



LOCAL PENSION BOARD - 8 NOVEMBER 2021
REPORT OF THE DIRECTOR OF CORPORATE RESOURCES
PENSION FUND POLICY REPORT

Purpose of the Report

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

Background

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

Summary of Current Policies

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

Policy	Existing Policy (Yes/No)	Changes Made (Yes/No)	Changes	Date Last Updated	Date Next Review Scheduled
Investment Strategy Statement	Yes	No	-	February 2021	December 2022
Investment Advisor Objectives	Yes	No	-	December 2020	December 2021
Responsible Investment Plan	Yes	No	-	January 2021	January 2022
Funding Strategy Statement	Yes	No	-	January 2021	December 2022
Administration and Communication Strategy	Yes	Yes	Highlighted on pages 11, 12 and 29	February 2021	April 2023
Fund Training Policy	Yes	No	Will be reviewed in early 2022	November 2019	January 2022
Pension Fund Budget and Business Plan	Yes	No	-	February 2021	February 2022
Pension Fund Budget and Business Plan (Appendix)	Yes	No	-	February 2021	February 2022
Conflict of Interest Policy	Yes	No	-	June 2021	June 2024
Fund Employer Risk Policy	Yes	No	-	June 2021	June 2023
Administering Authority (Fund) Discretions Policy	Yes	Yes	-	September 2021	September 2023
Administering Authority Distribution of Death Grant Policy	No – New November 2021	-	-	-	November 2023
Administering Authority Over and Underpayment Policy	No – New November 2021	-	-	-	November 2023

Details of recent changes are provided below.

Administration and Communication Strategy

5. The current Administration and Communication Strategy was first put in place in April 2016 and sets out the expected levels of performance of both the administering authority and scheme employers within the Leicestershire Fund. This is a legislative requirement and the Pension Manager reviews the strategy at least every two years, or as required. It was last agreed by the Local Pension Committee in 26 February 2021
6. Minor changes have been made to the strategy on this occasion and mainly relate to the section, 'Circumstances Where Costs Might be Recovered' (page 11 of Appendix A).
7. Previously this section solely covered costs incurred that related to poor performance by scheme employers or third-party service providers. This has been expanded to include where an employer requests a specific area of work outside the standard provided by the administering authority.
8. Nationally, Funds are seeing an increase in requests from Academies to move all their members (actives, P/Bs and pensioners) to other Funds. These are known as "full transfers". This is a time consuming exercise and the Fund is reacting to the national position. Whilst every effort is made to minimise costs wherever possible, the introduction of a charge allows the offsetting of those costs.
9. The section also specifies actuarial costs that are incurred by the Fund. This is already usual practice and has been added to make this more explicit.
10. A further change has been added on page 29 to demonstrate the Fund's commitment for increasing registration numbers for the Member Self Service online portal with our aim to increase numbers by 650 per month, through increased awareness made by publicising MSS in articles and other documentation.
11. The full strategy was reviewed in September 2021 and is included in Appendix A. As the proposed changes are considered minor it is not proposed to consult with Fund employers.

Administering Authority (Fund) Discretions

12. Administering authorities and scheme employers in the Local Government Pension Scheme have to publish and keep under review, a statement of policy on discretions in relation to aspects of the LGPS where an element of choice within the regulations exist.
13. The Leicestershire Fund discretions were reviewed in September 2021 and are set out in Appendix B

Distribution of Death Grant Policy

14. Officers have developed a Distribution of Death Grant Policy to formalise practices that are already in place, in the interests of increased transparency and to exercise good governance.
15. In many cases the distribution of a death grant following the death of a scheme member is straightforward. However, there are a significant number of situations where, for a variety of reasons, deciding who the death grant should be paid to is more complex. It is important therefore that the Fund has a clear policy regarding how the distribution of monies is managed.
16. The policy was developed in September 2021 and is included in Appendix C.

Over and Under Payment Policy

17. Officers have developed an Over and Underpayment of Pension Policy to formalise practices that are already in place, in the interests of increased transparency and to exercise good governance.
18. Over and underpayments of pension can occur for a variety of reasons. It is important that the Fund has a clear policy on how incorrect payments of pension are managed once they are identified.
19. The policy was developed in September 2021 and is included in Appendix D.

Recommendation

20. The Board is asked to comment on the revised policies and strategies ahead of the Local Pension Committee meeting on 21st January 2022, where approval will be sought.

Equality and Human Rights Implications

None specific

Appendices

Appendix A: Administration and Communication Strategy

Appendix B: Fund Discretions Policy

Appendix C: Distribution of Death Grant Policy

Appendix D: Over and Underpayment Policy

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