

**WESTMINSTER CITY COUNCIL  
PENSION COMMUNICATION AND  
ENGAGEMENT STRATEGY  
2012 - 2014**

### Statement from the Chair of the Superannuation Committee

As Chair of the Superannuation Committee, I consider that the LGPS is an excellent pension scheme providing employees with access to a secure pension, underwritten by legislation, with additional benefits including life cover. Together with the other Members of the Committee our role is to take responsibility for all aspects of the investment and management of the fund. As part of this role we have spent a great deal of time discussing how we might ensure that our employees, deferred members and pensioners understand what is happening with their scheme and have the opportunity to participate in the way the scheme operates.

We believe that all employees should join the scheme. Members pay no management fees and benefit from employer contributions in excess of most private sector pension arrangements. I strongly believe that all new employees of Westminster City Council consider carefully before deciding not to take advantage of the financial security that membership of the LGPS affords to members over the long term. I would also encourage employees who are not currently members of the scheme to consider the benefits of joining. All Members of the scheme not only benefit from a very good pension but also have a dependent's pension and a death benefit whilst an employee. We also wish to ensure that you are aware that Additional Voluntary Contributions can be made through a partner Aegon.

The purpose of this Communication and Engagement Strategy is to ensure that we communicate fully, in plain English, in respect of the changes to the scheme, the benefits of the scheme to existing and potential members, and also communicate with the scheme pensioners and Admitted Bodies. We have started to do this more effectively in the last year and I want to build on this to ensure that our employees are fully aware of what the scheme offers.

We will regularly survey our employees to ensure that we are providing the information which is required and regularly review our strategy accordingly.

*Suhail Rahuja*

*Chair Superannuation Committee*

*Westminster City Council*

*March 2012*

## **Foreword from the Acting Director of HR**

This year, more than most, I feel that it is important to be communicating and engaging with our Fund Members. Pensions have been in the press rather a lot recently. The Hutton Report recommended major changes to all public sector pensions. The original proposals presented by the Department for Communities and Local Government were rejected by all the unions involved, because the proposals included both a move to a career average scheme and an increase in contributions for all staff earning in excess of £15,000 per annum in order to generate the required savings of £900 million by 2014-2015.

Since then the government has agreed that the Local Government Association and the relevant trade unions should, as far as the Local Government Pension Scheme (LGPS) is concerned, agree the shape of the new scheme. It is hoped that information relating to the new scheme will be available to communicate in the next few weeks. A number of principles regarding the scheme have been agreed between all parties. However, no decisions have yet been taken about the level of employee or employer contributions, or the shape of the scheme. It is likely that the new scheme will be introduced in April 2014.

We have recognised that we need to communicate with all our employees in respect of the benefits of the current scheme and in due course of the new scheme. The council pays a significant percentage of an employee's salary into the scheme. In the year 2012 to 2013 it is 18.3%. Contributions made by you benefit from tax relief as do Additional Voluntary Contributions made through Aegon. Not all employees have taken the decision to be members of the scheme. We would like to encourage as many employees as possible to belong to the scheme and going forward, we will work with our Pension's Administrators in order to ensure that all of our employees and pensioners are informed about the benefits and changes for both employees and for pensioners.

This strategy highlights those things which we intend to do to ensure that you, our employees and our pensioners are fully involved and informed about your scheme.

*Carolyn Beech*

*Acting Director of HR*

*Westminster City Council*

*March 2012*

## **Investment Management**

The City of Westminster Pension Fund, as with all LGPS funds, is a defined benefit fund – that is fund members know exactly how much they will be entitled to (were they to retire today) based on service and salary to date. In making certain assumptions based on salary and service, members can also project how much they would be entitled to at retirement.

As a defined benefit scheme, the various employers that are part of the scheme pay to the fund a proportion of the payroll and the employees that are members of the scheme pay a proportion of their salary (ranging from 5.5-7.5%, depending on pay level).

These contributions are invested in a number of different investments with the aim of providing a pool of funds which can make payments to the retired pension scheme members. At present, the fund has investments totalling approximately £700 million. These funds are mainly invested in equities and bonds, with a small proportion in commercial property funds.

*Jonathan Hunt*

*Director of Corporate Finance*

*Westminster City Council*

*March 2012*

## Introduction

Following discussions with WCC Managers and trade unions, the Superannuation Committee made the decision that it should review the way we communicate with our employees and decided that an action plan should be put in place in the year 2011 to 2012 to communicate the benefits of the scheme to employees. There are still a large number of employees who are not members of the scheme. This strategy is the next stage in this process and has taken into account discussions at the Superannuation Committee, feedback from staff and research into similar strategies undertaken by other Local Authorities, and by the London Pension Fund Authority who manage the administration of our fund. The strategy will be regularly reviewed based on feedback through employee surveys and from trade union representatives.

This strategy will:

- Set out a two-year horizon, within which the plan can remain focused.
- Communicate ongoing change to the scheme.
- Set in train a rolling programme of communication and engagement in respect of the scheme to employees, pensioners, deferred pensioners and management and employees of admitted bodies.
- Act as a basis for the specification for the award of a new administration and management contract at the end of the current contract in June 2013.

## Programme

- **Pensions Surgery Sessions**

Up to four one-day employee pension surgery sessions will take place during the course of a year at City Hall and Lisson Grove. This follows the positive feedback from previous sessions. The sessions will provide the opportunity for employees and employees of Admitted Bodies to meet with pensions experts to address their particular pension queries. They will be available to members and non-members of the scheme. It is intended that the publicity material surrounding these sessions will highlight the significance to employees nearing retirement.

- **Open House Sessions**

Up to eight pension lunch time/evening open house sessions will be provided at City Hall and Lisson Grove during the year 2012 to 2013. These sessions will concentrate on any proposed scheme changes with particular emphasis on the impact on continued benefits. These open house sessions will be available to members and non-members of the scheme both Westminster employees and employees of Admitted Bodies.

Being open house in nature they will not address personal issues, but will be arranged in order to enable employees who work outside of normal office hours to attend. During subsequent years these will be reduced.

- **Newsletter**

A newsletter will be sent at least annually to all current members, deferred pensioners and pensioners which would communicate information on changes in the way in which the fund is managed, updates in respect of the website, pensions increases, details of fund contacts, a calendar of relevant events, details of Members of the Committee and reminders about how to obtain information on line and to ensure that the pensions administrators are updated with change of address, e-mail address and telephone

- **Life Time Allowance**

Life Time Allowance concerns relating to high earning staff will continue to be addressed. Additional written information and one to one advice will be given annually to high earners wishing to consider their future membership of the LGPS. Telephone advice will be available from the LPFA outside of these interventions.

- **Telephone Advice**

Outside of the surgery and open house sessions a telephone advice service for members, non-members, deferred pensioners and pensioners will be available via the LPFA.

- **Admitted Body Forum**

One all day Admitted Body Forum will be held each year to which all of the Admitted Bodies and other employer representatives will be invited. The forum will be used to advise employers of expected pension changes such as auto enrolment, LGPS scheme changes and also to

promote the completion of online forms, thus reducing the need for administrative staff intervention in simple processes. Employees of Admitted Bodies will be able to access the same opportunities as WCC employees.

- **Westminster Pensions Website**

The Westminster Pensions Website developed in 2011/12 <http://www.yourpension.org.uk/Agencies/westminster/> will be continuously updated and will communicate changes to the scheme. On at least three occasions during each year the website will be brought to the attention of all staff. All leaflets and publicity material will be constantly reviewed and refined.

- **Additional Voluntary Contribution**

The AVC provider, AEGON, will be asked to conduct two events each year which will present the benefits of Additional Voluntary Contributions and the tax benefits of subscribing. The presentations will include the investment options available. The aim is to increase participation from employees.

- **Fund Member Panel**

During the first quarter of the financial year a new Fund Member Panel will be meeting. The panel was advertised in the Pensions Increase letter sent out to pensioners in the last week of March and nominations for membership were sought. The panel will also be promoted on the new Pension Website. The fund member panel will include current and retired scheme members, and will meet up to four times a year. The first meeting will be scheduled for May/June 2012. One of the first tasks for the Fund Member Panel will be to review communications with current and prospective members of the scheme to encourage simplification and clarity of wording.

- **Information Campaign**

In addition, a separate major information campaign will be put in place once the details regarding the expected changes to the scheme are known. We are currently expecting details of the negotiations between the Government and the Unions to be available shortly, with an anticipated revised LGPS scheme due for implementation in April 2014. The extent and complexity of the changes will inform the information campaign.

- **Auto Enrolment**

In July 2013 WCC will be required to implement auto enrolment. During this time WCC will be expected to notify all employees of the Auto Enrolment process in advance of the start date. All employees eligible to become a member of the LGPS will be opted in automatically from July and will be sent information detailing information regarding their entry into the pension scheme. WCC must keep records detailing who was opted in and the date so this process can be repeated every three years. Staff will only be entitled to a refund if they opt out within a three month period, after this any contribution will be considered as a deferred benefit. HR is currently working with Vertex, its outsourced payroll administration provider, to ensure that the non-members are identified and a process is in place to make opt in arrangements when required, and to make the necessary refunds. This process will be communicated to all new starters and to all existing employees before implementation and at regular intervals.



- **Annual General Meeting**

Some pension funds hold an Annual General Meeting and following the good practice of other funds WCC will hold its first Annual General Meeting in May or June of 2013. The agenda for this meeting will cover the fund performance in terms of investment returns, liabilities, administration and responsible investment. The Chair of the Superannuation Committee would outline his priorities for the future. This event would be an opportunity to have an information centre with information desks from the Department for Work and Pensions, the Pensions Advisory Service, the WCC pension's administrator (currently LPFA), AEGON the AVC provider, Age UK and other relevant bodies.

- **Review**

This strategy will be reviewed twice yearly by the Superannuation Committee and will be amended as appropriate.