



City of Westminster

Minutes

Meeting:

Superannuation Committee

4/2011

Date of meeting:

Monday 12 September 2011 at 7.00pm

Attendees:

Councillors:

Suhail Rahuja (Chairman)

Tony Devenish

Margaret Doyle

Patricia McAllister

Dr Cyril Nemeth

Ian Rowley

Officers:

Jonathan Hunt (Director of Corporate Finance & Investment)

Carolyn Beech (Acting Director of Human Resources)

Barry Panto (Legal Adviser)

Jonathan Deacon (Committee & Scrutiny Officer)

Also in attendance:

Alistair Sutherland (Deloitte Investment Consultants)

Gina O'Connor (Assistant Branch Secretary, Westminster City Council, Unison)

Mr Jeff Houston and Mr Neil Lewins (LPFA)

Mr Terry Coles, Ms Fiona Talbot and Ms Rosie

Bichard (Newton Investment Management)

Apologies:

There were none.

Contact:

Jonathan Deacon

Committee and Scrutiny Officer

Details:

Tel: 020 7641 2783

Fax: 020 7641 2917

Email: jdeacon@westminster.gov.uk

1. MEMBERSHIP OF THE COMMITTEE

- 1.1 There were no membership changes. All Members of the Committee were present at the meeting.

2. DECLARATIONS OF INTEREST

- 2.1 There were no declarations of interest.

3. MINUTES

- 3.1 The minutes of the Superannuation Committee meeting held on 1 June 2011 which did not include exempt information were agreed as a correct record and were signed by the Chairman.

4. ANY URGENT BUSINESS

- 4.1 There were no items of urgent business.

5. EXEMPT REPORT UNDER THE LOCAL GOVERNMENT ACT 1972

- 5.1 **RESOLVED:** That under Section 100 (A)(4) and Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), the public and press be excluded from the meeting for the following items of business because they involve the likely disclosure of exempt information on the grounds shown below and it is considered that, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information:

<u>Item Nos.</u>	<u>Grounds</u>	<u>Para. of Part 1 of Schedule 12A of the Act</u>
6 to 11	Information relating to financial or business affairs of any particular person (including the authority holding that information).	3

6. MINUTES

- 6.1 The minutes of the Superannuation Committee meeting held on 1 June 2011 which included confidential information were agreed as a correct record and were signed by the Chairman.

7. DISCUSSION WITH UNISON REPRESENTATIVE

- 7.1 The Chairman commented that he and Jonathan Hunt had met with Gina O'Connor, Assistant Branch Secretary for Westminster City Council, Unison a few months ago. Ms O'Connor who deals specifically with pensioners' issues

on behalf of Unison was asked to speak about the concerns of employees and also be involved in the discussion which would be taking place later in the meeting with representatives of the London Pensions Fund Authority ('LPFA').

7.2 Ms O'Connor stated that employees came to her when they had issues and could not obtain the answers they needed. Typical questions she was asked were 'how much money will I get', 'when will I get it', 'who can access it', 'how do I contact the relevant people' and 'why am I not receiving a return phone call'. She provided a list of the type of enquiries she received and some ideas to improve the LPFA's service. These were as follows:

- 'Can I take a pension and still continue to work?' or 'can I take a lump sum and leave the pension fund intact?'
- LPFA could do more on telephone conversations including giving the name of the person dealing with the query, ensuring that calls were followed-up and possibly sending a letter asking for further details. There were cases of LPFA representatives saying they would respond by a certain deadline and then not doing so.
- Where did Council staff need to go to access information?
- Any information provided needed to be in a format that all employees could understand. Mr Hunt added that this should include the annual benefit statement.
- LPFA should hold regular meetings so staff would feel included in decisions made on their behalf. This should be at least on an annual basis. This should include any changes made by the Government such as LGPS pensions increasing in line with the Consumer Prices Index rather than the Retail Prices Index.
- Unison members should be allowed to have a named person to access information on their behalf. This could possibly be accessed via a password. Ms O'Connor added that she was not allowed access to information unless the pensioner was with her.
- Ms O'Connor asked whether staff with financial difficulties would have the option to take a 'pensions holiday'. Councillor Nemeth in response to this point asked whether it was possible for the Council to lend or advance money to the employee concerned if they were in financial difficulties. Mr Hunt stated that he would look into this matter.
- Give employees that are reaching retirement age good financial advice. They should be permitted to maximise the lump sum payment tax free on a small pension. She would like staff to be briefed on the implications of employees being required to work longer and having to pay into their pension funds for longer.
- People who had decided not to leave their pension to a partner or former partner should be given options to amend their paperwork.
- It was important that the figures provided by LPFA were correct and that the employees' details such as national insurance and their addresses were also correct. It was noted that the employees also had a duty to provide updated details. For instance in the event they moved house. Ms O'Connor stated that she would contact Unison members to ensure that they sent LPFA the correct details.

- Employees should be encouraged to save for the future and understand the consequences of opting out of the LGPS.

Councillor Devenish made two points in response to Ms O'Connor's comments. Firstly, annual meetings could be held similar to those organised by Which? or Thames Water. Secondly, senior officers could examine whether the information sent out was user friendly. Communications Team could be asked to improve the nature of any documents being sent out with Mr Hunt's assistance. Mr Hunt added that LPFA needed to be aware of its audience and ensuring that those in the LGPS fully understood the information they provided including the website. The Chairman asked Ms O'Connor what LPFA's interaction was like with Unison members. She responded that she did ask them to come and meet members and they had done so. They had been helpful when she had contacted them by phone and asked them to explain the financial position in relation to redundancies. The face to face meetings between LPFA representatives and Unison members were approximately three to four minutes which was not sufficient. Councillor Devenish recommended that to maximise the usefulness of the short sessions, it might assist to provide LPFA details of those members who would be speaking to them at the surgeries or workshops rather than having the members queue up and explain their situation during the short timeframe.

RESOLVED:

That a response be provided by Mr Hunt to Councillor Nemeth as to whether it was possible for the Council to lend or advance money to employees if they were in financial difficulties; and

8. PRESENTATION OF THE COUNCIL'S PENSION ADMINISTRATION PROVIDER THE LONDON PENSIONS FUND AUTHORITY

- 8.1 Mr Jeff Houston, Director of New Business and Mr Neil Lewins, Head of Commercial Business represented LPFA at the meeting. Mr Houston stated that he had met Mr Hunt the previous week and was aware from previous minutes that the Committee was looking at the potential for the LPFA to engage with LGPS members more than was the case currently. He observed that there were significant milestones with pensions over the next few years. The new scheme based on the Lord Hutton proposals was due before the end of the current Parliament. Before this there would be new tax rules, possible contribution increases in 2012 and the outcome of the Fair Deal communications which was the agreement between Central Government, Local Government and outsourced companies. In terms of engagement between Westminster Council's members and LPFA, members were able to contact the latter between 9am and 5pm. There was no automated phone system. All members received an annual benefits statement. LPFA provided a monthly newsletter. When there was a communication between a pension fund member and LPFA, the member was sent a satisfaction survey on the service received. LPFA was currently improving its online presence. If members inputted an ID number and a pin number, they would be able to look at their pension benefits and make various calculations.

8.2 Mr Houston added that LPFA could look at how they could improve communications with the pension fund members. LPFA provided additional services for other clients such as newsletters three or four times a year, visits to work premises and surgeries. There were fund member panels and employer panels where LPFA could answer any queries raised. There was also the option of more interactive websites where members could do scenario planning such as what would be their financial situation if they were part time. LPFA wanted to avoid people option out of the scheme for the wrong reasons. Where there were innovative ideas they could look at cutting costs and the resources could be used to improve communications.

8.3 Members of the Committee, Mr Hunt and Ms O'Connor asked the LPFA a number of questions as follows:

- Councillor Devenish asked whether the LPFA was lobbying and having discussions with the unions and Central Government. Mr Houston responded that it had produced a Green Paper on the implementation of the Fair Deal which had been sent to Central Government and the unions.
- Councillor Devenish asked whether the LPFA kept data on how many communications it had with Westminster Council LGPS members and how quickly it responded to these communications. Mr Lewins responded that the information, available in the annual report, was that there had been 7,731 enquiries and 99.72% of transactions had been completed on time. 75% had been completed ahead of the agreed contractual timescales. He acknowledged that the biggest complaint that the LPFA received was that one of their representatives said to a member that they would contact them by a certain deadline and this did not happen.
- Ms O'Connor stated that she had some reservations that LGPS members were not receiving the information they needed and on time. The Chairman asked about LPFA's methodology which resulted in their statistic that 99.72% of transactions were completed on time. Mr Lewins stated that any emails received would be logged. With e-mails, it was likely that the sender would expect a response very quickly but the agreed timescale in the contract with Westminster Council was three days. It was noted that LPFA did not send an automated e-mail informing the sender that the query would be dealt with within a three day timescale. The Chairman commented that if there was frustration on the part of Unison members, why was this not showing in LPFA's data. Mr Lewins made the point that if Ms O'Connor had examples of complaints, she should pass them through. Any dissatisfaction or complaint had to be logged.
- Ms O'Connor emphasised the point that some members did not have access to computers. She asked that the LPFA checked that it had the correct data for members such as National Insurance and addresses. The LPFA representatives made the point that members would need to advise them if their information changed.
- The Chairman asked why there were not any surgeries for LGPS members currently. Mr Houston stated that there had been no specification for this in the contract with Westminster. There had been a desire for the costs to be as low as possible. If there had been

requirements for surgeries, longer contact hours or additional newsletters in the specification, LPFA would have bid higher.

- Mr Houston clarified in response to a question from Mr Hunt that charges in the contract were per member rather than per enquiry.
- Councillor Devenish asked whether there were any examples of best practice from other councils in partnership with LPFA. Mr Houston stated that Greater Manchester Council had a 'pensions bus' and had annual meetings where a free meal was provided. Mr Lewins and Mr Houston had brought along a couple of packs including the newsletters produced for Greater Manchester Council. Surgeries at councils had not tended to be well attended. Councillor Devenish recommended that there should be booked appointments rather than members just turning up at the surgeries.
- Ms O'Connor asked what effect the reduction of 20% of Westminster staff had had on LPFA's resources. Mr Lewins stated that in the short term the redundancies had generated more work but the charges would then drop in the long term.
- Mr Hunt asked what processes LPFA had to ensure the information they sent out was easy to understand for customers. Mr Houston replied that communications began with the technical team. This would then be seen by a number of people internally some of which were not pension experts. They also used the full member panel.
- Ms O'Connor raised the point that it was difficult for her to pursue any queries on Unison members' behalf. The member would need to be with her in order for LPFA to respond regarding specific details. Mr Lewins responded that LPFA were happy to discuss the principal of pre-clearance from a member.

8.4 **RESOLVED:**

That the presentation by the LPFA be noted.

9. **REPORT ON THE PERFORMANCE AND MANAGEMENT OF THE COUNCIL'S PENSION FUND**

- 9.1 The Committee received a report which presented a summary of the Fund's performance to 30 June 2011, together with a capital Market Update. The Members noted that the Fund was complying with all statutory constraints on investments. Members were advised by Mr Sutherland at the meeting that whilst the Fund's performance over the previous quarter on a net fees basis was ahead of the composite benchmark, over a longer period of time the Fund's performance was below the benchmark.

9.2 **RESOLVED:**

That the contents of the report be noted, in particular that the statutory constraints have been met.

10. **PRESENTATION BY A FUND MANAGER (NEWTON INVESTMENT MANAGEMENT)**

10.1 Mr Terry Coles, Investment Manager, Ms Fiona Talbot, Account Manager and Ms Rosie Bichard, Consumer Analyst represented Newton Investment Management at the meeting. Newton provided a summary of the current portfolio and responded to a question and answer session.

10.2 **RESOLVED:**

That the contents of the presentation be noted.

11. REPORT ON THE ADMINISTRATION AND OPERATIONS OF THE COUNCIL'S PENSION FUND

11.1 The Committee received a report on the administration and operations of the Council's pension fund, in particular three matters referred to in the report, academies, admitted bodies and procurement.

11.2 **RESOLVED:**

That the contents of the report be noted;

12. CLOSE OF MEETING

12.1 The meeting closed at 9.36pm.

CHAIRMAN:

DATE: