

LOCAL PENSION BOARD ANNUAL REPORT

What is the Local Pension Board

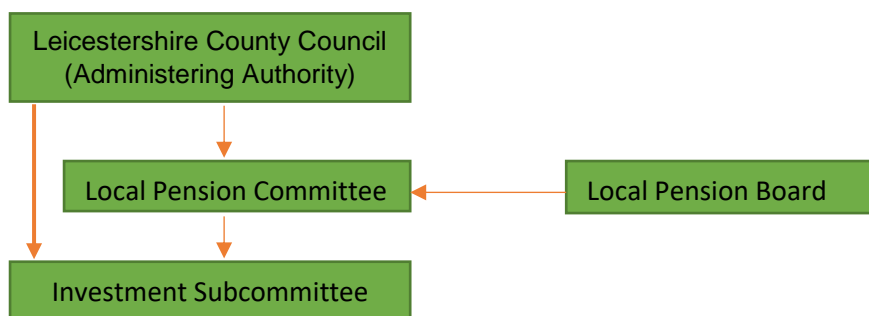
The Local Government Pension Scheme (LGPS) Regulations (“the Regulations”) established Leicestershire County Council as the administering authority for the Leicestershire Pension Fund, with responsibility for managing and maintaining the Fund.

The Regulations further required that Leicestershire County Council in its capacity as administering authority established a Local Pension Board. It’s purpose is to assist the Administering Authority in:

- securing compliance with the Regulations, other legislation relating to the governance and administration of the LGPS, and the requirements imposed by the Pension Regulator in relation to the LGPS; and
- ensuring the effective and efficient governance and administration of the LGPS

While the Local Pension Board was established by the County Council it does not sit within the typical arrangements that apply to local authority committees, including those that apply to the Local Pension Committee. Instead, the Board operates outside of the usual local authority committee structure and serves an advisory and compliance role for the Fund as set out within its Terms of Reference. The Board cannot be delegated to carry out the functions and responsibilities that legally pertain to the administering authority, however, they do perform activities to support the Local Pension Committee and can escalate issues with the Committee and the Pensions Regulator where it expresses concern.

The structure of the Fund is set out below.



The Local Pension Board is comprised of;

- Three scheme member representatives,
- Three employer representatives
- One substitute scheme member representative.

Details of how the Members of the Local Pensions Board are appointed can be found in the [terms of reference](#).

As of 31 March 2023 the Board is constituted of the following members:-

Employer Representatives

Mrs. Rosita Page CC - Chairman
Leicestershire County Councillor

Mr. Richard Shepherd CC
Leicestershire County Councillor

Cllr. Vijay Riyait
Leicester City Councillor

Scheme Member Representatives

Ms. Caroline Fairchild – Vice Chairman

Ms. Ruth Gilbert

Mr. M. Saroya

Mr Anthony Cross
(Scheme Member Reserve Representative)

While there is no statutory obligation for the Local Pension Board to publish a report, it is recognised as best practice for the Board to report on its activities for the year and its future plans.

The Public Service Pensions Act 2013 requires an administering authority to publish information about its Local Pension Board, this is included on the County Council's [Website](#), and as part of the Governance Compliance Statement within Leicestershire Pension Fund's Annual Report.

Foreword by the Chair of the Local Pension Board

On behalf of the Local Pension Board, I am delighted to be able to present the fourth Annual Report of the Local Pension Board of the Leicestershire Pension Fund. This report covers the period from 1 April 2022 to 31 March 2023, to align with the Fund's Annual Report.

As a defined benefit scheme for our 103,000 Members the Leicestershire Pension Fund pays scheme members a retirement income based on salary and the number of years worked for the employer. The Fund invests contributions made by employers into long term investments, and though the market will always fluctuate investment performance does not affect Members pensions. As of 31 March 2023, the Fund contained £5.8billion of assets.

Throughout the year we have complemented the Administering Authority, ensuring compliance with the Public Service Pensions Act, the LGPS Advisory Board, the Chartered Institute of Public Finance and Accounting and The Pensions Regulator.

In February, we welcomed sight of the draft Net Zero Climate Strategy, and I am pleased to note it was approved by Committee in March. We supported the Fund's commitment to become net zero by 2050 and are assured that this proactive approach to managing climate risks and opportunities in the transition to a low-carbon economy is being managed responsibly, in a way that ensures the financial sustainability of the Fund for its members.

The Board has no concerns about the Leicestershire Pension Fund or its Administration.

We will continue to support the Pensions Manager, and we are confident he will continue to administer the Fund efficiently and effectively despite ongoing pressures.

I would like to place on record the Board's appreciation for the support and transparent advice of the officers.

To keep the Annual Report succinct, it is difficult to reflect the variety of issues we have considered during another busy year. Further information about the Board's work can be found on the [website](#). Despite the continual challenges, I am looking forward to another successful year ahead.

Mrs. R. Page CC

Chairman of the Local Pension Board

Approved: 2 August 2023

Member Attendance

The Board has met on four occasions during the year and attendance has been positive with employer and employee representatives freely giving their time and commitment.

		2022/23				
		REPRESENTING				
		May	August	October	February	ATTENDANCE
MRS. R. PAGE	Administrative Authority	✓	✓	✓	✓	100%
MR. R. SHEPHERD	Administrative Authority	✓	✓	✓	✓	100%
CLLR. V. RIYAIT (FROM NOVEMBER 2022)	Leicester City Council				✓	100%
CLLR. D. BAJAJ (TO SEPTEMBER 2022)	Leicester City Council	✓	X			50%
MR. M. SAROYA	Scheme Member Representative to term end December 2024	✓	X	✓	✓	75%
MS. C. FAIRCHILD	Scheme Member Representative to term end December 2023	✓	✓	✓	✓	100%
MS. R. GILBERT	Scheme Member Representative to term end December 2025	✓	X	X	✓	50%
MR. A. CROSS (RESERVE) (FROM DECEMBER 2022)	Scheme Member Representative					

The Board held four meetings during the year. Which have covered the following:

- **Pension Fund Administration Reports** – The Board was updated at each meeting on the performance of the Pension’s Section against its performance indicators. Including updates on breaches, complaints and appeals.
- **Responsible Investment (RI) Update** – A report on the Fund’s position with respect to direct Russian exposure, progress of its 2022 RI Plan and progress in relation to Net Zero Climate Strategy (NZCS) for the Fund.
- **Pension Fund Valuation 2022** – The Board was updated about the assumptions in the Leicestershire Local Government Pension Scheme (LGPS) 2022 Valuation.
- **Pension Fund Annual Report and Accounts 2021/22** – The Board’s comments were sought on the report in its role in assisting the administering authority in ensuring the effective and efficient governance and administration of the Fund.
- **Risk Management and Internal Controls** – The Board was updated at each meeting on the risk management and internal controls of the Fund.
- **Business Plan and Budget 2023/24** – The Board commented on the report prior to its presentation to the Local Pension Committee in March 2023.

- **Dashboards** – The Board received information on the national Pensions Dashboards Programme (PDP).
- **McCloud Remedy Report** – The Board received regular updates in respect of preparations for the implementation of the ‘McCloud Judgement’ to remove age discrimination protections against younger scheme members.
- **Funding Strategy Statement (FSS) and Indicative Whole Fund Results** – The Board received a report on key policy changes in the LGPS, draft FSS, information on the calculation of Fund valuation, and proposed change to the CPI assumption.
- **Net Zero Climate Strategy** – The Board commented on the development of the Net Zero Climate Strategy and feedback received during the first public engagement on draft targets and measures.
- **Internal Audit Arrangements** – The Board received information on the internal audit arrangements for the Fund and LGPS Central.
- **Additional Voluntary Contributions** – The Board were informed of AVC arrangements, the choice of investments offered to members and oversight of the provider’s performance.
- **Continued Improvements and Systems** – The Board was updated at each meeting on the continuous improvements of the Pension Section.
- **Internal Audit work conducted during 2021-22 and Audit plan 2022-23** – The Board welcomed the outcome of the 2021-22 audit report which resulted in positive assurance grading with no high importance recommendations.
- **Training Policy** – Detailing the Fund’s approach to delivery, assessment and recording of training that Members of the Local Pension Committee and Board are expected to complete.
- **Cyber Policy** – The Board commented on the new draft Cyber Policy, which had been developed to ensure that the Fund could demonstrate that robust governance arrangements were in place, and to provide assurance that risks were well managed, covering two sections: cyber issues relating to systems and staff, adopting other County Council policies where required.
- **LGPS Central Joint Committee and Annual General Meeting Update** – The Board received an update on the work of LGPS Central the Fund’s asset pool, through the Fund’s role as co-owner of the company and as a recipient of its investment services.

Breaches

The Board has a responsibility to report any matter that appears to be materially significant.

There were no significant issues of concern raised with, or by the Board, throughout the year. Furthermore, no issues were escalated to the Local Pension Committee.

Highlights

Below is a selection of highlights of the items considered this year:

Dashboards

The Pensions Manager updated the Board on the new national exercise to set up pension Dashboards, which will enable UK residents the opportunity to register on the dashboard to view all their pensions “in one place”. We queried whether there would be an increase in calls to the helpline, and asked if the dashboard added value to the pensions process. We were assured that raising awareness and getting people to think about their pensions earlier was good and would eventually become the norm moving forward with the benefit of people being able to delve into their own information to calculate pensions, thus releasing calls to the pension helpline.

Risk Management and Internal Controls

Throughout the year we continued to review the risk register at each of our meetings.

We continued to monitor employer risks including outstanding admission agreements and bonds. The highest risk cases tended to be the longest unsigned admission agreements, which mean the staff that have transferred to the new employer are currently not active LGPS members. We noted that 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.

Business Plan and Budget

Prior to the Budget and Business Plan’s consideration and approval by the Local Pension Committee the Board scrutinised the report.

We questioned the significant pressure on the Pension Section resultant from upcoming pieces of work over business as usual, the most significant being implementing a solution for the national Pensions Dashboards, ongoing implementation of McCloud, implementing the Pensions Regulator’s new Code of Practice, and reviewing the Fund’s Additional Voluntary Contribution (AVC) provider. The Pension Manager believed the McCloud implementation would be the most challenging area of administration during 2023/24, and that the management team would continue to monitor the situation.

Looking ahead to 2023/24

The Board will maintain oversight of the Fund and continue to receive regular reports on admin, governance and risk.

It is clear that there are a lot of policies, initiatives and schemes in the pipeline outside of the Fund's control which we will monitor and support implementation of given the impact it may have on already heavy administration pressure. This will involve the Government's Pension Dashboard scheme, the impact of McCloud, the Scheme Advisory Board's Good Governance report, as well as changes to legislation as and when required.

Training

The Fund's [Training Policy](#) was adopted in November 2019, and refreshed March 2022 and applies to all members of the Local Pension Committee, Local Pension Board and senior officers involved in the management and administration of the Fund. The Training Policy has regard to relevant codes of practice and guidelines issued by the Pensions Regulator, CIPFA, the training needs of the Committee and Board and the Fund's current priorities.

The 2013 Public Service Pension Act requires that members of Local Pension Boards have an appropriate level of knowledge and understanding in order to carry out their role. Any individual appointed to a local pension board must be conversant with;

- The regulations of the Local Government Pension Scheme, including historical regulations and transitional provisions, to the extent that they still affect members;
- Any document recording policy about the administration of the scheme Local Pension Board members must also have knowledge and understanding of;
- The law relating to pensions, and
- Such other matters as may be prescribed in other legislation

The degree of knowledge and understanding required by Board members is appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Local Pension Board. The Leicestershire Pension Fund is committed to supporting Local Pension Board members to achieve the level of knowledge and understanding they require by providing the appropriate level of training and assistance.

Members of the Board complete self-evaluation forms on an annual basis assessing their knowledge in terms of General Understanding, Funding and Pension Administration. A personal Training Plan is then developed for each Member based on the results of these assessments and is supplemented, where appropriate, to cover matters arising in the course of managing the Fund as part of reports to the Board and following meetings delivered by officers or the Fund's providers such as the Actuary and independent adviser.

The attendance log for training undertaken following Board Meetings is as follows:

	Actuarial Valuation 4 May 2022	Aspire Training Process 17 August 2022	Roles and Responsibilities 26 October 2022	Employer Outsourcing Risk and Covenant 8 February 2023
<i>Mrs. R. Page</i>	✓	✓	✓	✓
<i>Mr. R. Shepherd</i>	✓	✓	✓	✓
<i>Cllr. D. Bajaj (to September 2022)</i>	✓	X		
<i>Cllr. V. Riyait (from November 2022)</i>				✓
<i>Ms. C. Fairchild</i>	✓	✓	✓	✓
<i>Ms. R. Gilbert</i>	✓	X	X	✓
<i>Mr. M. Saroya</i>	✓	X	✓	✓
<i>Mr. A. Cross (reserve employee representative)</i>				

Given there have been a number of recent changes both within the LGPS, and externally in the broader pension's environment all Local Pension Board Members are encouraged to complete Hymans Robertson Aspire online training and other external training as held by the Scheme Advisory Board, Local Government Association, Hymans Robertson as well as LGPS Central.

The online training is provided via the Fund's Independent Advisor Hymans Robertson. Members are recommended to complete certain topics on the Hymans Aspire Training depending on their knowledge/understanding. Progress within the modules is as follows:

	An introduction to the LGPS Module 1	LGPS Governance and Oversight Bodies Module 2	Administration & Fund Management Module 3	Funding and Actuarial Matters Module 4	Investments Module 5	Current Issues Module 6
<i>Local Pension Board</i>						
<i>Mrs. R. Page CC</i>	P	P	P	P	P	S
<i>Mr. R. Shepherd CC</i>	P	C	C	C	C	S
<i>Cllr. D. Bajaj (to September 2022)</i>	S	S	S	S	S	S
<i>Cllr. V. Riyait (from November 2022)</i>	S	S	S	S	S	S
<i>Mrs. C. Fairchild</i>	C	C	C	C	C	P
<i>Mrs. R. Gilbert</i>	C	C	S	C	S	S
<i>Mr. Manjit Saroya</i>	C	S	S	P	S	S
<i>Mr. A. Cross (Reserve from January 2023)</i>	C	S	S	S	S	S

S – Subscribed

P – In progress

C - Completed

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