

# **Leicestershire Local Government Pension Fund**

## **AGM**

### **1 December 2016**

**Ian Howe  
Pensions Manager**

# Pension Administration

A summary of the key points in 2015/16;

- Valuation – 31 March 2016
- Increasing membership
- The Pension Regulator - Governance requirements

# Valuation

The valuation date was the 31 March 2016. This was the first valuation since the scheme changed to a Career Average Revalued Earnings (CARE) on 1 April 2014.

The valuation results provide the funding position and future employer contribution rates between 1 April 2017 to 31 March 2020

The Pensions Section had between the 1 April 2016 to 31 July 2016 to ensure all member's pension records were accurate;

- The valuation (deadline 31 July 2016)
- Active and preserved members annual benefit statements (deadline 31 August 2016)

32,627 active member annual benefit statements

32,961 preserved member annual benefit statements

# Fund Statistics

Membership of the scheme has increased since the last valuation

	<b>Membership Numbers 2013</b>	<b>Membership Numbers 2016</b>
Active contributors	30,382	32,627
Preserved members	28,231	32,961
Pensioners	21,580	24,143
Employers with active contributors	164	209

# Fund Statistics

Administration statistics in 2015/2016

Area	Number of cases completed
New entrants	6,108
Retirements	1,518
Preserved leavers	2,071
Deaths	633
Refunds	900
Transfers out	101
Aggregations (combining or keeping benefits separate)	854

# Governance

The Pensions Regulator introduced a code of practice – Governance and administration of public service pension schemes.

The Local Pension Board meets quarterly

The Board assists the Fund on scheme administration

The Board and Pension Section completed a review of all areas of the  $\infty$  Governance requirements

The Pensions Section key performance indicators (KPIs) are split between business processes and customer feedback

# 2015/16 KPIs

April 2015 to March 2016						
Business Process Perspective				Customer Perspective - Feedback		
	Target				Target	
Retirement Benefits notified to members within 10 working days of paperwork received	92%	97%	▲	Establish members understanding of info provided - rated at least mainly ok or clear	95%	98% ▲
Pension payments made within 10 working days of receiving election	95%	80%	▼	Experience of dealing with Section - rated at least good or excellent	95%	89% ▼
Death benefits/payments sent to dependant within 10 working days of notification	90%	84%	▼	Establish members thoughts on the amount of info provided - rated as about right	92%	96% ▲
				Establish the way members are treated - rated as polite or extremely polite	97%	99% ▲
Good or better than target	▲			Email response - understandable	95%	93% ▶
Close to target	▶			Email response - content detail	92%	93% ▲
Below target	▼			Email response - timeliness	92%	96% ▲

**Any Questions?**



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**Colin Pratt  
Investments Manager**

# Asset Pooling within the LGPS

- Government initiative aimed at reducing investment management costs without compromising investment returns
- Announced in Summer Budget of 2015
- Criteria laid out in November 2015:
  - Scale (at least £25bn)
  - Strong governance
  - Reduced costs and excellent VFM
  - Improved capacity to invest in infrastructure

# Asset Pooling within the LGPS

- To go 'live' on 1<sup>st</sup> April 2018
- Regulation and oversight by Financial Conduct Authority (FCA) a pre-requisite
- Eight pools put forward submissions to be considered, although two were significantly sub-scale
- Government initially indicated 'up to six' pools would be considered

# Asset Pooling within the LGPS

- January 2016 – Leicestershire County Council started serious talks with other Midlands-based LGPS Funds
- Collaboration became known as ‘LGPS Central’
- Cheshire, Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands, Worcestershire
- Over £35bn

# Asset Pooling within the LGPS

- LGPS Central was accepted as a pool in November 2016
- A huge amount of work has been required to get to this point
- But a massive amount is still needed to meet very challenging timetable of April 2018
- FCA authorisation is the most time-consuming (and costly) element of the process

# Asset Pooling within the LGPS

- Additional costs in early years, mainly caused by one-off set up costs
- Savings will start to accrue at a pool level from year 3
- Different Funds will have a different 'break-even' date
- Costings are considered prudent, but only time will tell
- Investment managers desperate for a share of the post-2018 'pie'

# Asset Pooling within the LGPS

- Individual Funds retain strategic decisions, in particular asset allocation policy
- Pool will be responsible for appointment of individual investment managers
- Some small compromises may be necessary by Funds, in order that economies of scale are maximised
- Administering Authorities still retain majority of responsibility

# Asset Pooling within the LGPS

- New LGPS Regulations REQUIRE Funds to follow guidance
- Part of guidance is the requirement to pool. Pooling is mandatory
- Secretary of State now has power to intervene if considered necessary
- Likely to be used only in exceptional circumstances?



**Any Questions?**

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