increase knowledge of the investment class 		<ul style="list-style-type: none"> • Currently scheduled meetings and managers: March – Adams Street Partners June – TBC September – TBC November – TBC
	2025 Strategic Asset Allocation preparatory work	<ul style="list-style-type: none"> • Produce 2025 strategic asset allocation strategy refresh, including: • Agreeing scope with the Fund's advisor and present for approval to the LPC in November • Net Zero Climate Strategy considerations • Balancing required return versus risk and updated medium/long assumptions for asset class returns. • Any potential asset class reviews 	<ul style="list-style-type: none"> • To provide the Fund the right level of return taking into account all risks, assets and liabilities 	<ul style="list-style-type: none"> • The Fund's investment advisor Hymans and any third party with respect to the NZCS 	<ul style="list-style-type: none"> • The SAA is normally delivered for approval at the January Local Pension Committee meeting

	Item	Key in year deliverables	Aims	Support required from another service	Timescales
Valuation	Triennial valuation	<ul style="list-style-type: none"> • Prepare for the upcoming 3 year valuation due on the 31st March 2025. • Update LPC on the timeline for the valuation principles and key assumptions to be agreed where required. 	<ul style="list-style-type: none"> • Early indication of the potential effects on the Fund valuation and employers when the next triennial valuation takes place. • Improves financial planning and forecasting for employers within the Fund. 	<ul style="list-style-type: none"> • Hymans Robertson 	<ul style="list-style-type: none"> • Updates planned to be bought to the and November 2024 LPC, currently planned to propose the broad principles. • Future 2025 LPC meetings will agree results for stabilised employers, agree final assumptions (eg discount rate, inflation etc) and produce the whole fund valuation report.
Reporting	Annual Report and Accounts	<ul style="list-style-type: none"> • Approval and publication of the Fund's Annual Report and Accounts by 1 December in line with the LGPS Regulations. 			September 2024
	Monitor the annual Budget	<ul style="list-style-type: none"> • To monitor the Annual Budget reflecting anticipated income and expenditure during 2024 	<ul style="list-style-type: none"> • Provide indications of variances from the budget 		<ul style="list-style-type: none"> • During 2024
	RI Plan	<ul style="list-style-type: none"> • Progress the Fund's RI Plan as agreed at January 2024 Local Pension Committee meeting. • More information included within the appendix taken to the January 26 2024 Local Pension Committee Appendix A: Draft RI plan 2024 	<ul style="list-style-type: none"> • Continue reporting against best practice and guidance available. • Improved understanding of RI risks including climate change. • Improved communication with scheme members 	<ul style="list-style-type: none"> • LGPS Central. LAPFF, Investment Managers reporting 	<ul style="list-style-type: none"> • Ongoing multiyear implementation alongside NZCS.

	Item	Key in year deliverables	Aims	Support required from another service	Timescales
			and other interested parties.		
	LGPS Central	<ul style="list-style-type: none"> Update Committee with Shareholder and customer activity with respect to actions or decisions taken at the Joint Committee and Company (central) meetings 	<ul style="list-style-type: none"> In line with good governance of the Fund 		<ul style="list-style-type: none"> As appropriate through 2024/25
	Respond to Government consultations and initiatives	<ul style="list-style-type: none"> Participation with LGPS Central and individually where appropriate 	<ul style="list-style-type: none"> To allow government to hear the Funds views on various topics being consulted on. 	LGPS Central, Hymans Robertson	<ul style="list-style-type: none"> As appropriate through 2024/25

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LOCAL PENSION BOARD – 7 FEBRUARY 2024

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND CONTINUOUS IMPROVEMENTS REPORT

Purpose of the Report

1. The purpose of the report is to provide a regular update to the Local Pension 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. Appendix B 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.

McCloud Update

3. Officers are now dealing with McCloud remedy cases as part of their 'Business as Usual' processes after the new functionality was switched on from 13 November 2023. Areas mainly affected by this are estimates, retirements and deferred benefits. The length of time taken to process these cases appears to be longer, though it is too early to be able to provide meaningful statistics on the full impact.
4. Initial findings are that very few cases have had an increase applied to their benefits. During the period 13 November to 19 December 2023, only five members' pensions increased out of 181 members who were deemed 'in-scope' for the McCloud remedy.
5. Many transfers are currently on hold whilst systems providers await national guidance to allow updates to the processes.
6. Altair is processing most cases correctly, though some errors have been identified and have been reported to Heywood. One particular error results in

Altair calculating an additional amount of pension for some cases. Correcting this requires a manual workaround which impacts on the time taken to process cases. Officers are working with Heywood to identify the best way to resolve this issue and an updated version of Altair was installed into the 'test' environment in early January to assist with these cases.

7. Heywood continue to offer weekly 'drop-in' sessions to funds to enable discussion regarding issues that users have identified.

LGA

8. The Local Government Association (LGA) have issued an initial version of their 'McCloud LGPS Administrator Guide'. The content includes worked examples of retirement and death cases based on what is known currently. There are gaps in respect of transfer calculations where national guidance from the government actuary department (GAD) is awaited.
9. The LGA also hosted a series of online McCloud 'surgeries' for administering authorities in December to coincide with the release of the guide.

Internal Processes

10. Officers circulated an internal 'Employer Bulletin' to scheme employers on 26 October 2023 that requested employers to make their scheme members aware that information regarding McCloud had been posted to the pension website.
11. Also added to the website is a form that enables scheme members not currently in-scope to declare any public service pension scheme membership that has not been transferred to the Leicestershire fund. This will allow officers to investigate whether the member can be treated as in-scope.
12. Scheme members affected by McCloud have also been contacted directly with details of the remedy. Officers emailed members on 6 December where an address was recorded and those members who had previously advised that they wished to receive paper correspondence were written to on 11th December 2023.
13. The requirement for LGPS funds to carry out McCloud remedy work in respect of members of the Teachers Pension Scheme (TPS) who have 'excess service' was originally referenced in the McCloud Remedy progress report presented at the Board meeting on 8 February 2023. In December 2023, TPS contacted funds regarding this. They will contact employers throughout 2024, liaise with them to identify affected members and verify details of their service before data is sent to LGPS funds for action.

14. East Midlands employers are scheduled to be contacted in June, and a further update on this will be provided at a future Board meeting.

Records Update

15. Officers continue to update member records with details of changes to contractual hours, either manually or via system automation, and the latest position regarding updated records is below. Note that the latest numbers have increased overall since the previous position as a number of additional employers, with only non-active members, i.e. deferred or pensioners, being added to the project.

	Position as at 12/12/2023	Position as at 14/09/2023
Number of employers that have provided all required data and records have been updated:	99	89
Number of employers that have provided all required data and are currently being worked on:	4	7
Number of employers that provided all required data and are ready to be worked on:	108	76
Number of employers that provided all required data but has been returned to the employer:	0	2
Number of employers that have provided some of the data, or have not provided any data:	62 (11 employers have provided some data, 51 employers have not provided any data)	25
Employers with miscellaneous issues:	0	0

16. Details of the number of data lines identified as unsuitable for automatic loading are below. This data only relates to employers where all data has been provided and has either been completed or is a work in progress. These figures are not the final amount and will increase as the project progresses. However, the amount that these figures will increase by cannot be quantified at this stage.

Employer	Lines identified at 12/12/2023	Lines dealt with at 12/12/2023	Lines remaining at 12/12/2023
Leics County Council	5,193	1,777	3,416
Leicester City Council	18,455	18,455	0
EMSS Academies	10,901	0	10,901
Other Employers	15,498	15,498	0
Total	50,047	35,730	14,317

Pension Dashboard Project

17. The Local Government Association (LGA) issued a draft version of their Pension Dashboard Connection Guide on 6 November 2023. The guide is intended to help identify the steps funds need to follow to connect to dashboards and provides a synopsis of each aspect, with a link to more detailed information available online. It also includes a 'Preparing to Connect' checklist for officers to work through.
18. On 14 November 2023 during their online connection forum, the Pension Dashboards Programme (PDP) advised that the proposed staging date for public service pension schemes will be within the period of one month up to 30 September 2025.
19. This will be subject to confirmation once the final staging guidance is published in Spring 2024. Regulation 15(2) of the Pensions Dashboards Regulations 2022 confirms administering authorities have a legal duty to have regard to this guidance.

AVCs and Dashboards

20. On 19 December, the National LGPS Technical AVC sub-group met with Prudential to discuss how to approach AVCs and Dashboards. The meeting concentrated on what was established as 'pre-dashboard' work, specifically how to reconcile member records held on both LGPS administration and Prudential's LGPS systems and to agree a process for reconciling this data.

Leicestershire have agreed to work with West Yorkshire and Prudential to develop this process with the aim of this being approved at the National LGPS Technical Group meeting on 8 March 2024.

21. Prudential agreed to provide a depersonalised matching criteria report and a subset of this will be used to form the matching criteria. Officers were expected to begin work on this exercise in January 2024.

AVC Framework Update

22. Further to the report presented at the last Board meeting, Officers have continued to work with National LGPS Frameworks (administered by Norfolk County Council) to establish an AVC tender framework for use by LGPS funds.
23. On 23 November 2023 an Invitation to Tender document was finalised, uploaded and providers were invited to submit applications. The deadline for submissions is 16 January 2024.
24. Following the deadline, submissions will be provisionally marked by each authority. Group moderation sessions will then be conducted at the end of February. If required, final interviews with the providers are scheduled for early March.
25. The launch of the framework is still scheduled for late March 2024. An update will be included in this report at the next meeting.

Pensioner Payroll

26. New functionality was installed into the Altair pensioner payroll system on 25 October 2023. This has brought two main benefits to administrators.
27. Firstly, the level of automation has increased in respect of the creation of new pension payroll records following a retirement. Previously, a new record had to be manually created after the pension benefits were calculated, which increased the risk of error and required a higher degree of checking.
28. Secondly, an arrears calculator has also been installed. Previously, when a new pensioner was processed after their retirement date, a manual calculation was required to pay any arrears that were due, which would require checking. This process is now automated and officers are satisfied that this is working well. Arrears calculations are now only spot-checked, which has reduced checking time.
29. Existing retirement and death processes will now be reviewed to ensure that the benefits from the new functionality are being maximised along with recent developments relating to the Altair workflow system. Officers from payroll and

pensions are scheduled to meet at the end of January for a broad discussion covering the existing processes and then aim to identify areas where changes can be made.

30. Updates in respect of the review will be included in future Board reports.

Valuation Planning

31. Preparations for the 2025 fund valuation are already underway. A timeline has been agreed with the actuaries and is shown at the end of this section.

32. Officers requested that Hymans Robertson, the Fund's actuary provide a mid-valuation funding position, assessing progress since the last valuation and to provide a guide on the likely outcome at the 2025 valuation. Their calculations have indicated an improving funding position for the majority of employers, though it must be recognised that a mid-valuation exercise is not as thorough as a full valuation exercise and that any funding update is only a snapshot in time.

33. Work has begun prioritising outstanding casework to ensure that data is as accurate as possible prior to final valuation calculations. For ease of administration, the initial focus will be the cases relating to the larger 'stabilised' employers, which tend to be the larger employers who have tax-raising powers, for example, District Councils. Data in respect of these employers will be submitted to Hymans in September 2024.

34. Focus will then turn to the remaining employers in 2025.

35. Data cleansing work continues for all employers before data is submitted to the actuaries. The latest figures relating to the regular cleansing work can be found in Appendix B of this report.

36. Further updates on valuation preparations will appear in future Board reports.

Date	Topic	Action or Awareness
December 2023	Mid-valuation funding update	Committee
September 2024	Provide Hymans with stabilised employer data	Pension Section
September/October 2024	Calculate indicative stabilised employer rates	Hymans
November 2024	Agree principles for the 2025 assumptions.	Committee
March 2025	Results of the stabilised employer modelling	Committee

April 2025	Provide the stabilised employers with their indicative rates. 1 April 2026 to 31 March 2029	Pension Section/Stabilised employers
June 2025	Agree final valuation assumptions.	Committee
August 2025	Provide Hymans with all Fund data	Pension Section
July/September 2025	Review selected employer's financial health	Pension Section
September 2025	Calculate Fund results	Hymans
September/October 2025	Whole Fund valuation results	Committee/Board
October/November 2025	Provide the other employers with their indicative rates. 1 April 2026 to 31 March 2029	Pension Section/Fund employers
December 2025	Changes to Fund Funding Strategy Statement and Investment Strategy Statement	Pension Section/Fund employers
February 2026	Funding Strategy Statement and Investment Strategy Statement	Committee/Board
March 2026	Final valuation report produced with final employer rates	Hymans
April 2026 to March 2029	Employer rates implemented	Pension Section/Fund employers

General Code of Practice

37. On 10 January 2024, The Pension Regulator's General Code of Practice was laid before Parliament. This brings together ten existing codes of practice into a single set of clear, consistent expectations on scheme governance and administration. Many of the standards in the new code are taken from the existing codes. However, some of the requirements are new.
38. Officers will work with Hymans Robertson to identify the new areas and set out a plan to ensure that the Fund is compliant.
39. The code is expected to come into force in March after the existing codes have been revoked. Further information in respect of the code will appear in a future Board report.

Access to Annual Benefit Statements

40. During a discussion raised at the Board meeting of 18 October 2023, a question was raised regarding whether it was possible to report on the number of scheme members who access their Annual Benefit Statements through Member Self Service.
41. Whilst the website is linked to Google Analytics, which does allow for this level of scrutiny, it is currently not possible to report on this facility (or any other area on the website) without having a cookie page banner installed. The banner notifies users that cookies are collected and gives them a choice to accept, reject or choose specific cookies to be collected. Cookies are small files that store data relating to the browsing activities of web users.
42. It is expected that the next generation development of Member Self Service will include cookie banners as standard. Once this version is installed and developed then Officers will be able to report on this facility.

Wider Topics for 2024/25

43. This is a new section designed to inform the Board of some of the wider issues currently within the LGPS.

LGPS Investments Changes

44. Following a consultation, the government have announced their intention to make changes to legislation relating to LGPS investments.
45. The changes include plans to accelerate LGPS 'pooling' and funds should transfer all liquid assets to their pool by 31 March 2025, setting out in their Investment Strategy Statement which assets are pooled and providing the rationale and date for review if not pooled.
46. The government instigated the pooling of pension funds in 2015 with the publication of criteria and guidance on pooling of LGPS assets. Administering Authorities formed their own groups. Leicestershire are a member of LGPS Central. The scale of each pool gives significant buying power in the investment market, that would not normally be accessible to individual funds.
47. The other changes include:
- Invest up to 5% of assets to support levelling up in the UK and report annually on progress against the plan.
 - Increase investment into high growth companies via private equity.

- Drive greater scale through fewer pools. The proposed approach included setting a long term direction towards fewer pools to deliver scale of at least £50 billion of assets under management.

Scheme Advisory Board Statement on Surpluses

48. The Scheme Advisory Board (SAB) has issued a [statement on funding surpluses](#), designed to assist administering authorities manage surpluses within their own funds. There are four key areas in the statement:
49. *Stability of contribution rates*: The statement emphasises the importance of stability in employer contribution rates, which helps employers with financial planning and breeds confidence in the scheme's sustainability. However, it also acknowledges the challenging financial position scheme employers find themselves in.
50. *Tailored employer investment strategies*: The statement acknowledges that there is an increased interest from some employers to influence investment and funding strategies. It also notes the additional resource and resulting increased costs that would be required to tailor individual investment strategies and considers if tailoring might be appropriate for certain groups of employers, for example, those heading towards an exit.
51. *Partial terminations*: Some employers have suggested exiting a fund for deferred and pensioner members whilst remaining a participating employer for active members. This would lock in costs for deferred and pensioner members, with no recourse for the employer in question to pay towards those liabilities in the event of adverse future changes, leaving other employers to pick up the cost. Funds should ensure that the approach is consistent with regulations and consider the best way to manage employer risk.
52. *Contribution rate reviews between formal valuations*: The regulations allow funds to review an employer's rate where there has been a significant change to its liabilities or covenant. Circumstances for any review should be covered in the Fund's funding strategy statement. Changes in funding positions due to market movements since the last valuation will not be sufficient to trigger a review.
53. Officers have considered the statement and are confident no changes are necessary at this time, but employer rates and the overall funding value will be considered as part of the next Fund valuation and will form part of the wider valuation discussion with Hymans.

Sharia Law and the LGPS

54. Following questions from numerous funds regarding whether LGPS investments are Shariah compliant, SAB sought Counsel on this issue. They advised in May 2022 that a discrimination claim was possible, or even a broader human rights-based challenge in the civil courts. Counsel also suggested that if it were clarified that alternative pension provision could be offered that this most likely would not be limited to Muslim employees who opt out of the LGPS by reason of their religious beliefs.
55. Following this advice, SAB commissioned an Islamic finance expert to produce a report on Sharia Law and the LGPS, which would address any possible legal risks for scheme employers and to ensure the scheme is inclusive as possible. It was confirmed at the National Technical Group on 8 December 2023 that the advice given was that the LGPS is compliant with Islamic beliefs because pension contributions are treated as deferred pay.
56. SAB will now go back to Counsel for a follow-up opinion and will consider this advice alongside the report, which will be published on their website shortly.

Recommendation

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

Equality and Human Rights Implications

58. None specific.

Appendices

59. Appendix A: MSS Registration Figures
Appendix B: Areas of improvement

Officers to Contact

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Member Self Service Statistics as at 14th December 2023

Figures show members who have partially or completely registered for MSS

	Current Figures for Board Report dated 14.12.23	Figures for Board Report dated 14.9.23	Current Figures for Board Report dated 14.12.23	Figures for Board Report dated 14.9.23	Current Figures for Board Report dated 14.12.23	Figures for Board Report dated 14.9.23	Current Figures for Board Report dated 14.12.23	Figures for Board Report dated 14.9.23	Current Figures for Board Report dated 14.12.23	Figures for Board Report dated 14.9.23	Current Figures for Board Report dated 14.12.23	Figures for Board Report dated 14.9.23	Current Figures for Board Report dated 14.12.23	Figures for Board Report dated 14.9.23
	All Employers	All Employers	County	County	City	City	Police	Police	Lough Uni	Lough Uni	DMU	DMU	Lionheart	Lionheart
Active Members	18698 (47.94%)	18286 (47.51%)	3957 (49.23%)	3897 (48.34%)	3892 (47.02%)	3883 (45.78%)	1012 (57.50%)	1002 (56.83%)	664 (42.65%)	663 (44.56%)	955 (58.23%)	938 (59.97%)	391 (39.86%)	409 (41.23%)
0-39	4195 (34.16%)	4136 (34.15%)	922 (37.77%)	914 (37.18%)	787 (32.31%)	787 (31.13%)	272 (40.18%)	270 (40.12%)	203 (29.64%)	202 (31.76%)	298 (46.71%)	293 (50.69%)	88 (27.24%)	89 (26.97%)
40-49	4320 (44.55%)	4226 (43.97%)	934 (44.20%)	920 (43.01%)	826 (40.95%)	817 (40.33%)	204 (57.79%)	196 (56.00%)	134 (46.05%)	131 (44.41%)	272 (62.82%)	273 (63.64%)	83 (33.88%)	84 (35.59%)
50-59	6712 (58.38%)	6554 (57.62%)	1411 (59.06%)	1373 (57.96%)	1396 (56.24%)	1410 (54.89%)	365 (73.00%)	368 (71.88%)	219 (58.40%)	228 (59.22%)	271 (67.92%)	261 (66.58%)	149 (52.28%)	158 (53.38%)
60+	3471 (62.73%)	3370 (62.43%)	690 (63.01%)	690 (62.96%)	883 (65.75%)	869 (63.94%)	171 (74.35%)	168 (73.68%)	108 (58.40%)	102 (59.30%)	114 (67.86%)	111 (67.27%)	71 (62.28%)	78 (60%)
Deferred Members	10743 (33.93%)	10560 (33.32%)	3072 (32.32%)	3034 (31.82%)	2298 (29.96%)	2270 (29.52%)	439 (42.05%)	434 (41.45%)	495 (34.28%)	482 (33.52%)	630 (38.63%)	625 (38.34%)	88 (47.31%)	78 (43.58%)
0-39	1672 (22.67%)	1658 (22.20%)	361 (21.07%)	354 (20.17%)	313 (18.91%)	307 (18.49%)	129 (32.82%)	126 (30.73%)	147 (28.71%)	145 (28.49%)	139 (30.15%)	137 (29.65%)	16 (25.81%)	16 (25.40%)
40-49	2612 (28.81%)	2558 (28.24%)	671 (25.97%)	659 (25.68%)	592 (25.12%)	587 (24.73%)	112 (38.49%)	112 (39.58%)	116 (29.15%)	113 (28.46%)	168 (35.67%)	164 (34.82%)	23 (50.00%)	19 (42.22%)
50-59	5055 (42.24%)	4968 (41.54%)	1589 (39.18%)	1569 (38.63%)	1130 (39.29%)	1119 (38.68%)	148 (51.57%)	145 (51.79%)	184 (44.44%)	177 (42.86%)	275 (45.91%)	275 (45.83%)	37 (67.27%)	35 (64.81%)
60+	1404 (43.19%)	1376 (42.91%)	451 (39.15%)	452 (39.20%)	263 (33.59%)	257 (33.64%)	50 (69.44%)	51 (48.92%)	48 (44.04%)	47 (39.50%)	48 (50.00%)	49 (50.52%)	12 (57.14%)	8 (47.06%)
Pensioner Members	15314 (50.15%)	15163 (48.74%)	5007 (45.33%)	4900 (44.61%)	3836 (49.14%)	3710 (48.25%)	610 (62.76%)	588 (61.64%)	559 (46.78%)	544 (45.91%)	625 (54.59%)	602 (53.18%)	104 (73.76%)	94 (72.31%)
Dependant Members	738 (25.17%)	766 (24.13%)	251 (24.93%)	250 (24.80%)	195 (24.97%)	193 (24.90%)	29 (31.18%)	29 (31.52%)	27 (21.77%)	26 (20.97%)	29 (27.88%)	29 (25.00%)	3 (75.00%)	3 (75.00%)

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Area	Affected Team	Aim	Target Completion Date	Comments added 04072023	Comments added 20092023	Comments added 02012024
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 Hymans' Data Portal as part of preparation for Mid Term Valuation Exercise.	TPR Reports 31/7/2021: Mid Term Valuation Exercise 30/9/2021	Latest figures as at 30th June 2023 are: Common Data: 97.1%; Scheme Specific Data: 97.36%	Latest figures as at 22nd September 2023 are: Common Data: 97.4%; Scheme Specific Data: 97.67%	Latest figures as at 2nd January 2024 are: Common Data: 97.4%; Scheme Specific Data: 97.7%
Payroll Conversion Project	Continued Improvements	Upgrades to payroll facilities to increase automation relating to monthly pensions processes and other payments	Autumn 2023	Work on this project has begun again following a temporary halt to focus on other areas. Heywood are upgrading the system 'build' in 'test' versions of payroll to allow testing to resume on cases.	Final testing is on-going with go-live expected late October.	Payroll upgrades now in live system. Project completed.
Review of Deaths and Retirements Processes	Continued Improvements	Following on from the successful implementation of new payroll functionality, officers from pensions and payroll to review how the new facilities can help to streamline the existing process relating to the creation of new pensioners. This will then link to a broader review of the retirements and deaths processes.	On-going			Initial meetings including officers from Pensions and Payroll scheduled for the end of January 2024.
Employer Discretions	Continued Improvements	Conduct a review of current discretionary policies in place for scheme employers and refresh related documentation.	30/09/23			New discretionary policy template and guide issued to scheme employers for completion by 31/3/2024. Employers invited to login to a Teams Q and A session in mid-January to aid completion of new template.
Checking Processes	Continued Improvements/PAT Team/Early Leavers	Following the 2023/24 Pension Creation exercise, Officers created a "Checking Process" document following a recommendation from Audit that formalised the process officers follow when checking retirements and deaths.	On-going			Document to be kept under review and expand contents to eventually cover all areas of checking.
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	A small number of cases have been processed through the online process and the trial will continue throughout July.	Trial temporarily on hold whilst Heywood are reviewing functionality around online retirements with further developments expected.	-
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	Guidance still outstanding	Guidance still outstanding	Guidance still outstanding

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LOCAL PENSION BOARD – 7 FEBRUARY 2024

PENSION FUND TRAINING NEEDS SELF ASSESSMENT

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of the Report

1. The purpose of this report is to:
 - provide the Local Pension Board with an update on Training Needs Self Assessments which have been undertaken;
 - identify training members of the Local Pension Board are expected to complete in order to demonstrate a suitable level of knowledge and understanding.
 - Set out options for the Committee to consider as part of the planned review of the current Training Policy.

Policy Framework and Previous Decisions

2. The Local Pension Committee first agreed a Training Policy on 8 November 2019 in line with best practice at the time. The latest version of the Training Policy was approved by the Committee on 25 March 2022.
3. The policy, and regular training, is required because of:
 - the distinction of fiduciary duty owed to the Fund, compared to members and officers' usual business.
 - the complexity of pension and investment issues.
 - inevitable changes in the membership due to the election cycles
 - the Fund being treated by investment managers as a professional client and requirement to comply with the Markets in Financial Instruments Directive (MiFID II)
 - the potential consequences of not administering the Fund in an appropriate manner
 - responsible investing, net zero and how the Fund achieves this.
4. Training requirements are also reflected in the Terms of Reference of both the Committee and the Local Pension Board which states members 'must demonstrate to the Administering Authority their capacity to attend and prepare for meetings or to participate in required training.'

Background

5. Since the Local Pension Board's formation there has been legislation that sets that Board members have a personal responsibility to have an appropriate level of knowledge and understanding for the purposes of enabling them to exercise properly their functions as a member of the Local Pension Board.
6. As part of the 2023 consultation 'Next Steps on Investment' the Government proposed that each administering authority set a training policy for Committee members, and that the administering authority report regularly on training undertaken and whether this is in line with the training policy. The Fund has historically reported training undertaken by both Committee and Board Members annually within the Fund's Annual Report as part of best practice, and as recommended by the Scheme Advisory Board's Good Governance review.
7. As identified by the Pension Regulator, good governance is essential for a pension scheme to be successful, with a clear link between good governance and good fund performance.
8. Hymans Robertson Aspire online training has been in place for a number of years. Over 2023 Hymans reviewed the offering and issued new refreshed modules which reset all members Aspire training records at zero as of September 2023. Members were asked to undertake these modules in light of the updated information and as part of the Fund's Training Policy.

Training Needs Assessment

9. The Chartered Institute of Public Finance and Accounting (CIPFA) published guidance on Pensions Knowledge and Skills in 2021. The guidance identifies eight core areas where appropriate knowledge and skills should be achieved and maintained:
 - Pensions legislation and guidance
 - Pensions governance
 - Funding strategy and actuarial methods
 - Pensions administration and communications
 - Pensions financial strategy, management, accounting, reporting and audit standards
 - Investment strategy, asset allocation, pooling, performance, and risk management
 - Financial markets and products
 - Pension services procurement, contact management and relationship management
10. To best meet the training needs of Committee and Board Members, a training needs analysis was carried out at the end of 2023. The form consisted of 39 self-assessment questions against CIPFA's eight core areas.
11. As of 25 January 2023, eight out of 13 Committee and three out of six Board members have completed their assessments. The anonymised results are attached at Appendix A to this report. Any members that have not yet completed the training

needs assessment are asked to do so as soon as possible to support development of this year's training programme.

12. The results of the questionnaire, together with the current priorities for the Fund are used to decide on the approach and topics of training offered, this can be on a collective and individual basis. All Committee members that have completed this analysis have been emailed regarding recommended training. Other training will be picked up as part of the Fund's training programme and forward plan.

Training Policy

13. Training can be provided in a number of ways. Officers, on a regular basis, inform Committee and Board members of relevant training opportunities, including:
- Face-to-face sessions provided by external bodies, for example, Local Government Association.
 - Face-to-face sessions held internally, delivered by officers and/or the Fund's providers, for example, actuary, investment advisers, investment managers. Sessions may be held jointly with both Committee and Board, or held separately, depending on priorities and availability. Some sessions may be held adjacent to scheduled meetings and may be linked to specific issues on the agenda.
 - Recommended reading material to keep up to date with pensions issues.
 - Modules from the Hymans on-line training package. As part of pre-meeting emails officers recommend specific modules relevant to upcoming agenda items.

These modules are web based and include a video summary from pensions professionals, printable slides if needed and knowledge checks at the end of the module. There are a number of modules to complete which cover the following:

- Module 1 – Committee Role and Pensions Legislation
 - Module 2 – Pensions Governance
 - Module 3 – Pensions Administration
 - Module 4 – Pensions Accounting and Audit Standards
 - Module 5 – Procurement and Relationship Management
 - Module 6 – Investment Performance and Risk Management
 - Module 7 – Financial Markets and Product Knowledge
 - Module 8 – Actuarial methods, Standards and Practices
 - Module 9 - Current Issues [topics are regularly updated and added to this module by Hymans]
14. In addition, mandatory induction training is provided for all new members of the Committee and Board, including any potential substitute members.
15. Each member of the Committee also receives an Information Pack which will contain information key to their role as set out in the Training Policy.
16. A number of external training opportunities take place across the year. Some relevant to the LGPS are highlighted below. Further information will be provided to Committee members as such opportunities become available, as well as any other suitable events. Further details of these will be circulated by officers and will be funded by the Pension Fund.

External Training	Dates
LGA, LGPS Pension Fundamentals	3 days split over a number of dates (either online or in person) usually around October-December.
Hymans: Webinars and conferences covering topical issues facing and shaping the industry.	https://www.hymans.co.uk/insights/events/
LGPS Live	https://lgps-live.com/seriessofar/ Webinars on key issues for LGPS funds and pools, these can vary from day-to-day operations to broader topics which will be of interest to members.

17. A record of completion of all training, including Hymans on-line training, undertaken by Committee and Board members is included within the Fund's Annual Report presented in September each year. Essentially training progress will be shown as a snapshot of the position as at 31 March each year. Appendix B provides a summary of current progress in the training undertaken by the Committee and Board members since March 2023 to date.
18. To show compliance with the Committee and Board Terms of Reference and Training Policy in demonstrating capacity to prepare for meetings all Members are asked to complete all Hymans on-line training modules which were reset in September 2023, before 31st March 2024 so that this can be accounted for as part of the Fund's next annual report.

Review of Training Policy

19. Officers are in the process of reviewing the Fund's existing Training Policy to enable more effective reporting on progress against the Policy. Members are asked to contribute any thoughts they have on the existing approach to training which can be taken into account as part of that review. In particular, the Board is asked to consider whether to mandate specific training requirements.
20. Officers are aware of the pressures on members and does not want to set unreasonable standards which create difficulties for members serving on the Committee or Board. Individuals are not expected to become technical experts, and levels of knowledge will vary depending on experience. It is also acknowledged that some have been members of the Committee or Board for a number of years and so have over time built up good knowledge and experience. However, ultimately both need to demonstrate that it possesses the expertise, experience and knowledge required to be capable of serving on the Committee and Board. With the Committee needing to satisfy those providing investment services that it possesses the expertise, experience and knowledge required to be capable of making its own investment decisions and understands the risks involved and continually keeping up to date with training available is an accepted way to provide such assurance.
21. While some Members have periodically accessed the Hymans modules online, it is fair to say routine use could be improved. Members who have not yet found the

time to work through any of the modules are strongly encouraged to do so, given it is a valuable and tailored LGPS training resource which is in accordance with the Training Policy and Terms of Reference, though not yet currently mandated.

22. A review has been undertaken of other LGPS fund's training policies and options for discussion are presented to members for next steps in enhancing the Fund's training policy. As an example, other funds have agreed the following more specific recommendations:
- Hampshire require at a minimum new members undertake the external LGA Fundamentals Course (3 days). All Members must also complete the Aspire Hymans modules within 12 months.
 - Somerset have agreed key training guidelines which differ depending on time served and require a commitment of at least 1-3 days specific training for members per year.
 - Surrey provides interim updates on training progress to the Committee and Board. Where members do not complete the required training in the timeframes set out, the matter is reported for action. Membership may be terminated due to a member no longer being able to demonstrate to the Scheme Manager their capacity to attend and prepare for meetings, or to participate in required training or otherwise to carry out the requirements of the role appropriately.
23. Having considered other approaches it is proposed that the Fund look to formally mandate completion of Hymans on-line Modules and become more active in reporting to the Chairman on progress against completion as well as increase reporting to the Committee and Board at reasonable intervals.
24. It is proposed that officers recommend specific modules in advance of meetings to spread completion over a reasonable timeframe. Noting not all modules may be relevant for the Local Pension Board. Members can either complete these modules at their own leisure, or officers can set up specific times and dates either in person or via Microsoft Teams if there is appetite for Members to view the sessions jointly.
25. Officers have arranged to undertake training following this meeting to jointly work through a module on the Hymans Aspire training, this provides the opportunity to ask questions collectively. This is being trialled and officers will seek the Board's view subsequently.
26. Alternatively, the Fund could set a specific timeframe for completion of all modules which are undertaken by members when possible.

Comments of the Local Pension Committee

27. The Local Pension Committee considered a report of the Director of Corporate Resources at its meeting on 26th January 2024. The report provided members with the information as set out above.

28. During the discussion, the following points arose:

- Members recognised that training had not previously been mandated but it was clear that the approach was the direction of travel that would be taken by government.
- That the Hymans online-modules offered a ‘nuts and bolts’ approach and was a good tool to get a good base of knowledge for the Committee.
- A Member highlighted that the option to provide for different training requirements each year of appointment would allow a flexible approach to training for members.
- Noted that previously joint training had been undertaken in person and was valuable in its interactivity.
- A Member noted the Code of Practice from the Pensions Regulator has recently been issued. The Director confirmed that the report would be brought back as a future regulatory update to the Committee.

29. The Committee supported the remaining recommendations, and officers undertook to take its views into account as part of the review, alongside the comments to be provided by the Board.

Recommendations

30. It is recommended that the Local Pension Board agrees that:

- All members should complete the training needs assessment if not yet completed by 14 February 2024.
- Members should commit to progressing completion of Hymans Aspire modules, noting that a record will be taken as at 31 March 2024 for the Fund’s Annual report.
- Members feedback any views on the current approach to the Fund’s Training Policy as part of the review.

Background Papers

Local Pension Committee – 25 March 2022 – Training Policy

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CIId=740&MIId=6758&Ver=4>

Equality Implications

31. None.

Human Rights Implications

32. None

Legal Implications

33. The Director of Law and Governance has been consulted on this report.

34. Under MiFID II (Markets in Financial Instruments Directive) local and public authorities must satisfy a qualitative test that allows them to be treated as a professional investor with the capacity to make investment decisions. This test

requires the Local Pension Committee to satisfy those providing investment services that it possesses the expertise, experience and knowledge required to be capable of making its own investment decisions and understanding the risks involved.

35. The Local Pension Committee's Terms of Reference sets out that members must demonstrate to the Administering Authority their capacity to attend and prepare for meetings or to participate in required training in order to reach the required standard in line with MiFID II and the Fund's Terms of Reference. It is for the Scheme Manager (the Administering Authority) to be satisfied that those appointed have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Committee.
36. In line with these duties under their role, Committee members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date on anything that would fall within the remit of their role. A written record of all relevant training and development (whether internal or external) undertaken by Committee members should be maintained. All members will undertake an annual personal training needs analysis and regularly review their skills, competencies, and knowledge to identify gaps or weaknesses as well as the mandatory training that the Scheme Manager considers is required to ensure the Board and Committee operates as effectively as possible. All information in relation to training and development of all members shall be made available to the Committee and Board as part of the Review Process.
31. It is important that members are trained appropriately so that decisions are made from a sound knowledge base thereby minimising the risk of any legal challenge.

Appendices

Appendix A – Training Needs Assessment Anonymised

Appendix B – Current Training Progress February 2023-December 2023 and Hymans Module completion

Background Papers

Local Pension Committee – 25 March 2022 –

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CIId=740&MIId=6758&Ver=4>

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Respondent	LPC 1	LPC 2	LPC 3	LPC 4	LPC 5	LPC 6	LPC 7	LPC 8	LPB 9	LPB 10	LPB 11
General pensions legislative framework in the UK, for example defined benefit, defined contribution, tax treatment and auto-enrolment.	Green	Green	Green	Green	Yellow						
The roles and powers of the UK Government in relation to the LGPS	Green	Green	Green	Green	Yellow						
The main features of the LGPS legislation relating to benefits, administration and investment.	Green	Green	Green	Green	Yellow						
The role of Leicestershire County Council as administering authority in relation to the LGPS in relation to the Fund	Green	Green	Green	Green	Yellow						
The role of the Scheme Advisor Board and the Pensions Regulator, Pensions Advisory Service and Pensions Ombudsman to the workings of the LGPS	Green	Green	Green	Green	Yellow						
Awareness of the Pension Regulator's Code of Practice for public sector pension schemes	Green	Green	Green	Green	Yellow						
The role of the Local Pension Committee	Green	Green	Green	Green	Yellow						
The role of the Local Pension Board	Green	Green	Green	Green	Yellow						
The roles and statutory responsibilities of the Administering Authority S151 officer	Green	Green	Green	Green	Yellow						
Potential conflicts of interest, how they are identified and managed.	Green	Green	Green	Green	Yellow						
Requirements on the Fund in relation to accounting legislation and the Fund's Annual Accounts.	Green	Green	Green	Green	Yellow						
Audit Regulations and legislative requirements relating to internal controls and external audit for the Pension Fund.	Green	Green	Green	Green	Yellow						
The Administration and Communication Strategy and how the service is delivered and communicated to the Fund's members and employers.	Green	Green	Green	Green	Yellow						
An understanding of how Fund breaches in law are reported	Green	Green	Green	Green	Yellow						
Understanding of Fund policies relating to member data, record keeping, internal dispute procedures, cyber risk and contributions.	Green	Green	Green	Green	Yellow						
LGPS discretions and how employers' discretionary polices impact on the Fund.	Green	Green	Green	Green	Yellow						
Tax treatment of pensions, retirement lump sums annual allowance and lifetime allowance	Green	Green	Green	Green	Yellow						
The Fund's Additional Voluntary Contribution arrangements and choice of investments offered to members	Green	Green	Green	Green	Yellow						
Statutory deadlines and key performance indicators of the Pension Fund.	Green	Green	Green	Green	Yellow						
An understanding the background of public procurement and the roles of key decision makers and organisations in relation to pensions administration (ie. Actuarial services, Investment Advisors, AV...	Green	Green	Green	Green	Yellow						
Supplier risk management. (ie. procurement procedure, risk assessments, what to look for when selecting an investment manager).	Green	Green	Green	Green	Yellow						
An understanding of how the Fund monitors and manages outsourced providers (software providers, tracing agencies)	Green	Green	Green	Green	Yellow						
How pension fund management risks are monitored and managed.	Green	Green	Green	Green	Yellow						
The role of the Fund's investments in paying future pension payments.	Green	Green	Green	Green	Yellow						
Awareness of the Fund's Investment Strategy Statement	Green	Green	Green	Green	Yellow						
Key aspects of Investment Manager Monitoring	Green	Green	Green	Green	Yellow						
The Fund's approach to responsible investment and engagement, and stewardship activities undertaken by fund managers and other partners.	Green	Green	Green	Green	Yellow						
The Fund's approach to climate risk and opportunities.	Green	Green	Green	Green	Yellow						
Investment pooling and the role of LGPS Central.	Green	Green	Green	Green	Yellow						
The risk and return characteristics of the main asset classes and their role in long-term pension fund investing, including different investment vehicles available (ie. segregated or pooled, acti...	Green	Green	Green	Green	Yellow						
Understanding of the primary importance of the Fund's Strategic Asset Allocation (at every January Committee).	Green	Green	Green	Green	Yellow						
Awareness of the limits placed by regulation on the investment activities of the Fund (ie. fiduciary duty, ESG, and Fund discretions).	Green	Green	Green	Green	Yellow						
The actuarial valuation process, including development of the funding strategy statement.	Green	Green	Green	Green	Yellow						
Key assumptions in the actuarial valuation	Green	Green	Green	Green	Yellow						
The types of employer eligible to join the Fund	Green	Green	Green	Green	Yellow						
The importance of the employer covenant	Green	Green	Green	Green	Yellow						
How employers' contribution rates are set	Green	Green	Green	Green	Yellow						
Where an employer leaves the Fund, how the promised pensions liabilities are paid for.	Green	Green	Green	Green	Yellow						
How employer outsourcings and bulk transfers are dealt with?	Green	Green	Green	Green	Yellow						
If you have any comments you may wish to make in terms of training areas or priorities.	Green	Green	Green	Green	Yellow						

Fully conversant
 I am reasonably familiar, but additional training would be useful
 Some but limited knowledge
 No knowledge

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Appendix B – Current Training Progress March 2023 - January 2024

Hymans Module Training

Meeting Training

Member and Joining Date	Representing	Inv Sub-Cttee - Hymans Listed Equity and Targeted Return	Inv Sub-Cttee - Monitoring	Joint Training: PF, Roles and Responsibilities, Conflict of Interest, LAPFF, Training, Administration, Risk Register, Manager	LGPS Central & Stafford Capital Presentation	Aegon Asset Management, Index-Linked Bonds (Inv. Sub-Cttee)	LGPS Central Reengagement 101 training	LGPS Central - Inv-Sub Cttee	LGIM LCT and ESG, LGPSC Climate
				13 June 2023	16 June 2023	26 July 2023	08 September 2023	11 October 2023	01 December 2023
Committee Members									
Mr. T. Barkley CC	Leicestershire County Council	Y	y		y	y	Y	Y	X
Mr. D. Bill CC (from May 2022)	Leicestershire County Council	X	x		x	y	X	X	
Mr. Grimley CC (from May 2022)	Leicestershire County Council	Y	x		y	y	X	y	
Mr. P. King CC (from May 2022)	Leicestershire County Council	\	y		x	\	Y	\	
Mrs. A. Wright CC (from May 2022)	Leicestershire County Council	\	y		y	\	X	\	x
Cllr. R. Denney (June 2023)	District Representative	\	y		y	X	Y	Y	
Cllr. M. Cartwright (June 2023)	District Representative	\	\		\	\	Y	\	
Cllr. M. Graham (till June 2023)	District Representative	Y	x		y	\	\	\	
Mr. N. Booth (from 2023 AGM)	Employee Rep Elected 2023 AGM	\	y		y	\	Y	y	

Mr. G. Lawrence (From December 2021 to 2 August 2023)	Employee Rep Elected 2021 AGM	\	x	y	X	\	\	\
Mr. C. Pitt (from 2022 AGM)	Employee Rep Elected 2022 AGM	Y	y	y	y	Y	\	
Mr. V. Bechar (from 2023 AGM)	Employee Rep Elected 2023 AGM for 1 year	\	\	\	\	\	\	\
Cllr. A. Clarke (from 15 August 2023)	Leicester City Council	X	\	\	\	X	X	
Cllr. M. March (from 22 November 2023)	Leicester City Council	\	\	\	\	\	\	
Mr. Z. Limbada	University Representative	Y	y	y	\	Y	y	
Mrs. H. Fryer (from January 2023) - Substitute	Leicestershire County Council	\	x	\	\	\	X	y - for Mrs. Wright
Mr. D. Harrison (from January 2023) - Substitute	Leicestershire County Council	\	y	y - for Mr. King	\	Y	X	y - for Mr. Barkley
Mr. C. Smith (from January 2023) - Substitute	Leicestershire County Council	\	y	\	\	\	X	\

Local Pension Board		26 April 2023 Introduction to LGPS Central Audit and Risk	Joint Training LPC/LPB	McCloud	GMPs, Guarantee Equalisation, Employer Discretion
			13/06/23	02/08/23	18/10/23
Mrs. R. Page	Administrative Authority	Y	Y	Y	Y
Mr. R. Shepherd	Administrative Authority	X	Y	Y	Y
Cllr. V. Riyait (To May 2023)	Leicester City Council	X	\	\	\
Cllr. E. Cutkelvin (from November 2023)	Leicester City Council	\	\	\	\

Mr. M. Saroya	Scheme Member Representative	Y	Y	X	Y
Ms. C. Fairchild	Scheme Member Representative	Y	Y	Y	Y
Ms. R. Gilbert	Scheme Member Representative	X	Y	Y	Y
Mr. A. Cross (from December 2023)	Employee Rep Elected 2023 AGM	Y	X	X	X
Mr. A. Stewart (from December 2023 - reserve)	Employee Rep Reserve elected 2023 AGM	\	\	\	\

External Training/Conferences

LGPS Fundamentals (3 day course)

- Mr Barkley (end of 2023)
- Mr King (end of 2022)

LGPS Conference January 2024

- Mr King

Fullname	Course Name	Course Enrolment Status
Adam Clarke	Module 2 - Pensions Governance	Enrolled
Adam Clarke	An introduction to LGPS Online Learning Academy	Enrolled
Adam Clarke	Module 7 - Financial Markets and Product Knowledge	Enrolled
Adam Clarke	Current Issues	Enrolled
Adam Clarke	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Adam Clarke	Module 5 - Procurement and Relationship Management	Enrolled
Adam Clarke	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Adam Clarke	Module 1 - Committee Role and Pensions Legislation	Enrolled
Adam Clarke	Module 6 - Investment Performance and Risk Management	Enrolled
Adam Clarke	Module 3 - Pensions Administration	Enrolled
Anthony Cross	Module 8 - Actuarial methods, Standards and Practices	Enrolled

Anthony Cross	Module 3 - Pensions Administration	Enrolled
Anthony Cross	Module 7 - Financial Markets and Product Knowledge	Enrolled
Anthony Cross	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Anthony Cross	Module 1 - Committee Role and Pensions Legislation	Enrolled
Anthony Cross	Module 6 - Investment Performance and Risk Management	Enrolled
Anthony Cross	Current Issues	Enrolled
Anthony Cross	Module 2 - Pensions Governance	Enrolled
Anthony Cross	An introduction to LGPS Online Learning Academy	Enrolled
Anthony Cross	Module 5 - Procurement and Relationship Management	Enrolled
Amanda Wright	Module 5 - Procurement and Relationship Management	Enrolled
Amanda Wright	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Amanda Wright	Module 1 - Committee Role and Pensions Legislation	Enrolled
Amanda Wright	An introduction to LGPS Online Learning Academy	Enrolled
Amanda Wright	Module 7 - Financial Markets and Product Knowledge	Enrolled
Amanda Wright	Module 6 - Investment Performance and Risk Management	Enrolled
Amanda Wright	Current Issues	Enrolled
Amanda Wright	Module 2 - Pensions Governance	Enrolled
Amanda Wright	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Amanda Wright	Module 3 - Pensions Administration	Enrolled
Clive Pitt	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Clive Pitt	An introduction to LGPS Online Learning Academy	Enrolled
Clive Pitt	Module 2 - Pensions Governance	Enrolled
Clive Pitt	Current Issues	Enrolled
Clive Pitt	Module 7 - Financial Markets and Product Knowledge	Enrolled
Clive Pitt	Module 6 - Investment Performance and Risk Management	Enrolled
Clive Pitt	Module 5 - Procurement and Relationship Management	Enrolled
Clive Pitt	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Clive Pitt	Module 1 - Committee Role and Pensions Legislation	Enrolled
Clive Pitt	Module 3 - Pensions Administration	Enrolled
Roy Denney	Module 5 - Procurement and Relationship Management	Enrolled
Roy Denney	Module 1 - Committee Role and Pensions Legislation	Enrolled
Roy Denney	Module 2 - Pensions Governance	Enrolled

Roy Denney	Current Issues	Enrolled
Roy Denney	Module 3 - Pensions Administration	Enrolled
Roy Denney	Module 6 - Investment Performance and Risk Management	Enrolled
Roy Denney	Module 7 - Financial Markets and Product Knowledge	Enrolled
Roy Denney	An introduction to LGPS Online Learning Academy	Enrolled
Roy Denney	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Roy Denney	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Daniel Grimley	An introduction to LGPS Online Learning Academy	Completed
Daniel Grimley	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Daniel Grimley	Module 7 - Financial Markets and Product Knowledge	Enrolled
Daniel Grimley	Module 3 - Pensions Administration	Enrolled
Daniel Grimley	Module 5 - Procurement and Relationship Management	Enrolled
Daniel Grimley	Module 2 - Pensions Governance	Enrolled
Daniel Grimley	Module 6 - Investment Performance and Risk Management	Enrolled
Daniel Grimley	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Daniel Grimley	Module 1 - Committee Role and Pensions Legislation	In Progress
Daniel Grimley	Current Issues	In Progress
David Bill	Current Issues	Enrolled
David Bill	Module 7 - Financial Markets and Product Knowledge	Enrolled
David Bill	Module 4 - Pensions Accounting and Audit Standards	Enrolled
David Bill	Module 6 - Investment Performance and Risk Management	Enrolled
David Bill	Module 2 - Pensions Governance	Enrolled
David Bill	Module 1 - Committee Role and Pensions Legislation	Enrolled
David Bill	Module 8 - Actuarial methods, Standards and Practices	Enrolled
David Bill	Module 5 - Procurement and Relationship Management	Enrolled
David Bill	Module 3 - Pensions Administration	Enrolled
David Bill	An introduction to LGPS Online Learning Academy	Enrolled
Elly Cutkelvin	Module 6 - Investment Performance and Risk Management	Enrolled
Elly Cutkelvin	Module 5 - Procurement and Relationship Management	Enrolled
Elly Cutkelvin	Module 1 - Committee Role and Pensions Legislation	Enrolled
Elly Cutkelvin	An introduction to LGPS Online Learning Academy	Enrolled

Elly Cutkelvin	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Elly Cutkelvin	Module 2 - Pensions Governance	Enrolled
Elly Cutkelvin	Module 3 - Pensions Administration	Enrolled
Elly Cutkelvin	Current Issues	Enrolled
Elly Cutkelvin	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Elly Cutkelvin	Module 7 - Financial Markets and Product Knowledge	Enrolled
Manjit Saroya	Module 7 - Financial Markets and Product Knowledge	Enrolled
Manjit Saroya	Current Issues	Enrolled
Manjit Saroya	Module 1 - Committee Role and Pensions Legislation	Enrolled
Manjit Saroya	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Manjit Saroya	Module 5 - Procurement and Relationship Management	Enrolled
Manjit Saroya	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Manjit Saroya	An introduction to LGPS Online Learning Academy	Enrolled
Manjit Saroya	Module 2 - Pensions Governance	Enrolled
Manjit Saroya	Module 3 - Pensions Administration	Enrolled
Manjit Saroya	Module 6 - Investment Performance and Risk Management	Enrolled
Martin Cartwright	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Martin Cartwright	Module 2 - Pensions Governance	Enrolled
Martin Cartwright	Current Issues	Enrolled
Martin Cartwright	Module 6 - Investment Performance and Risk Management	Enrolled
Martin Cartwright	Module 5 - Procurement and Relationship Management	Enrolled
Martin Cartwright	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Martin Cartwright	Module 7 - Financial Markets and Product Knowledge	Enrolled
Martin Cartwright	An introduction to LGPS Online Learning Academy	Enrolled
Martin Cartwright	Module 3 - Pensions Administration	Enrolled
Martin Cartwright	Module 1 - Committee Role and Pensions Legislation	Enrolled
Melissa March	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Melissa March	Module 3 - Pensions Administration	Enrolled
Melissa March	An introduction to LGPS Online Learning Academy	Completed
Melissa March	Module 7 - Financial Markets and Product Knowledge	Enrolled
Melissa March	Module 5 - Procurement and Relationship Management	Enrolled
Melissa March	Module 6 - Investment Performance and Risk Management	Enrolled

Melissa March	Module 1 - Committee Role and Pensions Legislation	Enrolled
Melissa March	Current Issues	In Progress
Melissa March	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Melissa March	Module 2 - Pensions Governance	Enrolled
Nick Booth	Module 6 - Investment Performance and Risk Management	Completed
Nick Booth	Module 2 - Pensions Governance	Enrolled
Nick Booth	Module 5 - Procurement and Relationship Management	Enrolled
Nick Booth	Module 3 - Pensions Administration	Completed
Nick Booth	Module 8 - Actuarial methods, Standards and Practices	In Progress
Nick Booth	An introduction to LGPS Online Learning Academy	Completed
Nick Booth	Current Issues	Completed
Nick Booth	Module 7 - Financial Markets and Product Knowledge	Enrolled
Nick Booth	Module 4 - Pensions Accounting and Audit Standards	Completed
Nick Booth	Module 1 - Committee Role and Pensions Legislation	Completed
Phil King	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Phil King	Module 3 - Pensions Administration	Enrolled
Phil King	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Phil King	Module 2 - Pensions Governance	Enrolled
Phil King	Module 5 - Procurement and Relationship Management	Enrolled
Phil King	An introduction to LGPS Online Learning Academy	Completed
Phil King	Module 1 - Committee Role and Pensions Legislation	Enrolled
Phil King	Module 6 - Investment Performance and Risk Management	Enrolled
Phil King	Module 7 - Financial Markets and Product Knowledge	Enrolled
Phil King	Current Issues	In Progress
Richard Shepherd	Module 6 - Investment Performance and Risk Management	Enrolled
Richard Shepherd	Module 1 - Committee Role and Pensions Legislation	Enrolled
Richard Shepherd	Module 2 - Pensions Governance	Enrolled
Richard Shepherd	An introduction to LGPS Online Learning Academy	Enrolled
Richard Shepherd	Module 5 - Procurement and Relationship Management	Enrolled
Richard Shepherd	Module 3 - Pensions Administration	Enrolled
Richard Shepherd	Current Issues	Enrolled
Richard Shepherd	Module 4 - Pensions Accounting and Audit Standards	Enrolled

Richard Shepherd	Module 7 - Financial Markets and Product Knowledge	Enrolled
Richard Shepherd	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Rosita Page	Module 7 - Financial Markets and Product Knowledge	Enrolled
Rosita Page	Module 3 - Pensions Administration	Enrolled
Rosita Page	An introduction to LGPS Online Learning Academy	Enrolled
Rosita Page	Module 5 - Procurement and Relationship Management	Enrolled
Rosita Page	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Rosita Page	Module 6 - Investment Performance and Risk Management	Enrolled
Rosita Page	Module 2 - Pensions Governance	Enrolled
Rosita Page	Module 1 - Committee Role and Pensions Legislation	Enrolled
Rosita Page	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Rosita Page	Current Issues	Enrolled
Ruth Gilbert	Module 2 - Pensions Governance	Enrolled
Ruth Gilbert	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Ruth Gilbert	Module 6 - Investment Performance and Risk Management	Enrolled
Ruth Gilbert	An introduction to LGPS Online Learning Academy	Enrolled
Ruth Gilbert	Module 7 - Financial Markets and Product Knowledge	Enrolled
Ruth Gilbert	Module 5 - Procurement and Relationship Management	Enrolled
Ruth Gilbert	Module 3 - Pensions Administration	Enrolled
Ruth Gilbert	Module 1 - Committee Role and Pensions Legislation	Enrolled
Ruth Gilbert	Current Issues	Enrolled
Ruth Gilbert	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Thomas Barkley	Current Issues	Completed
Thomas Barkley	An introduction to LGPS Online Learning Academy	Completed
Thomas Barkley	Module 4 - Pensions Accounting and Audit Standards	Completed
Thomas Barkley	Module 2 - Pensions Governance	Completed
Thomas Barkley	Module 3 - Pensions Administration	Completed
Thomas Barkley	Module 8 - Actuarial methods, Standards and Practices	Completed
Thomas Barkley	Module 6 - Investment Performance and Risk Management	Completed
Thomas Barkley	Module 5 - Procurement and Relationship Management	Completed
Thomas Barkley	Module 1 - Committee Role and Pensions Legislation	Completed
Thomas Barkley	Module 7 - Financial Markets and Product Knowledge	Completed

Vipul Bechar	Module 5 - Procurement and Relationship Management	Completed
Vipul Bechar	Module 2 - Pensions Governance	Completed
Vipul Bechar	Module 3 - Pensions Administration	Completed
Vipul Bechar	Module 1 - Committee Role and Pensions Legislation	Completed
Vipul Bechar	Current Issues	Enrolled
Vipul Bechar	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Vipul Bechar	An introduction to LGPS Online Learning Academy	Completed
Vipul Bechar	Module 6 - Investment Performance and Risk Management	Enrolled
Vipul Bechar	Module 7 - Financial Markets and Product Knowledge	Enrolled
Vipul Bechar	Module 4 - Pensions Accounting and Audit Standards	Completed
Zubair Limbada	Module 3 - Pensions Administration	Enrolled
Zubair Limbada	Module 5 - Procurement and Relationship Management	Enrolled
Zubair Limbada	Module 2 - Pensions Governance	Enrolled
Zubair Limbada	An introduction to LGPS Online Learning Academy	Enrolled
Zubair Limbada	Module 7 - Financial Markets and Product Knowledge	Enrolled
Zubair Limbada	Module 6 - Investment Performance and Risk Management	Enrolled
Zubair Limbada	Current Issues	Enrolled
Zubair Limbada	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Zubair Limbada	Module 1 - Committee Role and Pensions Legislation	Enrolled
Zubair Limbada	Module 4 - Pensions Accounting and Audit Standards	Enrolled

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LOCAL PENSION BOARD - 7 FEBRUARY 2024
REPORT OF THE DIRECTOR OF CORPORATE RESOURCES
PENSION FUND POLICY REPORT

Purpose of the Report

1. The purpose of this report is to present for the Board's consideration the annual update of the Pension Fund's current strategies and policies, covering any new policies that have been introduced or amendments that have been made.

Background

2. The responsibility of the Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013, is to assist the Administering Authority as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS). Part of its role is to review the Fund's Governance and Policy documents, as set out below.
3. This is an annual report to provide the Board with a summary of current policies or strategies. Any new or amended policies will be brought to the Board and then presented to the Local Pension Committee for approval at a subsequent meeting, as the body responsible for the governance of the Fund.

Summary of Current Policies

4. All current policies covering both administration and investments, are listed below. Updated policy documents are attached to this report, other policies can be found on the Pension Fund website [here](#).

Policy	Existing Policy (Yes/No)	Changes Made (Yes/No)	Changes	Date Last Updated	Date Next Review Scheduled
Investment Strategy Statement	Yes	No	-	March 2023	March 2024
Investment Advisor Objectives	Yes	No	-	November 2022	November 2024
Responsible Investment Plan	Yes	No	-	January 2024	January 2025
Net Zero Climate Strategy (target set of Net Zero by 2050)	Yes	No	-	March 2023	March 2026
Cash Management Strategy	Yes	No	-	October 2023	March 2025
Funding Strategy Statement	Yes	No	-	February 2023	November 2025
Administration and Communication Strategy	Yes	Yes	Changes detailed elsewhere in this report	February 2024	January 2026
Fund Training Policy	Yes	-	-	March 2022	June 2024
Pension Fund Budget and Business Plan	Yes	Updated to reflect the draft 24/25 Business Plan	-	January 2024	March 2024
Conflict of Interest Policy	Yes	No	-	June 2021	June 2024
Fund Employer Risk Policy	Yes	No	-	January 2024	January 2026
Administering Authority (Fund) Discretions Policy	Yes	Yes	Changes detailed elsewhere in this report	January 2024	December 2025
Administering Authority Distribution of	Yes	No	-	November 2023	November 2025

Death Grant Policy					
Administering Authority Overpayment of Pensions Policy	Yes	Yes	Changes detailed elsewhere in this report	August 2023	July 2025
Cyber Policy	Yes	-	Changes detailed elsewhere in this report	February 2024	January 2026

Overpayment of Pensions Policy

- Additional details regarding the process officers will follow when managing overpayments and the steps taken to prevent overpayments have been added. This was previously presented to the Board at the meeting on 2nd August 2023 and is simply included here for completeness.

Administration and Communication Strategy

- The Administration and Communication strategy has been updated to state:
 - Where an employer requests significant amounts of additional information for the purposes of an audit then additional costs may need to be recovered from that employing authority.
 - The Fund will consult and/or engage with stakeholders on changes to policies or strategies as appropriate, for example an engagement exercise was conducted in respect of the Net Zero Climate strategy in 2022/23.
- Other minor changes have also been made, in respect of terminology, to keep the document updated, or to simply tidy up wording.
- Employers were consulted on the proposed changes between 14th December 2023 and 16th January 2024 but no comments were received from any of the employers.

Administering Authority (Fund) Discretions Policy

- Item 22 of this policy has been amended to link the policy to the Fund's Distribution of Death Grant Policy.

Cyber Policy

10. The cyber policy has been amended to remove the expiry dates of the Heywood accreditations, although these will still be reviewed annually to ensure that Heywood continue to update these.
11. Details of the 'roles' assigned to Pension Officers when using Altair have been updated to reflect two new roles that have been created in the last twelve months.
12. A paragraph covering two minor products has been added for completeness: DART, a reporting tool that uses selected data extracted from Altair; EPIC, a database that stores documents and information related to scheme employers. These are managed by LCC ICT.
13. Following the removal of the expiry dates it is now proposed that the policy is reviewed every two years instead of annually, though the regular reviews described in the policy will continue to be carried out regularly. In the event that a significant change cyber policy emerges, the document will be updated at that time.

Changes

14. The three revised policies detailed above appear in the appendices and the key changes made have been highlighted in yellow for ease.

Recommendation

15. The Board is asked to comment on the revised policies and strategies ahead of the Local Pension Committee meeting on 8 March 2024, where approval will be sought.

Equality Implications

16. There are no equality implications arising from the recommendations in this report.

Human Rights Implications

17. There are no human rights implications arising from the recommendations in this report.

Appendices

Appendix A - Draft Administration and Communication Policy

Appendix B - Draft Administering Authority (Fund) Discretions Policy

Appendix C - Draft Cyber Policy

Officers to Contact

Ian Howe
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Stuart Wells
Pensions Projects Manager
Telephone: (0116) 305 6944
Email: stuart.wells@leics.gov.uk

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Leicestershire Local Government Pension Scheme

Joint Administration and Communication Strategy

Sections

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

This document details two strategies, the administration and communication strategies for Leicestershire Local Government Pension Scheme. It also details the Pension Section performance targets and service level agreement for the Scheme's employers.

Leicestershire County Council as the Administering Authority of the Leicestershire Pension Fund is responsible for setting policies, strategies and statements to ensure the Fund's obligations to its members, employees and stakeholders are met. These are available [online on the Leicestershire Pension Fund Self-Service website](#).

This Administration and Communication Strategy was approved by the Local Pension Committee on [DATE].

SECTION 1

ADMINISTRATION STRATEGY

INTRODUCTION

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

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

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

BACKGROUND

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

The Fund comprises over 180 scheme employers with active members, and approximately 98,000 scheme members in relation to the Local Government Pension Scheme (LGPS). The efficient delivery of the benefits of the LGPS is dependent on sound administrative procedures being in place between several interested parties, including the administering authority and scheme employers.

IMPLEMENTATION

The strategy statement was first put in place 1 April 2016. This draft version was reviewed in December 2023 and is planned to become effective from 8th March 2024. This strategy statement sets out the expected levels of performance of both the administering authority and the scheme employers within the Leicestershire Fund, as well as details on how performance levels will be monitored and the action that might be taken where persistent failure occurs.

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

Ian Howe – Pension Manager

Leicestershire County Council Pension Fund

County Hall

Glenfield

Leicester LE3 8RB

ian.howe@leics.gov.uk

Telephone: 0116 305 6945

REGULATORY FRAMEWORK

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

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

- Procedures for liaison and communication with their relevant employing authorities.
- The establishment of levels of performance which the administering authority and the relevant employing authorities are expected to achieve in carrying out their functions under the LGPS by-
 - (i) the setting of performance targets;
 - (ii) the making of agreements about levels of performance and associated matters; or
 - (iii) such other means as the administering authority consider appropriate;
- Procedures which aim to secure that the administering authority and the relevant employing authorities comply with the statutory requirements in respect of those functions and with any agreement about levels of performance.
- Procedures for improving the communication by the administering authority and the relevant employing authorities to each other of information relating to those functions.

- The circumstances in which the administering authority may consider giving written notice to a relevant employing authority on account of that employer's unsatisfactory performance in carrying out its functions under these Regulations when measured against levels of performance.
- Such other matters as appear to the administering authority to be suitable for inclusion in that strategy.

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

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

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

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

Local Pension Board and Local Pension Committee

Governance of the Fund

Leicestershire County Council has delegated the responsibility for decisions relating to the Leicestershire Pension Fund to the Local Pension Committee in accordance with Section 101 of the 1972 Superannuation Act. The Members who sit on the Local Pension Committee act on behalf of the beneficiaries of

the LGPS and in this way have a similar role to trustees in primarily protecting the benefits of the LGPS members, overseeing the direction of investments and monitoring liabilities. The Committee's principal aim is to consider pensions matters with a view to safeguarding the interests of all pension fund members.

The Local Pension Board was established in accordance with Local Government Pension Scheme Regulations 2015. The responsibility of the Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013, is to assist the Administering Authority as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) including securing compliance with the LGPS Regulations and other legislation relating to the governance and administration of the LGPS. Securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator and, such other matters as the LGPS Regulations may specify. The Board maintains oversight of Administration of the Fund through quarterly reports on performance against its key performance indicators and can report any areas of concern for consideration by the Local Pension Committee.

There is a statutory requirement for the Fund to maintain a Governance Compliance Statement and this is replicated within the [Fund's Annual Report](#) which sets out in more detail governance of the Fund.

RESPONSIBILITIES AND PROCEDURES

Procedures for liaison and communication with employers

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

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

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

Establishing levels of performance

Performance standards

The LGPS prescribes that certain decisions be taken by either the administering authority or the scheme employer, in relation to the rights and entitlements of

individual scheme members. In order to meet these obligations in a timely and accurate manner, and also to comply with overriding disclosure requirements, the Leicestershire Pension Fund should agree levels of performance between itself and the scheme employers which are set out in the service level agreement included in this strategy statement.

Quality

Overriding legislation

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

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

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

Internal standards

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

- monthly data will be submitted by employers to the Pension Fund using I-Connect;
- information to be legible and accurate;
- communications to be in a plain language style
- information provided to be checked for accuracy by an appropriately trained member of staff;
- information provided to be authorised by an agreed signatory; and

- actions carried out, or information provided, detailed within the sections and timescales set out in this document.

Timeliness and accuracy

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

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

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

Procedures for ensuring compliance with statutory requirements and levels of performance

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

Audit

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

Performance monitoring

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

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

Improving employer performance (where necessary)

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

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

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

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

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

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

CIRCUMSTANCES WHERE COSTS MIGHT BE RECOVERED

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

- persistent failure to provide relevant information to the administering authority, scheme member or other interested party in accordance with specified performance targets (either as a result of timeliness of delivery or quality of information);
- failure to pass relevant information to the scheme member or potential members, either due to poor quality or not meeting the agreed timescales outlined in the performance targets;
- failure to deduct and pay over correct employee and employer contributions to the Leicestershire Fund within the stated timescales;
- failure of a new Fund employer meeting its statutory duty when joining the Fund – for example unnecessary delays in completing an admission agreement, bond or other security as required by the Fund;

- instances where the performance of the scheme employer results in fines being levied against the administering authority by the Pension Regulator, Pensions Ombudsman or other regulatory body.
- where a specific area of work is requested by an employer, outside of the standard provided, causing a significant increase in pensions administration, e.g., where an employer decides to move all its scheme members into another Fund, creating a full bulk transfer of staff.
- all actuarial costs incurred by the Fund, for any work initiated by an employer, e.g., a bulk transfer of staff, a cessation valuation etc.
- where the employer, or their external auditors request significant amounts of additional information for the auditors of the employers' accounts.

CALCULATION OF COSTS INCURRED

For a persistent failure to resolve an isolated case satisfactorily or where an employer continues to fail to meet its statutory duty, the Fund will recharge costs from the point in time at which we write a formal letter to the scheme employer until the case is resolved, at a rate of £100 for each hour an officer spends trying to resolve the matter.

For persistent and ongoing failure to meet targets, following the intervention to assist the employer concerned, the Fund will recharge the additional costs due to the employer's poor performance at the rate of £100 per hour spent, from the point in time that the formal letter was sent, until performance improves.

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

Costs for a specific area of work requested by an employer, outside of the standard provided, causing a significant increase in pensions administration will be charged at £50 per hour. Officers will aim to inform the employer in advance of the work commencing and try to minimise the cost wherever possible. Any external system costs associated, will be recharged to the employer in full.

All actuarial costs incurred by the Fund for work initiated by an employer will be recharged to the employer in full.

REVIEW PROCESS

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

CONSULTATION

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

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

SECTION 2

COMMUNICATION STRATEGY

INTRODUCTION

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

The Fund liaises with over 180 employers and approximately 98,000 scheme members in relation to the Local Government Pension Scheme. The delivery of the benefits involves communication with several other interested parties. This statement provides an overview of how we communicate and how we measure whether our communications are successful.

The communication strategy has been in place since 1 April 2016. Any enquiries in relation to this Communication Policy Statement should be sent to:

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

REGULATORY FRAMEWORK

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

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

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

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

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

Responsibilities and Resources

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

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

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

COMMUNICATION WITH KEY AUDIENCE GROUPS

Our audience

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

- active members;
- deferred members;
- pensioner members;
- prospective members and their employing authorities;
- Local Pension Board and Committee Representatives; and
- other stakeholders.

In addition, there are a number of other stakeholders with whom we communicate on a regular basis, such as Her Majesty’s Revenues and Customs, DLUHC, The Pensions Regulator, and other pension providers. We

also consider as part of this policy how we communicate with these interested parties.

The Fund also consults and/or engages with relevant stakeholders on changes to policies and strategies that affect the Fund, employers or other stakeholders. Whilst for some policies consultation is a statutory requirement, there are others where the Fund chooses to do so.

General communication

General day to day communication will continue to be paper based. However, we will complement this by use of electronic means such as e-mail, online communications and our scheme member website: <https://leicsmss.pensiondetails.co.uk/>

Employers can access information to assist them via our dedicated employer website; www.leicestershire.gov.uk/pensions.

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

Branding

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

Accessibility

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

POLICY ON COMMUNICATION WITH ACTIVE, DEFERRED AND PENSIONER MEMBERS

Our objectives regarding communication with members are:

- for the LGPS to be used as a tool in the attraction and retention of employees.
- to better educate and explain to members the benefits of the LGPS.
- as a result of improved communication, for queries and complaints to be reduced.

- for our employers to be employers of choice.
- to improve the take up of the LGPS by employees.
- to reassure stakeholders.

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

Type	Media	Frequency	Method of Distribution	Audience Group (Active, Deferred, Pensioner or All)
New Joiner information	Pensions website (registration for Member Self-Service account required)	On commencing employment	On-line (paper copies available on request)	New employees
Pension Fund Report and Accounts	Pensions website	Annually	On-line (paper copies available on request)	All
Annual Benefit Illustrations	Generally on-line but paper still available	Annually	On-line or posted to home address.	Active and Deferred
Information about the Scheme	Pensions website	n/a	n/a	All
Information about fund investments	Pensions website	n/a	On-line (paper copies available on request)	All
Climate Reports	Pensions website	Annually	On-line (paper	All

Type	Media	Frequency	Method of Distribution	Audience Group (Active, Deferred, Pensioner or All)
			copies available on request	
Net Zero Climate Strategy	Pensions website	Every three years	On-line (paper copies available on request)	All
Online education sessions and presentations	Online	On request by employers/member group (subject to available resource)	On request	Actives and employers
Helpdesk	Phone and email	Daily	Phone calls and email replies to Members queries	All

Explanation of communications

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

New Joiner Information - A 'Welcome' letter is initially sent to members with instructions to register for an online 'Member Self-Service (MSS)' account. Forms requiring completion and an overview of the LGPS are provided in a dedicated area of MSS, but paper copies are available upon request.

Climate Reports and Net Zero Climate Strategy – Detail of the Fund's exposure to climate risk and opportunities and how the Fund is managing this risk, as well as progress towards Net Zero Climate Strategy targets. The Fund will look to consult and/or engage as part of significant reviews on the Net Zero Climate Strategy.

Information about Fund Investments – Recognising scheme members have increasing interest in its investments the Fund maintains updates on how it invests, including its role as a responsible investor.

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

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

Website – The LCC has a designated Leicestershire County Council Pensions information website: <https://leicsmss.pensiondetails.co.uk/> . Members and pensioners have access to online pension accounts to view and print annual statements, P60s, payslips. Members can also run their own estimates on-line.

This is complemented by a national Local Government Pension Scheme website freely available <https://www.lgpsmember.org> , which will provide scheme specific information, frequently asked questions and answers, links to related sites etc.

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

Helpdesk – this was introduced by the Pension Section in 2021 to assist scheme members with their calls and email enquiries. It is being designed to try and enable the first person receiving the call or email to be able to resolve it without the need to refer the scheme member to other Pension colleagues, thereby improving the customer experience and generate efficiency.

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

Work Item	Charge
Divorce – Initial CETV	No charge
Divorce – Additional CETV within 12 months	As required, charged at £150 plus VAT
Divorce – Provision of other information	As required, charged between £150 and £725 plus VAT
Divorce – Receipt of pension sharing order or consent order and to establish a new or prospective pensioner record	As required, charged at £475 plus VAT

Divorce – Assuming all documents are in place, settle a transfer out	As required, charged at £250 plus VAT
Estimate - Additional Member Initiated Estimate (within 12 months)	Annual Benefit Statement – no charge One additional written estimate within 12 months – no charge On-line estimates – no charge Additional estimates charged at £100 each plus VAT
Reinstatement of Benefits (and/or associated work) – Where a member has transferred out to an alternative Pension arrangement and work is required to determine any potential loss of benefits	£475 plus VAT – per case

The charges may be amended each year in line with inflationary changes.

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

Our objectives regarding communication with prospective members are:

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

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

Method	Media	Frequency	Method of Distribution	Audience Group
New Joiner Information	Pensions website (registration for Member Self-Service account required)	On commencing employment	On-line (Paper copies available on request)	New employees

POLICY ON COMMUNICATION WITH EMPLOYING AUTHORITIES

Our objectives regarding communication with employers are:

- to strengthen relationships.
- to assist employers, understand their role and responsibilities.
- to assist employers in understanding costs/funding issues.
- to work together to maintain timely and accurate data.
- to provide a secure way to transfer data to the Fund on a monthly basis.
- to ensure smooth transfers of staff.
- to ensure they understand the benefits of being an LGPS employer.
- to assist them in making the most of the discretionary areas within the LGPS.

Our objectives will be met by providing the following communications:

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

Explanation of communications

Employers Information – Employer information is available on the employer’s area of the Fund website.

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

Valuation meeting – A formal seminar style event with several speakers covering topical LGPS issues.

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

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

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

POLICY ON COMMUNICATION WITH LOCAL PENSION BOARD AND LOCAL PENSION COMMITTEE REPRESENTATIVES

Employee and Employer representatives sit on both the Local Pension Board and Local Pension Committee.

Our objectives regarding communication with Board and Committee representatives;

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

Our objectives will be met by providing the following communications:

Method	Media	Frequency	Method of Distribution	Audience Group
Virtual education sessions	Virtual	When Local Pension Board and Local Pension Committee	Virtual or via the Local Government Employers organisation	All members of the Pension Board and Committee

		meet and as and when required		
Local Pension Board and Local Pension Committee Meetings	Meeting	Quarterly or as required	Attendees of the Board and Committee	All

Explanation of communications

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

Local Pension Committee – The meeting consists of 10 Employer Representatives and 3 Employee Representatives and has responsibility for the management of the Pension Fund.

Local Pension Board The meeting consists of equal number of Employer and Employee Representatives and is broadly focused on helping the Scheme Manager (the Administering Authority) manage pension scheme administration.

POLICY ON COMMUNICATION WITH OTHER STAKEHOLDERS/INTERESTED PARTIES

Our objectives regarding communication with other stakeholder/interested parties are:

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

Our objectives will be met by providing the following communications:

Method	Media	Frequency	Method of Distribution	Audience Group
Pension Fund valuation reports	On-line or email	Every three years	On-line or email	DLUHC/Her Majesty’s Revenues and Customs (HMRC)/all scheme employers

Method	Media	Frequency	Method of Distribution	Audience Group
Formal resolution of pension disputes	Hard copy or electronic	As and when a dispute requires resolution	Via email or post	Scheme member or their representatives, the Pensions Advisory Service/the Pensions Ombudsman
Completion of questionnaires	Electronic or hard copy	As and when required	Via email or post	DLUHC/HMRC/the Pensions Regulator

Explanation of communications

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

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

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

SECTION 3

GENERAL DATA PROTECTION REGULATIONS (GDPR)

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

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

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

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

- Memorandum of understanding for employers
- Fair processing notice

These are available on our website

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

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

SECTION 4

PERFORMANCE TARGETS

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

Timeliness

We will aim to meet the following target delivery timescales:

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

Customer experience

Feedback media	Perspective	Target
Questionnaire issued (paper or on-line version option available)	Establish members understanding of information provided –	95%

	rated at least mainly ok or clear	
Questionnaire issued (paper or on-line version option available)	Experience of dealing with Section – rated at least good or excellent	95%
Questionnaire issued (paper or on-line version option available)	Establish members thoughts on the amount of info provided – rated as about right	92%
Questionnaire issued (paper or on-line version option available)	Establish the way members are treated – rated as polite or extremely polite	97%
Email survey	Rated as understandable (good or above)	95%
Email survey	Detail of content (good or above)	92%
Email survey	Timeliness of response (good or above)	92%

REVIEW PROCESS

We review the performance targets annually.

SECTION 5

SERVICE LEVEL AGREEMENTS

BY THE ADMINISTERING AUTHORITY

Function / Task	Performance target
LIAISON AND COMMUNICATION	
Publish and keep under review the Leicestershire Pension Fund administration strategy	Within one month of any changes being agreed with scheme employers
Issue and keep up to date all forms required for completion by either scheme members, prospective scheme members or scheme employers	30 working days from admission of new employer or date of change/amendment

Function / Task	Performance target
Formulate and publish policies in relation to all areas where the administering authority may exercise a discretion within the scheme	Within 30 working days of policy being agreed by the related Board
Deliver training sessions for scheme employers	Upon request from scheme employers, or as required
Notify scheme employers and scheme members of changes to the scheme rules	Within 30 working days of the change(s) coming into effect
Notify scheme employer of issues relating to scheme employer's poor performance (including arranging meeting if required)	Within 10 working days of performance issue becoming apparent
Notify scheme employer of decision to recover additional costs associated with the scheme employer's poor performance (including any interest that may be due)	Within 10 working days of scheme employer failure to improve performance, as agreed
Issue annual benefit statements to active members as at 31 March each year	By the following 31 August
Issue pension saving statements to active members who breach the Annual Allowance pension growth tax threshold as at 31 March each year	By the following 6 October
Issue annual benefit statements to deferred benefit members as at 31 March each year	By the following 31 August

FUND ADMINISTRATION	
Issue formal valuation results (including individual employer details)	10 working days from receipt of results from fund actuary (but in any event no later than 31 March following the valuation date)
Carry out interim valuation exercise on cessation of admission agreements or scheme employer ceasing participation in the Leicestershire Pension Fund	Upon each cessation or occasion where a scheme employer ceases participation on the Leicestershire Pension Fund
Arrange for the setting up of separate admission agreement funds, where required (including the allocation of assets and notification to the Secretary of State)	Within 3 months of agreement to set up such funds

All new prospective admitted bodies to undertake, to the satisfaction of the Leicestershire Pension Fund, a risk assessment of the level of bond required in order to protect other scheme employers participating in the pension fund	To be completed before the body can be admitted to the Leicestershire Pension Fund
All admitted bodies to undertake a review of the level of bond or indemnity required to protect the other scheme employers participating in the fund	Annually, or such other period as may be agreed with the administering authority
Publish, and keep under review, the fund's governance policy statement	Within 30 working days of policy being agreed by the relevant Board
Publish and keep under review the Pension Fund's funding strategy statement	To be reviewed at each triennial valuation, following consultation with scheme employers and the fund's actuary. Revised statement to be issued with the final valuation report
Publish and keep under review the Pension Fund's investment strategy statement	To be reviewed at each triennial valuation, following consultation with scheme employers and the fund's actuary. Revised statement to be issued with the final valuation report
Publish the Pension Fund annual report and any report from the auditor	By 31 December following the year end

SCHEME ADMINISTRATION	
Make all necessary decisions in relation to a scheme member and issue combined statutory notification to new scheme member (including aggregation of previous LGPS membership)	1 month from receipt of all necessary information
Provide responses to scheme members/scheme employers/personal representatives/dependents and other authorised persons	10 days from receipt of all necessary information
Provide transfer-in quote to scheme member	1 month from receipt of all necessary information
Confirm transfer-in payment and membership change to scheme member	10 days from receipt of all necessary information
Arrange for the transfer of scheme member additional voluntary contributions into in-house arrangement	10 days from receipt of all necessary information
Calculate cost of additional pension contributions, and notify scheme member	1 month from receipt of all necessary information
Notify scheme employer of scheme member's election to pay/cease/amend additional pension contributions and/or additional voluntary contributions	10 days from receipt of all necessary information
Provide requested estimates of benefits to employees as requested, where this cannot be provided through Member Self-Service or the employee is planning to retire in the next 12 months	8-10 weeks from receiving the request.
Provide estimates of any additional fund costs to employers in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency as requested.	4 weeks from receipt of all necessary information
Notify leavers of deferred benefit entitlements	Within 2 months of receipt of all necessary information
Provide details of estimated Transfers Out	Within 1 month of receipt of all necessary information
Payment of Transfers Out	10 working days of receipt of all necessary information
Notify retiring employees of options, enclosing appropriate forms	10 working days of receipt of all necessary information KPI

Payment of retirement Lump Sum and pension	Lump sum -10 working days of receipt of all necessary information after retirement Pension – Paid in the next available pay run, thereafter the last banking day of each month KPI
Death notifications – issue initial letter requesting certificates	5 working days following notification of death
Notification of survivor benefits	10 working days of receipt of all necessary information KPI
Appoint stage 2 “appointed person” for the purposes of the pension dispute process and notify all scheme employers of the appointment	Within 30 working days following the resignation of the current “appointed person”
Process all stage 2 pension dispute applications	Within two months of receipt of the application, or such longer time as is required to process the application where further information or clarification is required.
Publish and keep under review the Leicestershire Pension Fund policy on the abatement of pension on re-employment	Notify scheme employers and publish policy within one month of any changes or revisions to the policy
Load employer’s monthly data received via I-Connect	Within 1 month of receiving all the necessary information.
Promote the use of Member Self-Service	Increase Member Self-Service by 650 scheme members per month

BY THE SCHEME EMPLOYER

Function / Task	Performance Target
LIAISON AND COMMUNICATION	
Formulate and publish policies in relation to all areas where the employing authority may exercise a discretion within the scheme (including providing a copy of the policy decision(s) to the Leicestershire Pension Fund	Within 30 working days of policy being formally agreed by the employer.
Remit and provide details of total employer/employee contributions	By 19 th of the month after deduction is taken.
Respond to enquiries from administering authority	10 working days from receipt of enquiry
Provide year end information required by the Leicestershire Pension Fund for valuation purposes and for individual scheme members annual benefit statements, annual allowance and lifetime allowance calculations, in a format agreed with the Leicestershire Pension Fund	By 30 th April following the year end, due to the earlier closure of the accounts.
Ensure payment of additional costs to the Leicestershire Pension Fund associated with the poor performance of the scheme employer	Within 30 working days of receipt of invoice from the Leicestershire fund
Distribute any information provided by Leicestershire Pension Fund to scheme members/potential scheme members	Within 15 days of its receipt
Notification to the Leicestershire Pension Fund (so they can liaise with actuary) of material changes to workforce/assumption related areas (e.g., restructurings/pay reviews/employer going to cease/ contracting out of services).	No later than 10 working days after material change / formal employer agreement on assumption related areas
Provide new/prospective scheme members with scheme information and new joiner forms	5 working days of commencement of employment or change in contractual conditions

Function / Task	Performance Target
Inform LCCPF of all cases where a prospective new employer or admitted body may join the fund	Notify LCCPF at least 3 months <u>before</u> the date of transfer
FUND ADMINISTRATION	
Payment of additional fund payments in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency retirement	Within 30 working days of receipt of invoice from the Leicestershire Pension fund / within timescales specified in each case

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

<p>Pension Contributions Ensure correct deduction of pension contributions during any period of child related leave, trade dispute or other forms of leave of absence from duty</p>	Immediately, following receipt of election from scheme member to make the necessary pension contributions
<p>Pension Contributions Commence/amend/cease deductions of additional regular contributions</p>	Commence/amend in month following election to pay contributions or notification received from administering authority, cease immediately following receipt of election from scheme member
<p>Pension Contributions Arrange for the deduction of AVCs and payment over of contributions to AVC provider(s)</p>	Commence deduction of AVCs in month following the month of election Pay over contributions to the AVC provider(s) by the 19 th of the month after deduction is taken.
<p>Pension Contributions Refund any employee contributions when employees opts out of the pension scheme before 3 months</p>	Month following month of opt out
<p>Pension Contributions Cease deduction of employee contributions where a scheme member opts to leave the scheme</p>	Month following month of election, or such later date specified by the scheme member
<p>End of year Send a completed end of year detailed contribution spreadsheet used for valuation purposes and for individual scheme members annual benefit statements, annual allowance and lifetime allowance calculations, in a format agreed with the Leicestershire Pension Fund</p>	By 30 th April following the year end, due to the earlier closure of the accounts.
<p>Leavers Determine reason for leaving and provide notification to administering authority of scheme leavers</p>	Within 30 days of leaving
<p>Retirement Determine reason for retirement and provide notification to administering authority of retiree</p>	Within 10 working days of notification of intention to retire
<p>Estimates Initiate any estimates, (other than ill health), that generate a capital cost.</p>	Within their own internal agreed working timescale

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



Leicestershire Local Government Pension Scheme Fund Discretions

Sections

1. Introduction
2. Governance and Policies
3. Appeals and the Adjudication of Disagreements
4. Admission Agreements
5. Employer Management
6. Payments relating to deceased members
7. Transferring or Linking of Pension Benefits
8. Miscellaneous Provisions
9. Discretions relating to employers which no longer exist

Leicestershire County Council as the Administering Authority of the Leicestershire Pension Fund is responsible for setting policies, strategies and statements to ensure the Fund's obligations to its members, employees and stakeholders are met. These are available [here](#).

This policy was approved by the Pension Committee on DATE and will be reviewed every two years. This draft version was reviewed in December 2023 and is planned to become effective from 8 March 2024.

1. Introduction

Leicestershire County Council, as the administering authority for the Leicestershire Pension Fund, has determined its discretionary policies in accordance with the Local Government Pension Scheme Regulations 2013, as amended, and related legislation.

The full Leicestershire Pension Fund's administering authority discretions policies are set out in this statement.

2. Governance and Policies

Ref	LGPS Regulation	Discretion	Leicestershire Pension Fund Policy
1	2013 Reg 55	Publish a Governance Policy stating how functions are delegated and whether the Administering Authority complies with guidance given by the Secretary of State	The current Governance Policy and Compliance Statement is included in the latest Pension Fund Annual Report and can be found at: https://leicsmss.pensiondetails.co.uk/home/scheme-member/lgps/fund-admin-and-guidance/pension-fund-and-finance
2	2013 Reg 58	Decide on the Funding Strategy for inclusion in funding strategy statement.	The Funding Strategy is reviewed and approved by the Fund's Local Pension Committee. The latest version can be found at: https://leicsmss.pensiondetails.co.uk/home/scheme-member/lgps/fund-admin-and-guidance/pension-fund-and-finance
3	2013 Reg 61	Develop a Communication Policy setting out how the Administering Authority communicates with members, representatives of members, prospective members and employing authorities and the format,	The Fund incorporates the Communication Policy within the Funds Administration Strategy. The latest version can be found at: https://leicsmss.pensiondetails.co.uk/home/scheme-member/lgps/fund-admin-and-guidance/pension-fund-and-finance

		frequency and method of communications.	
4	2013 Reg 59 (1) Reg 59 (2)	Decide whether to have a written Pensions Administration Strategy and, if so, the matters it should include.	The Fund incorporates the Administration Strategy with the Communication Policy. The latest version can be found at: https://leicsmss.pensiondetails.co.uk/home/scheme-member/lgps/fund-admin-and-guidance/pension-fund-and-finance

3. Appeals and the Adjudication of Disagreements

Ref	LGPS Regulation	Discretion	Leicestershire Pension Fund Policy
5	2013 Reg 74(1) 2008 (Admin) Reg 58 1997 Reg 100	Appoint a person for dealing with applications under Stage One of the dispute resolution procedures (AADP) in relation to any disputes relating to the role as Administering Authority (includes in relation to councillor members).	Head of Law and Deputy Monitoring Officer will usually act as the adjudicator for the Fund in respect of Stage One appeals against Administering Authority disputes. This duty can be delegated as necessary.
6	2013 Reg 76(4) 2008 (Admin) Reg 60(8) 1997 Reg 99	Decide the procedure to be followed by the Administering Authority when exercising its Stage Two AADP functions (includes in relation to councillor members).	Director of Law and Governance will usually act as the adjudicator for the Fund in respect of Stage Two appeals against Administering Authority disputes. This duty can be delegated as necessary.
7	2013 Reg 79(2) 2008 (Admin) Reg 63(2) 1997 Reg 105(1)	Whether the Administering Authority should appeal to the Secretary of State against an employer decision (or lack of a decision) – includes in relation to councillor members.	Fund Officers will consider on a case by case basis, appealing to the Secretary of State when there is sufficient evidence that an employer has made a decision or committed an act (or failed to act) that is both wrong in law and material, where Fund Officers have been unable to persuade the employer to alter its actions (or inactions).

4. Admission Agreements

Ref	LGPS Regulation	Discretion	Leicestershire Pension Fund Policy
8	2013 Sch 2 Part 3 Para 1	Whether to agree to an admission agreement with an external employer.	<p>Agreement to admission, as a scheme employer, as an admission body is decided by Fund Officers.</p> <p>A legally signed Admission Agreement is required in all cases.</p>
9	2013 Reg 4(2)(b)	Whether to agree to an admission agreement with a Care Trust, NHS Scheme employing authority or Care Quality Commission.	<p>NHS staff who are subject to transfer retain right to participate in the NHS Pension Scheme via a Direction Order with the new employing authority, so it is extremely unlikely the Administering Authority will need to exercise this discretion.</p> <p>However, in the rare event this is needed, agreement to admission, as a scheme employer, as an admission body is decided by Fund Officers. A legally signed Admission Agreement is required in all cases.</p>
10	2013 Sch 2 Part 3 Para 9(d)	<p>Whether to terminate a transferee admission agreement in the event of:</p> <ul style="list-style-type: none"> • the insolvency, winding up or liquidation of the body • a material breach by that body of its obligations under the admission agreement • the failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so. 	<p>The Fund would not normally terminate a transferee admission agreement earlier than the contract end. However, this would be considered in exceptional circumstances.</p> <p>Officers will refer to the Fund's Employer Risk Policy and transferee admission agreement if an employer failed to make payment of sums due to the Fund.</p>
11	2013 Sch 2 Part 3 Para 12(a)	Employees of a contractor are only entitled to remain in the LGPS whilst they continue to be employed in connection with the original services that were transferred. This expression should be defined by the Administering Authority.	<p>The Fund defines 'Employed in connection with' as meaning "employed mainly (i.e. at least 51% of their time) in the management or delivery of such services as are set out in the Contract.</p> <p>This is included in the Admission Agreement</p>

12	2013 Reg 54(1)	Whether to set up a separate admission agreement fund.	<p>The Administering Authority does not currently operate any separate admission agreement funds.</p> <p>Any proposal to create an admission agreement fund would be subject to discussion between Officers and the Fund Actuary.</p>
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5. Employer Management

Ref	LGPS Regulation	Discretion	Leicestershire Pension Fund Policy
13	2013 Reg 64(4)	Whether to obtain a revision of the rates and adjustments certificate (R&A) if there are circumstances that make it likely that a Scheme Employer will be ceasing.	<p>The Fund would not normally obtain a revised rates and adjustment certificate. However, Section 3.3. note (g) of the Fund's FSS gives the Fund the right to obtain a revised R&A in the following circumstances:</p> <ul style="list-style-type: none"> - in the opinion of the Administering Authority there are circumstances which make it likely that an employer (including an admission body) will become an exiting employer sooner than anticipated at the last valuation; - an employer is approaching exit from the scheme within the next two years and before completion of the next valuation
14	2013 Reg 68(2) 2014 (Transitional Provisions) Sch 2 Para 2(3) 1997 Reg 80(5)	<p>Whether to require any strain on Fund costs to be paid "up front" by an employer following:</p> <ul style="list-style-type: none"> • Flexible retirement • Redundancy, business efficiency • The waiving (in whole or in part) of any actuarial 	<p>Section 3.6 of Fund's Funding Strategy Statement currently sets out the Fund's policy:</p> <p>The Fund's policy is to recharge the full strain costs as a single lump sum, in all cases.</p>

		<p>reductions that would have otherwise been applied on voluntary or flexible retirement</p> <ul style="list-style-type: none"> • Where the rule of 85 is switched on before age 60 • Where actuarial reductions are waived on compassionate grounds • Payment of a pre-1 April 2008 deferred benefit on ill-health grounds 	
15	<p>2013 Reg 80(1)(b)</p> <p>2014 (Transitional Provisions) Reg 22(1)</p> <p>2008 (Admin) Reg 64(1)(b)</p>	<p>Specify information to be supplied by employers to enable the Administering Authority to discharge its functions.</p>	<p>Employers are required to provide information in accordance with the Fund Administration and Communication Strategy.</p>
16	<p>2013 Reg 69(1)</p>	<p>Decide frequency of payment of contributions to the Fund by employers and whether to make an administration charge.</p>	<p>The due date for employer contributions is the 19th of the month following the month to which they relate. Employer contribution rates include an element to cover fund administration expense.</p> <p>Additional payments (e.g. strain costs for all early payments) are charged in full in the year the member leaves the scheme.</p> <p>The Administration and Communication Strategy provides details when an administration charge may be applied. These are charged in the year the work occurs.</p>
17	<p>2013 Reg 69(4)</p>	<p>Decide the format and frequency of information from employers to accompany payments of contributions to the Fund.</p>	<p>From the 31 March 2022 the Fund requires all employers to submit their monthly return electronically via IConnect. New employers are required to use IConnect.</p> <p>All employers reconcile their full years contributions at year end and submit an annual return.</p>

18	2013 Reg 70 2014 (Transitional Provisions) Reg 22(2)	Whether to issue an employer with a notice to recover additional costs incurred as a result of the employer's level of performance.	The Fund's administration and communication strategy sets out measures when charges can be raised for additional costs incurred.
19	2013 Reg 71(1)	Whether to charge interest on payments by employers which are overdue.	<p>The Fund does not normally charge interest on late payment but proactively pursues employers to remedy any arrears.</p> <p>The Fund reserves the right to included interest in exceptional circumstances as agreed by Fund Officers.</p> <p>Employers only benefit from investment returns from the date payment is received, hence other employers are not adversely impacted by late payment.</p>
20	2013 Reg 36(3) 2008 (Admin) Reg 56(2) 1997 Reg 97(10)	The Administering Authority is required to approve medical advisors used by employers (for the determination of ill health benefits) – including in relation to councillor members.	Fund Officers will determine whether an employer's appointed Occupational Health Provider is appropriate for the provision of medical certificates regarding members incapacity in relation to the Local Government Pension Scheme Regulations.

6. Payments relating to deceased members

Ref	LGPS Regulation	Discretion	Leicestershire Pension Fund Policy
21	2013 Reg 82(2) 2008 (Admin) Reg 52(2) 1997 Reg 95	A death grant due to a scheme member's estate, can be paid to the personal representative(s), or anyone appearing to be, without the need for grant of probate / letters of administration if the death grant is less than the amount specified in any order under Section 6 of the Administration of the Estates (Small Payments) Act 1965. This also relates to councillor members.	The Fund will normally pay the death grant without production of Grant of Probate or Letters of Administration where the sum due is less than £15,000
22	2013 Regs 17(12), 40(2), 43(2), 46(2) 2014 (Transitional Provisions) Reg 17(5) to (8) 2008 (Transitional Provisions) Sch 1 1997 Regs 38(1), 155(4) 1995 Reg E8 2007 (Benefits) Regs 23(2), 32(2), 35(2)	The Administering Authority may, at its absolute discretion, pay any death grant due (including AVCs, SCAVCs and life assurance relating to AVCs) to or for the benefit of the member's nominee, personal representatives or any person appearing to the authority to have been a relative or dependent of	Any death grant due will be distributed in accordance with the Fund's Distribution of Death Grant policy. The latest version can be found at: https://leicsmss.pensiondetails.co.uk/home/scheme-member/lgps/fund-admin-and-guidance/pension-fund-and-finance

		the member. This also relates to councillor members.	
23	2013 Sch 1 2014 (Transitional Provisions) Reg 17(9)(b) 2007 (Benefits) Reg 25	The Administering Authority must decide the evidence required to determine financial dependence of a co-habitee on a scheme member or financial interdependence between the co-habitee and the scheme member	The appropriate parties will be provided with details of the evidence required to determine financial dependence or interdependence. Where required, the final decision will be made by Fund Officers.
24	2014 (Transitional Provisions) Regs 3(6), 4(6)(c), 8(4), 10(2)(a), 17(2)(b) 2007 (Benefits) Reg 10(2)	Where member dies before making an election in respect of the use of average of 3 years pay for final pay purposes, the Administering Authority can decide whether to make that election on behalf of the deceased member.	The most advantageous figure will be automatically applied by the Fund.
25	2014 (Transitional Provisions) Regs 3(6), 4(6)(c), 8(4), 10(2)(a), 17(2)(b) 2008 (Transitional Provisions) Sch 1 1997 Reg 23(9)	Whether to make an election on behalf of a deceased member who had a certificate of protection of pension benefits so their benefits may be calculated using the best pay figure.	The most advantageous figure will be automatically applied by the Fund.
26	1997 Reg 22(7)	Whether to select an alternative final pay period for	The most advantageous figure will be automatically applied by the Fund.

		deceased non-councillor member (applies to leavers between 31st March 1998 and 1st April 2008).	
27	2013 Sch 1 "Eligible Child" 2014 (Transitional Provisions) Reg 17(9)	Whether to treat a child as being in continuous education or vocational training, despite a break (including a child of a councillor member) so that the child's pension resumes after the break.	The Fund will normally accept short breaks including term holidays and also gap years, as being interruptions in education or training and will restart a suspended child's pension at the end of such a break or gap, providing sufficient evidence is received to support it.
28	1997 Reg 47(1) 1995 Reg G11(1)	How to apportion children's pension amongst eligible children (children of councillor members and children of leavers between 31st March 1998 and 1st April 2008).	Where there is more than one eligible child, the Fund will normally divide a children's pension equally between the eligible children.
29	2007 (Benefits) Reg 27(5) 1997 Reg 47(2) 1995 Reg G11(2)	Whether to pay the whole or part of a child's pension to another person for the benefit of the child (includes children of councillor members). This applies to pre 1st April 2014 leavers only.	Where a child is under 16, Fund Officers will normally pay his/her pension to the person who has the care of the child, to be applied for the benefit of that child. Where a child is 16 or over, Fund Officers will normally pay his/her pension to the child.
30	1995 Reg F7	Whether or not to suspend a spouses' pensions during remarriage or cohabitation	The Fund will not suspend spouse's pension due to remarriage or cohabitation and, therefore, they will be paid for life.

7. Transferring or Linking of Pension Benefits

Ref	LGPS Regulation	Discretion	Leicestershire Pension Fund Policy
31	2013 Reg 98(1)(b)	Whether to agree to the payment of a bulk transfer.	<p>Bulk transfer terms will be negotiated and agreed on a case by case basis in consultation with the Fund actuary, the scheme employer, the new scheme and the administering authority.</p> <p>Currently section 3.10 of the Funding Strategy Statement states that the Fund will not grant added benefits to members bringing in entitlements from another Fund unless the asset transfer is sufficient to meet the added liabilities.</p>
32	2013 Reg 100(6)	The Administering Authority (with the agreement of the employer) may extend the 12-month time limit for a scheme member to elect to transfer in benefits from a non-LGPS or personal pension plan.	<p>The Fund will only allow transfers from Public Sector Transfer Schemes*, provided that the application is made within 12 months of joining the scheme.</p> <p>The 12-month time limit may be extended by agreement with the Pension Manager and the employer.</p>
33	2013 Reg 100(7)	Whether to allow transfers of pension rights into the Fund.	<p>*The Public Sector Transfer Club is a network of public sector pension scheme generally providing membership credits of similar lengths when a member transfer between them.</p>
34	2014 (Transitional Provisions) Reg 15(1)(d) 2008 (Admin) Reg 28(2)	Whether to charge a scheme member for the provision of an estimate of the additional pension that would be provided in the Fund in return for a transfer in of in house AVC/SCAVC funds (only applies where the arrangement was entered into before 1st April 2014).	<p>Scheme members may request one estimate in any 12-month period that is provided free of charge. If a further quote is requested by the scheme member in the same 12-month period, the Fund reserves the right to impose an administration charge on the member.</p>
35	2014 (Transitional Provisions) Reg 10(9)	Decide, in the absence of an election from the member within 12 months of ceasing a concurrent employment, which ongoing employment benefits from the concurrent employment which has	<p>The most advantageous figure will be automatically applied by the Fund.</p>

		ceased should be aggregated (where there is more than one ongoing employment).	
36	1997 Reg 118	Whether the Fund will retain the Contributions Equivalent Premium (CEP) where a scheme member transfers out to a Contracted-in pension scheme (for councillor members and pre 1.4.08. leavers).	The CEP amount will be retained by the Fund.

8. Miscellaneous Provisions

Ref	LGPS Regulation	Discretion	Leicestershire Pension Fund Policy
37	2013 Reg 89(5) 1997 Reg 106A(5)	The date to which benefits shown on member's Annual Benefit Statements are calculated.	All annual benefit statements will be calculated as at 31 March preceding their distribution.
38	2014 (Transitional Provisions) Reg 3(13) 2008 (Admin) Reg 70(1), 71(4)(c) 2008 (Transitional Provisions) Reg 12 1997 Reg 109, 110(4)(b)	Abatement of pensions on re-employment (applies to pre 1 April 2014 retirees only including councillor members).	Leicestershire Pension Fund does not abate pre 1 April 2014 pensions in payment based on earnings, following re-employment.
39	2013 Reg 22(3)(c)	The member's pension account may be kept in such form as is considered appropriate.	Member's pension accounts are maintained on the Fund's pension administration system.
40	2013 Reg 83 2008 (Admin) Reg 52A	An Administering Authority may determine how and to whom benefits may be paid if the recipient (other than an eligible child) is incapable of managing their affairs by reason of mental disorder or otherwise.	The Fund will usually request Power of Attorney to pay benefits to the person having care of the pensioner, or such other person as they may determine where the pensioner is incapable of managing his or her affairs. In exceptional circumstances The Pensions Manager may allow payment without Power of Attorney.
41	2013 Reg 16(1)	Whether to turn down a request to pay an APC/SCAPC by regular contributions over a period of time where it would be impractical to allow such a request, for example, due to the pension being bought resulting in very small payments	To be determined by the Pensions Manager on a case by case basis.
42	2013 Reg 16(10)	Whether to require a satisfactory medical before agreeing to an application to pay an APC or SCAPC	The Fund will require a satisfactory medical for an APC if the scheme member is buying extra on a monthly basis. The member pays any cost for obtaining a medical. If it's being bought by lump sum a medical is not required.

			A SCAPC does not require a medical as the member is buying lost pension, rather than choosing to but extra pension.
43	2013 Reg 32(7)	A scheme member wishing to receive benefits other than at normal pension age, or on flexible retirement, must elect to do so within certain time limits. The Administering Authority may extend these time limits.	To be determined by the Pensions Manager on a case by case basis.
44	2014 (Transitional Provisions) Reg 15(1)(c) 2008 (Transitional Provisions) Sch 1 1997 Reg 83(5)	Whether to extend the time period for a scheme member electing to capitalise remaining contributions to an added years contract in cases of redundancy.	A member may make an election to make a lump sum payment, if they stop paying added years contributions before their Normal Retirement Date on leaving their employment by reason of redundancy. An election must be made within 3 months of the date of redundancy and may only be extended in exceptional circumstances by agreement of the Pensions Manager.
45	2013 Reg 34(1) 2007 (Benefits) Reg 39 2008 (Transitional Provisions) Reg 14(3) 1997 Regs 49, 156	The Administering Authority may commute small pensions, including survivor's pensions, into a lump sum where they are below limits set by HMRC.	The Fund will offer payment of a lump sum in lieu of a pension which is below limits set by HMRC.
46	2013 Reg 49(1)(c) 2007 (Benefits) Reg 42(1)(c)	Decide, in the absence of an election from the scheme member, which benefit is to be paid where the member would be entitled to a benefit under two or more regulations in respect of the same period of Scheme membership.	The most advantageous figure will be automatically applied by the Fund
47	1997 Reg 147	Whether to permit a Pension Credit to remain in the Fund or require a transfer out.	The Fund will permit a Pension Credit to remain in the Fund or a transfer out.
48	1997 Regs 50, 157	Whether to commute benefits due to exceptional ill-health (applies to	The Fund will provide a member with the option to commute to a lump sum payment in lieu of a pension where

		councillor members and pre 1st April 2008 leavers only).	the member has a serious life limiting condition.
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9. Discretions relating to employers which no longer exist

Ref	LGPS Regulation	Discretion	Leicestershire Pension Fund Policy
49	2013 Reg 30(8)	Decide whether to waive, in whole or in part, the actuarial reduction on pension benefits paid on flexible retirement.	The Fund, acting as employer for historic employers that no longer exist, will not waive the actuarial reduction in respect of applications for flexible retirement.
50	2013 Regs 30(8), 31(5) 2014 (Transitional Provisions) Reg 3(1), Sch 2 Para 2(1) 2007 (Benefits) Reg 30(5), 30A(5) 1997 Reg 31(5)	Decide whether to waive, in whole or in part, the actuarial reduction on benefits which a member voluntarily draws before normal pension age, including on compassionate grounds.	The Fund, acting as employer for historic employers that no longer exist, will not normally exercise this discretion but may consider it under exceptional circumstances on a case by case basis, taking into account the individual or business case and foreseeable costs to the Fund.
51	2013 Reg 60 2014 (Transitional Provisions) Sch 2 Paras 1(2), 1(1)(c), 1(1)(f)	Decide whether, to “switch on” the 85-year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (other than on the grounds of Flexible Retirement).	The Fund, acting as employer for historic employers that no longer exist, will not normally exercise this discretion but may consider it under exceptional circumstances on a case by case basis, taking into account the individual or business case and foreseeable costs to the Fund.
52	2014 (Transitional Provisions) Reg 12(6)	Whether to use a certificate produced by an Independent Registered Medical Practitioner (IRMP) under the 2008 scheme for the purposes of making an ill health determination under the 2014 scheme.	The Fund, acting as employer for historic employers that no longer exist, will ask the IRMP to complete the correct certificate.
53	2013 Reg 38(3)	Decide whether a deferred beneficiary meets the criteria of being permanently incapable of their former job because of ill health and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is the sooner.	The Fund, acting as employer for historic employers that no longer exist, will make a determination taking into account the IRMP’s recommendation and any further relevant information.

54	2013 Reg 38(6)	Decide whether a suspended ill health tier 3 member is unlikely to be capable of undertaking gainful employment before normal pension age because of ill health.	The Fund, acting as employer for historic employers that no longer exist, will make a determination taking into account the IRMP's recommendation and any further relevant information.
55	2007 (Benefits) Reg 31(4)	Decide whether a deferred beneficiary meets permanent ill health and reduced likelihood of gainful employment criteria.	The Fund, acting as employer for historic employers that no longer exist, will make a determination taking into account the IRMP's recommendation and any further relevant information.
56	2007 (Benefits) Reg 31(7)	Decide whether a suspended ill health tier 3 member is permanently incapable of undertaking any gainful employment.	The Fund, acting as employer for historic employers that no longer exist, will make a determination taking into account the IRMP's recommendation and any further relevant information.
57	2014 (Transitional Provisions) Reg 3(5A)(vi) 1997 (Transitional Provisions) Reg 4 1997 Reg 106(1) 1995 Reg D11(2)(c)	Grant application for early payment of deferred benefits on or after age 50 on compassionate grounds. Although the common provisions of the 1997 Transitional Provisions regulations do not specify regulation D11(2)(c) from the 1995 regulations, their intention was that it should apply to this regulation. Note – D11(2)(c) from the LGPS 1995 regulations enables an employing authority to award early payment of deferred benefits on compassionate grounds to a member aged 50+	The Fund, acting as employer for historic employers that no longer exist, will consider each case on case by case basis. The earliest payment may be granted is age 55.

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Leicestershire Local
Government Pension
Scheme
Cyber Policy

Sections

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Leicestershire County Council as the Administering Authority of the Leicestershire Pension Fund is responsible for setting policies, strategies and statements to ensure the Fund's obligations to its members, employees and stakeholders are met. These are available [here](#).

This policy was approved by the Pension Committee on 18th November 2022.

1 Introduction

The Leicestershire County Council Pension Fund holds personal information for in excess of 100,000 members and has a Fund value of over £5bn. Pension schemes hold large amounts of personal data and assets which can expose them to significant risks if an error occurs. These risks include service disruption, fraudulent activity and data leakage.

The Pensions Regulator (TPR) requires pension schemes to take steps to build 'cyber resilience' – the ability to assess and minimise the risk of a cyber incident occurring, but also to be able to recover when an incident takes place. Schemes are required to work with all relevant parties to define their approach to managing this risk.

TPR summarises its expectation of pension schemes as follows:

- Trustees and scheme managers are accountable for the security of scheme information and assets.
- Roles and responsibilities should be clearly defined, assigned and understood.
- You should have access to the required skills and expertise to understand and manage the cyber risk in your scheme.
- You should ensure sufficient understanding of the cyber risk: your scheme's key functions, systems and assets, its 'cyber footprint', vulnerabilities and impact.
- The cyber risk should be on your risk register and regularly reviewed.
- You should ensure sufficient controls are in place to minimise the risk of cyber incident, around systems, processes and people.
- You should assure yourselves that all third-party suppliers have put sufficient controls in place. Certain standards and accreditations can help you and your suppliers demonstrate cyber resilience.
- There should be an incident response plan in place to deal with incidents and enable the scheme to swiftly and safely resume operations. You should ensure you understand your third-party suppliers' incident response processes.
- You should be clear on how and when incidents would be reported to you and others, including regulators.
- The cyber risk is complex and evolving, and requires a dynamic response. Your controls, processes and response plan should be regularly tested and reviewed. You should be regularly updated on cyber risks, incidents and controls, and seek appropriate information and guidance on threats.

TPR requires pension schemes to take steps to build 'cyber resilience' – the ability to assess and minimise the risk of a cyber incident occurring, but also to be able to recover when an incident takes place. Schemes are required to work with all relevant parties to define their approach to managing this risk.

Significant cyber incidents must be reported to TPR at: report@tpr.gov.uk . Significant incidents are likely to result in:

- A significant loss of member data
- Major disruption to member services
- A negative impact on a number of other pension schemes or pension service providers

Further information and guidance from TPR can be found [here](#).

The Pensions Manager is responsible for ensuring that sufficient controls are in place to minimise the risk of a cyber incident occurring. This policy details the controls that have been implemented. The policy is split into two sections, Systems and Staff.

2 Policy Objectives

The policy objectives aim to ensure the Fund has robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies including those by The Pensions Regulator, whilst ensuring compliance with appropriate legislation and statutory guidance.

3 Purpose of the Policy

The policy is designed to provide assurance to the Fund's stakeholders that all appropriate steps regarding cyber security are in place, that the data held is secure and that any risks are well managed.

4 Effective date and reviews

This policy was first presented to the Local Pensions Board on 26th October 2022 and approved by the Pensions Committee on 18th November 2022. This draft version was reviewed in December 2023 and is planned to become effective from 8th March 2024. In future, the policy will be reviewed by officers every two years and will be presented to the Board and Committee if changes are required.

5 Scope

The policy applies to:

- Administrators of the scheme;
- Third parties who store Fund data on their systems.

6 Cyber issues relating to systems where pensions data is stored

6a. Heywood Pension Technologies

Heywood are our main system supplier and are responsible for the provision of:

Altair: A database containing all information relating to all active scheme members, plus those members who have left employment, which includes a benefit calculator, workflow,

document imaging and Altair Pensioner Payroll. This is the key system used by Pensions as it holds live data used to calculate pension benefits and is updated daily.

iConnect: A web portal that enables employers to upload scheme member data directly into Altair;

Member Self Service: A web portal that enables scheme members to view their pension records, receive secure correspondence and also perform their own pension calculations;

Insights: A reporting tool to enable Officers to write and run complex reports.

Following an Information Security Risk Assessment of Heywood conducted by the LCC Technical Security Officer in February 2020, it was established that the measures and controls agreed during the procurement process were still in place and cyber accreditations held at the time of procurement had been kept up to date.

Going forward Officers will continue to review arrangements on an annual basis, ensuring that the accreditations continue to be up to date, and in addition, annual disaster recovery exercises and cyber security reviews continue to be carried out annually. Copies of the accreditations and reviews are held on Pension records.

The accreditations that Heywood have in place are:

- Cyber Essentials
- ISO 14001:2015
- ISO 9001:2015
- ISO 27001:2013

Further Information

Cyber Incidents

In the event of an incident, Officers will notify Heywood via a log on their helpdesk. This would apply regardless of the size and severity of the incident, though it is good practice to follow up the submission of an urgent log with a phone call. The incident will then be investigated by Heywood. Details of the Heywood contact details are also held offline.

Targeted Cyber Attacks

The biggest risk to data are targeted ransomware attacks. Heywood have advised that the following processes are in place:

To protect data from these attacks, the Leicestershire Altair data is backed up separately from the other Altair customers. A daily backup takes place every night, and the data is stored on a backup repository in the Leicestershire's primary datacentre for 7 days. Every night, that night's backup is copied to Leicestershire's secondary datacentre (the datacentre that is also used to run the Disaster Recovery server from) and on a weekly basis a backup is then stored offline on tape. In the case of a ransomware attack, there is a physical perimeter of where the malware can encrypt and corrupt data. Heywood's backup repositories are offline – they cannot be accessed from the internet, and don't have out bound internet access, and so are virtually invulnerable to these kinds of malware attacks.

Heywood also employ an industry standard Antivirus package that is tuned to detect and defend against particular cryptolocker attacks. However, even if someone was able to access the repository and then also manage to get a ransomware malware to run for long enough to corrupt backup data on one of the repositories, there is 7 days of daily, 4 weekly and 2 monthly backups available immediately from the alternate datacentre.

In the unlikely event that both primary and secondary datacentres are targeted and data is lost, there is still the ability to restore to backups stored on physical tapes. However, due to the nature of offline tape storage being much slower, these backups are limited to monthly restore points.

Officers will need to manually re-enter data from system audit reports that record all data changes during a specified period.

6b. Other Service Providers

The Fund has contracted other service providers to whom Fund data is shared. Officers will ensure that these providers can provide assurances that they will continue to mitigate, manage and report any cyber issues.

This will require officers to ensure ISO accreditations and business continuity plans are up to date, and also obtain assurances that annual cyber checks, e.g. disaster recovery exercises and penetration testing have taken place. This can be done by obtaining documentary evidence e.g. certificates, reports or emails confirming that checks have been performed.

6c. LCC Network

Officers access the Fund's systems including access to emails through the LCC network. Loss of access to the network would cause significant difficulties in accessing the Fund's systems. The network is managed by LCC and Officers will ensure on an annual basis that regular cyber checks continue to be carried out.

Officers purchased two products from South Yorkshire Pension Fund: DART, a reporting tool that uses selected data directly extracted from Altair to produce simple results and EPIC, a database that stores documents and information related to scheme employers, e.g. contact details and discretionary policies. Both are hosted on the LCC network. South Yorkshire officers have approved 'third party sign-in' to access these systems, which is the agreed LCC ICT method for external users to access internal databases.

7 Cyber Issues Relating to Staff

7a. Training

In accordance with LCC policy, all staff must undertake mandatory training through LCC's online 'Learning Hub'. This includes cyber related courses including Information Security and Fraud Awareness.

This must be completed within four weeks of joining LCC.

7b. Emails

Emails must be sent safely in accordance with LCC guidance.

7c. Passwords

Wherever possible, LPF will comply with the LCC password policy. Where this is not possible, such as PING where the parameters are set by the system administrators, then LPF will adopt the strongest possible parameters within the limits of that system.

Password Policy for Altair

PING

PING is an authentication platform which allows access to altair. Whilst they do not entirely comply with LCC password policy, when combined with the requirement for a secondary login, Officers are satisfied that the security is at an appropriate level.

Altair

Altair is the core administration system used by Pension Officers.

The Fund has adopted the following settings:

A password strength of 7 (very strong);

No expiry date on the password;

Password retry: 9 attempts (LCC [policy allows 10 but Altair limits this to 9)

Minimum password length: 10 characters

Number of stored historic passwords: 8 (these cannot be reused)

These have currently been set to comply with LCC password policy.

Altair allows for the creation of specific roles within it's framework to limit users access to certain functionality within the system.

There are currently **seven** roles used by pensions staff:

Officers	Role
Pensions Assistants and Officers	LCC Role 1
Pensions Assistants dealing with 'bulk calculations'	LCC Role 1 – with Bulk Calcs
Pensions Assistants checking 'APC's	LCC Role 1 – Checking APCs
Officers who deal with I-Connect	LCC Role Systems Admin
Pensions Officers - Continuous Improvements Team only	LCC Role 3
Assistant/Managers who authorise payments	LCC Role 3 & Authorise
Systems Managers	LCC Admin & Payroll Superuser

In addition, there are **three** roles used by payroll staff:

Officers	Role
Payroll Officers (input data)	LCC Payroll
Payroll Control Staff (run payrolls)	LCC Payroll Control
Payroll Service Desk	LCC Service Desk (Read-Only access)

Roles are amended as jobs change and a check is carried out every six months, to ensure all users are still on the correct role and leavers have been disabled. In addition, a System Audit is also conducted by Internal Audit on an annual basis as part of their key ICT controls work.

7d. Data Breaches

In the event of a data breach, e.g. personal information sent to the wrong scheme member, Pension Officers must follow the LCC procedure, which requires the incident to be reported via the [Incident Reporting Form](#). This is then sent to the Information Governance Team who will advise on appropriate action to be taken.

The Fund has a Retention Schedule and also a Fair Processing Notice, which specifies how long data can be held and who it is shared with. These documents are reviewed every two years.

7e. Roles and Responsibilities

Activity	Responsibility
Reporting Cyber Breaches	All
Maintaining a Cyber Security Policy for Pension Fund	Pensions Manager and Pensions Project Manager
Reviewing Cyber Risks	Pensions Project Manager and Third Parties
Maintaining Cyber Risks on Pension Fund Risk Register	Pensions Manager
Maintenance of Security Controls on Fund Administration system	Pensions Project Manager
Maintaining Cyber Risk across Administering Authority	LCC Technical Security Officer
Reporting Data Breaches and Incidents	All

8 Officers to Contact

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LOCAL PENSION BOARD – 7 FEBRUARY 2024
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 Local Pension 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.

Policy Framework and Previous Decisions

2. The Local Pension Board's Terms of Reference state that the responsibility and role of the Board is to secure compliance with the LGPS Regulations and other legislation relating to the governance and administration of the LGPS; securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; such other matters as the LGPS regulations may specify.

Background

3. 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 Local Pension Board and Local Pension Committee agenda.
4. In order to comply with the code, the risk register and an update on supporting activity is included on each agenda for this Board.

Risk Register

5. The 18 risks are split into six different risk areas. The risk areas are:
 - Investment
 - Liability
 - Employer

- Governance
 - Operational
 - Regulatory
6. Risks are viewed by impact and likelihood and the two numbers multiplied to provide the **current risk score**. Officers then include future actions and additional controls, and the impacts and likelihoods are then rescored. These numbers are multiplied to provide the **residual risk score**.
 7. The current and residual risk scores are tracked on a traffic light system: red (high), amber (medium), green (low).
 8. The latest version of the Fund's risk register was approved by the Local Pension Committee on the 1 December 2023.
 9. There have been no changes to the risk scores since the 1 December 2023 meeting however wording has been updated on risk 11 and risk 16. A new risk has also been added. These are highlighted below.
 10. 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.
 11. The risk register is attached at Appendix A and Risk Scoring Matrix and Criteria at Appendix B.

Revisions to the Risk Register

NEW: Proposed changes to LGPS regulations and guidance requires changes to the Fund's investment, pooling and governance processes.

12. A new risk has been added following Government's Autumn Statement regarding the consultation on 'Next Steps on Investment'. This followed discussion with the Local Pension Committee previously on the Fund's submitted response to the consultation in October and concerns related to centrally proposed changes that may require the Fund to make changes to its investment, pooling and governance processes.
13. Furthermore, the potential for Government's proposals to reduce pools within the LGPS may have significant impacts in the medium term which lead to increased costs and pressure on the Fund if not managed appropriately.
14. The Fund will continue to engage productively with LGPS Central at officer and member level and invest in pool products where possible and in line with the Fund's investment approach.
15. Officers will review expected guidance and regulation changes when produced by Government or relevant bodies such as the Scheme Advisory Board and continue to update Committee as needed.

Risk 11: Investment decisions are being made without sufficient expertise to properly assess the risks and potential returns.

16. Additional wording was set out in the further actions and additional controls column highlighting that Local Pension Committee members undertake training needs assessment and are issued individual training plans.
17. The wording has also been updated to reflect that all members and officers are urged to complete all modules of the Hymans Aspire Online courses, which will be supported by a review of the Fund's Training Policy and Terms of References in 2024.

Risk 16: Failure to identify the death of a pensioner causing an overpayment; or potential fraud or other financial irregularity.

18. An internal audit will take place on this item in quarter four of 2023/24 as part of the regular risk management control in this area. However, an additional control relating to an informal review of the Fund's tracing service arrangements have also been added. This follows improvement to processes by some tracing service providers, designed to improve the customer experience and improve efficiency, that Fund officers will investigate.

Recommendation

19. The Local Pension Board is asked to note the report.

Equality Implications

20. There are no equality implications arising from the recommendations in this report.

Human Rights Implications

21. There are no human rights implications arising from this report.

Background Papers

None

Appendix

Appendix A – Risk Register
Appendix B – Risk Scoring Matrix and Criteria

Officers to Contact

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Risk no	Category	Risk	Causes (s)	Consequences	List of current controls	Impact	Likelihood	Current Risk Score	Risk Response	Further Actions / Additional Controls	Residual Impact	Residual Likelihood	Residual Risk Score	Residual Risk Change since November 2023	Action owner
1	Investments	Market investment returns are consistently poor, and this causes significant upward pressure onto employer contribution rates	Poor market returns most probably caused by poor economic conditions and/ or shocks e.g. CV19, global recessions	Significant financial impact on employing bodies due to the need for large increases in employer contribution rates	Ensuring that strategic asset allocation is considered at least annually, and that the medium-term outlook for different asset classes is included as part of the consideration	5	2	10	Treat	Making sure that the investment strategy is sufficiently flexible to take account of opportunities and risks that arise but is still based on a reasonable medium-term assessment of future returns. Last reviewed January 2024.	4	2	8	—	Investments - SFA
2	Investments	Market returns are acceptable, but the performance achieved by the Fund is below reasonable expectations	Poor performance of individual managers including LGPS Central, poor asset allocation policy or costs of transition of assets to LGPS Central is higher than expected	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	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 divestment to consider multiple factors including performance versus mandate and reason for original inclusion and realignment of risk based on revised investment strategy. The set-up of LGPS Central is likely to be the most difficult phase. The Fund will continue to monitor how the company and products delivered evolve. Programme of LGPS Central internal audit activity, which has been designed in collaboration with the audit functions of the partner funds. Each transition's approach is independently assessed with views from 8 partners sought.	3	2	6	—	Investments - SFA
3	Investments	Failure to take account of ALL risks to future investment returns within the setting of asset allocation policy and/or the appointment of investment managers	Some assets classes or individual investments perform poorly as a result of incorrect assessment of all risks inherent within the investment. These risks may include, but are not limited to the risk of global economic slowdown and geopolitical uncertainty and failure to consider Environmental, Social and Governance factors effectively.	Opportunity cost within investment returns, and potential for actual returns to be low. This will lead to higher employer contribution rates than would otherwise have been necessary.	Ensuring that all factors that may impact onto investment returns are taken into account when setting the annual strategic asset allocation. Only appointing investment managers that integrate responsible investment (RI) into their processes. Utilisation of dedicated RI team at LGPS Central and preparation of an annual RI plan. The Fund is also member of the Local Authority Pension Fund Forum (LAPFF) and supports their work on shareholder engagement which is focused on promoting the highest standards of corporate governance and corporate responsibility. The Committee has approved a Net Zero Climate Strategy to take into account the risk and opportunities related to climate change. Climate Risk Report and Climate Stewardship Report. The Fund also produces an annual report as part of the Taskforce on Climate-related Financial Disclosures.	3	4	12	Treat	Responsible investment aims to incorporate environmental (including Climate change), social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns. Annual refresh of the Fund's asset allocation allows an up to date view of risks to be incorporated and avoids significant short term changes to the allocation. This can take into account geopolitical uncertainty, the impact of climate change on the portfolio including risk from stranded assets. 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. LGPS Central are in the process of developing an ESG report for the Fund which can be used to monitor the Fund's portfolio exposure, and support engagement with underlying companies	3	3	9	—	Investments - SFA

Risk no	Category	Risk	Causes (s)	Consequences	List of current controls	Impact	Likelihood	Current Risk Score	Risk Response	Further Actions / Additional Controls	Residual Impact	Residual Likelihood	Residual Risk Score	Residual Risk Change since November 2023	Action owner
4	Investments	Risk to Fund assets and liabilities arising from climate change	The impact on global markets and investment assets from the transition to a low carbon economy, and/or the failure to achieve an orderly transition in line with the Paris agreement.	<p>Failure of meeting return expectations due to risks, or missed investment opportunities, related to the transition to a low carbon economy, and/or the failure to achieve an orderly transition. Resulting in increased employer contributions costs.</p> <p>Some asset classes, and carbon intensive sectors may be overexposed to transition risks, and/or the risk of stranded assets</p>	<p>Net Zero Climate Strategy, targeting by 2050 with an ambition for sooner. Climate metrics, including decarbonisation targets monitored annually through the Climate Risk Report, and reporting under TCFD recommendations. Supporting real world emissions reduction with partners (LAPFF, and LGPS Central) as part of the Fund's Climate Stewardship Plan.</p> <p>Consideration of climate change in investment decisions including investment in climate solutions and funds titled towards climate factors. Climate scenario analysis is undertaken biennially on impact to Fund assets.</p> <p>The Funding Strategy Statement's resilience to climate risk was also tested through the 2022 triennial valuation</p>	3	4	12	Treat	Annual refresh of the Fund's asset allocation allows for an up to date view of climate risks and opportunities to be incorporated and avoids significant short term changes to the allocation. This will take into account the Fund's latest Climate Risk report. Increased asset coverage for climate metric reporting. Increased engagement with investment managers and underlying companies through Net Zero Climate Strategy and further collaboration. Expected regulatory change on climate monitoring	3	3	9	—	Investments - SFA
5	Liability	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.	<p>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</p> <p>Early engagement with the Fund's higher risk employers to assess their overall financial position.</p> <p>Ongoing review of Community Admission Bodies (CABs)</p>	5	2	10	Treat	<p>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.</p> <p>The 2022 valuation assessed the contribution rates with a view to calculating monetary contributions alongside employer percentages of salaries where appropriate.</p> <p>Regular review of market conditions and dialogue with the schemes biggest employers with respect to the direction of future rates.</p> <p>GAD Section 13 comparisons.</p> <p>Funding Strategy Statement approach is to target funding level of 120%.</p>	4	2	8	—	Pensions Manager
6	Employer	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	<p>Late or inaccurate pension benefits to scheme members</p> <p>Reputation</p> <p>Increased appeals</p> <p>Greater administrative time being spent on individual calculations</p> <p>failure to meet statutory year-end requirements.</p>	<p>Training provided for new employers alongside guidance notes for all employers.</p> <p>Communication and administration policy</p> <p>Year-end specifications provided</p> <p>Employers are monthly posting</p> <p>Inform the Local Pension Board quarterly regarding admin KPIs and customer feedback.</p>	3	2	6	Treat	<p>Continued development of wider bulk calculations.</p> <p>Implemented automation of certain member benefits using monthly data posted from employers.</p> <p>Pensions to develop a monthly tracker for employer postings</p>	3	1	3	—	Pension Manager
7	Employer	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	<p>Lower contributions than expected.</p> <p>Incorrect actuarial calculations made by the Fund.</p> <p>Possibly higher employer contributions set than necessary</p>	<p>Pension Section provides employers with the annual bandings each year.</p> <p>Pension Section provides employers with contributions rates (full and 50/50)</p> <p>Internal audit check both areas annually and report their findings to the Pensions Manager</p> <p>Finance reconcile monthly contributions to payroll schedule</p>	3	2	6	Treat	<p>Pension Officers check sample cases</p> <p>Pension Officers to report major failings to internal audit before the annual audit process</p> <p>Major failings to be reported to the Pensions Board</p>	3	1	3	—	Pensions Manager
8	Employer	Employer and employee contributions are not paid accurately and on time	Error on the part of the scheme employer	Potentially reportable to The Pensions Regulator as late payment is a breach of The Pensions Act.	<p>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.</p> <p>Internal Audit review on an annual basis and report findings to the Pensions Manager</p>	2	3	6	Tolerate	Late payers will be reminded of their legal responsibilities.	2	3	6	—	Pensions Manager

Risk no	Category	Risk	Causes (s)	Consequences	List of current controls	Impact	Likelihood	Current Risk Score	Risk Response	Further Actions / Additional Controls	Residual Impact	Residual Likelihood	Residual Risk Score	Residual Risk Change since November 2023	Action owner
9	Governance	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	Prudential implemented a new administration system in November 2020	Failure to meet key performance target for making payments of retirement benefits to members Complaints Reputational damage Members may cease paying AVCs	Reported it to the Chair of the Pension Boards and Senior Officers Reported to the LGA and other Funds Discussed with the Prudential Prudential attended a meeting with the Local Pension Board with improvement plan agreed	3	3	9	Treat	Prudential continue to engage with Fund Officers positively to quickly resolve issues National meetings with LGPS Funds and the Prudential continue to develop improvements. A national Framework is being scoped to enable Funds to review and select AVC providers. Leicestershire LGPS will be a founder member of the framework.	3	1	3	—	Pensions Manager
10	Governance	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.	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	—	Pensions Manager
11	Governance	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	Continuing focus on ensuring that there is sufficient expertise to be able to make thoughtfully considered investment decisions. Improved training at Committee. Additional experience at LGPS Central added who make investment decisions on behalf of the Fund.	3	3	9	Treat	On-going process of updating and improving the knowledge of everybody involved in the decision-making process. Members undertake Training Needs Assessment and get issued individual training Plans. Members and Officers are urged to complete all modules of the Hymans Aspire Online Training. The Training Policy to be reviewed in 2024 together with Terms of Reference.	2	2	4	—	Investments - SFC
12	Operational	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	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 Officers run the HMRC GMP check on a case by case basis and input the results into member records at retirement	3	2	6	Treat	Ongoing monitoring on a case by case basis	2	1	2	—	Pensions Manager
13	Operational	If the Pensions Section fails to meet the information/cyber security and governance requirements, then there may be a breach of the statutory obligations.	Pensions database now hosted outside of LCC. Employer data submitted through online portal. 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.	Diminished public trust in ability of Council to provide services. Loss of confidential information compromising service user safety. Damage to LCC reputation. Financial penalties.	Regular LCC Penetration testing and enhanced IT health checks in place. LCC have achieved Public Sector Network (PSN) compliance. New firewall in place providing two layers of security protection in line with PSN best practice. Contractual arrangements in place with system provider regarding insurance. Work with LCC ICT and Aquila Heywood (software suppliers) to establish processes to reduce risk, e.g. can Aquila Heywood demonstrate that they are carrying out regular penetration testing and other related processes take place. Developed a new Cyber risk policy	5	2	10	Treat	Liaise with Audit to establish if any further processes can be put in place in line with best practice. Good governance project and the expected TPR new code of practice to include internal audit reviews of both areas. Report the findings to the Board.	5	1	5	—	Pensions Manager

Risk no	Category	Risk	Causes (s)	Consequences	List of current controls	Impact	Likelihood	Current Risk Score	Risk Response	Further Actions / Additional Controls	Residual Impact	Residual Likelihood	Residual Risk Score	Residual Risk Change since November 2023	Action owner
14	Operational	If immediate payments are not applied correctly, or there is human error in calculating a pension, scheme members pensions or the one off payments could be wrong	Human error when setting up immediate payments or calculating a pension System failures Over or under payments Unable to meet weekly deadlines	Reputation Complaints/appeals Time resource used to resolve issues Members one off payments, not paid, paid late, paid incorrectly Officers re-engineered the retirement process using member self service (MSS) which speeds up process and reduces risk New immediate payments bank account checks system Use of insights report to identify discrepancies between administration and payroll sides of the system Funds over and under payment policy	Task management used within pensions administration Segregation of duties, benefits checked and authorised by different Officers Training provided to new staff Figures are provided to the member so they can see the value and check these are correct	4	1	4	Tolerate	Monitor the structure of the Pension Section to resource the area sufficiently Ongoing officer training notes Continued develop the workflow tasks	4	1	4		Pensions Manager
15	Operational	If transfer out checks are not completed fully there may be bad advice challenges against the Fund There are some challenges being lodged from Claims Management Companies on historic transfers out	Increasing demand for transfers out from 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 Increased challenges on historic transfers	Reputation Financial consequence from 'bad advice' claims brought against the Fund IDRP appeals (possible compensation payments) Increased administration time and cost	The Pensions Regulator (TPR) checks Follow LGA guidance Queries escalated to Team Manager then Pensions Manager Legislative checks enable the Fund to withhold a transfer in certain circumstances. Signed up to The Pension Regulator's national pledge "To Combat Pension Scams"	2	3	6	Tolerate	Escalation process to officers to check IFA, Company set up, alleged scam activity Further escalation process to external Legal Colleagues National change requires checks on the receiving scheme's arrangements Internal audit review of both transfers in and out of the Fund.	3	2	6		Pension Manager
16	Operational	Failure to identify the death of a pensioner causing an overpayment, or potential fraud or other financial irregularity	Late or no notification of a deceased pensioner. Fraudulent attempts to continue to claim a pension	Overpayments or financial loss Legal cases claiming money back Reputational damage	Tracing service provides monthly UK registered deaths Life certificates for overseas pensioners Defined process governing bank account changes Moved to 6 monthly checks, (from one check every 2 years) National Fraud mortality screening for overseas pensioners	3	1	3	Tolerate	Targeted review of status for pensioners where the Fund does not hold the current address e.g. care of County Hall or Solicitors. Informal review of tracing service arrangements.	3	1	3		Pensions Manager
17	Regulatory	The resolution of the McCloud case and 2016 Cost Cap challenge could increase administration significantly resulting in difficulties providing the ongoing pensions administration service	The Regulations were laid on the 8 September 2023 and became active on the 1 October 2023. The legislation requires Fund Officers to review and calculate in scope member's pension benefits, backdated to April 2014 when the LGPS commenced the career average revalued earnings scheme. The Unions challenge on the 2016 cost cap, could result in possible benefit recalculations if the challenge is successful	Ultimate outcome on both McCloud and the cost cap are currently unknown but likelihood is; Increasing administration Revision of previous benefits Additional communications Complaints/appeals Increased costs	Guidance from LGA, Hymans, Treasury Employer bulletin to employers making them aware of the current situation on McCloud Team set up in the Pension Section to deal with McCloud casework. Quarterly updates to the Board.	3	3	9	Treat	Final system changes have been loaded into the system. Internal Audit will commence an audit on the first phase of McCloud implementation in the final quarter of 2023/24. Fund Officers are adopting a phased approach starting with new in scope retirements and leavers. Phase two will require a review of existing in scope pension benefits with revision and payment of any arrears, as necessary.	2	2	4		Pensions Manager

Risk no	Category	Risk	Causes (s)	Consequences	List of current controls	Impact	Likelihood	Current Risk Score	Risk Response	Further Actions / Additional Controls	Residual Impact	Residual Likelihood	Residual Risk Score	Residual Risk Change since November 2023	Action owner
18	Regulatory	The implication of the national dashboard project could increase administration resulting in difficulties providing the ongoing pensions administration service	National decision to implement pension dashboards thereby enabling people to view all their pension benefits via one single dashboard	Increased administration Data cleaning exercise on member records Increased system costs Additional communications	Initial data cleaning started Contract made with the system provider on building the data link	3	3	9	Treat	Work with LCC's internal IT Team Security checked on the required link to allow the access to secure member pension data GDPR requirements Quarterly updates to the Board Work with the Prudential regarding the transfer of AVC information	3	2	6	—	Pensions Manager
NEW	Regulatory	Proposed changes to LGPS regulations and guidance requires changes to the Fund's investment, pooling and governance processes.	National pressure to reform the LGPS, and/or direct investment decisions towards specific asset classes that may not completely correlate with the Fund's fiduciary duty.	Conflicting pressure on the Fund to make specific investments or investment transitions contrary to the Fund's investment approach. Some proposed changes may present additional management fees. Changes to the Fund's pooling approach and subsequent reduction in pools in the medium-term which may lead to administrative, legal and transition burdens and pressure on the Fund if not managed appropriately.	Response provided to the DLUHC consultation on 'Next Steps in Investing' alongside LGPS Central partners on challenges that may arise from proposed changes. Productive participation with LGPS Central at officer and Joint Committee level. Investment in pool products where possible and in line with the Fund's strategy as approved by it's investment advisor.	3	4	12	Tolerate	Officers to review all relevant guidance and/or regulation changes. Continue to work with the Fund's Investment Advisor and LGPS Central on progressing pooling.	3	4	12	NEW	Investments - SFA

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Appendix B: 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)

Impact Risk Scoring Criteria

Scale	Description	Departmental Service Plan	Internal Operations	People	Reputation
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
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
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
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
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

Residual Risk Score Change since last meeting indicator

-  Risk Increase
-  No Change
-  Risk Decrease

Likelihood of risk occurring over lifetime of objective (i.e. 12 mths) Risk Scoring 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%

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