

REPORT OF THE GROUP DIRECTOR, FINANCE & CORPORATE RESOURCES		
PENSION FUND COMMUNICATIONS POLICY STATEMENT	Classification PUBLIC	Enclosures one
	Ward(s) affected ALL	
Pensions Committee 24th January 2017		

1. INTRODUCTION

- 1.1 This report introduces the updated Communications Policy Statement for the Pension Fund. It is a regulatory requirement for the Fund to have a Communications Policy Statement and for the Statement to be kept under review and updated as required. The Pension Fund Business Plan also includes provision for an annual review of the Communications Policy to ensure that it is reviewed by the Committee on a regular basis.

2. RECOMMENDATIONS

2.1 The Pension Committee is recommended to:

- **Approve the updated Communications Policy Statement.**

3. RELATED DECISIONS

- Pension Sub-Committee 6th March 2006 – Approval of first Communications Policy Statement.
- Pension Sub-Committee 23rd June 2010, 27th March 2013, 16th January 2014, then Pensions Committee 31st March 2015, 13th January 2016 – Approval of amended Communications Policy Statement.

4. COMMENTS OF THE GROUP DIRECTOR, FINANCE & CORPORATE RESOURCES

- 4.1 The approval of a Communications Policy Statement has no immediate financial impact, however, a good communications policy for the pension fund helps the Fund to demonstrate good governance and maintain an efficient and cost effective Fund.
- 4.2 The implementation of an effective communications policy however is not without cost, given the need to keep members and employers informed. Where possible a lot of information is provided electronically with a dedicated Pension Fund website which forms part of the Third Party Administration Contract.

5.1 COMMENTS OF THE DIRECTOR, LEGAL

- 5.2 The Local Government Pension Scheme Regulations 2013, Regulation 61, require LGPS Pension Funds to publish and keep under review their Communications Policies. The Regulations further set out the requirements for Administering

Authorities to cover in such statements, the types of information to be covered, the frequency and recipients of such communications.

- 5.3 The Committee acting in its capacity as Administering Authority therefore has a responsibility to ensure that such Communications Policy Statements are kept under review and that they are re-considered as and when necessary. This report ensures that the Committee are meeting their obligations as quasi trustees in respect of the Communications Policy.
- 5.4 There are no immediate legal implications arising from this report.

5. BACKGROUND/TEXT OF THE REPORT

- 6.1 The requirement for LGPS Pension Fund to have a Communications Policy Statement was introduced in 2005, with the then Pensions Sub-Committee approving its first Communications Policy Statement at its meeting in March 2006 and subsequent updated policies in June 2010, March 2013, January 2014, March 2015 and January 2016.
- 6.2 The Communications Policy has been amended to be in line with any changes that have occurred together with any updated references to the relevant legislation.
- 6.3 In terms of the communications that have taken place during the financial year, presentations by officers in regard to the benefits of membership of the scheme continue to be included in the weekly induction sessions held for new employees of the Council.
- 6.4 Personal 1-2-1 meetings continue to prove very popular with individual scheme members, both active and deferred, who wish to discuss their options around pension benefit choices, flexible retirement and the potential effects on their pension benefits in regards to departmental restructures.
- 6.5 With the launch of Chief Executive's Voluntary Redundancy Scheme in October 2015, the Pensions Team facilitated at a large number of presentations that were available for all members of staff to attend regarding the VR scheme. Once staff had made their decision and were accepted for the Scheme, more specific briefing sessions were held explaining the next stage of the VR process. The sessions were split between members who were eligible to receive their pension benefits and were over the age of 55 and those who were under the age of 55 and were not eligible for pension release. These specific sessions have continued on a monthly basis throughout 2016 as staff leave the organisation and will continue until March 2017.
- 6.6 Several poster campaigns were undertaken by the in-house pension's team during 2016:-
- Ceasing of Contracting Out
To raise awareness of the end of 'contracting out of the State Second Pension' which means an increase in employees and employers National Insurance Contributions. The change is due to the introduction of the new flat rate State Pension which became effective from 1 April 2016. This change in legislation affects all members of both the LGPS and TPS. The posters informed that members would notice an increase to their National Insurance contribution rate and a likely reduction in their take home pay in their first salary payment of the new tax year 2016/2017.

- Re-enrolment
Posters were distributed to all Hackney buildings and schools within the borough to raise awareness that for staff who were not already in qualifying pension scheme, the LGPS or TPS being qualifying schemes, that they would be automatically enrolled into the appropriate Scheme based on the auto enrolment criteria of anyone over the age of 22 and earn over £10,000.00 per annum.
- LGPS - 50/50 Scheme
Posters were issued to highlight the benefits of the 50/50 element of the LGPS. The basis of the campaign was to make all staff aware that, if due to financial commitments they felt they were unable to continue being a member of the LGPS, or if they had previously opted out for other reasons, there is a way in which they can remain a member of the Scheme by only contributing half of their normal LGPS contribution rate. By electing to join the 50/50 element of the LGPS, members can still enjoy the benefits of being in the pension scheme but with only half of the cost to themselves.

- 6.7 Annual benefit statements were sent to deferred scheme members in August 2016, but once again, statements for active members were delayed due to the poor quality data received from some employers, also the non-receipt or the delayed receipt of some year-end data files. Around 55% of statements for active members were issued by 31st August 2016; with the majority of the remainder issued by 31st December 2016. It is anticipated that the final remaining statements will be sent out in January 2017. As the pension administrators could not rely on the data, all benefit statements were issued with a clear 'health warning' that the figures may be incorrect but that measures are in place to ensure the quality, and timeliness, of data from their employers improves and future statements will be provided correct and within statutory deadlines.
- 6.8 The annual Employer Forum is due to be held in early February 2017 and it is usually well received by the large number of employers who attend. There will be presentations on the economy, roles and responsibilities of the new Pension Board and the Pensions Regulator, the need and importance of accurate and timely information from employers and payrolls to the administrators, ensuring clear and transparent discretion policies are in place and an update on the triennial valuation of the Fund and the new employer contribution rates.
- 6.9 The pension website, hackney.xpmemberservices.com, hosted by the pension administrators, Equiniti, provides full access to electronic versions of scheme guides and standard forms. There is also Member Self-Service available whereby all scheme members can access their pension details held on the pension administrator's database via secure log-ins. Pensioner members are able to view payslips and P60's and their address details.
- 6.10 Following approval by Committee of the amended Communications Policy, it will then be published on the Pension Fund website.
- 6.11 In addition to the normal annual communications outlined in the policy document the Fund will also monitor wider pension issues and communicate with employers and scheme members as required. The Fund has begun to communicate to employers the issues surrounding the requirements placed on the Fund by the Pension Regulator, in particular the Code of Practice 2014 (COP14). This sets out clear standards that are expected of Funds and the potential 'fines' that can be imposed if

they are found to be failing in their duties. Should the Fund be subject to a 'fine' imposed by the Regulator that is attributed to the failing of one or more of its employers, the 'fines' can, and will be, passed onto the relevant employers. In December 2016, the Fund also issued its first quarterly Newsletter to all employers and schools which gives them information on the latest news and developments in the LGPS, updates from the Fund and a reminder of their roles and responsibilities. The publication of the new quarterly Newsletter is incorporated in the draft Pensions Communication Statement.

- 6.12 The first issue, amongst other things, covered the potential introduction of an 'Exit Cap' of £95k on the total amount of exit payment made to people leaving employment in the public sector, and also new 'Claw Back' rules that places a duty on an employee, earning £80k or more, to pay back all or part of an exit payment if the employee re-joins any part of the public sector within a 12month period. These changes were due to be effective from April 2017, but the draft LGPS (Amendment) Regulations have, as yet, not been passed. Once the amendments to the regulations have been ratified, full details will be communicated to ensure employers are aware of the impending changes. Future Newsletters will also incorporate the impending amendments to allow members to access the Governments new 'Freedom and Choice in Pensions' via their AVCs (additional voluntary contributions). Where a member is contributing to an AVC, they may take advantage of the new draw down freedoms currently afforded to defined contribution pension funds. This will mean members will be able to use 'income drawdown' instead of buying an annuity, and as the rest of their AVC pot remains invested, it will continue to benefit from any investment growth.
- 6.13 The in-house pensions' team continue to make regular contact with all schools to offer and provide additional support to their management team and to offer presentations to the support staff in regard to the LGPS or to their teachers regarding the Teachers' Pension Scheme. The team will also commence a data cleanse exercise for all schools in respect of their support staff who are, and who have been, members of the LGPS to ensure that the pension records held by the pension administrators are an accurate history for each member of staff
- 6.15 Below is the relevant extract from the Local Government Pension Scheme Regulations 2013, Regulation 61, which sets out the requirements of the Communications Policy for LGPS Funds:

Statements of policy concerning communications with members and Scheme employers

61. (1) An administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with—

- (a) members;
- (b) representatives of members;
- (c) prospective members; and
- (d) Scheme employers.

(2) In particular the statement must set out its policy on—

- (a) the provision of information and publicity about the Scheme to members, representatives of members and Scheme employers;
- (b) the format, frequency and method of distributing such information or publicity; and
- (c) the promotion of the Scheme to prospective members and their employers.

(3) The statement must be revised and published by the administering authority following a material change in their policy on any of the matters referred to in paragraph (2).

Ian Williams

Group Director, Finance & Corporate Resources

Report Originating Officer: Julie Stacey ☎020-8356 3565

Financial considerations: Michael Honeysett ☎020-8356 3332

Legal comments: Stephen Rix ☎020-8356 6122

Appendix

Appendix 1 – Draft Pension Fund Communications Policy Statement (LGPS) 2017/18