



Meeting: **Local Pension Board**

Date/Time: **Wednesday, 29 April 2026 at 10.00 am**

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

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

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

AGENDA

<u>Item</u>		<u>Report by</u>	
1.	Minutes of the meeting held on 4 February 2026.		(Pages 3 - 10)
2.	Question Time.		
3.	To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.		
4.	Declarations of interest in respect of items on the agenda.		
5.	Internal Audit Arrangements, Including Internal Audit Work Conducted During 2025-26 and the Internal Audit Plan 2026-27.	Director of Corporate Resources	(Pages 11 - 24)
6.	Pension Fund Administration Report, January to March 2026 - Quarter Four.	Director of Corporate Resources	(Pages 25 - 46)
7.	Fit for the Future Update.	Director of Corporate Resources	(Pages 47 - 52)



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| 8. | Risk Management and Internal Controls and Fit for the Future Update. | Director of Corporate Resources | (Pages 53 - 62) |
| 9. | Any other items which the Chairman has decided to take as urgent. | | |

TO:

Employer representatives

Mr. K. Crook CC
Ms. H. Butler CC
Cllr. E. Cutkelvin

Employee representatives

Mr. A. Cross
Mr. M. Saroya
Mr. A. Stewart



Minutes of a meeting of the Local Pension Board held virtually on Microsoft Teams, on Wednesday, 4 February 2026.

PRESENT

Mr. K. Crook CC (in the Chair)

Ms. H. Butler CC
Mr. A. Cross

Mr. M. Saroya
Mr. A. Stewart

35. Minutes.

The minutes of the meeting held on 29 October 2025 were taken as read, confirmed and signed.

36. Question Time.

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

37. Urgent Items.

There were no items for consideration.

38. 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.

39. Pension Fund Administration Report, October to December 2025 - Quarter Three.

The Chairman experienced some technical issues during the presentation of the report, and was unable to communicate during the meeting, but remained present online. The Board resolved that the Vice Chairman, Mr. Kevin Crook CC take the Chair.

RESOLVED:

That Mr. Kevin Crook be appointed as Chairman.

The Board considered a report of the Director of Corporate Resources which provided information on the main administrative action in the third quarter period from October to December 2025. The report covered governance areas, including administration of Fund benefits and the performance of the Pensions Section against its performance indicators. A copy of the report marked 'Agenda Item 5' is filed with these minutes.

Arising from discussion, the following points were made.

- i. A Member commented that the new pension website appeared well designed, was continually improving, and more accessible for scheme members.
- ii. Members received the report's update on the McCloud remedy, noting the 116 outstanding cases and other red-rated areas. It was questioned whether contingency arrangements were in place and whether backlogs were having any effect on scheme members. Officers confirmed that additional staff had been recruited, and further appointments were planned. Whilst it would have a positive impact, the benefits would be realised in the longer term due to required training. It was explained that casework was being prioritised so that scheme members whose benefits were immediately affected, such as those leaving, retiring or in death cases, were dealt with first, Lower priority areas, such as preserved benefits, were being monitored.
- iii. A Member questioned whether ongoing Local Government Reorganisation presented any concerns for the onboarding process. Officers stated that reorganisation would inevitably affect staffing and workloads as responsibilities moved from the County Council to any future authority. The Pensions Section was mindful that this could increase demand and was planning for consistent resourcing throughout the year.
- iv. With reference to the breaches log, officers undertook to inform the Chairman of any significant developments with regards to South Leicester College contributions.
- v. A Member noted the report referenced resourcing challenges and questioned whether the Section had considered the use of agency staff. Officers reported the Section was experiencing extremely high workloads, with volumes continuing to increase. Officers confirmed that temporary agency support would be considered, but any decision would need to be balanced against the time required to train temporary staff, who might not remain with the service.

RESOLVED:

That the Pension Fund Administration Report for October December 2025, Quarter Three, be noted.

40. Pension Fund Key Performance Indicators.

The Board considered a report of the Director of Corporate Resources which presented proposed improvements to how workloads and key performance indicator data was presented in the quarterly administration report, whilst also aligning the data with the requirements of the Fund's annual report. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

Arising from discussion, the following points were made:

- i. A Member expressed satisfaction with the proposed changes and highlighted the difficulty of assessing performance without historical data or comparisons with similar organisations. It was requested that insight into how the service's performance compared with other sources be provided, with a suggestion to review data from the previous 18 months to identify trends. Officers confirmed the Team would consider the suggestion, and explained that internal trends were monitored monthly, with two

years of data held for retirements and deaths. Furthermore, some new reporting areas would require time to generate meaningful information, but the feedback would be taken forward.

- ii. A Member queried the absence of disputes procedure cases in Appendix C to the report. Officers clarified that these were not reported in that format but were included regularly within the administration report under the Internal Dispute Resolution Procedures (IDRPs), with new cases reported each month.

RESOLVED:

That the proposed approach to reporting workloads and key performance data, as outlined in Appendices C and D of the report, be noted.

41. Pension Fund - Business Plan and Budget 2026/27.

The Board considered a report of the Director of Corporate Resources which provided information on the Pension Fund's Business Plan and Pension Fund budget for 2026/27. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

Arising from discussion, the following points were made:

- i. A Member expressed concern regarding the Fund's management costs and queried whether alternative approaches to managing those costs had been considered. Officers reported that the Fund maintained a diversified range of investments, each with differing fee structures, and that such diversification was essential. It was noted that the Fit for the Future proposals were intended to reduce costs over time by increasing the proportion of assets managed by the Pool.
- ii. Officers further advised that the Fund undertook an annual review of its investment strategy with Hymans Robertson, during which asset allocation and the associated costs were assessed. As funding positions had improved across the sector, many funds had reduced their allocation to lower-cost equities in favour of private market investments, such as property, infrastructure, and credit, which were generally lower-risk but carried higher fees. The Fund, therefore, continually balanced risk, fees, and required returns as part of the review.
- iii. A Member asked whether the ongoing governance review would consider the roles of the Board, the Committee, and the Investment Sub-Committee (ISC). Officers confirmed that the Fund would be required to retain both a Committee and a Board, and that the ISC would also remain. While significant structural change was not anticipated, given the Fund's continued responsibility for setting strategic direction, it was noted that the role of the ISC might evolve as Central assumed greater responsibilities. Matters would be examined as part of the governance review to ensure an appropriate and effective governance structure was maintained.

RESOLVED:

That the Business Plans, Training Plan and Pension Fund budget for 2026/27 be noted.

42. Draft Funding Strategy Statement.

The Board considered a report of the Director of Corporate Resources which provided information on the results of the Fund's Funding Strategy Statement (FSS) consultation. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

Arising from discussion, the following points were made:

- i. Members were informed of a proposed change to the cessation approach, by introducing a funding "corridor" to reduce the likelihood of deficit payments when employers exited the Fund. The corridor applied an 85% probability at the lower band and increased the upper band from 90% to 95% to protect the Fund and retain some surplus should an employer leave in a positive funding position. It was confirmed that exit credits would still be paid to employers funded above 95%, using the established methodology within the FSS. Final FSS amendments would be drafted by early March 2026, with both the FSS and the Actuary's final valuation report being presented to the Pensions Committee in March 2026 for approval, setting employer rates for April 2026 to March 2029.
- ii. The Board's comments were sought on one consultation issue, as to whether the negative 3% cap on the secondary rate remained appropriate. Some employers had argued that the cap was overly prudent and should be increased to 4% or 5%. Officers and the Actuary believed the 3% cap continued to provide the necessary level of prudence. Only a small number of employers across four groups, academies, colleges, universities, and some town and parish councils, were affected.
- iii. In response to questions, Officers explained that the secondary rate related solely to past service and that increasing the cap would reduce employer contributions but would not affect scheme members or their benefits. It was further reported that the risk of lowering contributions now could lead to higher rates at the next valuation if markets underperformed. Maintaining stability in employer rates remained a key objective.
- iv. Board Members discussed the issue, acknowledging the recent improvement in funding levels to 140% but recognised the current position depended on achieving future investment returns of around 6%. Members noted the risk of significant market volatility and the potential for rapid drawdowns, which supported retaining a prudent approach. It was agreed, if further modelling was available, this alongside supporting information, would be circulated to the Board.

RESOLVED:

- a) That the Board noted the draft Funding Strategy Statement report, and the proposed amendments to the FSS, that would be considered by the Pension Committee in March 2026:
 - i. The expanded information on the corridor approach for cessations.
 - ii. That detail of the exit credit methodology is included.
 - iii. That the DfE guarantor is included in the assessment of an exit credit on a case-by-case basis.
 - iv. That a covenant review is taking place to review the minimum likelihood of success for the Universities.
 - v. That the Fund will retain one investment strategy.

- b) The Board also confirmed its comments on whether the negative 3% cap on the secondary rate was too prudent, and if it should be relaxed for certain employer groups, subject to review following the receipt of additional information.
- c) Members re-confirmed their agreement for the Vice Chair to preside over the meeting in the Chairman's absence.

43. Draft Investment Strategy Statement.

The Board considered a report of the Director of Corporate Resources which provided information on key changes expected for the Fund's Investment Strategy Statement (ISS). A copy of the report marked 'Agenda Item 9' is filed with these minutes.

RESOLVED:

That the revised Investment Strategy Statement be noted.

44. Climate Related Disclosure Progress Update.

The Board considered a report of the Director of Corporate Resources, which provided an update on the latest Climate Related Financial Disclosure Report for the Leicestershire County Council Pension Fund and activities of the Fund since approval of the Net Zero Climate Strategy. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

Arising from discussion, the following points were made:

- i. A Member questioned whether the climate-related disclosures had created additional costs and, if so, how significant those costs were, and referred to earlier comments that the investments had not negatively impacted performance. An officer explained that, in relation to whether performance could have differed without certain investments, the Fund's largest climate-aware allocation had been to the LGPS Central Multi Factor Climate Fund. This was effectively an equity fund and was inexpensive to operate, with management fees of less than 0.1% per year. The alternative would have been to retain the allocation within an all-world equity fund, which the climate fund essentially mirrored, and any savings in management fees would have been minimal.
- ii. Furthermore, other investments referenced in the discussion, such as forestry, had been made for diversification purposes rather than for climate-specific reasons. Those decisions had pre-dated the more recent ESG-driven investment landscape by nearly a decade. The officer emphasised that the Fund had taken a risk-aware approach, ensuring that decisions were not made solely for climate objectives.
- iii. With respect to the LGPS Central Multi Factor Climate Fund, an officer explained that its construction reduced the Fund's exposure to potential future tax changes that might target companies with high carbon emissions. The approach mitigated the financial risk that could arise if such companies were taxed more heavily in the future. Although the Fund's carbon intensity had decreased as a by-product, the primary consideration had been risk management. Those climate-related allocations represented some of the Fund's largest holdings.

- iv. The Member sought clarification, asking whether the concern related more to potential future costs arising from carbon emissions, rather than to the emissions themselves. The officer confirmed that this interpretation was correct.

RESOLVED:

That the Climate Related Financial Disclosure Report be noted.

45. Pension Fund Training Needs Self Assessment.

The Board considered a report of the Director of Corporate Resources, which provided an update on Training Needs Self Assessments which had been undertaken, and set out progress against the Fund's Training Policy and 2025 Training Plan. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

RESOLVED:

That Board noted that all Members should complete the training needs self-assessment if not yet completed by Friday 6 February.

46. Pension Fund Policy Report.

The Board considered a report of the Director of Corporate Resources which provided an annual update of the Pension Fund's current strategies and policies, covering any new policies that have been introduced or amendments that had been made. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

RESOLVED:

That the annual report of the Pension Fund's current strategies and policies be noted.

47. Record Keeping - Data Improvement.

The Board received a report of the Director of Corporate Resources, which provided information on plans to maintain and improve the quality of pensions data held during 2026-2027. A copy of the report marked 'Agenda Item 13' is filed with these minutes.

Arising from discussion, the following points were made:

- i. In response to a question, it was explained that records were retained for 100 years after leaving. Although the period of time appeared lengthy, questions were occasionally received from family members regarding dependent pensions, so the extended retention period ensured the organisation could respond appropriately. It was clarified that the period had been set locally but was believed to be consistent with the practices of other authorities.
- ii. It was further confirmed that the organisation retained the records it held. If a member transferred from the Leicestershire Fund to, for example, the Warwickshire Fund, a record was kept indicating that the organisation no longer had liability. The details held while the member was part of the Fund were also retained in case of future queries, such as a scheme member asking about pension benefits previously paid into the Leicestershire Fund. Those records were likewise retained for 100 years after leaving.

RESOLVED:

That the Board note all areas of the Record Keeping, Data Improvement report.

48. Risk Management and Internal Controls and Fit for the Future Update.

The Board considered a report of 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 14' is filed with these minutes.

Arising from discussion, the following points were made:

- i. A Member focused on Risk 16, where it had been noted that the mitigated risk impact score appeared to have changed. The impact score was recorded as three on the initial assessment and two on the mitigated assessment. The point had been raised to query whether this reduction in impact was intentional or whether it required review. It was emphasised that this was not a significant issue but rather an observation for accuracy. Officers confirmed that the reduction in impact over time reflected the diminishing effect of the McCloud-related element of the risk. This explanation addressed the concern raised.
- ii. Appreciation was expressed for the detailed scrutiny applied to the risk register, and the observation was acknowledged as a valuable contribution.

RESOLVED:

That the report on Risk Management and Internal Controls and Fit for the Future update be noted.

10.00am to 11.36am
04 February 2026

CHAIRMAN

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LOCAL PENSION BOARD – 29 APRIL 2026

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

INTERNAL AUDIT ARRANGEMENTS (INCLUDING INTERNAL AUDIT WORK CONDUCTED DURING 2025-26 AND THE INTERNAL AUDIT PLAN 2026-27)

Purpose of the Report

1. The purpose of this report is to inform the Local Pension Board (the Board) about:
 - a. the internal audit arrangements for the Leicestershire County Council Pension Fund (the Fund) and LGPS Central Limited.
 - b. to summarise the outcomes of audits conducted during 2025-26 and outline the internal audit plan for 2026-27.
 - c. Implementation of the Global Internal Audit Standards in the UK Public Sector or the GIAS UK (Public Sector).

Background

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

The Internal Audit Function

6. From 1 April 2025, public sector internal audit teams adopted new internal audit standards. These combine the GIAS with CIPFA's 'Application Note', which essentially brings together the GIAS and specific requirements for the UK public sector. Together, they form the 'GIAS UK (public sector)'. These replace the former Public Sector Internal Audit Standards (PSIAS).
7. The GIAS UK (public sector) requires the development and maintenance of three important governance documents, all of which have been approved by the Council's Corporate Governance Committee (the Committee), as follows:
 - a. An Internal Audit Charter (the Charter). This is an established component of internal audit standards. It is a formal document defining the audit activity's mandate i.e. its purpose, authority, and responsibilities. It sets the function's position within the organisation, reporting lines, and confirms the Committee's responsibilities, the HoIAS role in managing the function, and the scope of services provided. Within English local government, the mandate for internal audit derives from statute i.e. the Accounts and Audit Regulations 2015. A revised Charter was approved by the Committee at its meeting on 24 November 2025.
 - b. A new requirement to self-assess compliance to CIPFA's Code of Practice for the Governance of Internal Audit in Local Government (the Code). This document was approved by the Committee at its meeting on 23 January 2026.
 - c. A new local government requirement for an Internal Audit Strategy (the Strategy). The Strategy was also approved by the Committee at its meeting on 23 January 2026.

Links to the respective governance documents are found in the section 'Background papers' towards the end of this report. These documents apply to the Council's internal audit function as a whole and, as administering authority, the Council's arrangements are relied upon by the Pension Fund. There is no requirement for the Local Pension Board to approve or maintain separate governance documents.

8. Most planned audits are 'assurance' type, which requires undertaking an objective examination of evidence to reach an independent opinion on whether risk is being mitigated. Other planned audits are 'advisory' type, which primarily allow for guidance to be provided to management. These are intended to add value, for example, by commenting on the effectiveness of controls designed before implementing a new system. Unplanned 'investigation' type audits may also be required. Further details are contained in the Charter in the section, 'Scope & Type of Internal Audit Services'.
9. For each audit, Terms of Engagement are agreed with the Treasurer or his representative. After the audit, the Treasurer receives a report containing any findings and recommendations for control improvements and a 'conclusion' on what level of assurance can be given that risks are being managed. There are four

assurance levels: full; substantial; partial; and little. If any recommendations are graded high importance (HI) i.e. denoting either an absence of a key control or evidence that a key control is not being operated and as such the system is open to material risk exposure, this would normally mean that the opinion would be graded as only 'partial' assurance. HI recommendations would be reported to the Local Pensions Committee and would remain in that Committee's domain until the HoIAS was satisfied that corrective action had been implemented. Additionally, because of the County Council's statutory duty to administer the Fund, HI recommendations would be reported at meetings of the Corporate Governance Committee.

10. The Board may choose to ask the HoIAS to explain HI recommendations and especially any slippage beyond agreed dates in implementing actions.

Internal Audit Work Conducted During 2025-26

11. Appendix 1 contains a summary of the work conducted by LCCIAS during 2025-26. The assurance grading was overall positive. There were no HI recommendations. One planned audit (Good Governance Project) was replaced due to changes nationally. This is expected to be rescheduled when regulations have been finalised and is included in the 26/27 programme. It was replaced with 'Checking and Authorisation of Payments.' Final reports for all completed audits were shared with the Fund's External Auditor (Grant Thornton LLP) to inform their audit risk assessment in preparation for their annual audit of the Fund's accounts.
12. LCCIAS also co-ordinated the County Council's requirements for the biennial National Fraud Initiative (NFI). The NFI is a mandatory data-matching exercise coordinated by the Public Sector Fraud Authority which seeks to identify potential anomalies and fraud through matching the Council's data sets, for example, payroll, pensions, creditors, employee data (potential conflicts of interest), blue badges, concessionary travel, etc., with those of other mandatory participants, including the Department for Work and Pensions (DWP) deceased persons data.
13. Reports for the latest exercise (2024/25) were released late January 2025. This exercise identified nine cases where pensions were continuing to be paid to deceased persons, totalling an estimated £5,455.01. Given payments are made to over thirty thousand members monthly, totalling around £163m annually, the overpayments initially identified account for a very small percentage, i.e. 0.003% of overall payments made. The overpayments occur when the pension section is not notified that a pensioner has died. This is usually because a pensioner is living alone with no close relatives who were aware that a local authority pension was in payment.

Of the nine cases identified, three were written off, totalling £289.70, with five where amounts were recovered via invoice, or from the spouse entitlement (£3142.63), and one ongoing case (£160.98). Whilst the original figure quoted in NFI reports was £5455.01, investigations undertaken by the Pensions Service found that, for one individual case the actual overpayment was much lower as some payments had been returned since the data had been submitted. This accounted for much of the difference and the total amount in overpayments was actually £3,593.

14. In addition to the biennial NFI exercise, the Pensions Service has continued to subscribe to the six monthly NFI Mortality Screening Service (MSS), where pensions records are checked against DWP's Deceased Persons database. An advantage of the MSS is that the Pension Section can become aware of deaths at an earlier stage in the process. This enables pensions to be suspended at an early point in time which can limit financial risk, for example, of non-recovery of large debts.
15. The Pension Section submitted data for matching against the DWP's Deceased Persons records in June and November 2025. In total, over the two exercises, twenty-four cases were identified where pension payments were continuing to be paid to deceased persons with a total estimated overpayment of £26.9K. Overpayments totalling £334.14 for four cases have been written off, £2,548.88 (two cases) has been recovered from spouse entitlement. Three invoices have been raised for a total of £3,454.56 which currently remain owing. The remaining fifteen cases (Approx. £20.6K) are unresolved and continue to be pursued by the Pension Section. As mentioned earlier, overpayments occur when the pension section is not notified that a pensioner has died. This is usually because a pensioner is living alone with no close relatives who were aware that a local authority pension was in payment.

The next six-monthly exercise takes place in June 2026 with data for the next biennial data matching exercise being submitted in October 2026.

16. As stipulated in the Pension Regulator's Code of Practice, the Board is informed of any changes relating to the risk management and internal controls of the Pension Fund. Whilst the risk register is the responsibility of the Pensions Manager and is maintained and updated by him, LCCIAS continues to review and comment on any updates.
17. Regarding the internal audit arrangements for LGPS Central Limited, Partner Fund Internal Audit functions decided to work collaboratively to develop a Pensions Assurance Framework around key risk areas. A four-year cyclical programme of audits was developed outlining work to be undertaken by each Partner Fund Internal Audit function to ensure fairness and to ensure the cost of auditing the Pensions Pool is spread equally across the Pension Funds over a four-year period. Ongoing collaborative work with partner fund internal auditors, continues with Leicestershire staff providing feedback, as part of the wider Internal Audit Working Group (IAWG).
18. The first four-year cycle of agreed internal audits (2018-23) was completed and a revised four-year plan of audit work from 2023-28 was agreed – see Appendix 3. However, the future plan for audits and indeed the role of the IAWG are yet to be discussed considering the Government's Fit for the Future programme. The 2025/26 audits were assigned to colleagues at Worcestershire County Council (Investments), and Nottinghamshire County Council (Governance). The Governance report has been completed, and a draft report is currently with the Practitioners Advisory Forum (PAF) for comments. The work undertaken included a review of the arrangements for Project Compass Governance by LGPS Central. The Government's Fit for the Future (FFTF) programme has transferred significant new

responsibilities to Pool companies with tight deadlines. LGPS Central has created a Project Compass to implement the changes required. Based on the draft report, reasonable assurance has been given with six recommendations made. No work has been completed on the Investments audit, partly due to the changes required as part of the Government's FFTF programme which has transferred significant new responsibilities to Pool companies. The worth of potential audit work that may be undertaken is due to be discussed further at the next Practitioners Advisory Forum (PAF).

19. One of the roles of the IAWG is to review the AAF 01/20 Control Report (Type 2). This is an Assurance Report on Internal Controls of Service Organisations made available to Third Parties. For the period 1 April 2024 to 31 March 2025, a Type 2 was produced for Investment Management, Private Markets and Related Information Technology, with a Type 1 produced for Property Investment Management and related Information Technology. This was because 2024/25 was the first year that Property Investment Management fell within the scope of the AAF 01/20 for LGPS Central. Reasonable assurance was given by the Independent Service Auditor for both reports.

Note:

- Type 1 report – Provides a report of procedures/controls an organisation has put in place at a point in time.
- Type 2 report – Provides evidence of how an organisation operated its controls over a set period, for example, a year.

20. Both reports were reviewed by the IAWG with queries/clarifications sought via LGPS Central. A follow up meeting was held between IAWG representatives from Staffordshire CC and the Chief Legal, Compliance, and Risk Officer at LGPS Central Limited, where satisfactory explanations were provided for the queries raised on testing undertaken. These have been circulated to all members of the IAWG.

Overall performance against 2025-26 internal audit plan

21. The table below shows planned against actual performance both in terms of number of audits and days allocated.

	Audits	Complete @ 31/3/26	Incomplete @ 31/3/26	Plan days	Actual days	Diff
Carried Forward	2	2	0	8.5	11.7	+3.2
Planned (Includes Replacement)	8	8	0	63.0	67.1	+4.1
Advisory	2	2	0	9.0	8.2	-0.8
Client management	1	1	0	8.0	9.0	+1
Contingency	n/a	n/a	n/a	1.5	0	-1.5
Total	13	13	0	90.0	96	+6

22. The total charge to the Fund for all internal audit work undertaken during 2025/26 was £29,343.

The Internal Audit Plan 2026-27

23. Appendix 2 contains a summary of audits planned during 2026-27. To compile the plan, the HoIAS held discussions with the Fund Treasurer and the Pensions Manager. Risk registers were also reviewed as part of the process. An assumption has been made that in their audit of the Fund's accounts, the External Auditors (Grant Thornton) will continue to utilise LCCIAS's work in their audit risk assessment.
24. The final part of the plan is client management and includes the HoIAS duties of planning, reporting and attending the Board.
25. The cost of the planned 90 days of internal audit work is charged to the administration costs of the Fund and is likely to be in the region of £29K to £31k.

Recommendation

26. The Board is asked to note the report.

Equality and Human Rights Implications

Nothing specific

Background papers

Reports to Corporate Governance Committee

24 November 2025 – Draft Internal Audit Charter

<https://democracy.leics.gov.uk/documents/s193163/DRAFT%20Internal%20Audit%20Charter%20-%20November%202025.pdf>

<https://democracy.leics.gov.uk/documents/s193164/Appendix%201%20-%20Draft%20Internal%20Audit%20Charter%20-%20November%202025%20-%20final.pdf>

23 January 2026 – GIAS UK (public sector) – Governance Documents

<https://democracy.leics.gov.uk/documents/s194127/Global%20Internal%20Audit%20Standards%20in%20the%20UK%20Public%20Sector%20-%20Governance%20Documents.pdf>

<https://democracy.leics.gov.uk/documents/s194128/Appendix%201%20-%20Provisional%20self%20assessment%20against%20CIPFA%20CoP%20for%20the%20Governance%20of%20IA%20in%20LG.pdf>

<https://democracy.leics.gov.uk/documents/s194129/Appendix%202%20-%20Draft%20IA%20Strategy.pdf>

Officers to Contact

Neil Jones (Head of Internal Audit & Assurance Service) Neil.Jones@leics.gov.uk
(0116) 305 7629

Simone Hines (Fund Treasurer) Simone.Hines@leics.gov.uk (0116) 305 7066

Appendices

Appendix 1 - Internal Audit Work Conducted in 2025-26

Appendix 2 - Internal Audit Plan 2026-27

Appendix 3 - Cyclical Programme of Collective Internal Audit Work (2023-2027)

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Internal Audit Plan 2025 – 26

Audit Title	Audit objective...to ensure...	Opinion
C/F Audits	<ul style="list-style-type: none"> • Pensions Dashboard Programme • LGPS Central – Governance Risks 	Substantial Satisfactory
Contribution Banding Changes ¹	Pension contribution banding changes for a sample of LCC employees have been accurately applied with effect from April 2025.	Substantial
Contribution Collections ¹	<p>Contributions to the Pension Fund have been correctly applied from April 2024 from the following:</p> <ul style="list-style-type: none"> o Leicestershire County Council (LCC). o Other Employing Bodies, where LCC does/does not administer the payroll on their behalf. 	Substantial
Pension Increase ¹	The validity and accuracy of the annual Pensions Increase is applied correctly and on time.	Substantial
Pension Creation ¹	Payments for new pensioners, including lump sum payments and death grants are valid and accurate.	Substantial
Replacement Audit	Checking and Authorisation of Payments and Transfers	Substantial
Pensions Dashboard Programme	Phase 2 - The programme is on track, in accordance with any prescribed timescales. A further phase will be planned towards the end of the programme.	Substantial
Code of Practice	Requirements of the new Code of Practice have been adequately addressed.	Substantial
Investments	To ensure that those charged with making investment decisions have sufficient expertise to properly assess the risks and potential returns.	Substantial

LGPS Central (Investments)	Company Risks – Review of AAF Control Report, including annual planning and attend meetings of the Internal Audit Working Group (IAWG) with regards to the Local Government Pension Scheme (LGPS) Asset Pooling.	Ongoing
National Fraud Initiative (NFI)	Pension matches (normally continuing payments after death) are investigated and monitored.	Ongoing
Client management	<p>To include: -</p> <ul style="list-style-type: none"> • Provide advice and information including review of risk register updates. • Research risk, devise plan and reporting including attendance at the Local Pension Board. • External audit general liaison. 	Ongoing

¹ These audits will be used by the External Auditor (Grant Thornton UK LLP) to inform their audit risk assessment.

Internal Audit Plan 2026 – 27

Audit Title	Audit objective...to ensure...	Days
Contribution Banding Changes ¹	Pension contribution banding changes for a sample of LCC employees have been accurately applied with effect from April 2026.	8
Contribution Collections ¹	Contributions to the Pension Fund have been correctly applied from April 2026 from the following: o Leicestershire County Council (LCC). o Other Employing Bodies, where LCC does/does not administer the payroll on their behalf.	8
Pension Increase ¹	The validity and accuracy of the annual Pensions Increase is applied correctly and on time.	8
Pension Transfers ¹	Transfers in and out of the Local Government Pension Scheme (LGPS) are valid and accurate.	10
Fit for the Future	Review of governance arrangements to ensure implementation of the regulations and oversight of LGPS Central Ltd and the Fund.	12
Pensions Dashboard Programme	Phase 3 - The programme is on track, in accordance with any prescribed timescales. A further phase will be planned towards the end of the programme.	6
Investments	Review of risks to future investment returns within the setting of the asset allocation policy and in line with Fit for the Future requirements.	12
LGPS Central (Investments)	Company Risks – Review of AAF Control Report, including annual planning and attend meetings of the Internal Audit Working Group (IAWG) with regards to the Local Government Pension Scheme (LGPS) Asset Pooling.	3
National Fraud Initiative (NFI) – Biennial Exercise	Pension matches (normally continuing payments after death) are investigated and monitored.	6

National Fraud Initiative (NFI) Mortality Screening Service	Output from six monthly Mortality Screening Service is investigated and monitored.	6
Client management	To include: - <ul style="list-style-type: none"> • Provide advice and information including review of risk register updates. • Research risk, devise plan and reporting including attendance at the Local Pension Board. • External audit general liaison. 	8
	Contingency	3
Total days		90

¹ These audits will be used by the External Auditor (Grant Thornton UK LLP) to inform their audit risk assessment.

Cyclical Programme of Collective Internal Audit Work (2023 – 2027)

	Staffordshire County Council	West Midlands	Shropshire County Council	Leicestershire County Council	Worcestershire County Council	Nottingham County Council	Cheshire West & Chester	Derbyshire County Council
Partner Pension Fund IA Function/Collective IA Review								
2023/2024								
Governance	✗	✓	✗	✗	✗	✗	✗	✗
Investment	✓	✗	✗	✗	✗	✗	✗	✗
AAF/0106 Control Report	✓	✓	✓	✓	✓	✓	✓	✓
2024/2025								
Governance	✗	✗	✗	✓	✗	✗	✗	✗
Investment	✗	✗	✓	✗	✗	✗	✗	✗
AAF/0106 Control Report	✓	✓	✓	✓	✓	✓	✓	✓
2025/2026								
Governance	✗	✗	✗	✗	✗	✓	✗	✗
Investment	✗	✗	✗	✗	✓	✗	✗	✗

Cyclical Programme of Collective Internal Audit Work (2023 – 2027)

AAF/0106 Control Report and Feedback	✓	✓	✓	✓	✓	✓	✓	✓
2026/2027								
Governance	✗	✗	✗	✗	✗	✗	✓	✗
Investment	✗	✗	✗	✗	✗	✗	✗	✓
AAF/0106 Control Report	✓	✓	✓	✓	✓	✓	✓	✓



LOCAL PENSION BOARD – 29 APRIL 2026

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND ADMINISTRATION REPORT

JANUARY to MARCH 2026 - QUARTER FOUR

Purpose of the Report

1. The purpose of this report is to inform the Local Pension Board of the main administrative actions in the fourth quarter period from January to March 2026. 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 109,262 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 January to March 2026 are attached at Appendix A. This shows that all of the business process KPI's achieved the target for the quarter.
5. The results for the full 2025-2026 year are attached at Appendix B. Whilst some of the KPI's have not met the target, some significant improvement can be seen compared to the 2024/25 performance.

6. The existing reporting approach will continue for 2025-2026 and the plan is to implement the new reporting changes from 1 April 2026.

Governance – Service Delivery

General Workloads

7. The tables show the volumes in each work area during the months January to March 2026.
8. 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.
9. The rating compares the cases that can be processed to the maximum target number of cases at month end. The maximum target is the desired number of cases not to be exceeded. This is designed to assist Officers to identify the work areas that require the greatest immediate attention.

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

January 2026

Area	Cases Completed	Cases Ready for Processing	Maximum target number of cases that can be processed at month end	Rating
Preserved Benefits	19	1325	1,000	▼
Aggregations	211	1343	1,000	▼
Transfers in	61	160	200	▲
Retirement Options	206	97	300	▲
Retirements Paid	205	46	300	▲
Deaths	112	62	200	▲
Pension Estimates	62	84	250	▲
Transfers out (excluding	12	156	100	▼

interfunds out) *				
Refunds	91	18	400	▲
New starters set up**	286	N/A	N/A	

February 2026

Area	Cases Completed	Cases Ready for Processing	Maximum target number of cases that be processed at month end	Rating
Preserved Benefits	52	1347	1,000	▼
Aggregations	132	1274	1,000	▼
Transfers in	69	169	200	▲
Retirement Options	197	111	300	▲
Retirements Paid	181	48	300	▲
Deaths	136	55	200	▲
Pension Estimates	75	75	250	▲
Transfers out (excluding interfunds out) *	21	87	100	▲
Refunds	64	25	400	▲
New starters set up**	807	N/A	N/A	N/A

March 2026

Area	Cases Completed	Cases Ready for Processing	Maximum target number of cases that be processed at month end	Rating
Preserved Benefits	135	1434	1,000	▼

Aggregations	130	1268	1,000	▼
Transfers in	63	158	200	▲
Retirement Options	237	153	300	▲
Retirements Paid	195	63	300	▲
Deaths	168	58	200	▲
Pension Estimates	61	86	250	▲
Transfers out (excluding interfunds out) *	39	77	100	▲
Refunds	154	43	400	▲
New starters set up**	886	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 I-Connect interfaces load files provided by the employers.

10. The launch of the new website caused a spike in transfer requests in January as an option for members to request transfer calculations was available. This was subsequently removed and replaced with an option for members to perform their own transfer calculations (for members who were interested in knowing the value without necessarily being interested in transferring out). The number of cases fell significantly in February.
11. In order to reduce workload pressures, a process to bring in additional temporary resource is underway and a verbal update will be given at the meeting.

12. **Governance – General**

Complaints – Internal Disputes Resolution

13. 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.
14. There was one new Stage 2 IDRP during the quarter. The complaint relates to a transfer out case that has since been resolved to the member's satisfaction. However, there remains an outstanding request for compensation that was considered at stage two. A reply from the member is awaited.

Breaches Log

15. 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.
16. There were no material breaches reported in the quarter.
17. The 2025/26 annual breaches log is attached in Appendix C.

Governance – Audit

18. There were two new Internal Audit reports received in the quarter.

Pension Dashboards Programme (Phase 2)

19. The objective of the audit was to provide assurances to management that the programme is on track, in accordance with any prescribed timescales.
20. Audit officers gave substantial assurance, that the fund's progress with the national Pensions Dashboards Programme is currently on track.
21. There were no recommendations.
22. The latest position on Pension Dashboards has been detailed later in this report.

Checking and Authorisation of Payments and Transfers 2025/26

23. The objective of the audit was to provide assurances to management that payments and transfers out of the Fund are appropriately checked and suitably authorised, in accordance with the established levels of financial delegation.
24. Audit officers gave substantial assurance, that based on the answers provided during the audit and the testing undertaken that the internal controls in place to reduce exposure to the agreed risks currently material are being managed effectively.
25. There was one recommendation, that staff should be reminded to complete the checklists.
26. The Pension Manager accepted the recommendation but proposed a pragmatic solution on how this is achieved to balance administration with governance. Instead of completing a checklist for every case, the wording on the relevant workflow tasks will be amended to remind colleagues to use the relevant checklist. Completion of the workflow task per case provides assurance that the member of staff has used the relevant checklist.

Pension Websites

27. Following the launch of the new websites, members were required to re-register to gain access to the new online self-service portal.
28. Feedback has been positive and whilst a very small number of members reported difficulties with the registration process, the vast majority managed to complete the process successfully.
29. To encourage more registrations further recruitment campaigns are planned, including an exercise to coincide with the production of the annual pension statements at the end of August.
30. Looking ahead, officers will explore the functionality available in the self-service portal that is not currently being utilised to maximise benefits to members. Any major developments will be highlighted in a future report.
31. The number of registrations on 9 April 2026 was 25,684, approximately 23% of the current membership.

McCloud and Dashboards

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

McCloud

33. Officers continue to work on the implementation of the McCloud remedy.
34. Work on the adjustment of pensions for pensioners who are eligible for an increase has now been completed and the remaining categories of McCloud related work is due to begin. This will include:
 - Death cases
 - Transfers
 - Interfund adjustments
 - Trivial commutations
 - Teachers (enhanced pensions)
35. Initially 395 cases have been identified, but this may be subject to change. An update on progress will be included in the next report.

Pension Dashboards Programme (PDP)

36. Following the conclusion of the exercise to connect to the dashboard eco-system, a national consumer testing exercise is underway, as previously reported. However, officers have yet to be contacted about any cases. Testing is expected to increase over the spring and findings will be reported at a future meeting.

37. There has not been any update on the 'Dashboards Available Point', effectively the 'go-live date'. Officers had previously been advised that at least six months' notice will be given.

Member Data Services Procurement

38. Contracts have now been agreed with providers for the provision of address tracing and mortality screening services.

Address Tracing

39. Officers will provide a report of deferred pensioners which will be assessed to establish whether the home address is up to date. This will be an annual exercise.

40. Results will be provided and fall into four categories:

- Living as stated
- Corrected address identified
- New verified address
- No trace

41. Following an initial assessment, records will be updated accordingly.

42. In addition, officers will also be able to check addresses in respect of ad-hoc cases using an online portal.

Mortality Screening

43. Officers will provide a report of scheme pensioners and each month members who are believed to have died will be identified. Cases are ranked as 'High', 'Medium' or 'Low' based on the amount of matching data:

- 'High' cases match on name, address and date of birth
- 'Medium' cases match on two of the above
- 'Low' cases match on one of the above

44. In addition, officers will be able to submit individual cases who they believe to have died for ad-hoc checks.

45. The new contracts replace the existing arrangements and a month's notice has been given to the supplier that the arrangement will end.

46. The updated PDP timetable in respect of the remaining outstanding areas is below. Note that the internal processes have not yet been established and this will be discussed internally over the summer.

Action	Deadline Date
Establish Internal Processes	31 August 2026
National Testing Exercise	31 October 2026

Connection Date (all schemes)	31 October 2026
Dashboards Available Point (DAP)	TBC

Year End 2025-2026

47. An employer bulletin was issued on 30 January 2026, detailing the requirements for year-end pension information for 2025-2026.
48. The requirements have changed slightly from previous years as the year-end balancing sheet will no longer be required and instead officers will use the Investment Section's monthly schedules that are completed by employers throughout the year.
49. The deadline for the submission of this information is 30 April 2026.

Employer Onboarding

50. As of 6 April 2026, there are 41 employers that need to be onboarded to i-Connect for year ending 31 March 2026.
51. This includes 11 employers who are currently working with officers to complete their 'admission agreement' process, which will need to be completed before the onboarding work can begin.
52. Progress on individual admission agreements are detailed within the '**Governance – Employer Risk**' section of this report.
53. There are 30 employers where the onboarding process is underway. These include schools that have moved to a multi academy trust. This is shown below and the cases have been split into four stages. The number of scheme members impacted in each category has been added, for an idea of the scale of data outstanding.

Stage	Totals	Affected Members
1.Data not yet received	8	1598
2.Data received: with Pensions to check	2	607
3.Data received: returned to employer to resolve discrepancies	18	4722
4.Data checks concluded: monthly submissions can be uploaded	2	4
Total outstanding	30	6931

54. The bulk of outstanding cases are at the third stage (data received and returned to employer to resolve discrepancies). Officers are required to send regular reminders to move the cases on and it is common for multiple reminders to be issued, initially via email but where required, phone calls. These are sent to both employers and payroll providers. Until responses are received, the cases cannot be moved on.

Risk

55. Whilst officers are confident that some of the outstanding cases will be onboarded in time to allow all the required outstanding monthly data to be submitted, it is likely that some will not.
56. For those cases, as a short-term fix, employers will be required to provide one annual report on a spreadsheet which will need to be uploaded to pension records outside of i-Connect. This solution will involve some manual work and will mean that the onboarding process will be on hold until officers begin to load data for 2026/2027.
57. If the data is not provided in time for the completion of year end, members will be written to and advised that their pension statement will not be issued by the statutory deadline. The Pension Regulator will also be notified.
58. Where data is provided, larger employers will be prioritised when their data becomes available, to increase the number of members that receive statements in time.
59. The Pensions Manager has also emailed employers directly to remind them of their responsibilities and the possible consequences if data is not provided. This has had a positive response and responses to the original enquiries were received from some. Where replies have not been received, a further email has been issued.

Options for Improvement

60. This area continues to grow, with an increased number of employers and more payroll changes. In addition, there are regular personnel changes at employers that result in new staff that require training.
61. To help manage this, officers are also considering offering regular training sessions, held in person at County Hall. Employers or payroll providers would be invited and could include information on admission agreements, the completion of payment schedules as well as the i-Connect onboarding process. This could be initially trialled with small employers before being offered to all interested parties.
62. It is envisaged that there would be benefits for both officers and employers, with reductions in delays for the provision of data throughout the year and at year end around the production of Annual Benefit Statements.
63. Neither of these options would be chargeable, but if successful it could reduce the number of hours being spent on the process by both the employer and the Fund.
64. A further update on progress in this area will be provided at the next meeting.

Scheme Changes

65. Following the recent 'Access and Fairness' and 'Access and Protections' consultations, the Government has confirmed that it will introduce changes to the scheme during 2026.

Changes effective 1 April 2026

66. The first phase of changes will come into force on 1 April 2026. These relate to how unpaid leave is treated, specifically:

67. Assumed Pensionable Pay (APP) to apply during unpaid additional adoption leave, unpaid additional maternity leave and unpaid shared parental leave. APP will apply during these types of absences only if the unpaid period starts after 31 March 2026. Under the previous rules, which continue to apply to any unpaid additional maternity or adoption leave, or unpaid shared parental leave that started before 1 April 2026, the scheme member had the option to buy back lost pension via an Additional Pension Contribution (APC).

68. Compulsory pension contributions during the first 14 days of authorised unpaid absence, with contributions based on 'lost' pay and the member and employer's normal contribution rates. This applies to authorised absences that start after 31 March 2026. The previous rules will continue to apply to an unpaid break that started before 1 April 2026.

69. Qualifying additional pension arrangements (QAPAs). The cost of buying back pension 'lost' during a period of authorised unpaid absence of more than 14 days will now be based on the member and employer's normal contribution rates and will be known as QAPAs. This only applies to a continuous period of authorised unpaid absence that started after 31 March 2026. The previous rules will continue to apply to an unpaid break that started before 1 April 2026.

Change effective 11 May 2026

70. The Government has confirmed that it will proceed with plans to extend the LGPS to elected councillors and mayors in England with effect from 11 May 2026. This change will give access to the LGPS to all mayors and deputy mayors and all elected councillors at principal authorities in England. In addition, all London Assembly members will also be given access to the LGPS.

71. Elected members who wish to join will be required to opt in to the scheme from 11 May onwards. This means that they would be entered into the scheme from the day of the following pay period and they would join the scheme from 1 June 2026.

72. At the time of writing, guidance on how to apply the new rules is still awaited.

73. More changes to the scheme were included in the consultations and these are still expected to be implemented later in the year.

Governance – Employer Risk

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

75. 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.

76. 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.

77. 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.

78. The position on 30 March 2026 is as follows. In addition, there are three cases not shown here where the transfer takes effect from 1 April 2026.

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
MCS Cleaning (Leics CC, St John)	Admission Agreement and Bond (2 members)	Pass-through 1 May 2025	£23,000	Final admission agreement and final bond agreement circulated for signatures. Officers continue to chase MCS Cleaning. Whilst this case is very close to conclusion, legal advice will be sought on the further action that can be taken if no response received before the next deadline.	High
Coombs (Raleigh Ed Trust)	Admission Agreement (2 members)	Pass-through 22 August 2025	n/a	Final admission agreement circulated for signatures. Officers continue to chase Raleigh Education Trust and Coombs Catering.	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
Coombs (City, Herrick PS)	Admission Agreement and Bond (2 members)	Pass-through 26 August 2025	£33,000	Final admission agreement circulated for signatures. Awaiting approval for the draft bond agreement. Officers continue to chase Leicester City Council and Coombs Catering.	High
Compass (MET, Brookvale Groby)	Admission Agreement / Addendum to existing AA (10 members)	Pass-through 1 September 2025	n/a	The Fund has an existing admission agreement relating to the catering contract between Mead Education Trust and Compass. Brookvale Groby Learning Campus joined the Trust on 1 September 2025. The Trust and Compass have added an addendum to the commercial contract to include Brookvale Groby to their existing contract. Officers are investigating whether an addendum can be added to the existing admission agreement.	High
Relish (Leics CC, Sir John Moore)	Admission Agreement (1 member)	Pass-through 1 December 2025	n/a	Draft admission agreement circulated for approval. Officers continue to chase Relish.	High
ABM (City, Spinney Hill)	Admission Agreement (5 members)	Pass-through 1 January 2026	n/a	Awaiting signed TUPE enquiry form. Officers continue to chase Leicester City Council.	High
Innovate (Asfordby Hill)	Admission Agreement (2 members)	Pass-through 1 January 2026	n/a	Draft admission agreement circulated for approval. Officers continue to chase Asfordby Hill PS and Innovate Services.	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
MCS Cleaning (City, Hazel PS)	Admission Agreement (3 members)	Pass-through 26 January 2026	n/a	Draft admission agreement circulated for approval. Officers continue to chase Leicester City Council and MCS Cleaning.	High
Relish (LCC, Newbold CofE PS)	Admission Agreement (1 member)	Pass-through 16 February 2026	n/a	Draft admission agreement circulated for approval. Officers continue to chase Relish.	High
MCS Cleaning (SLT, Glen Hills)	Admission Agreement (2 members)	Pass-through 28 February 2026	n/a	Final admission agreement circulated for signatures. Officers continue to chase Symphony Learning Trust and MCS Cleaning.	High
Caterlink (BEP, Outwoods Edge)	Admission Agreement / Addendum to existing AA (4 members)	Pass-through 3 March 2026	n/a	The Fund has an existing admission agreement relating to the catering contract between Bradgate Education Partnership and Caterlink. Outwoods Edge Primary School joined the Trust on 1 April 2026. The Trust and Caterlink have added an addendum to the commercial contract to include Outwoods Edge to their existing contract. Officers are investigating whether an addendum can be added to the existing admission agreement.	High
Stir Food (City, Folville JS)	Bond (3 members)	Pass-through 29 March 2025	£26,000	Admission agreement completed. Draft bond agreement approved by Leicester City Council. Awaiting approval from Stir Food before	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
				<p>circulating the final agreement for signatures.</p> <p>Officers continue to chase Stir Food.</p>	

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

- Innovate Services (Mowbray ET) – Admission Agreement
- The Old Pots (Leics CC, Beacon Hill) - Admission Agreement
- Freshstart (City, Hazel PS) - Admission Agreement
- Churchill Contract (Learn AT) - Admission Agreement
- Aspens (City, 15 schools) – Cash Deposit Agreement

80. The Pensions Manager is reviewing the outstanding cases regularly and the cases that are not concluded by the end of the financial year will be escalated. Consideration will be given to imposing fines based on the circumstances of the case.

LTS Ceasing

81. Following a decision made by Leicestershire County Council's Cabinet, Leicestershire Traded Services (LTS) will cease the provision of school food services with effect from 31 July 2026.

82. The school food service currently supports approximately 386 staff across 121 schools.

83. As part of this, individual schools are now responsible for procuring their own alternative catering arrangements. Several schools have already completed tendering processes and awarded new contracts, with the earliest of these new catering contracts scheduled to commence on 1 April 2026.

84. This exercise is not expected to have any adverse impact on the year-end pensions exercise. All affected staff will continue to accrue pensionable service up to 31 March 2026, ensuring that year-end submissions remain accurate and complete.

Recommendation

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

Equality Implications

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

Human Rights Implications

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

Appendices

Appendix A: Key Performance Indicators Quarter Four 2025-2026

Appendix B: Key Performance Indicators 2025-2026

Appendix C: Leicestershire Pension Fund 2025/26 Breaches Log

Officers to Contact

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Quarter Four - 1 January 2026 to 31 March 2026

Business Process Perspective	Target	This Quarter		Ave.d ays	Previous Quarter	Customer Perspective - Feedback	Target	This Quarter		Previous Quarter
Retirement Benefits notified to members within 10 working days of paperwork received	92%	95%	▲	N/A	88%	Establish members understanding of info provided - rated at least mainly ok or clear	95%	100%	▲	97%
Pension payments made within 10 working days of receiving election	95%	98%	▲	N/A	97%	Experience of dealing with Section - rated at least good or excellent	95%	92%	▼	88%
Death benefits/payments sent to dependant within 10 working days of notification	90%	91%	▲	5	80%	Establish members thoughts on the amount of info provided - rated as about right	92%	93%	▲	95%
						Establish the way members are treated - rated as polite or extremely polite	97%	100%	▲	100%
						Email response - understandable	95%	100%	▲	100%
						Email response - content detail	92%	96%	▲	95%
						Email response - timeliness	92%	96%	▲	91%

Below target	▼
Good or better than target	▲

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Full Year - 1 April 2025 to 31 March 2026

Appendix B

Business Process Perspective	Target	This year		Ave days	Last year	Customer Perspective - Feedback	Target	This year		Last year
Retirement Benefits notified to members within 10 working days of paperwork received	92%	91%	▼	N/A	80%	Establish members understanding of info provided - rated at least mainly ok or clear	95%	97%	▲	98%
Pension payments made within 10 working days of receiving election	95%	97%	▲	N/A	90%	Experience of dealing with Section - rated at least good or excellent	95%	90%	▼	88%
Death benefits/payments sent to dependant within 10 working days of notification	90%	85%	▼	7	61%	Establish members thoughts on the amount of info provided - rated as about right	92%	93%	▲	91%
						Establish the way members are treated - rated as polite or extremely polite	97%	99%	▲	99%
						Email response - understandable	95%	100%	▲	98%
						Email response - content detail	92%	97%	▲	97%
						Email response - timeliness	92%	94%	▲	94%

Below target	▼
Good or better than target	▲

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Leicestershire Pension Fund – 2025/26 Breaches Log

This log should be read in conjunction with the Fund's [Procedure for Reporting Breaches of the Law to the Pensions Regulator – March 2025](#)

If there is reasonable cause to believe a breach has occurred, checks must be completed to establish the facts.

Breaches must be assessed to determine if there is material significance. Materially significant breaches should be reported to the Regulator.

Theft, suspected fraud, or other serious offences requiring police or regulatory authority are classed as material.

Breaches are collated on the Fund's breaches log and presented at least annually to the Pension Board.

The Regulator will not normally consider a breach to be materially significant if prompt and effective action is taken to investigate and correct the breach and its cause and, where appropriate, all affected members have been notified.

Date	Who identified the breach	Summary of the breach	Cause	Effect	Reaction	Wider Implications	Are there Payment Failures	Material or not	If material – date reported to TPR	Outcome
31/8/2025	Pensions Manager	Failure to provide 124 active member annual benefit statements by the 31/8/25 deadline	New admission bodies and outsourcing employers were late signing the admission agreement thereby not	Not meeting the 31/8/25 deadline.	The statements were subsequently run after completion of the signed admission agreement.	The members received statements in previous years and have the online modeller available,	No	No	n/a	Members were informed of the delay and have now received their annual benefit statements.

			enabling completion of the 24/25 year-end			should they wish to use it.				
2025	Pension Investment Team – Leicestershire County Council	South Leicestershire College failed to make full payment of employee and employer contributions during 2025	Unforeseen circumstance at the College	The Pension Fund was unable to invest the money	The Pensions Manager and Director of Finance at the College agreed and implemented, a repayment plan.	<p>The Pension Board were informed.</p> <p>There is no impact to scheme members individual pension benefits.</p> <p>The College is complying with the payment plan.</p>	Yes	Yes	December 2025	<p>The College continues to make repayment in full.</p> <p>The Pension Manager continues to monitor this monthly and is confident payment will be made in full.</p> <p>The Pension Manager remains in contact with the Pension Regulator.</p>



LOCAL PENSION BOARD - 29 APRIL 2026

FIT FOR THE FUTURE UPDATE

REPORT OF DIRECTOR OF CORPORATE RESOURCES

Purpose of report

1. The purpose of this report is to provide the Local Pension Board (LPB) with an update on progress on regulatory change in the Local Government Pension Scheme (LGPS).

Policy Framework and Previous Decisions

2. The Leicestershire County Council Pension Fund (the Fund) is an equal owner of LGPS Central (Central), which is authorised and regulated by the Financial Conduct Authority as an asset manager and operator of alternative investment funds. The Fund is an equal shareholder of Central alongside Cheshire Pension Fund, Derbyshire Pension Fund, Gloucestershire Pension Fund, Hampshire Pension Fund, Norfolk Pension Fund, Nottinghamshire Pension Fund, Oxfordshire Pension Fund, Shropshire County Pension Fund, Staffordshire Pension Fund, Suffolk County Council, West Midlands Pension Fund, Wiltshire Pension Fund and Worcestershire Pension Fund.

Background

3. In 2016 the Local Government Pension Scheme Regulations 2016 came into force. These regulations mandate that the separate LGPS funds in England and Wales combine their assets into a small number of investment pools. To meet the requirements of these regulations Leicestershire County Council, alongside the other seven co-owners helped develop LGPS Central Limited, which they each jointly own. In March 2026 ownership of the pool expanded in response to the 'Fit for the Future' proposals which saw some pooling companies cease to exist.

4. By leveraging the scale of the underlying partner funds Central aims to reduce costs, enhance investment returns, and expand the range of available asset classes, all for the benefit of local government pensioners, employees and employers.
5. The Fund is a stakeholder in Central from two different perspectives:
 - a. A co-owner of the company (shareholder) alongside the other owners; and,
 - b. As a recipient of investment services (client)
6. These interests are currently managed through the Shareholders' Forum and the Joint Committee as well as Leicestershire Pension Fund's Funding Strategy Statement (FSS), Investment Statement Strategy (ISS) and Conflict of Interest Policy, as well as legal documents such as a fiduciary management agreement, shareholder agreement and cost sharing agreements among others.

Fit for the Future Regulations and Guidance

7. Over the past year significant legislative and regulatory changes to the Local Government Pension Scheme (LGPS) have been under consultation and review, which were due to take effect from 1 April 2026, subject to the passage of the Pension Schemes Bill through Parliament.
8. At the time of writing, the Government had not yet issued the final regulations, nor provided an update on the anticipated timescales for the Pension Schemes Bill to receive Royal Assent.
9. Government wrote to all LGPS funds on the 1 April 2026 setting out some adjustments of key implementation milestones to ensure these can be delivered safely and effectively. Most relevant to the Fund are set out below:
 - the deadline for publication of the first investment strategy is expected to be extended to 31 March 2027.
 - the period within which a fund's assets must be under pool management following first participation in a pool is expected to be extended to three months, subject to such further transitional periods as the asset pool company may agree on a case-by-case basis.
 - the deadline for LGPS administering authorities to appoint an LGPS senior officer and Independent Person is expected to be changed to 6 months

from the date the regulations come into force, this was previously set as 30 September 2026.

- The Government intends for regulations to require the Independent Person to support the Committee and the Senior LGPS officer. They will no longer be required to be a non-voting member of the Committee.

10. Officers will need to consider any implications arising from the Government response to the technical consultation and guidance that will be published following royal assent of the pension schemes bill, deadline unknown.

LGPS Central

11. While recognising Government provided extensions to timescales, LGPS Central has confirmed that it has met the 1 April implementation date. This includes the onboarding of six new partner funds from both Brunel and ACCESS pools. At the same time, it has completed a full governance review, updated its target operating model, and legal framework to reflect Fit for the Future, including the transition of all partner funds to fiduciary management agreements.
12. The Company has established advisory and client portfolio management functions, bringing together experienced professionals from across the investment and consulting sectors and procured an asset & liability modelling solution.
13. The Company is working in partnership with partner funds to support the implementation of their investment strategies. A phased delivery plan is now in effect across the pool, ensuring legacy investment assets are transitioned efficiently and services are transferred from existing providers in a controlled and proportionate manner, with active risk management and delivery of value for money central to the approach. These discussions will continue with officers and the Local Pension Committee.

Next steps for the Fund

14. To ensure the Fund is in a position to comply with the proposals as they currently stand, the Fund will need to consider the following pieces of work. The following have been reviewed in line with arrangements as currently drafted in guidance.
- a. Existing governance arrangements related to the Fund's training strategy, conflicts of interest policy, administration strategy have been reviewed in line with draft guidance.

- b. Continue to work with LGPS Central on the plan and legal agreements for transitioning the management of the Fund's remaining assets to the pooling company.
- c. Committee approved the updated Investment Strategy Statement in March 2026. This will be reviewed as part of the normal cycle once guidance is published.
- d. Risk Register Update

26. The following will need to await final guidance before next steps can be taken.

- e. Development of a governance strategy (though many aspects are currently covered within other documents)
- f. Review and update the Local Pension Committee, Investment Subcommittee and Local Pension Board Terms of Reference.
- g. Prepare for appointment of an independent advisor to the Local Pension Committee.
- h. Prepare for the appointment of a Senior LGPS Officer.
- i. Any other requirements within final government guidance.

Resource Implications

27. It is noted that while pooling has delivered substantial benefits so far these proposals have accelerated the transfer of assets and oversight responsibilities to Pools. Officers will address potential resource implications as part of working through the awaited guidance to consider how this may impact Fund resources.

Recommendations

28. It is recommended that the Local Pension Board note the report.

Background papers

31 January 2025 Local Pension Committee: Fit for the Future Consultation response

<https://democracy.leics.gov.uk/ieListDocuments.aspx?MIId=7986241>

Equality Implications

29. There are no direct implications arising from the recommendations in this report. The Fund and LGPS Central 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.

Human Rights Implications

30. There are no direct implications arising from the recommendations in this report. The Fund and LGPS Central 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.

Officer to Contact

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LOCAL PENSION BOARD – 29 APRIL 2026

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

**RISK MANAGEMENT AND INTERNAL CONTROLS
AND FIT FOR THE FUTURE UPDATE**

Purpose of the Report

1. The purpose of this report is to inform the Local Pension Board (LPB) 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 LPB'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, and 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 LPB and Local Pension Committee (LPC) 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 19 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 LPC on the 20 March 2026.
 9. There has been one change to risk scores, alongside some changes to the contents of the risk register as highlighted below. Officers have also considered the implications of 'Fit for the Future' and how that will impact on the risk register which has been indicated.
 10. To meet Fund Governance best practice, the risk register has been shared with Internal Audit, who have considered the register and are satisfied with the current position.
 11. The risk register is attached to the report at Appendix A and Risk Scoring Matrix and Criteria at Appendix B.

Revisions to the Risk Register

Risk 2: Market returns are acceptable, but the performance achieved by the Fund is below reasonable expectations.

12. This has been updated to reflect that the Fund will not hold investment manager decisions once royal assent is completed on the pensions bill. The Fund will need to continue to engage with LGPS Central as part of 'fit for the future', mechanisms for oversight will continue to evolve as governance arrangements are reviewed and fed back to LPC as appropriate.

Risk 3: Failure to take account of ALL risks to future investment returns within the setting of asset allocation policy

13. Similarly to risk 2 reference to the appointment of investment managers has been reviewed, however, the LPC still retains its decision-making powers over the strategic asset allocation. An additional action has been included to reference internal audit undertaking a review of a sample of controls over 2026.

Risk 10 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

14. The Committee approved the Funding Strategy in March 2026 which included the cessation and exit values where required, this has reduced the impact of this risk therefore the score has reduced to 6 (green).

Risk 13: 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

15. Additional controls have been updated recognising there are no further controls, and it is considered business as usual, however it is still considered important to the Fund therefore will continue to be monitored as part of the risk register.

Risk 15: Failure to identify the death of a pensioner causing an overpayment, or potential fraud or other financial irregularity

16. The current controls have been updating to reflect that contracts are now in place for tracing providers and mortality screening in addition to the National Fraud Initiative Mortality Screening Service.

Risk 16: The resolution of the McCloud case and 2016 Cost Cap challenge could increase administration significantly resulting in difficulties providing the ongoing pensions administration service

17. Additional controls have been updated to reflect the status of the phased review. Phase one covers new in scope retirements and leavers is underway and will continue as scheme members retire. While phase two which focuses on existing in scope pension benefits has begun which will revise and pay any arrears as needed.

Risk 17: The implication of the national dashboard project could increase administration resulting in difficulties providing the ongoing pensions administration service

18. This risk has been updated to reflect that the Fund has either completed, or appropriate contracts in place to allow data linkage with the dashboard. However, the Fund is still awaiting the go live date for the project from Government.

Risk 18: Proposed changes as a result of Government propositions relating to regulations, guidance in relation to pooling and local government reorganisation/devolution.

19. Text has been updated to the Fund and LGPS Central to achieve the legal and regulatory structure required by Government by the 1 April 2026, while

recognising the Pensions Bill is yet to achieve royal assent. This included ensuring the Investment Strategy Statement was in line with draft investment guidance.

20. There have been some light touch updates just to update wording in other risks, however no meaningful changes.

Recommendation

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

Equality Implications

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

Human Rights Implications

23. 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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All risks owned by the Director of Corporate Resources

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 August 2025	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. Reviewed in January 2026.	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. To be reviewed January 2027.	4	2	8	—	Investments - SFBP
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 especially during this phase of implementing the fit for the future recommendations, 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. Officers engage with LGPS Central as part of transition planning, and regular updates are brought to LPC.	3	3	9	Treat	It should be recognised that some managers have a style-bias and that poorer relative performance will occur. The second phase of LGPS Central's expansion is likely to be challenging . The Fund will continue to monitor how the company's investment advice and products evolve alongside the legacy investment transition and oversight. A governance review is underway which will strengthen the oversight function of partner funds. Programme of LGPS Central internal audit activity, which has been designed in collaboration with the audit functions of the partner funds. Use of the annual investment strategy refresh to highlight areas of concern and corrective action alongside, consideration of any additional oversight mechanisms that may be helpful following fit for the future changes.	3	2	6	—	Investments - SFBP
3	Investments	Failure to take account of ALL risks to future investment returns within the setting of asset allocation policy	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. 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. Internal Audit have planned a review of a sample of controls during 2026.	3	3	9	—	Investments - SFBP
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.	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. Some asset classes, and carbon intensive sectors may be overexposed to transition risks, and/or the risk of stranded assets	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. Consideration of climate change as part of the SAA and considerations around climate solutions. Climate scenario analysis is undertaken biennially on impact to Fund assets. The Funding Strategy Statement's resilience to climate risk was also tested through the 2022 triennial valuation	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. As part of the actuarial valuation the Fund's Actuary will undertake climate scenario analysis. Climate considerations will also feed into longevity assumptions. The IIGCC has produced a Net Zero Infrastructure Framework 2.0 that will be incorporated into the Fund's Net Zero Climate Strategy review to include further asset classes over 2025/2026.	3	3	9	—	Investments - SFBP

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.	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 Early engagement with the Fund's higher risk employers to assess their overall financial position. Ongoing review of Community Admission Bodies (CABs). As at the 2025 Fund Valuation the Fund is 140% funded.	5	1	5	Tolerate	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. Regular review of market conditions and dialogue with the schemes biggest employers with respect to the direction of future rates. GAD Section 13 comparisons. Funding Strategy Statement approach is to target funding level of 120%.	5	1	5	—	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	Late or inaccurate pension benefits to scheme members Reputation Increased appeals Greater administrative time being spent on individual calculations Failure to meet statutory year-end requirements.	Training provided for new employers alongside guidance notes for all employers. Communication and administration policy Year-end specifications provided Employers are monthly posting Developed a monthly tracker for employer postings. Inform the Local Pension Board quarterly regarding admin KPIs and customer feedback.	3	2	6	Treat	Continued development of wider bulk calculations. Implemented automation of certain member benefits using monthly data posted from employers. Monitor employers that change payroll systems.	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	Lower contributions than expected. Incorrect actuarial calculations made by the Fund. Possibly higher employer contributions set than necessary	Pension Section provides employers with the annual bandings each year. Pension Section provides employers with contributions rates (full and 50/50) Internal audit check both areas annually and report their findings to the Pensions Manager Finance reconcile monthly contributions to payroll schedule	3	2	6	Treat	Software checks for correct employer rates. Pension Officers check sample cases. Pension Officers to report major failings to internal audit before the annual audit process Major failings to be reported to the Pensions Board	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.	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. Internal Audit review on an annual basis and report findings to the Pensions Manager	2	3	6	Tolerate	Late payers will be reminded of their legal responsibilities. The finance team will escalate any late payers to the Pensions Manager as required	2	3	6	—	Pensions Manager
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	System or administrative change at the Prudential.	Failure to meet key performance target for making payments of retirement benefits to members Complaints Reputational damage Members may cease paying AVCs	A new contract has been signed from 2025. The contract details the Prudential fund requirement. Quarterly meetings with the Pension Manager. The Prudential attended LPC in June 2025.	3	1	3	Tolerate	Working closely with the Prudential to improve administrative processes e.g. employer data directly to the Prudential via secure link.	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. Risk to the Fund of insolvency of an individual employer. This will ultimately increase the liability on 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. 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 The Department for Education extended its guarantee to provide assurance to LGPS funds that FE bodies should not be treated as high risk employers. The Fund will 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. The Funding Strategy Statement was approved March 2026 sets out the cessation and exit value if required.	3	2	6	Treat	To review the security as required .	3	1	3	—	Pensions Manager

11	Governance	Strategic 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. Turnover of Committee Membership requiring time to retrain.	Poor decisions likely to lead to lower returns, which will require higher employer contribution rates	Continuing focus on ensuring that there is sufficient expertise to be able to make thoughtfully considered strategic investment decisions. Improved training at Committee. Additional experience at LGPS Central added who make investment decisions on behalf of the Fund. Revised Training Policy agreed March 2026. Committee are required to complete all modules of the Hymans Aspire Online Training within 6 months of appointment or revision of modules.	3	3	9	Treat	On-going process of updating and improving the knowledge of everybody involved in the decision-making and oversight process. Members undertake Training Needs Assessment and get issued individual training Plans. The training plan for 2026 will look to reflect these results alongside any key areas resulting from the fit for the future proposals.	3	3	9	Investments - SFBP
12	Operational	If the Pensions database system is subjected to a cyber attack, resulting in the theft of personal data or a period of unavailability, 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. Cyber Policy in place 2025-27.	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 TPR new code of practice to include internal audit reviews of both areas. Under review and findings will be reported to the Board. Six monthly review of Fund's continuity plan.	5	1	5	Pensions Manager
13	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. 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 A type of bank account verification applied to all pensions and transfer payments.	4	1	4	Tolerate	No further controls, business as usual.	4	1	4	Pensions Manager
14	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 Manual calculation of transfer values due to McCloud.	Reputation Financial consequence from 'bad advice' claims brought against the Fund IDRP appeals (possible compensation payments) Increased administration time and cost	Follow LGA and Pensions Regulator (TPR) national guidance and checks, e.g. £30K plus transfers require members to take professional advice, completion of required forms. Internal Audit undertake a review of transfers out every two years. 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	4	8	Treat	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. Some McCloud calculations using an LGA template. Pension officer phones member to discuss when required.	2	3	6	Pension Manager
15	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 Initiative 6 monthly mortality screening for overseas pensioners Contracts for address tracing provider and mortality screening.	3	1	3	Tolerate	Annual review of status for pensioners where the Fund does not hold the current address e.g. care of County Hall or Solicitors.	3	1	3	Pensions Manager

16	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	<p>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.</p> <p>The Unions challenge on the 2016 cost cap, could result in possible benefit recalculations if the challenge is successful</p>	<p>Ultimate outcome on both McCloud and the cost cap are currently unknown but likelihood is;</p> <p>Increasing administration</p> <p>Revision of previous benefits</p> <p>Additional communications</p> <p>Complaints/appeals</p> <p>Increased costs</p>	<p>Guidance from LGA, Hymans, Treasury</p> <p>Employer bulletin to employers making them aware of the current situation on McCloud</p> <p>Team set up in the Pension Section to deal with McCloud casework.</p> <p>Quarterly updates to the Board.</p> <p>Internal Audit completed an audit on the first phase of McCloud implementation in the final quarter of 2023/24.</p>	3	3	9	Treat	<p>Final system changes have been loaded into the system.</p> <p>Fund Officers have undertaken a phased approach, phase one covers new in scope retirements and leavers which will continue as scheme members retire. Phase two is underway which requires a review of existing in scope pension benefits with revision and payment of any arrears, as necessary.</p>	2	2	4	—	Pensions Manager
17	Regulatory	The implication of the national dashboard project could increase administration resulting in difficulties providing the ongoing pensions administration service	<p>National decision to implement pension dashboards thereby enabling people to view all their pension benefits via one single dashboard</p>	<p>Increased administration</p> <p>Data cleaning exercise on member records</p> <p>Increased system costs</p> <p>Additional communications</p>	<p>Initial data cleaning completed.</p> <p>Contract in place with system provider to allow Fund data to link with the dashboard.</p> <p>The Prudential provide upto date information AVC funds.</p>	3	3	9	Treat	<p>Work with LCC's internal IT Team</p> <p>Security checked on the required link to allow the access to secure member pension data</p> <p>GDPR requirements</p> <p>Quarterly updates to the Board.</p> <p>Awaiting go live date for project from Government.</p>	3	2	6	—	Pensions Manager
18	Regulatory	Proposed changes as a result of Government propositions relating to regulations, guidance in relation to pooling and local government reorganisation/devolution.	<p>National pressure from Government and as part of the Pensions Review, to reform the LGPS, and/or direct investment decisions towards specific asset classes that may not completely correlate with the Fund's fiduciary duty.</p> <p>Pensions review underway with respect to further consolidation.</p> <p>Fit for the Future consultation proposals and the tight timescales with relation to the Pension Schemes Bill and any required compliance by the Fund.</p> <p>If extensive recruitment at Central is not at the sufficient level to undertake and present investment proposals.</p> <p>Local government reorganisaion.</p>	<p>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.</p> <p>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.</p> <p>Significant changes in the oversight, governance of investment management is probable over the next 12-24 months, as soon as 1 April with drafted regulations.</p>	<p>Response provided to all consultation strands for Fit for the Future, alongside Central partners on challenges that may arise from proposed changes.</p> <p>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.</p> <p>Careful consideration of government proposals, balancing pooling proposals and improved governance and continuation of the investment strategy including the net zero journey.</p> <p>Legal and regulatory 1 April deadline for Fit for the Future requirements achieved.</p> <p>ISS agreed March 2026 which took into account member views, fund beliefs and expected government guidance/requirements.</p>	3	4	12	Tolerate	<p>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.</p> <p>Review the outcome of the Fit for the Future consultation and Pensions Bill considerations in collaboration with LGPS Central, the chair of the Local Pension Committee and the section 151 officer.</p> <p>Committee and Board will be kept updated on implications as part of any future local government reorganisation or devolution proposals.</p>	3	4	12	—	Investments - SFBP
19	Operational	Gaps in knowledge, caused by a significant number of Pensions Section staff deciding to retire over the next five years, could emerge if succession planning is not in place.	<p>Number of staff aged over 55 continues to rise (noting that minimum retirement age increases to age 57 from April 2028).</p> <p>It takes several years to be fully trained and knowledgeable in all LGPS calculations, hence staff turnover tends to be low and colleagues often remain in the section until retirement.</p>	<p>Loss of knowledge from all areas of the section (noting that the average service length in the Leicestershire Pension Section was 13.5 years at March 2024).</p> <p>Delays in the calculation and payment of all pension benefits.</p> <p>Complaints.</p> <p>Reputational damage.</p>	<p>All new staff undergoing extensive training.</p> <p>Utilise apprentice scheme as part of recruitment planning.</p> <p>Monitor the situation with Team 1-2-1s with colleagues to ensure awareness of any upcoming retirement plans.</p> <p>Offer external training from Barnett Waddingham to compliment internal training and to encourage retention of existing staff.</p>	3	3	9	Treat	<p>Additional funding to be secured for two apprentice roles.</p>	3	2	6	—	Pensions Manager

Appendix B: Risk Scoring Matrix

Impact	1	2	3	4	5
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




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	Impact on the Environment
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	None or insignificant damage
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	Minor local impact
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	Moderate local impact
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	Major Local Impact
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	Major regional or national impact

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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