



LOCAL PENSION COMMITTEE – 21 JANUARY 2022
REPORT OF THE DIRECTOR OF CORPORATE RESOURCES
PENSION FUND POLICY REPORT

Purpose of the Report

1. The purpose of this report is to provide an annual update of the Pension Fund's current strategies and policies, and seek approval on the Distribution of Death Grant Policy, Over and Underpayment Policy, and the revised Administration and Communication Strategy.

Background

2. The Local Pension Committee is responsible for the governance of the Leicestershire fund, which includes setting policies to be included in statutory documents.
3. This is the first annual report to provide the Committee with a summary of current policies or strategies for approval. The content of this report was presented to the Local Pension Board for review on 8th November 2021.

Summary of Current Policies and Strategies

4. All current policies and strategies 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
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
Investment	Yes	Yes	Points 22-	December	December

Advisor Objectives			23	2021	2022
Responsible Investment Plan	Yes	No	-	January 2021	January 2022
Fund Training Policy	Yes	No	Will be reviewed in early 2022	November 2019	February 2022
Investment Strategy Statement	Yes	No	-	February 2021	December 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 Employer Risk Policy	Yes	No	-	June 2021	June 2023
Administering Authority (Fund) Discretions Policy	Yes	Yes	-	September 2021	September 2023
Conflict of Interest Policy	Yes	No	-	June 2021	June 2024

Details of recent changes are provided below and these changes were presented for consideration by the Local Pension Board at their meeting held on 8th November 2021 who supported the changes and new policies set out 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, preserved benefit members 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 (MSS) 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. The Director of Corporate Resources has delegation to make changes to these discretions and has agreed to the changes made. This report is therefore included for completeness and noting.
13. The Leicestershire Fund discretions were reviewed in September 2021 and are set out in Appendix B.
14. On this occasion only minor changes were made. The most notable were an update of points 13 (Discretion to obtain a revision of the rates and adjustment certificate if there are circumstances that make it likely that a Scheme Employer will be ceasing) and 14 (Discretion to require any strain on Fund costs to be paid "up front" by an employer) to refer to relevant sections in the Funding Strategy Statement.
15. In addition there was a minor wording change on point 17 (Decide the format and frequency of information from employers to accompany payments of contributions to the Fund) to confirm that new employers are required to use iConnect for the submission of their monthly data to the Fund.

Distribution of Death Grant Policy

16. 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.

17. 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.
18. The policy was developed in September 2021 and is included in Appendix C.

Over and Under Payment Policy

19. 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.
20. 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.
21. The policy was developed in September 2021 and is included in Appendix D.

Investment advisor objectives

22. The Investment Consultancy and Fiduciary Management Market Investigation Order 2019 requires pension scheme trustees to set strategic objectives for their investment consultants before they enter into a contract or continue to receive services from them.
23. The officers have reviewed the objectives for Hymans Robertson (the Fund's investment advisor) with one addition being agreed, which is to incorporate climate risks into advice given to the Fund.
24. The Investment Advisor Objectives are included in Appendix E.

Other Policies

25. In addition to the policies covered in this report, the Responsible Investment Plan will be addressed in a separate report at this Committee.
26. The Fund Training Policy will be reviewed and presented for approval at the next Committee meeting in March.

Recommendation

27. It is recommended that the Local Pension Committee approve:
 - a. the revised Administration Strategy (Appendix A)

- b. the Distribution of Death Grant Policy (Appendix C)
- c. the Over and Underpayment Policy (Appendix D).
- d. Investment Advisor Objectives (Appendix E)

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

Appendix E: Investment Advisor Objectives

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