

# Minutes

## *PENSION FUND CONSULTATIVE GROUP*

**MINUTES OF THE MEETING OF THE PENSION FUND CONSULTATIVE GROUP HELD ON THURSDAY 1 DECEMBER 2011, IN MEZZANINE ROOM 1, COUNTY HALL, AYLESBURY, COMMENCING AT 10.00 AM AND CONCLUDING AT 10.50 AM.**

### **MEMBERS PRESENT**

Mr F Downes, Pension Fund Committee Representative (Chairman)  
Mr S Cox, Pensioner Representative  
Mrs J Eubank, Employee Representative  
Mr S Mason, Aylesbury Vale District Council Representative  
Ms T Pearce, Chiltern District Council Representative  
Ms L Turvey, Admitted Body Representative - Fremantle Trust  
Mr M Chard, Employee Representative  
Mr G Waghorn, Milton Keynes Council  
Ms J Edwards, BCC Finance Representative  
Mr I Thompson, Thames Valley Police  
Ms F Grigg, Heritage Care

### **OFFICERS PRESENT**

Mr C Thompson, Principal Pensions Officer  
Mrs M Keyworth, Democratic Services Officer  
Mr M Preston, Assistant Head of Finance - Management Accounting  
Ms L Hughes, Principal Pensions Officer (Administration)

### **AGENDA ITEM**

#### **1. APOLOGIES / CHANGES IN MEMBERSHIP**

Apologies were received from Martin Cross and Sue Burgess. Frances Grigg substituted for Sue Burgess.

The Chairman welcomed to the meeting Mark Preston, Assistant Head of Finance, who had replaced Clive Palfreyman.

The Group introduced themselves.



INVESTOR IN PEOPLE



## **2. MINUTES**

The minutes of the meeting held on 7 April 2011 were agreed as a true record.

## **3. LOCAL GOVERNMENT PENSION SCHEME CONSULTATION**

Members were informed that the Government was consulting Authorities with regard to proposals for short term savings of £900m, which would equate to an increase of 3.2% in employee contributions. It was noted there would be no increase for those earning under £15,000, after which there would be progressive increases for middle and higher earners. Authorities had been asked to respond by 6 January 2012 and it was anticipated that this would be in place for April 2012.

Many were concerned that the introduction of these proposals would create a mass opt out from Local Government Pension Schemes. It was therefore agreed that the LGA and Unions should put forward alternative proposals for consideration, and these were set out in the report. The options were discussed at Pension Fund Committee and those members agreed to support LGA Option 2, giving a choice to increase contributions or lower the accrual rate. The draft County Council (as administering authority to the Fund) response to the consultation itself was also attached to the report. The Committee's main concern was regarding lower paid staff who may opt out or choose not to join the Scheme if contributions were increased. There was a need to ensure lower paid staff were relieved from the full burden of the changes. The Pension Fund Committee looked at contributions and accrual rate in relation to protecting lower paid staff and giving people a choice about what to pay and agreed that the LGA Option 2 covered these concerns.

The member representing Thames Valley Police said they had responded along the same lines because they were also concerned about the rise in opting out. He asked whether there was any information regarding those who may be better off financially by pulling out of the Scheme and benefitting from Pension Credits and whilst the BCC Finance Representative agreed to look into this, it was noted that there would not be any information regarding what Pension Credits would be when current members reached retirement age.

Members of the Pension Fund Consultative Group agreed that the LGA Option 2 was the right approach for short term measures.

In the ensuing discussion the following was noted:

- The current proposals would only be in place for three years, until the new Scheme came into force in April 2015.
- Concern was expressed about part-time staff, but at least they would be given a choice about whether to increase contributions or take a lower accrual rate;
- An argument had been put forward that employers should have lower contributions and the BCC Finance Representative said the intention had been to give organisations less cash and reduce employers' contributions.
- The timescale was not giving employers much time to implement the changes, given the January deadline for response;
- A member asked why there was the need to make changes for the next three years and why not wait until the proper scheme was introduced in 2015. It was noted that the changes were being made in order to achieve an extra £900m in the short term. The national debt problem had exacerbated the situation and this was additional revenue which was going to the Treasury. It was also the view at the Pensions Managers' Conference that all the changes to the new Scheme should have been brought forward to 2014.

- All schemes will be changed by 2015 and there are plans for an increase in employee contributions of 3.2% for all.
- The LGPS employee contributions are higher than many other schemes. The NHS standard is from 5% to 8.5%, the Civil Service 1.5% to 3.5% and Teachers 6.4% compared to the LGPS which ranges from 5.5% to 7.5%.

#### 4. PENSIONS ADMINISTRATION PERFORMANCE

Members received the report of the Principal Pensions Officer, which gave details of the work performance statistics for the last 12 months, to October 2011.

The number of tasks being completed outside target times peaked in April and May and this was attributed to the unusually high number of bank holidays in that period. The normal range was between 1% and 2%.

During April to October 2011 the Team calculated 661 redundancy estimates, 30 of which were calculated outside of the required timescale. In the same period, the Team dealt with over 2,600 general queries, 42 of which were dealt with outside of the required time limits. In October 2011, the team dealt with 1,645 queries relating to the pay calculated from pension contributions.

A member asked how much the introduction of the short term measures for pension fund contributions will impact on the work of the team. It was noted that the job would be more intense for the following three years. However, the introduction of the Career Average scheme would make it easier and systems will be in place to support the work. The Principal Pensions Officer stated that the more information they receive from employers regarding changes, the less queries they will need to deal with.

**The Pension Fund Consultative Group NOTED the performance statistics of the team.**

#### 5. CIPFA PENSIONS ADMINISTRATION BENCHMARKING CLUB

Members received the report of the Principal Pensions Officer. Buckinghamshire County Council takes part in the CIPFA Benchmarking Club and annual data is submitted and compared against 59 other Authorities. The following was noted:

- The total cost per member this year was £16.28 compared to the group average of £22.14. The reduction included savings through the merger of the Pensions Manager and Investment Manager roles. There were also increases in scheme members as well as school employers.
- One area where the Authority was above average in costs was the Pension IT system. Extra money has been spent in this area in order to make future savings in other areas. However, the overall costs are still lower. BCC was looking at introducing Employer self-service to enable employers to upload their own information onto the system and volunteers were being sought to pilot this.
- Sickness absence within the Team was quite high and it was noted that short term sickness is a concern and work is being undertaken in this area. Long term sickness has worsened over the last few years and officers are also managing this. Officers do have meetings with staff on their return to work. A member expressed concern that the underlying issue may be under-staffing.
- Concern was expressed regarding data protection issues in connection with employee contributions. It was noted that the new systems would allow more people to do the work themselves and those providing private pension schemes have been doing this work for some time.

- The level of opt outs from the Scheme is above average. Last year's amnesty was only for transfers between LGPS funds, which limited its use. The Chairman asked whether officers could identify why there had been an above average opt out.

## **6. DATE OF NEXT MEETING**

The next meeting of the Pension Fund Consultative Group will be held on Thursday 15 March 2011 at 10.00am in Mezzanine Room 3, County Hall, Aylesbury.

Dates of future meetings:  
6 December 2012

## **7. EXCLUSION OF THE PRESS AND PUBLIC**

### **RESOLVED**

**That the press and public be excluded for the following item which is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)**

## **8. CONFIDENTIAL MINUTES**

The confidential minutes of the meeting held on 7 April 2011 were agreed as a true record.

## **9. FUND MANAGERS' PERFORMANCE**

Members received the report of the Head of Finance and Commercial Services, giving details of the Fund's performance for the third quarter ending 30 September 2011.

**The Group noted the performance of the Pension Fund's fund managers for the third quarter of 2011, ending 30 September 2011.**

**CHAIRMAN**