

Lancashire County Council

Pension Fund Administration Sub-Committee

Minutes of the meeting held on Tuesday 15 June 2010

Present:

County Councillor M Welsh (Chair)

County Councillors:

T Aldridge *

M Brindle

*County Councillor T Aldridge replaced County Councillor F De Molfetta for this meeting.

Co-opted Members:

Mr B Harvey

Trade Union representative

Apologies

Apologies for absence were received from Councillor G Bell, District Council/Unitary Authority representative.

Pension Fund Administration Sub-Committee Constitution: Chair and Deputy Chair; Membership; and Terms of Reference

It was reported that the County Council at its annual meeting on 20 May 2010 had approved the constitution of the Sub-Committee on the basis of 3 Conservative members, 1 Labour member, 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 Welsh and G Roper as Chair and Deputy Chair of the Sub-Committee for the remainder of the municipal year 2010/11.

1. Resolved:

- (i) That the appointment of County Councillors M Welsh and G Roper as chair and deputy chair of the Sub-Committee for the remainder of the 2010/11 municipal year be noted.
- (ii) That the membership and terms of reference of the Sub-Committee, as now reported, be noted.

Disclosure of Personal and Prejudicial Interests

County Councillor M Brindle and Mr R Harvey declared personal non-prejudicial interests as they were members of the Local Government Pension Scheme.

Minutes of the Meeting held on 25 September 2009

2. Resolved: That the Minutes of the meeting held on 25 September 2009 be confirmed and signed by the Chair.

Lancashire Pensions Services Annual Administration Report

The Sub-Committee considered the 2009/10 Annual Administration Report. The Report described the performance of Lancashire Pensions Services (LPS) against the standards set out in the Service Level Agreement between LPS and the Pension Fund Committee. The Report also explained the activities and events undertaken by LPS during the year.

In particular, the Sub-Committee's attention was drawn to the following matters:

- The main focus of activity by LPS had been to support a number of Fund employers through extensive redundancy programmes;
- Support had also been given to a number of local authorities in respect of pension's issues arising from Equal Pay Reviews and subsequent Job Evaluation exercises;
- LPS had helped to promote Additional Voluntary Contributions. This had resulted in the number of applications being trebled during 2009/10 compared with the previous year;
- The total membership of the Pension Scheme in 2009/10 had increased from 126,402 to 130,991 with the number of deferred pensioners increasing from 38,199 to 41,330;
- Customer service was very important to LPS. This involved LPS seeking member feedback, the provision of a front office help desk facility, and training courses for and communications with Scheme members;
- It was anticipated that the current pension administration system would be replaced on 1 August 2010 by a new web-based system (Altair).
- The charge to the fund for LPS which had again been held at £22 per member.
- All performance targets had been achieved apart from the time taken to provide a written response to correspondence. The target was 95% within 10 working days but the actual performance was 90%. Whilst the 10 day target was standard industry practice, Members agreed that the provision of accurate information was more important than the speed of a response.

A concern was expressed about a recent newspaper article regarding flexible retirements, and re-employments. Officers noted the points raised and agreed to pass on these concerns to Human Resources.

3. Resolved: That the 2009/10 Administration report, as now presented, be approved.

Procurement of Actuarial Services

The Sub-Committee considered a report on the proposed procurement process for actuarial services on behalf of the Fund.

The current terms of engagement were agreed in 2004 and it was felt that the Fund should test the market in accordance with best practice.

Members discussed the proposed length of contract and felt that any contract would need to be revisited within shorter timescales than that proposed and this should be a matter for officers to consider during the procurement process.

It was noted that Cumbria and Merseyside Pension Funds were in a similar position regarding actuarial services and that the Funds had been invited to join Lancashire's procurement process. This would minimise the resources needed for procurement and provide economies of scale, as well as strengthening the bargaining position of the Funds. The response from Cumbria and Merseyside would be reported to the Pension Fund Committee on 16 July.

It was hoped to have a new contract in place for the first half of 2011. The appointments process as required by the Terms of Reference of the Pension Fund Committee and its Sub-Committees was outlined. The Sub-Committee agreed that the Pension Fund Committee should be requested to authorise the Appointments Sub-Committee to oversee, interview and make an appointment for the provision of actuarial services.

4. Resolved: That the Pension Fund Committee be recommended that the Fund enters into a procurement process to secure a revised contract for actuarial services and to authorise the Appointments Sub-Committee to make the appointment.

The Payment of Death Grants

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

5. Resolved:

- (i) That the revised procedures in respect of the payment of death grants where the beneficiary would be a young adult child, as now presented, be approved.
- (ii) That the consequential amendments to the Scheme of Delegation to Chief Officers be approved.

Report on Membership of the Local Government Pension Scheme

The Sub-Committee considered a report on the relatively low take up of the Local Government Pension Scheme.

It was agreed that a campaign to raise awareness of the Scheme and its benefits should be undertaken. However, Members felt that such a campaign should be undertaken in 2011 given the current economic situation including the uncertainty surrounding the Local Government Pension Scheme, as well as the local circumstances of non-members at this time. The outcome of the triennial review would also be known.

It was agreed that the Sub-Committee should revisit this matter in 2011 with a view to a promotional campaign being undertaken with the support of Corporate Communications and other member organisations.

6. Resolved: That a further report on proposals to raise awareness of the Local Government Pension Scheme be presented to a meeting of the Sub-Committee in 2011.

Date of Next meeting

To be confirmed.

I M Fisher
County Secretary and Solicitor

County Hall
Preston