

Lancashire County Council

Pension Fund Administration Sub-Committee

**Minutes of the Meeting held on Tuesday, 5th July, 2011 at 10.00 am in
Cabinet Room 'B' - County Hall, Preston**

Present:

County Councillor Michael Welsh (Chair)

County Councillors

M Brindle G Roper
F De Molfetta K Young

Co-opted members

B Harvey (Trade Union representative)
Councillor M Smith (Blackpool Council
representative)

1. Apologies

None.

2. Disclosure of Personal and Prejudicial Interests

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

3. Minutes of the Meeting held on 15 June 2010

Resolved: That the Minutes of the meeting held on 15 June 2010 be confirmed and signed by the Chair.

4. Constitution

It was reported that the County Council at its annual meeting on 26 May 2011 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 2011/12.

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 2011/12 municipal year be noted.
- (ii) That the membership and terms of reference of the Sub-Committee, as now reported, be noted.

5. Annual Administration Report

The Sub-Committee considered the 2010/11 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:

- 2010 had proved a challenging year. The main focus had been to support a number of Fund employers, in particular Lancashire County Council, through extensive voluntary redundancy programmes, to provide benefit estimates to agreed timescales as well as processing actual retirements on time
- Overall performance continued to be broadly in line with SLA targets and the Service continued to meet its key performance indicator 'to calculate and pay all retirement benefits within 10 working days'.
- The service was unable to meet its performance target to provide benefit estimates within 10 days of request. This was due to the unprecedented levels of requests following Lancashire County Council's Direct VR initiative when 3,089 estimates were processed between September 2010 and March 2011, a 32% increase in volume compared to the previous year.
- The Service aimed to ensure that resources were in place to meet current demand and that service levels would return to normal levels during 2011.
- The information contained within the Annual Administration Report related only to the Lancashire County Pension Fund. Similar reports would be prepared in respect of the Cumbria Pension Fund.
- The Service had been awarded 'Corporate Team of the Year' at Lancashire County Council's Pride Awards ceremony in July 2010. This prestigious corporate award recognised outstanding teamwork, as well as best practice and an enthusiasm for change.
- The Service changed its name to 'Your Pension Service' from February 2011 to better reflect the diversity of its clients and customers which now included Cumbria Pension Fund administration.

In welcoming the report, the Committee asked that its thanks and appreciation be extended to the Your Pension Service staff for the work undertaken during the past year.

Resolved:

- (i) That the 2010/11 Administration report, as now presented, be approved.
- (ii) That the Committee's thanks and appreciation be extended to the Your Pension Service staff for the work undertaken during 2010/11.

6. Report on Membership of LGPS

The Sub-Committee considered a report on the relatively low take up of the Local Government Pension Scheme (LGPS) by County Council employees.

An analysis of eligible employees within the County Council was carried out in May 2011. This revealed that 25% of employees eligible to join the LGPS were not in the scheme. This was consistent with a recent study undertaken by GMB which indicated that on average around one in four Council workers had opted out of the LGPS. The Sub-Committee noted that previous estimates had produced a much higher figure of around 40% of County Council employees not being members of the LGPS. This was due to the inclusion of casual employees as eligible members. However, following a regulatory change casual employees were longer eligible and these employees had therefore been removed from the figures.

An additional analysis of opt-out rates for County Council employees revealed an opt out rate of 36% of new starters during 2010/11. The profile of employees not joining/opting out, as identified in the analyses, was:

- Of 31,680 posts eligible to join the LGPS, 7,941 (25%) are not members of the Scheme;
- 83% of non members are female.
- 79% of non members work less than 30 hours per week
- 84% of non members earn less than £10 an hour
- 72% of non members take home less than £10,000 pa
- 53% of non members work in or around schools

A more detailed analysis was presented and the Sub-Committee felt that it would be helpful to have a male/female breakdown of the detailed results.

There was a general discussion on the results of the analyses and the possible options to encourage a greater take up of the LGPS by County Council employees. The current uncertainty around the future LGPS was also highlighted and members felt that given the circumstances it was not the right time to undertake a campaign to promote Scheme membership.

The Sub-Committee agreed that officers should be requested to establish focus groups to look at the LGPS and in particular the reasons for employees not taking up membership and to establish what might make the LGPS more attractive. It was felt that each focus group should be drawn from a particular category of employee i.e. those earning under or over £15,000pa or aged 30 and under. The results of the focus groups would help the Sub-Committee to give further consideration to measures that could be undertaken to increase LGPS membership. The Sub-Committee would also need to have regard to any announcements regarding changes to the future operation of the LGPS.

A concern was expressed about misleading information that surrounded the future of the LGPS which was causing some anxiety and upset. It was felt that improved communications with employees were needed to allay fears and address any misconceptions. Officers were asked to consider the options for the provision of accurate and up to date information to employees possibly through the annual benefits statement. Officers felt that the timescale might be too tight but agreed to look at ways in which communications could be improved.

Resolved:

- (i) That employee focus groups be established to explore the reasons for the relatively low take up of the Local Government Pension Scheme.
- (ii) That officers be requested to consider measures to improve communications with employees about the future operation of and changes to the Local Government Pension Scheme.

7. Urgent Business

None.

8. Date of Next Meeting

Resolved: That arrangements be made for a meeting of the Sub-Committee to take place in October 2011.

I M Fisher
County Secretary and Solicitor

County Hall
Preston