

Lancashire County Council

Pension Fund Administration Sub-Committee

**Minutes of the Meeting held on Wednesday, 6th February, 2013 at 10.30 am
in Cabinet Room 'B' - County Hall, Preston**

Present:

County Councillor Michael Welsh (Chair)

County Councillors

M Brindle

F De Molfetta

P Evans

G Roper

Co-opted members

Bob Harvey, (Trade Union representative)

Councillor Mark Smith, (Blackpool Council
representative)

1. Apologies

None.

2. Disclosure of Pecuniary and Non Pecuniary Interests

None.

3. Minutes of the Meeting held on 11 October 2012

Resolved: That the minutes of the meeting held on 11 October 2012 be confirmed and signed by the Chair.

4. Your Pension Service – Transfer to One Connect Limited

The Sub-Committee considered a report on the decision by the County Council to transfer Your Pension Service to One Connect Ltd (OCL), the County Council's Joint Venture with BT. The transfer would be effective from 1 March 2013.

This decision had been taken because:

- a) There was a significant interaction and interdependence between Your Pension Service and other services already operated by OCL, in particular Payroll Services, ICT and Customer Access.
- b) Your Pension Service was a service that already operated in a highly commercial way and positioning the service within OCL would provide it with the necessary commercial support to continue to grow, for the ultimate benefit of the County Council and the Lancashire County Pension Fund as the key stakeholders.

A copy of the existing Service Level Agreement (SLA) with the Pension Fund Committee was presented. The SLA set out very clear performance standards and requirements around containing the cost of administration and it was noted that the transfer of the Your Pension Service would not result in any changes to the SLA.

Reports on administration matters would continue to be presented to the Pension Fund Administration Sub-Committee.

Members commented on the excellent and cost effective service currently provided by Your Pension Service, and a number of reservations and concerns were expressed about the transfer of the service to OCL. The following points were raised by members:

- The high quality of the existing service to members and their families as set out in the Service Level Agreement must be maintained;
- The expected expansion of the service on commercial lines must not put service standards at risk;
- The price per member (currently £21.50) should remain in the lower quartile;
- Confidential information concerning members and their families must at all times be secure;
- The transfer of Your Pension Service had not been considered or approved by the Pension Fund Committee; and
- There had not been any market testing prior to the transfer being approved.

In responding to the above, officers advised that the transfer would enable Your Pension Service to utilise OCL's commercial skills and systems to enhance and grow the business without affecting the current level of service. It was confirmed that the transfer of Your Pension Service had been market tested as part of the decision to include the transfer in the original list of council services to be transferred to OCL.

The Sub-Committee noted these comments but felt that the reservations expressed by members particularly around the future integrity of the service should be brought to the attention of the Pension Fund Committee and that the Service Level Agreement should be amended to reflect the transfer arrangements and to provide necessary assurances on the future delivery of the service.

The Sub-Committee's attention was drawn to the Pension Fund's Communication Policy Statement that was attached at Appendix 'B' to the SLA. It was noted that the Communication Policy Statement needed to be updated and that a further report would be presented to the Sub-Committee in July 2014.

Resolved:

1. That the County Council's decision to transfer Your Pension Service to Once Connect Ltd be noted.
2. That the members' reservations and concerns about the transfer, as set out above, be brought to the attention of the Pension Fund Committee with a view to further assurances on the future delivery of the service being provided by OCL.
3. That, subject to the amendments set out above, the current Service Level Agreement and associated performance standards, presented at Appendix 'A' to the report be confirmed.
4. That an updated Communication Policy Statement be presented to the next meeting of the Sub-Committee.
5. **Membership of Local Government Pension Scheme and Auto-enrolment**

The Sub-Committee considered a report on the effectiveness of a communications campaign to encourage a greater take up of the LGPS by County Council employees. The campaign which had been approved by the Sub-Committee on 11 October 2012 had been undertaken to coincide with the Council's auto enrolment staging date of 1 January

Details of the campaign which began in October 2012 were presented. The Sub-Committee noted that the campaign and auto enrolment had resulted in an increase in county council membership of the LGPS of 7.5%. This increase had exceeded the 5% target. It was also noted that the number of employees who had opted-out following the auto enrolment exercise was 33% and this was within the opt-out target of less than 50%. The opt-out rate would continue to be monitored and if necessary another wave of communications would be rolled out across the Council. It was suggested that any future campaign might be able to utilise One Connect Limited's marketing skills and that the benefits of the LGPS could be further highlighted in the revised Communication Policy Statement that would be presented to the next meeting of the Sub-Committee.

The Sub-Committee felt that it would be useful to have a break-down of county council employee opt-outs. It was agreed that further information showing the opt-outs by sex, age and salary would be presented to the Pension Fund Committee.

It was noted that the Fund's actuary would be attending the next meeting of the Pension Fund Committee to discuss the framework for the next actuarial

evaluation. The impact of auto enrolment and the proposed changes to the LGPS would be considered as part of the evaluation exercise.

The County Council was the first employer in the area to auto enrol its workforce. It was confirmed that all campaign materials would be made available to other Fund employers including District Councils and Unitary Authorities as the auto enrolment process began to affect them. The Your Pension Service had already been asked to provide support to UCLAN and the Service would run surgeries if requested to do so by other Fund employers.

Resolved:

1. That the evaluation of the communications campaign to encourage a greater take up of the LGPS be noted.
2. That a profile of county council employees who have opted out of the LGPS be presented to the next meeting of the Pension Fund Committee.

6. Statutory Consultation on the new Local Government Pension Scheme 2014 and related proposals

The Sub-Committee considered a report on the Department for Communities and Local Government (DCLG) consultation on draft regulations for the new Local Government Pension Scheme to come into force in April 2014.

It was noted that the main elements of the new scheme design reflected the proposals put forward previously within informal consultation. Therefore, on the basis that previous informal consultations had received overwhelming support, including support from Lancashire County Council, the Sub-Committee was asked to agree a response indicating their support for these proposals. It was also noted that the consultation asked practitioners to comment on a number of technical areas and that any response from the Fund would also contain a detailed commentary.

The Sub-Committee was asked to note that a number of related proposals (councillor's pensions, cost control and governance) would be subject to further consultation exercises during 2013. Further reports on these proposals would be presented as appropriate.

Resolved:

1. That a response supporting the draft regulations for a new Local Government Pension Scheme in April 2014 be submitted to the Department for Communities and Local Government
2. It be noted that that further reports on a number of related proposals would be presented during 2013.

7. Urgent Business

None

8. Date of Next Meeting

Resolved: That the County Secretary and Solicitor be asked to arrange the next meeting of the Sub-Committee to take place in July 2013.

I M Fisher
County Secretary and Solicitor

County Hall
Preston

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