

PENSION FUND COMMITTEE – 4 DECEMBER 2015

COMMUNICATION STRATEGY

Report by the Chief Finance Officer

Introduction

1. The Communication Policy Statement of the Oxfordshire Local Government Pension Scheme Pension Fund was established within the 1995 Regulations and is now prepared under Regulation 61 of the Local Government Pension Scheme Regulations 2013. From 2015 the Pension Regulator is instrumental in our scheme, bringing a code of practice, and a scheme of compliance and enforcement. This fund needs to incorporate best practice for public sector scheme communications and ensure it meets the measures of the Public Service Pensions (Information about Benefits) Directions 2014. This report highlights areas of potential and actual change to the strategy, which the committee may decide are material.
2. The current policy attached at Annex 1 sets out the Oxfordshire Pension Fund's strategy for its communications with members, members' representatives and employing authorities, and if required for the Pension Board. The policy provides a framework for planning and delivering communications to these recognised stakeholders. Within 'communication' training and scheme promotion is included.

The current situation and concerns

3. Since the original communication policy, there have been considerable changes to the LGPS picture. In particular, the 2013 LGPS regulations increased employer responsibilities and for the scheme manager, significantly different reporting directions. Regular policy reviews have picked up incremental changes but this report reflects on an overall effect between the original report and now, and to ask the committee to consider what communications` may need to deliver in the future.
4. It is not only the regulations which influence the communications; it is also how we communicate which can influence the results. Managing expectations may be underwriting the policies in the future.
5. Employer communications: Regulatory changes do colour this area. The increase in the number of employers in this fund results in a frequently shifting base. The increasing number of employers caused mainly by the fragmentation as larger employers break into smaller units, through service outsourcing or through the conversion from maintained schools to independent Academies, challenges us to have the right communication to the correct area at the right time. Each move creates a new fund employer,

with statutory roles under the LGPS regulations. As the committee will be aware, an employer's pension administration role can cover disciplines in both finance and human resources, functions where work involves independent decision making and cannot be delegated away from the employer. Employers do have to be prepared to use their discretionary decision making processes and prepare non-standard assessments. Even when an employer understands and accepts its statutory role, do they support it with adequate resource? When the employer does not engage, is the fund taking adequate steps to ensure the member does not lose track of their retirement planning?

6. Our challenge, 18 months into the new LGPS scheme is to keep communication and guidance appropriate for employers at all stages of their membership. Maintaining this supportive role to cover all the eventualities for all types of employers has the potential for long and complicated website and guidance pages and training sessions. Our local information is in addition to the support provided by the national Local Government Association.
7. Based on the experience of interpreting the data we receive monthly and at the end of the year from scheme employers, there remains a need for significant support during this extended transition period while the LGPS presents itself as if two concurrent schemes. Either this comes internally within the employer work force or the scheme needs to provide a form of support to ensure the back-bone of our current administration process: contribution pay-over and transmission of all the details to set up maintain and assess benefits for members, can happen on time and correctly.
8. When we asked employers for their views on our wider communications, we received 9 replies, representing town councils and admitted bodies. We did not receive a reply from any 'primary' scheduled body. It was an informal questionnaire, perhaps not sufficiently directed to the key personnel in larger authorities, but eight of the nine who replied do already engage with the fund, attend meetings and fulfil their employer role. The alternative view - an admitted body with agreements on many LGPS funds across the country, expressed differing comments - reflecting clearly their national approach.

The 'Annual Employer Forum'

9. Members will be aware that the 2014 Forum did not take place due to the poor take up of places. This year we asked employers on what they might expect from such a meeting. The questions ranged from the style the forum should take; the subjects attendees would like to hear discussed to the time best suited for attending. The response was muted, and the replies, shown in appendix A led to the cancellation of the meeting this year. Should the committee be concerned about building an engagement or ought a communication strategy to reflect that employers are not required to be involved beyond 'Do as the regulations require'?
10. In considering the communication strategy, what level of engagement is the committee expecting from employers, especially in connection with the annual Forum?

- Is the Forum a tool to assist the committee in making its work open and transparent for employers in the fund?
11. How would the committee like to develop engagement from employers beyond the legal regulatory roles?
- Should the fund publish a list to show the training and meetings attended by employers?
 - Ought the fund's administration strategy with every employer be incorporated into communications and any non-signature chased?
 - Should additional administration charges be raised with the fund valuation to compensate for additional work that may be required for non-engagers, or
 - As an alternative - could reduced charges be levied when we have fully involved employers? Perhaps, once we start to receive, collate and post the regular returns should more be expected from an employer?
 - In the event an employer wishes further involvement questions could be channelled, at least initially through the quarterly employer groups that are offered?

If the employer's forum is to continue within this strategy, in what format since the survey results we did receive do not give basis for change.

12. Active Member communications: This fund currently relies on employers, requiring a collaborative approach to distribute scheme information to their employees – our scheme members. Although some smaller employers are happy to maintain this service, the responsibility to disclosing new information does sit with the scheme. Our communication policy incorporates this employer assistance and this has helped to limit distribution costs, however as a scheme we could not confidently state what percentage of scheme members would be aware of the latest newsletter release, for example. When regulations change there is statutory requirement to disclose the information.
13. The Pension Fund Committee has invested in the new module to the Altair system, to enable Member Self Service (MSS) to their own pension record, and for pensioners their online pay advice slips. Additionally, MSS can link the member to scheme documents, pensions correspondence including information such as member guides, newsletters and benefit statements. Eventually the greater part of member communication material will be available this way, for those members who request their own secure log in.
14. Not every scheme member will want or be able to access their record using the secure internet connection; we must maintain alternative methods, for those who make that choice. While this fund builds towards the individual access, we must maintain contact with scheme members through their home address to fulfil our regulatory requirements, rather than rely on distribution through employers. The Disclosure Regulations require that the scheme send members notice to the home address about the intention to host information only on line. Our initial contact must also give members the opportunity to

maintain the paper, and when we are ready how to gain access to the on line record.

15. Whilst initially postage costs must increase, we cannot and in this case should not rely on the employer interceding. As sections of membership choose to check the news on line and receive emails to notify them when there is new information to see, printing and posting costs should reduce.

Scheme promotion:

16. How does scheme promotion fit within the changing structure of fund employers and the workplace pensions' automatic enrolment process? Auto-enrolment and re-enrolment is primarily an employer activity, but with the LGPS as a qualifying scheme ought we provide a more proactive role to support scheme employers? We have shared sample letters in the past, but making an obvious cross reference to LGPS could be practical scheme promotion for members who had previously opted out or taken the 50/50 section of the scheme. Many other new employers, those joining following outsourcing, will not offer opportunities for new employees to join the LGPS so scheme promotion does have a limited audience.
17. Is this the approach the fund would wish to take for scheme promotion?

Fund identity

18. The LGPS is a national scheme with local administration. The banking arrangements for the fund must be kept separate from those of the county council. To separate the county's roles as an individual employer in the fund from the administration of this fund, would the committee support adopting a recognisable logo? The officers have prepared suggestions based on the image of the county flower - the snake's head fritillary - see images in the annex
19. Having this identification may help draw a line between the county's employer role and pension administration. An approach to consider a logo was previously began in 2011, but not resolved.

RECOMMENDATION

20. The Committee is RECOMMENDED to:

(a) confirm any changes to be made to the Strategy concerning:

- (i) guidance from the committee on the employer forum including rescheduling for January or February next year to include details of the end of year data requirements; and**
- (ii) changes to the policy to enable adoption of member self service; and**

(b) approve a logo for this fund.

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Background papers: None

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Pension Fund

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