



**LOCAL PENSION BOARD – 8 FEBRUARY 2023**

**REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

**PENSION FUND ADMINISTRATION REPORT**  
**OCTOBER to DECEMBER 2022 - QUARTER THREE**

**Purpose of the Report**

1. The purpose of this report is to inform the Local Pension Board of the main administrative actions in the third quarter period from October to December 2022. 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 99,000 members.

**Performance Indicators**

3. Attached to this report are the performance indicators for the Pensions Section, which form part of the Section's Service Plan and have been agreed by the Director of Corporate Resources. These indicators are split into two broad categories, namely how quickly processes are carried out and how customers feel they have been kept informed and treated by staff.

**Performance of Pensions Section**

4. The results for the quarter are included as Appendix A.
5. KPIs on customer feedback remain strong and all business process KPIs improved well, compared to the previous quarter.

## Governance – Service Delivery

### General Workloads

6. The tables show the volumes in each work area during the months October to December 2022.
7. 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.
8. The rating compares the cases that can be processed to the maximum target number of cases at month end. This is designed to assist Officers identify the work areas that require the greatest immediate attention.

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

### **October 2022**

Area	Cases completed (calculated and checked) in the period	Cases that require more information (cases that are on hold)	Cases that can be processed (cases that can be worked on)	Total cases	Maximum Target Number of Cases at Month End	Rating
Preserved Benefits	218	271	1037	1308	900	▼
Retirement Options	296	193	114	307	300	▲
Retirements Paid	204	434	93	527	300	▲
Deaths	131	143	55	198	200	▲
Refunds	119	261	48	309	400	▲
Pension Estimates	68	24	86	110	250	▲
Transfers in	78	149	116	265	200	▲
Transfers out (excluding interfunds out) *	39	10	31	41	100	▲
Aggregations	67	185	1471	1656	900	▼

New starters set up**	824	n/a	n/a	n/a	n/a	n/a
-----------------------	-----	-----	-----	-----	-----	-----

### November 2022

Area	Cases completed (calculated and checked) in the period	Cases that require more information (cases that are on hold)	Cases that can be processed (cases that can be worked on)	Total cases	Maximum Target Number of Cases at Month End	Rating
Preserved Benefits	234	300	1196	1496	900	▼
Retirement Options	260	174	94	268	300	▲
Retirements Paid	218	455	83	538	300	▲
Deaths	125	165	41	206	200	▲
Refunds	113	132	101	233	400	▲
Pension Estimates	82	30	54	84	250	▲
Transfers in	67	147	120	267	200	▲
Transfers out (excluding interfunds out) *	43	17	11	28	100	▲
Aggregations	145	188	1544	1732	800	▼
New starters set up**	1220	n/a	n/a	n/a	n/a	n/a

### December 2022

Area	Cases completed (calculated and checked) in the period	Cases that require more information (cases that are on hold)	Cases that can be processed (cases that can be worked on)	Total cases	Maximum Target Number of Cases at Month End	Rating
Preserved Benefits	134	282	1270	1552	900	▼
Retirement Options	199	199	86	285	350	▲

Retirements Paid	134	464	71	535	350	▲
Deaths	88	161	55	216	200	▲
Refunds	31	226	58	284	400	▲
Pension Estimates	60	20	35	55	250	▲
Transfers in	65	140	106	246	200	▲
Transfers out (excluding interfunds out) *	26	12	9	21	100	▲
Aggregations	108	182	1604	1786	700	▼
New starters set up**	1255	n/a	n/a	n/a	n/a	n/a

\*Interfunds out are excluded from the figures as Regulations allow one year for members to decide whether to transfer.

\*\*New starters are set up from IConnect interfaces load files provided by the employers.

9. The main point to note was Aggregations remain the priority with more officers now trained and able to work on this area. Officers have reviewed the aggregation process and are developing new task workflow processes. Aggregations numbers will be reviewed through the January to March 2023 quarter.

## **Governance – General**

### Complaints – Internal Disputes Resolution

10. 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.
11. In the third quarter period there were two new IDRP Stage 2 appeals.

Both cases are with the independent person who considered these at Stage 2 of the IDRP process.

**Breaches Log**

12. 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.
13. There were no material breaches reported for the quarter.

**McCloud and Dashboards**

14. The Board requested McCloud is a standing item at each quarterly report.
15. There is a separate report to the Local Pension Board covering the position on McCloud.
16. There has been no specific technical work in the quarter on Dashboards. However, the ongoing data quality checks for McCloud are also contributing to the data improvement requirements for Dashboards. It is likely this will continue throughout 2023.

**Governance – Audit**

17. During the quarter there were three Internal Audit reports received.

**Pension Contribution Bandings**

To check the accuracy of the annual contribution banding exercise.

Sample payroll groups were identified, and 70 cases tested. To improve good governance, evidence of cases checked by payroll colleagues during the annual testing of contribution bandings will be retained.

**Pension Contribution Calculations**

To check contribution payments into the Fund from other employers in the Fund are accurate, timely and coded correctly.

There were no issues highlighted regarding the accuracy, timeliness or coding. However, in one month there was a small delay in posting two employer contributions to Fusion due to a resource issue, which has been resolved with the Service delivery manager.

**Pension Transfers in and out of the Fund**

To check the calculation and process of transfers in and out of the Fund.

All cases tested were correct. There were no recommendations on the results of the Pension Transfer calculations in and out of the Fund.

### **Governance - Regulations**

18. There were no new Regulations implemented in the October to December quarter.
19. The Pensions Manager understands there is likelihood of a consultation regarding retrospective changes to widower's benefits. It is expected the consultation will commence in 2023 and the Pensions Manager will bring a report to the Board detailing this, once available.

### **Governance – Valuation**

20. During the quarter the Fund Actuary calculated the whole Fund funding position and the indicative individual employer rates. Officers wrote to all the employers detailing their indicative rate, the consultations on the Funding Strategy Statement and Investment Strategy Statement and the AGM. To avoid duplication, a separate report on the Valuation is included later in the Board meeting agenda.

### **Governance – The Pensions Regulator Code of Practise**

21. In 2021 The Pensions Regulator (TPR) completed a consultation on amalgamating their current codes into one single code.
22. The new code is now expected in early/mid 2023 and will shortly be sent to Parliament for review. It is likely to include some changes and additions that Funds will need to comply with.
23. Officers and The Fund's Actuary will compare the current codes and the new single code via a "gap" analysis.

### **Governance – Employer Risk**

24. Fund Officers continue to regularly review employer risk. Where there are outstanding admission agreements or bonds, these are reported to the Board each quarter. Whilst this is regularly monitored, employer risk work continues to expand and resources available are stretched.
25. The Pensions Manager reviewed this area of risk and created a new role in the Pension Section, primarily assisting with Pension Fund employer risk and dealing with certain legal aspects. The successful candidate is now in post and a handover of cases is taking place from Legal Services to Pensions, with the intention to complete the handover by the 28 February 2023.

26. In the table below, the outstanding cases are listed in risk order, highest to lowest. The highest risk cases are 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.
27. 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.
28. 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 that must be paid in full by the employer.
29. There were a number of new admissions that started on the 1 August 2022. At the time of writing the report, 25 January 2023, several cases remain outstanding.
30. Total Swim that started prior to 1 April 2022, was signed in the quarter.

<b>Letting employer and Contractor</b>	<b>Outstanding Issue</b>	<b>Type of admission agreement and start date if outstanding</b>	<b>Full or Capital Cost Bond / Value and End Date</b>	<b>Comments</b>	<b>Fund Risk Level</b>
Bradgate Education Partnership (in house staff) to Caterlink	Admission Agreement and Bond	Pass-through 1 August 2022	Capital Cost Bond of £80,000  3 years	Admission agreement has been agreed by all parties. Awaiting final confirmations in order to issue final engrossments.	High
Bradgate Education Partnership/ Leicestershire County Council (LTS) to Caterlink	Admission Agreement and Bond	Pass-through 1 August 2022	Capital Cost Bond of £28,000  3 years	Admission agreement has been agreed by all parties. Awaiting final confirmations in order to issue final engrossments.	High
Leicester City Council (Mellor School) to Caterlink	Admission Agreement and Bond	Pass-through 1 August 2022	Capital Cost Bond of £33,000  3 years	Draft admission agreement circulated. Caterlink have approved. Awaiting approval from Leicester City before final engrossments can be circulated. Officers continue to chase Leicester City Council.	High

<b>Letting employer and Contractor</b>	<b>Outstanding Issue</b>	<b>Type of admission agreement and start date if outstanding</b>	<b>Full or Capital Cost Bond / Value and End Date</b>	<b>Comments</b>	<b>Fund Risk Level</b>
				Members have been written to explaining the delay.	
Beacon Academy to Churchill Services	Admission Agreement and Bond	Pass-through 1 September 2022	Capital Cost Bond of £26,000  3 years	Admission agreement has been agreed by all parties. Awaiting final confirmations in order to issue final engrossments.	High
Hastings High School to Coombs Catering	Admission Agreement and Bond	Pass-through 10 July 2022	Capital Cost Bond of £16,700  5 years	Draft Admission agreement has been agreed by all parties. Final engrossments issued.	High
MEAD Education Trust/ Leicestershire County Council to Compass	Admission Agreement and Bond	Pass-through 1 August 2022	Capital Cost Bond of £9,000  3 years	Officers are preparing the draft admission agreement to be circulated.	High
North Warwickshire and South Leicestershire College/ Leicestershire County Council to Aramark	Admission Agreement	Pass-through 1 October 2022	n/a	Draft admission agreement sent and awaiting approval from all parties.	High
Leicestershire County Council and City Council to Ingeus	Admission Agreement	Pass-through 9 April 2022  1 member (split role covers City and County) – the member has been written to.	n/a	Joint tender by County and City.  Ingeus have confirmed their Legal team are reviewing the draft admission agreement.  Draft admission agreement received with amendments. Amendments have been reviewed and draft admission agreement recirculated for approval.	High
Leicester City Council (Granby	Admission Agreement	Pass-through 1 August 2022	n/a	Draft admission agreement has been circulated.	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
School) to Caterlink				Final engrossments have been circulated. Admission agreement signed by Caterlink. Continuing to chase City Council.  Members have been written to explaining the delay.	
Leicester City Council (St Barnabas School) to Caterlink	Admission Agreement	Pass-through 1 August 2022	n/a	Draft admission agreement has been circulated.  Final engrossments have been circulated. Admission agreement signed by Caterlink. Continuing to chase City Council.  Members have been written to explaining the delay.	High
Chief Constable to Mitie Care	Bond (previously set at £190,000)	n/a	£300,000	Officers continue to chase completion.	Medium/Low
North West DC to SLM	Bond (previously set at £135,000)	n/a	£300,000	Officers continue to chase completion.	Medium/Low
Odyssey Education Trust (Humberstone Primary School) to Caterlink	Bond	n/a	Capital Cost Bond of £27,000  3 years	Officers continue to chase completion  Bond has been signed and received by the Trust and County Council. Awaiting the signed document from Caterlink and the Bank.	Low
Ashby Hill Top Primary to Coombs Catering	Bond (previously not required but member turned aged 55)	n/a	£24,000	Draft bond agreement has been sent out for approval. Officers continue to chase for completion of the bond.	Low
City Council to East West	Bond (previously	Pre April 2019	Capital Cost Bond of	Officers emailed East West explaining why a bond is	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
Community Centre Ltd	not required but member turned aged 55)		£16,000 3 years	required and a response was provided stating that this needed to be taken to a Committee Meeting in October.  Officers continue to chase for completion of the bond.	
MET to Taylor Shaw (Elior)	Bond	n/a	Capital Cost Bond of £12,000 3 years	Officers continue to chase for completion of the bond.	Low
LIFE MAT to Total Swim	Bond	n/a	Capital Cost Bond of £4,000	Bond agreement has been approved and awaiting signed agreement.	Low

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

- LIFE Multi Academy Trust to Total Swim 2021 Contract – Admission Agreement (backdated to 07/06/2021)
- Lutterworth Academy Trust to Cucina 2022 Contract – Admission Agreement (backdated to 08/04/2022)
- Learning Without Limits Academy Trust to FreshStart 2023 Contract – Admission Agreement

### **Governance – Knowledge and Understanding**

32. The Pensions Manager collated feedback from the Board on the Fund's on-line knowledge and understanding training tool and reported this back to the provider.

33. The provider welcomed the feedback and is actively working through several improvements to enhance the training for the next release.

34. A training report is included later in the Board agenda.

### **Recommendation**

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

**Equality and Human Rights Implications**

None specific

**Appendix**

Appendix A – Key Performance Indicators October to December 2022

**Officers to Contact**

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

Declan Keegan  
Assistant Director of Strategic Finance and Property  
Telephone: (0116) 305 6199  
Email: [Declan.Keegan@leics.gov.uk](mailto:Declan.Keegan@leics.gov.uk)

## APPENDIX A

Quarter - October to December 2022									
Business Process Perspective	Target	This Quarter	Previous quarter	Customer Perspective - Feedback	Target	This Quarter	Previous Quarter		
Retirement Benefits notified to members within 10 working days of paperwork received	92%	90%	▶	88%	Establish members understanding of info provided - rated at least mainly ok or clear	95%	97%	▲	99%
Pension payments made within 10 working days of receiving election	95%	98%	▲	95%	Experience of dealing with Section - rated at least good or excellent	95%	90%	▶	90%
Death benefits/payments sent to dependant within 10 working days of notification	90%	96%	▲	78%	Establish members thoughts on the amount of info provided - rated as about right	92%	91%	▶	99%
					Establish the way members are treated - rated as polite or extremely polite	97%	100%	▲	100%
Good or better than target	▲				Email response - understandable	95%	97%	▲	100%
Close to target	▶				Email response - content detail	92%	99%	▲	100%
Below target	▼				Email response - timeliness	92%	90%	▶	91%