

Lancashire County Council

Pension Fund Administration Sub-Committee

Minutes of the Meeting held on Wednesday, 12th March, 2014 at 10.00 am in Assembly Hall - County Hall Preston

Present:

County Councillor Miles Parkinson (Chair)

County Councillors

M Brindle

A Schofield

T Burns

D Westley

Co-opted members

Bob Harvey, (Trade Union representative)

Councillor Mark Smith, (Blackpool Council representative)

1. Constitution: Chair and Deputy Chair; Membership; Terms of Reference

It was reported that the County Council at its annual meeting on 23 May 2013 approved the constitution of the Sub-Committee on the basis of 2 Labour members, 2 Conservative members 1 Liberal Democrat member, 1 trade union co-opted member and 1 co-opted member representing the Lancashire District Councils and Unitary Authorities. The membership of the Sub-Committee and its terms of reference were reported.

It was also reported that the County Council had appointed County Councillors M Parkinson and T Burns as Chair and Deputy Chair of the Sub-Committee for the remainder of the municipal year 2013/14.

Resolved:

- (i) That the appointment of County Councillors M Parkinson and T Burns as chair and deputy chair of the Sub-Committee for the remainder of the 2013/14 municipal year be noted.
- (ii) That the membership and terms of reference of the Sub-Committee, as now reported, be noted.

2. Apologies

None.

3. Disclosure of Pecuniary and Non-Pecuniary Interests

None.

4. Minutes of the Meeting held on 6 February 2013

The Minutes of the meeting held on 6 February 2013 were presented.

Resolved: That the Minutes of the meeting held on 6 February 2013 be confirmed and signed by the Chair.

5. Public Sector Pension Reform – Changes to the Local Government Pension Scheme

The Sub-Committee considered a report on changes to the Local Government Pension Scheme (LGPS) and the consequential effects on the Fund's administration systems and processes.

As from 1 April 2014 the new LGPS 2014 would be a Career Average Re-valued Earnings (CARE) Scheme and other changes would allow Scheme members more flexibility and affordability in respect of their benefits. All benefits accrued prior to 1 April 2014 would be protected. It was noted that a number of other changes were expected to become effective as from 1 April 2015 when the government's new cost sharing and governance arrangements were due to take place. A further report would be presented once the detail of these changes was known.

The Sub-Committee was informed that the changes represented the biggest change to Public Sector pension provision in recent memory and had necessitated significant amendments to the Fund's administration systems and processes. A major project was underway and was being robustly managed to ensure the 1 April 2014 timescale was met.

The greatest element of the changes was the move from calculating benefits based on final salary to a calculation based on career average pay. This requirement had highlighted the need for Scheme employers to share information with the Fund on a more frequent basis if benefits were to be correctly calculated. The Sub-Committee was informed that the Fund's Pensions Administration Strategy Statement had therefore been amended to reflect the change in administration processes.

The requirement to communicate scheme change to members had become more important than ever and a comprehensive communication campaign had been underway since 2013. Various media had been utilised during the campaign and Scheme employers had been provided with a communications toolkit to support them in communicating the change. Webcasts, road shows and online campaign windows had been used to create awareness and to provide information about the changes to Scheme members. A new online self service system allowed members to view and track their pension benefits. It was planned to undertake

further developments to the online system over the next twelve months. The Sub-Committee was informed that the Fund's Communication Policy Statement had been revised to reflect this.

It was noted that additional costs had been incurred as a result of these changes and this was expected to increase the charge to the fund in respect of administration in the current financial year, although the charges would not exceed the lower quartile benchmark as set by the fund.

It was also reported that the Government had just announced that no new Councillors would be eligible to join the LGPS from 1 April 2014. Councillors who were members of the Scheme on 31 March 2014 would be able to continue as members of the Scheme but only until the end of the term of office they were in on 1 April 2014. Further information on this recent change would be communicated as soon as possible.

Resolved:

- (i) That the changes to the Local Government Pension Scheme, as set out in the report, be noted.
- (ii) That the revised Pensions Administration Strategy Statement, as set out at Appendix 'A' be approved.
- (iii) That the revised Communication Policy Statement, as set out at Appendix 'B', be approved.

6. The Payment of Death Grants

The Sub-Committee considered a report on proposed changes to the procedures in respect of the payment of death grants where the beneficiary would be a young adult or child.

The Sub-Committee was informed that a review of the current process in relation to the payment of death grants had been undertaken to ensure that the current procedure complied with both the new Local Government Pension Scheme regulations which become effective on 1 April 2014 and previous Local Government Pension Scheme legislation, where this remained applicable.

The review had resulted in necessary changes to the procedures in respect of the payment of death grants. It was noted that the changes were intended to simplify the procedure, to allow the family of the deceased to exercise some autonomy and to give them the option to appoint an independent trustee. Members also noted that the procedures had been amended to reflect necessary changes following the retirement of the Executive Director for Children and Young People.

Resolved: That the revised procedures in respect of the payment of death grants, as set out in the report and at Appendix 'A' be approved.

7. Changes to the County Council's partnership with BT - Your Pension Service

The Sub-Committee received a report on County Council's decision to make changes to its strategic partnership arrangements with BT.

It was reported that the decision had resulted in the return of Your Pension Service, amongst a range of other services, to the County Council. The change would be effective from 1 April 2014.

Resolved: That the decision by the County Council to return Your Pension Service to the County Council following changes to the Council's partnership with BT be welcomed.

8. Urgent Business

None.

9. Date of Next Meeting

It was noted that the date of the next meeting would be confirmed by the County Secretary and Solicitor in due course.

I M Fisher
County Secretary and Solicitor

County Hall
Preston