1074 MINUTES

The minutes of the meeting of the Scrutiny Committee held on 10 April 2013 were agreed as a true and correct record and signed by the Chairman.

1075 PENSIONS REFORM

Members considered the report on Pensions Reform which detailed the changes to Public Sector Pensions and Workplace Pension Reform, explained the effect of those changes on South Norfolk Council (SNC), and set out the plans for their implementation. The HR and OD Manager summarised the salient points including the high percentage (85%) of SNC staff who were members of the Local Government Pension Scheme (LGPS), the benefits to staff of auto-enrolment, the differences between Final Salary and Career Average Revalued Earnings (CARE) schemes, and the greater flexibility available to staff regarding their contribution levels.

Cllr Fuller advised members that unlike some other public pension schemes which were paid from current taxation, the LGPS was a funded scheme where funds were set aside for pension provision. He further added that investment and enrolment in the Norfolk Pension Scheme (NPS) had increased significantly and would continue to grow as more eligible bodies became members of the scheme. Members were reassured by Cllr Fuller that the administration and record keeping of the NPS was exemplary and that scheme administrators were well prepared for the impending changes.

Cllr Wheatley advised the Committee that the report to Cabinet in February 2013 regarding the medium term plan had included an assessed cost of the forthcoming changes to that pension scheme but had not taken the changes into account in the medium term plan. He added that a review of the financial implications had recently taken place but that the outcome was not yet known.
Members discussed the possible reasons why 15% of SNC staff were not members of the LGPS, agreeing that some younger members of staff might not consider local government a ‘job for life’, and that shorter term temporary agency staff had not previously been auto-enrolled in the scheme but would now have the level of their earnings assessed to determine whether they should be auto-enrolled. The Committee agreed that eligible staff who were not already members of LGPS should be made fully aware of the benefits of enrolling, and be advised of the new flexible arrangements which would allow them to pay half the level of contributions to achieve half the pension benefits (the 50/50 option).

Mr Grant reported that UNISON was in agreement regarding many of the changes. It welcomed the arrangement that existing benefits would be protected up to March 2014, the change to part-time workers’ contribution levels, the greater flexibility for staff, and auto-enrolment. However, UNISON was against the increase in retirement age for members of the scheme, Mr Grant warning that as a result of working longer, more people may need to retire early due to ill health in the future.

Concerns were raised by members regarding the increased work to implement and administer the scheme, and also regarding the potential risk undertaken by enrolling smaller bodies into the pension scheme. Cllr Fuller confirmed that although there might be an increased risk, NPS had a statutory obligation to include eligible smaller bodies. Further concerns were raised regarding the risks in outsourcing pension provisions. Cllr Fuller agreed that these risks did not always result in savings and advised members that he remained sceptical about small scale outsourcing and that there would be a need to carefully assess and scrutinise arrangements should they consider such an option.

The Chairman suggested that changes to the LGPS should be positively promoted to both reassure existing scheme members and to encourage new and existing employees to join the pension scheme. The Committee thanked Cllr Fuller, Cllr Wheatley and officers for their reassurances and explanations, and noted the content of the Pensions Reform report.

1076 SCRUTINY WORK PROGRAMME AND THE CABINET CORE AGENDA

Members noted the Scrutiny Committee work programme.

(The meeting concluded at 10.30 am)

Chairman