

**PENSION FUND COMMITTEE – 23 JUNE 2017**  
**ANNUAL REVIEW OF PENSION FUND POLICIES**  
**Report by the Director of Finance**

**Introduction**

1. Under the Local Government Pension Scheme Regulations, the Pension Fund Committee, acting as the Administering Authority of the Oxfordshire Pension Scheme, is required to produce and maintain a number of key policy documents. These policies are subject to an annual review, which is scheduled for the June meeting of the Committee cycle. This report presents the latest version of these policies for them to be formally endorsed by the Committee.
2. Whilst not a formally required policy under the LGPS Regulations, this report also presents a formal Scheme of Delegation to be endorsed by the Committee. This Scheme of Delegation brings together those areas previously agreed by this Committee where decisions have been delegated to officers of the Council.

**Policies for Endorsement**

3. The key policies to be reviewed and endorsed are set out as Annexes to this report. The key issues with each policy, including any changes to the Policy is set out below.

Annex 1 – The Funding Strategy Statement.

4. The Funding Strategy Statement sets out the Fund's approach to managing the solvency of the Fund, and is the framework which guides the work of the Fund Actuary in completing the Triennial Valuation of the Pension Fund.
5. The initial Funding Strategy Statement was prepared in 2005 with considerable support from the Fund's then Actuary. The Committee carried out a consultation exercise as part of a fundamental review of the Statement in 2009/10 and agreed a number of changes to the Statement to increase flexibility around recovery periods, stepping arrangements and the treatment of admitted bodies. In March 2013 the Committee determined changes in respect of the pooling arrangement for academy schools.
6. There have been no significant changes to the Funding Strategy Statement as part of this current review, other than to relax the requirement for all small employers to meet their deficit contributions by way of cash sums rather than as a percentage of pensionable pay. The change allows those small

employers who are either pooled, or grouped with a sponsoring employer to meet their deficit contributions by way of a percentage of pensionable pay. The Actuary suggested this change as part of the 2016 Valuation as it reduces the instability of the deficit payments for an individual employer within the pool/group whilst still protecting the Fund as a whole from reductions in overall pensionable pay levels. The only other changes were to reflect the renaming of the Statement of Investment Principles as the Investment Strategy Statement

### Annex 2 – The Investment Strategy Statement

7. The Investment Strategy Statement replaced the Statement of Investment Principles, and sets out the Committee's approach to the investment of the Fund's resources.
8. Under the new Regulations the prescriptive nature under the old Regulations was replaced by a more prudential framework, whereby the Committee is not constrained by any particular restrictions on asset allocations, but needs to provide the rationale for all decisions within the Investment Strategy Statement.
9. As the initial Investment Strategy Statement was only agreed by the Committee at its March 2017 meeting, and no changes were proposed by the subsequent meeting of the Pension Board, there are no changes to draw to this Committee's attention.

### Annex 3 - Governance Policy and Governance Compliance Statement

10. The Governance Policy sets out the arrangements for the management of the Pension Fund, and the Governance Compliance Statement sets out the extent that this policy complies with best practice.
11. The Governance Policy Statement has been amended to change references to the statement of Investment Principles to the Investment Strategy Statement. Whilst no other changes are proposed at this time, there are a number of areas which will need to be amended once the Brunel Pension Partnership is established. In particular, the Terms of Reference for this Committee will need to be amended to remove the responsibility for the appointment of Fund Managers, and the monitoring of their performance. In addition the operational procedures will need to be amended to remove the references to Fund Managers being invited to attend Committee and present information of the performance of their portfolio. The role of the independent financial adviser will also need to be reviewed.
12. No changes have been made to the Governance Compliance Statement. The Compliance Statement therefore continues to identify the areas where we remain only partially compliant with best practice, a position the Committee has been happy to accept in the past. These areas cover representation of all key stakeholders, the skills and knowledge required of substitute Committee

members and the agreement of a formal annual training plan for Committee Members.

#### Annex 4 – Communication Policy

13. The Communication Policy sets out the Fund's key communication messages and channels.
14. There continue to be considerable changes to the LGPS picture. The number of employers in the fund continues to increase as larger employers break into smaller units, through service outsourcing or through the conversion from maintained schools to independent Academies. Each move creates a new fund employer, with statutory roles under the LGPS regulations.
15. Our challenge therefore remains 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.
16. This is further complicated by the need for support during the extended period while the LGPS presents itself as two concurrent schemes.
17. The Fund must also communicate with and support our members as the scheme becomes more complex and membership groups more fragmented. The challenge remains to engage and interest members in their pension provision and for them to understand the benefits of the Scheme.
18. The Communications Policy has been reviewed in light of this context and a consultation exercise with scheme members and employers. The key findings of the consultation are set out in the appendix to this report.
19. The results of the consultation simply reflected the diverse requirements of scheme members and employers with contrasting comments on the move away from paper presentations to electronic communications and self service.
20. The amended Policy though does reflect the move to an on-line member self service tool for pensioner members of the Fund implemented in April 2017, and which is due to be rolled out to deferred and active members during 2018. Alternative options have been retained for those pensioners who opted out of receiving their communications in electronic format..

#### Annex 5 – Early Release of Benefits Policy

21. The Early Release of Pension Benefits Policy covers the Administering Authorities approach to dealing with cases for early release of pension benefits where the last employer of the scheme member is no longer in existence. This Policy was initially approved by the Pension Fund Committee at its meeting in December 2012. There are no significant changes as part of this annual review.

#### Annex 6 - Scheme of Delegation

22. The Scheme of Delegation was introduced in June 2012 to bring together all areas where the Pension Fund Committee has previously delegated decisions to Officers of the Council.
23. The Committee last approved the Pension Fund Scheme of Delegation at their meeting in March 2016. A number of minor amendments have been made to the scheme of delegation to reflect structural changes since the last approved version. References to the Head of Paid Service have been replaced with the Chief Executive, references to the Chief Finance Officer have been replaced with the Director of Finance, and references to the Service Manager – Pensions, Insurance and Money Management have been replaced with the Service Manager – Pensions.

#### Annex 7 – Administration Strategy

24. The Fund is required to produce an Administration Strategy to set out the various responsibilities of the Administering Authorities, and the Scheme employers, and to establish a charging policy to allow the Administering Authority to recover costs of additional work where scheme employers fail to meet their responsibilities in an accurate and timely manner.
25. The charges included in the Administration Strategy were amended in June 2016 following a consultation exercise with employers. Following their introduction, the service operated a transition year where the focus was on engagement and education of employers to achieve results. With the establishment of the new employer team, and the need to report breaches of the regulations to the Pension Regulator for the second successive year, we are now looking to apply charges on a regular basis where employers fail to respond to initial requests for information etc.
26. It is not proposed to amend the Administration strategy this year to allow time to assess the impact of the application of the charging policy.

#### Annex 8 – Procedure for Reporting Breaches of Law to the Pension Regulator

27. We were required to develop a Procedure for the Reporting of Breaches of Law to the Pension Regulator during 2015/16. This procedure was agreed by the Committee at its meeting in September 2015. No further changes have been proposed at this time.

#### Annex 9 – Administering Authority Discretions

28. There are a number of areas under the LGPS Regulations where the Administering Authority is required to publish a discretionary policy. These are included in Annex 9.

29. The only change proposed within the Discretionary Policies is to remove the ability of scheme employers to phase payments of the additional pension costs of an early retirement over a period up to 5 years. This change is proposed to reduce the administrative burden on the Fund associated with monitoring and accounting for the phased payments. Whilst there is an additional cashflow burden on the scheme employers, there should be no budgetary implication as the full cost of the early retirement should be accounted for in the period the decision is made.

## **RECOMMENDATION**

30. **The Committee is RECOMMENDED to approve the revised policy documents as set out in Annexes 1-9 to this report, noting the main changes in the documents as discussed above, and the future changes required in the Governance Policy on the establishment of the Brunel Pension Partnership and the transition of Funds.**

LORNA BAXTER  
Director of Finance

Background papers: Nil

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June 2017

**Appendix – Results of Consultation on Communication Policy**

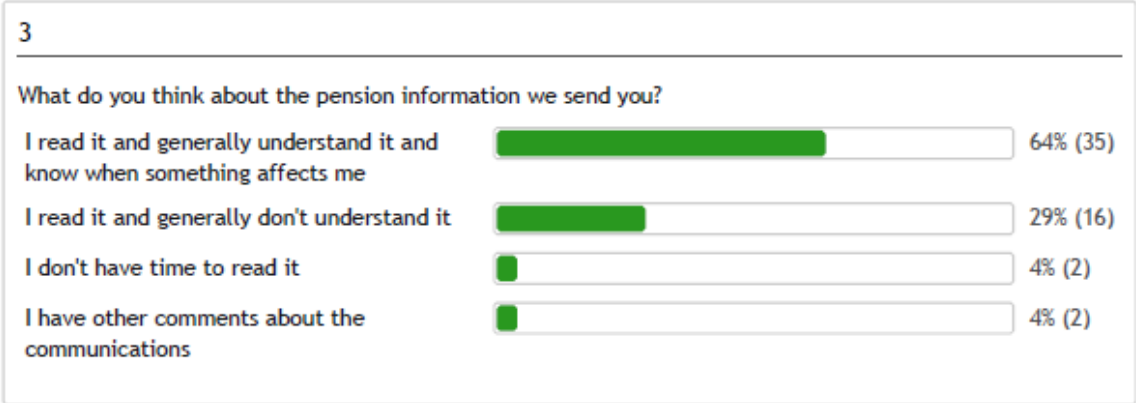
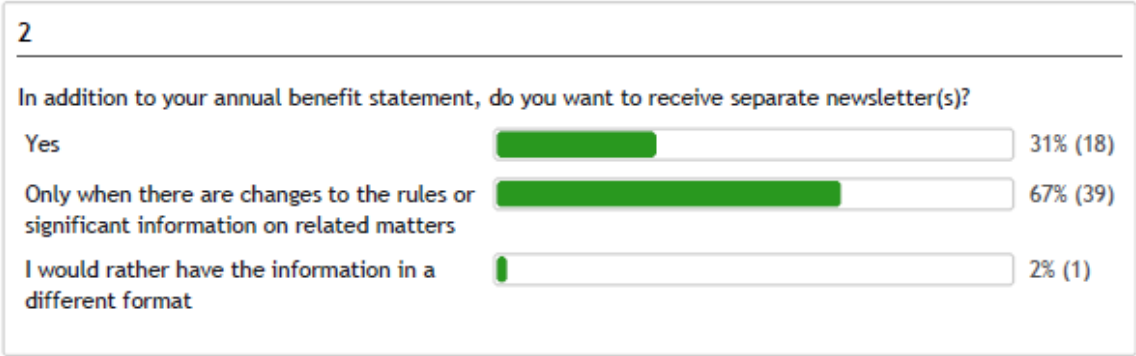
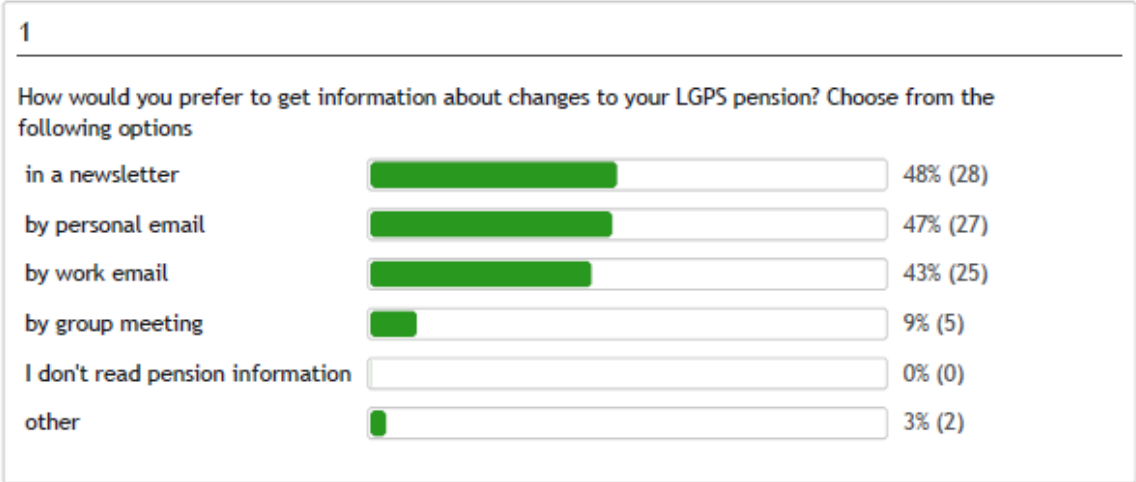
**Objectives of Consultation**

Pension Services need to know what LGPS scheme members think about current communications and what type of communication they may wish for in the future. Your comments will help us prepare the communication policy review.

**Results of online consultation**

## Summary of Responses

Summary Graphs List Responses Cross Tabulate Export



4

When you visit our website pages [www.oxfordshire.gov.uk/pensions](http://www.oxfordshire.gov.uk/pensions) do you generally find what you are looking for?

Yes  61% (33)  
No  39% (21)

5

If you do not generally find what you are looking for on the pensions website pages [www.oxfordshire.gov.uk/pensions](http://www.oxfordshire.gov.uk/pensions) , is this because

I find the pages difficult to navigate  23% (7)  
The information I look for is not there  7% (2)  
The basic information is there, but I need more detail  27% (8)  
Other reasons  43% (13)

6

Have you visited [www.lgpsmember.org](http://www.lgpsmember.org) - the national website for members of the LGPS?

Yes  45% (25)  
No  55% (31)

7

Would you like a secure log-in to see your personal information on your pension record?

Yes  82% (47)  
No  18% (10)

8

Would you like to make any other comments about the LGPS communications provided by Pension Services?

This question has been answered 20 times.

## **Comments made by members** (Where appropriate we have responded in italics)

### **How would you prefer to receive information**

- Carrier pigeon – *there are no plans to introduce this*
- Yammer – *we have not yet used Yammer but would consider under the right circumstances*
- By letter to my home address
- I would like a workshop face to face with someone who would explain my pension information – *this is available by arrangement*
- I would like a messenger system so I can email the pensions people with questions – *this is unlikely to be introduced. A messenger system would be difficult to monitor and disruptive to day to day working practices*
- Employers should have greater involvement in pension communication - *we are trying to encourage this*

### **Do you want to receive a separate newsletter**

- Online - *Planned*
- I would like to be able to log in and see my account when I want to - not rely on some distant body that is difficult to communicate with. *Planned*
- Internet access please. *Planned*

### **What do you think about the information we send you**

- Can i have an audio version – *no plans to introduce this*
- The information is not difficult in itself - the tricky bit is knowing how it applies to you because of the numerous changes.
- Make it more simple for us to understand. *This is a very complex area but we try to explain and keep things as simple as possible*
- Other than a welcome letter in July 2014, I've not received any further personal communication from you. *unfortunately no contact details were provided*
- Just started so have not seen any info to comment
- Don't generally receive much information from you.
- I don't generally read it but this time i did as we were told there was important info about pensions reporting

### **If you don't find what you are looking for, why do you think this is?**

- there is nothing relevant for me
- the order is not always clear and logical
- I can find the info I need, but it can take a while because some pages are difficult to navigate
- I find it difficult to understand
- I want personal information about my account.
- I didn't know about the website
- Have not used the website
- I haven't needed to use the pensions website yet.
- I have not visited it yet
- While I find what I'm looking for in the end the website is not clearly sign posted and can have outdated information on some of the pages.
- I have not used the website
- I have not visited this website
- I haven't visited web pages
- I have only just started using it
- I do not use internet
- I don't usually visit the webpages as I haven't had something specific to look for there
- looking in the wrong places

*We are aware of the navigation issues with our current website and would like to re-vamp it – this is a long term project.*



### **Would you like a secure log in to see your personal information? What would you like to see?**

*Under this question, respondents requested the following, all of which are planned as we roll out our online service:*

- Estimates of pension based on current contributions and likely future ones.
- Simulations to see impact of varying contributions.
- Information about the scheme and explanations for the lay person
- Documents such as Annual Benefit Statement and topical newsletters etc
- Check my personal details and update these online e.g. address changes.
- Check the pay information held for me.
- Current record of pension contributions and accrual.
- Check accuracy and make sure everything is correct at payment time planned
- Information on transferred pension and current pension and how they will pay out at retirement.
- What my family would get if I died in service etc
- My service record for the LGPS and details of my accumulated pension pot
- Access to any documents linked to pension eg death grant/ expression of wish."

### **Any other comments**

- Employers should have greater involvement in pension communication, Do we gain confirmation from employers they have distributed information etc – *we encourage employers to distribute information and to engage with members regarding the pension scheme*
- Very useful articles and a timely reminder of need to plan ahead and take charge
- It would be good to have the opportunity to discuss pension in person i.e. workshops in the north of Oxfordshire not just oxford city. – *this is available on an ad hoc basis*
- It is time to move into the modern day - access to an internet account please. – *this is being introduced*
- It is very difficult to get hold of somebody via email! *Emails to the team are logged and dealt with in line with the team's KPIs. We discourage members from contacting individual team members*
- The explanation and comments on changes to pension regulation in the newsletters are much appreciated.
- There doesn't seem to be that much of interest to members.
- Generally happy - and I know that if I need to know something, I can ask. Thanks.
- I like the pensions newsletter - always informative and pitched right for me.
- It's very difficult to get answers to questions, and when I do, I don't understand the information. It's very distressing when you are being made redundant and you are trying to sort out your finances and you can't get the information you need to make time critical decisions. *unfortunately no contact details were provided*
- It is important that all relevant pension information/changes are provided to members with all updates highlighting any changes.
- Any personal information should be posted to my home and any general information can be emailed to me
- "I need to be able to understand the information and how the pension is calculated as the info on my annual statement makes no sense and would never be enough to retire comfortably on at all so I question why I bother with it. *unfortunately no contact details were provided*
- I would like to discuss pension information with someone as I fear that my pension will not be enough to live of in my future" one to one meetings are part of our standard offering – *unfortunately no contact details were provided*
- as someone who has acted as an executor for parents and carer I am acutely aware that for the elderly getting information electronically is just far too complex. When ever need to get information to them , it needs to be on paper . Please keep paper for older people including me. - *Members can opt out of online communications*

### **Comments made by employers**

- Newsletter is good – short points with links to find more information
- Should be sent out at key times

- Need to be clearer on roles and responsibilities – *this is now incorporated into our Intro to LGPS training*
- Need improved navigation on website – *a revamp of the website is a long term project*
- Meetings are crucial and potentially need more of them – *employer meetings take place quarterly*
- Website needs higher profile on the calculations – *we received mixed views as to whether website should have more detail or less*
- More sessions for those practitioners new to the scheme – *increased to 8 per year*