

# LGPS scrutiny review

Isio presentation  
8 October 2021

**isio.**



# Agenda

1. Inclusive pensions review and key lines of enquiry
2. When LGPS may not meet the Council's objectives
3. Workforce analysis
4. Alternatives to LGPS

# Inclusive pensions review and key lines of enquiry



# Inclusive pensions review

An **Inclusive Pensions** strategy aims to deliver, within an agreed budget, **an evenly distributed benefit to all groups of employees.**

Benefit in this case, could be considered a combination of the level, form, timing, accessibility and appreciation of the pension (or alternative).

Inclusive pensions aim to give **all employees access to the same benefits** and **where this is not achieved, it is justified so that it is considered fair by all stakeholders.**

The scope our work was to consider:

1. When the Schemes may not meet the Council's objectives
2. Analysis of the Council's workforce
3. An alternative option to the Schemes, & how this could benefit different categories of members
4. The context of changing employee needs & pensions in the UK
5. Challenges and possible next steps

# Key lines of enquiry

**What is the workforce profile of those staff choosing to be members of the Pension Fund?**

What are the reasons for staff not choosing to be members of the Teesside Local Pension Fund?

**What alternatives are there to the Teesside Pension Fund?**

**Are changes needed to the current scheme and what steps would be required to make any changes? Could the scheme be made more attractive?**

How easy is to transfer a pension pot to another schemes?

Do staff who are members of the pension fund fully understand how the fund operates?

Could the scheme be better marketed?

**What do other Local Authorities in the North East offer, what is their take up and are any changes being considered?**

**Are changes to pension schemes being considered by other Local Authorities/ public sector bodies?**

# When LGPS may not meet the Council's objectives



# The Council's pension objectives

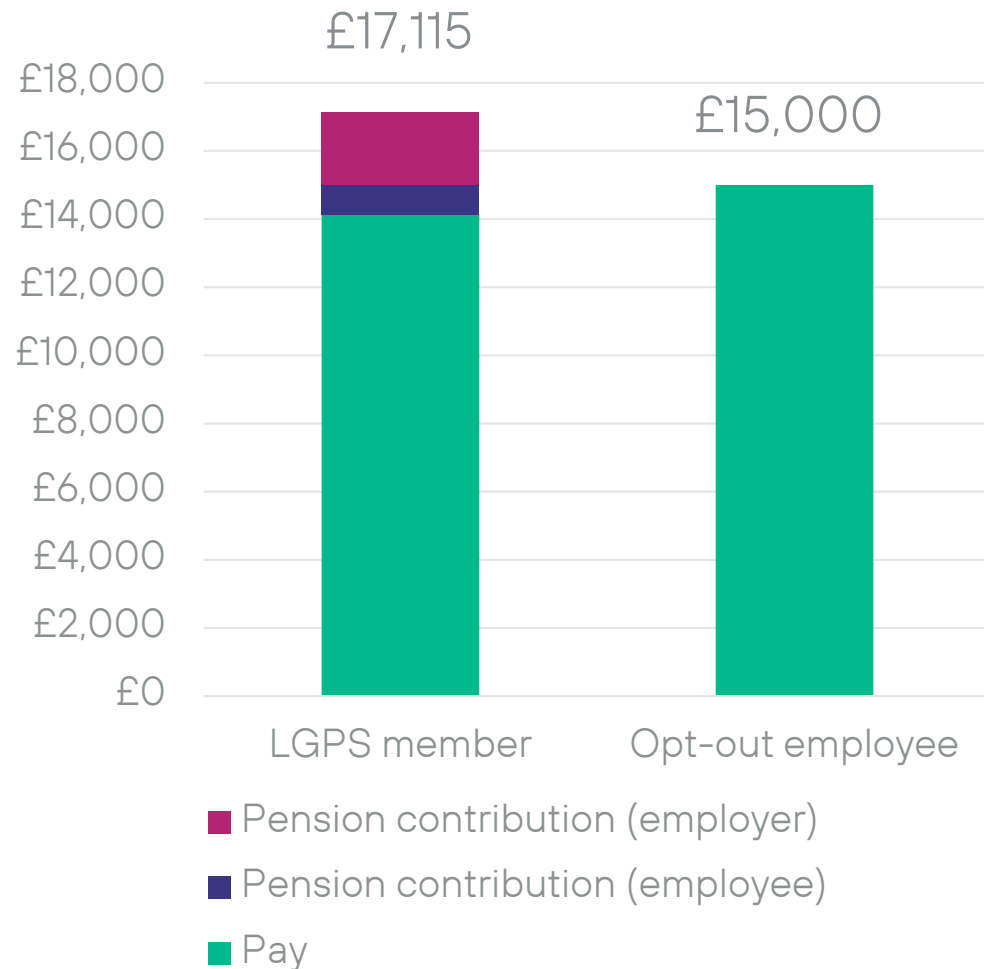
Possible objectives in relation to pension provision for employees might include:

- Meeting employees needs
- Giving employees choice
- Being an inclusive employer
- Improving recruitment, retention and motivation
- Managing cost and risk

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We recommended that the Council consider it's principles and key objectives to enable effective decision making

# When LGPS may not meet the Council's objectives: Members who opt-out

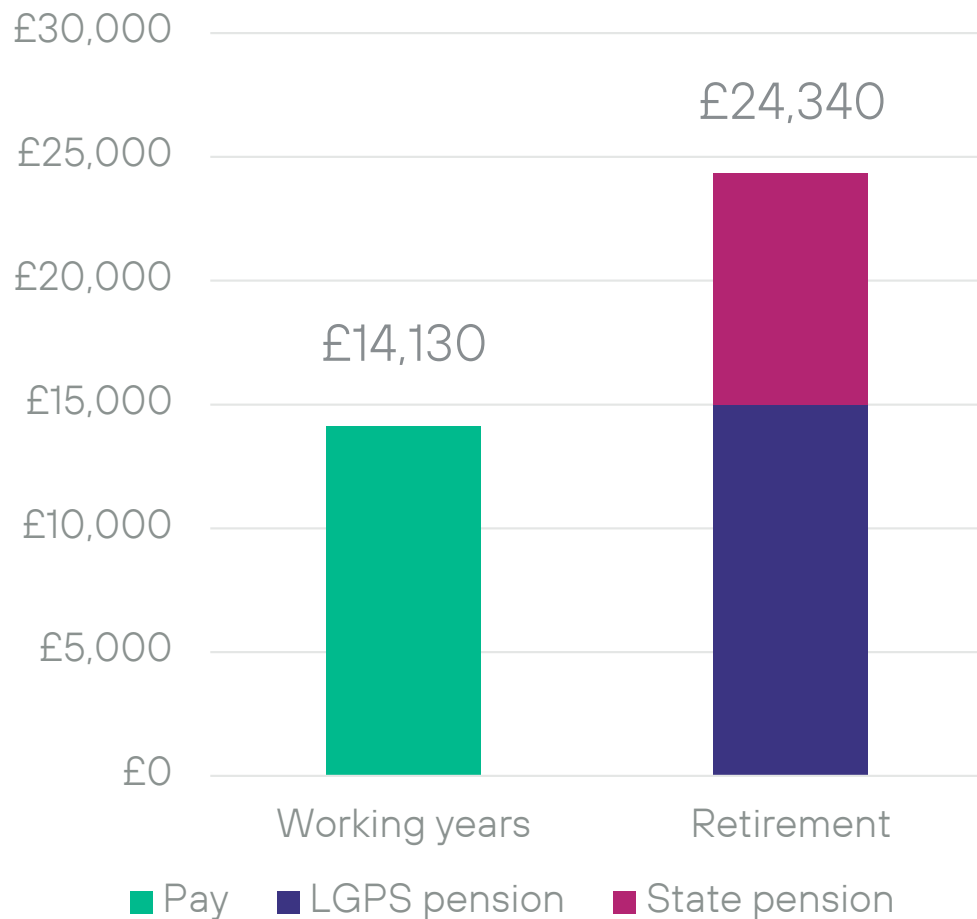


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Members who opt-out of LGPS have lower **total reward** and they miss-out on important death and ill-health benefits



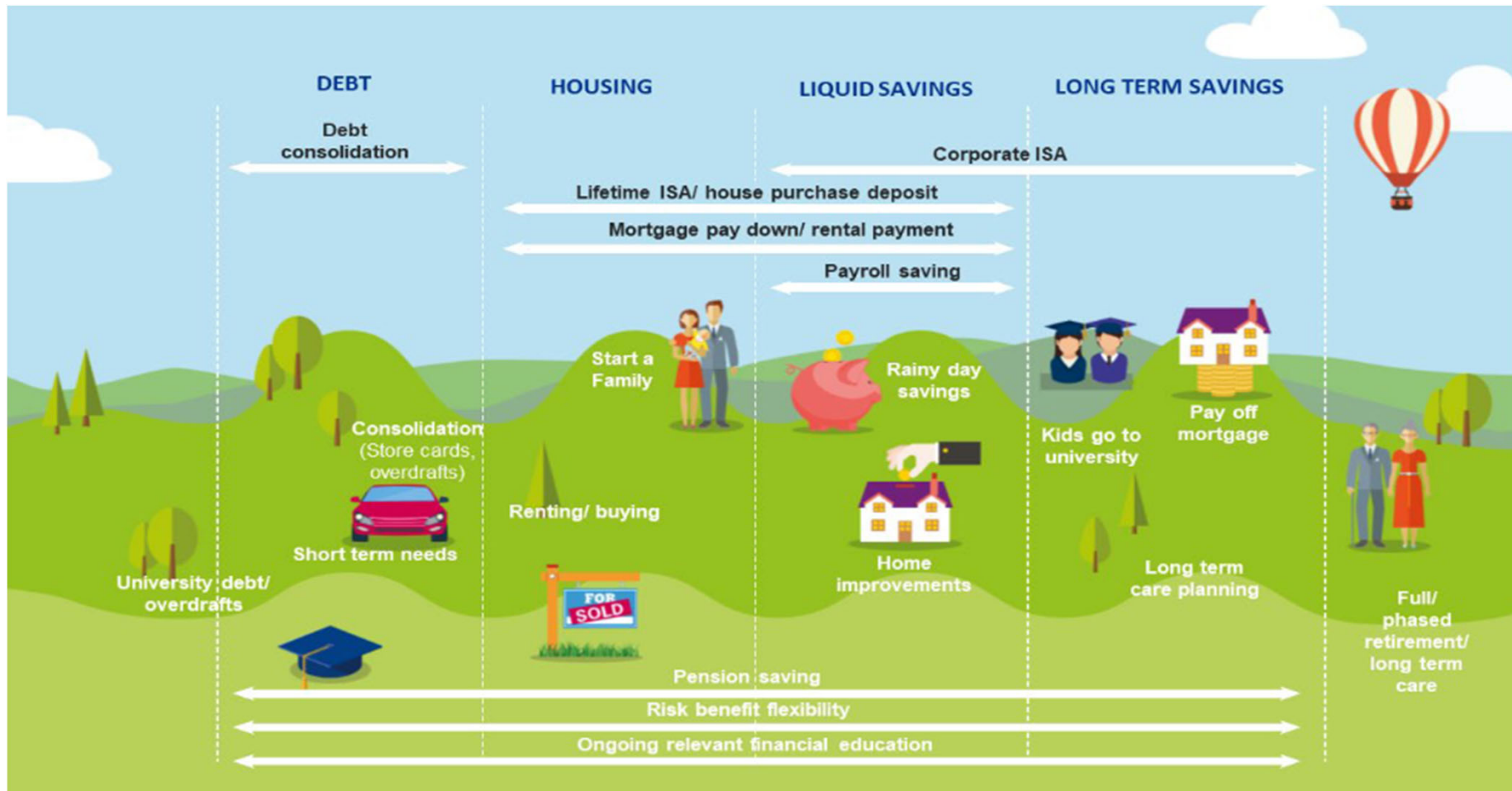
# When LGPS may not meet the Council's objectives: Lower earners



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Low earners with long service can end up with significantly higher **income** in retirement than when working

# When LGPS may not meet the Council's objectives: Younger members



# When LGPS may not meet the Council's objectives:

## Other groups

### New hires

- Similarly with younger members, new hires may not appreciate the value of LGPS membership
- If a member opts-out initially, it may be financially harder for them to join in the future

### High earners

- Tax charges can be difficult to predict before they are incurred
- This can lead to dissatisfaction and increased turnover of senior employees

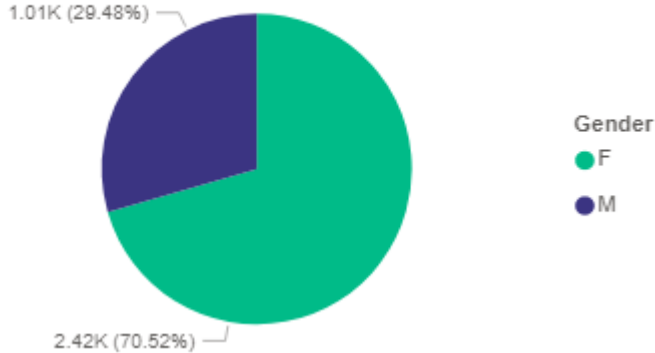
# Your workforce



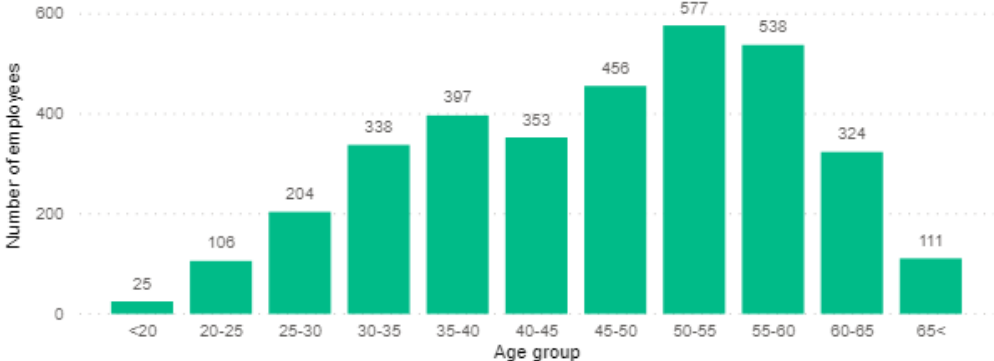
# Your workforce

The charts below summarise your workforce profile (excluding all Schools Staff and casual employees).

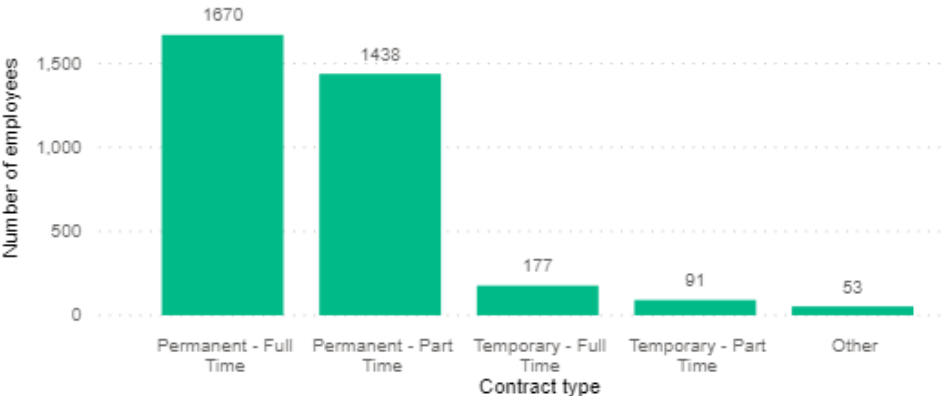
Gender split



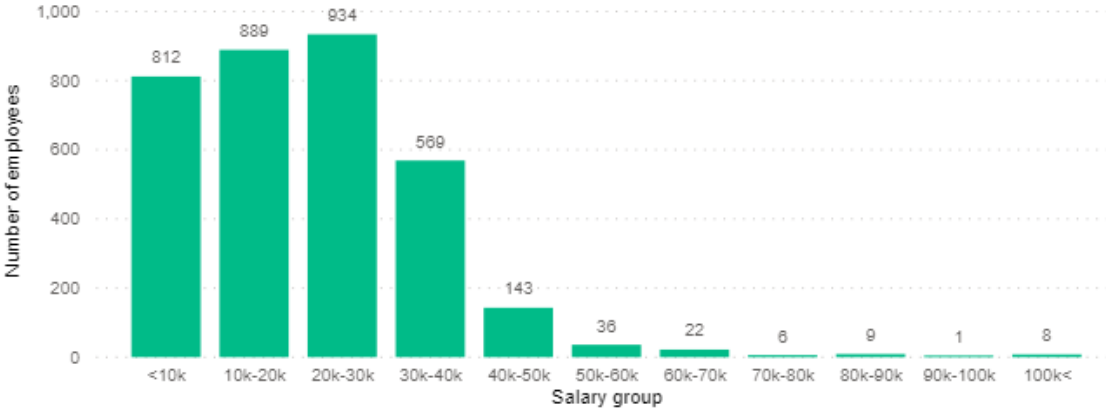
Number of employees per Age group



Number of employees per contract type



Number of employees per Salary group



# Your pension provisions

The information on the right provides a summary of your current pension provision excluding all Schools Staff.

### Eligibility

We understand that the Council currently contractually enrol all employees into pension, except for casual employees (regardless of whether they would otherwise be eligible for auto-enrolment) on commencement of employment.

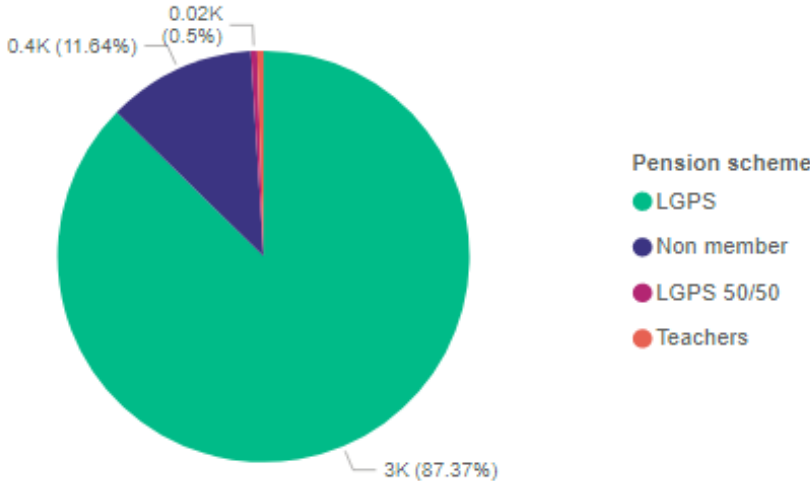
We understand that casual employees have the option to opt-in to pension and are otherwise enrolled into pension following three months of continued service.

### Participation

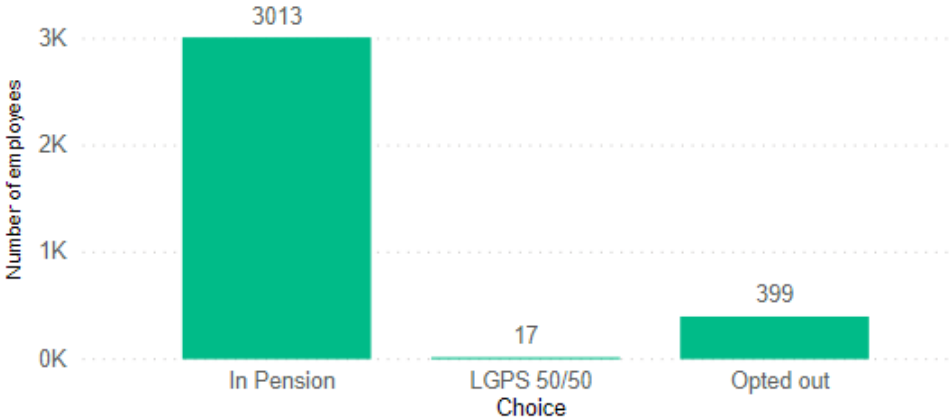
All members who are contractually enrolled into pension have the option to opt-out. Thereafter, we understand employees are auto-enrolled in line with auto-enrolment requirements.

We understand that the Council provides all employees who are not automatically enrolled into pension the option the opt-in. Employee pension decisions can therefore be categorised in three ways, as shown in the chart (excluding casual employees).

Employees per pension scheme



Number of employees per member choice

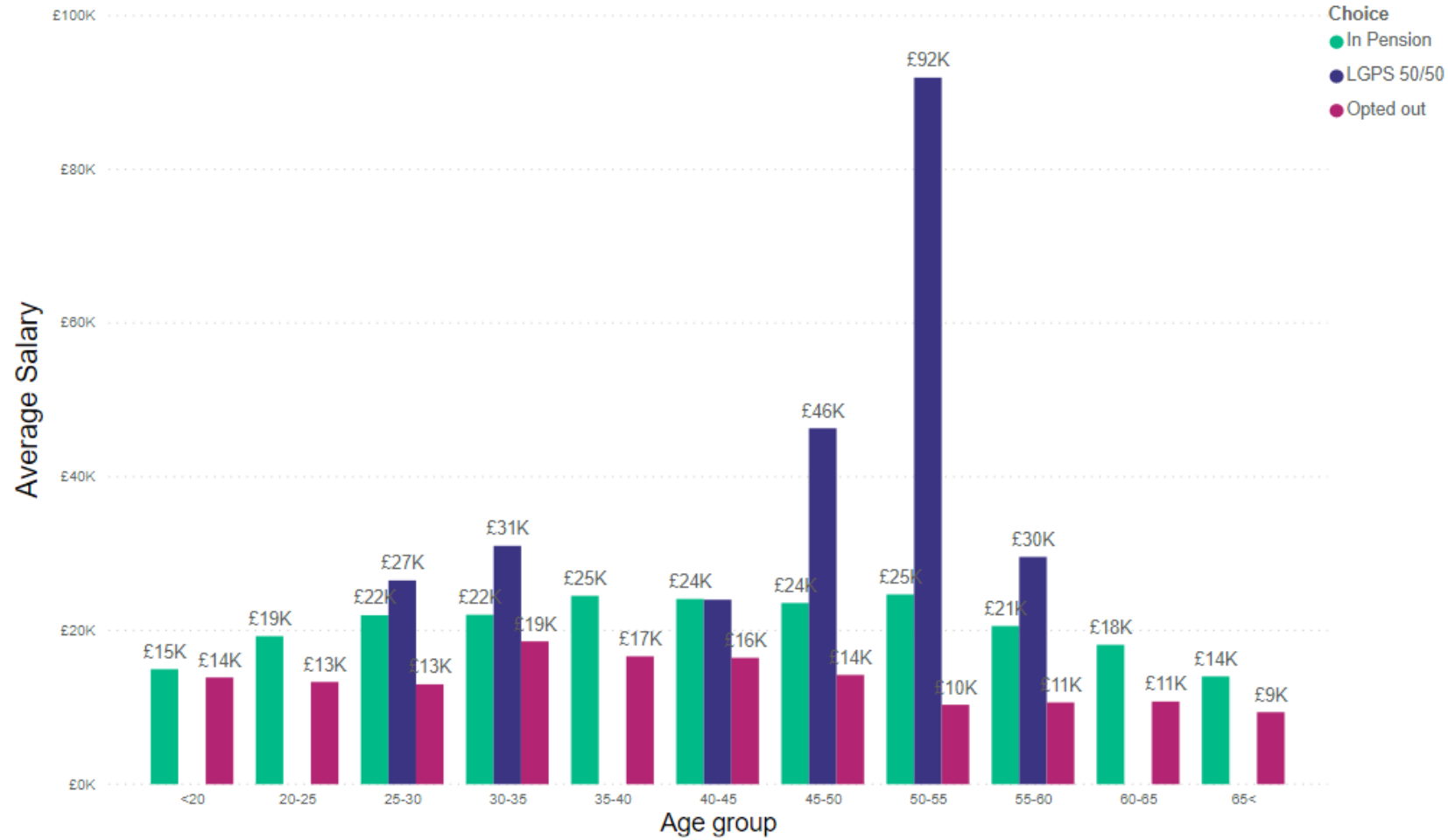


# Analysis of your pension provision

## Analysis of employee choice by salary

We have analysed the pension decisions made by Council employees by gender (excluding Schools Staff and casual employees).

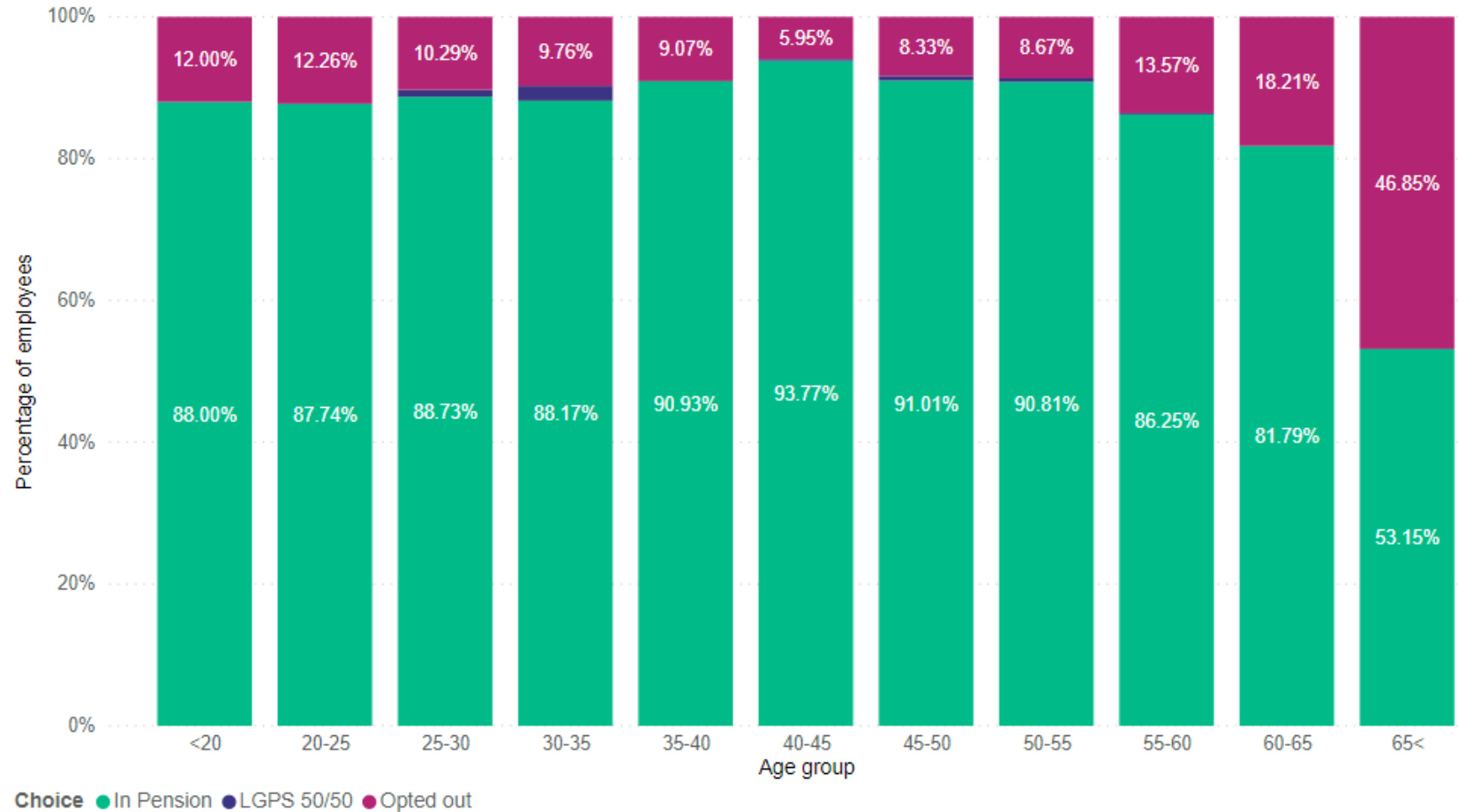
Average Salary per Age group and Choice



### Analysis of employee choice by age

We have analysed the pension decisions made by Council employees by age (excluding Schools Staff and casual employees).

Employees per Age group per Choice



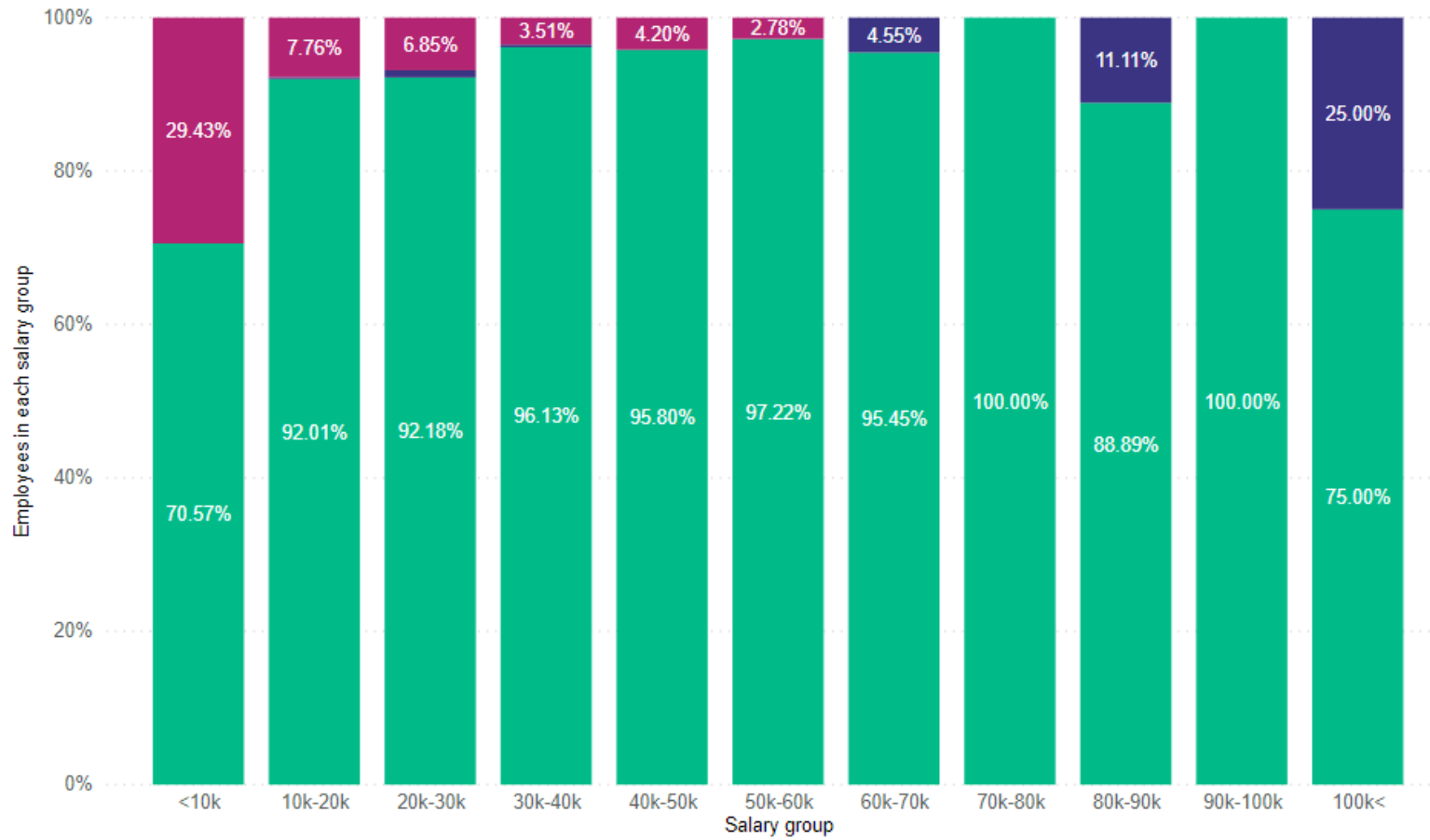


### Analysis of employee choice by salary

We have analysed the pension decisions made by Council employees by age (excluding Schools Staff and casual employees).

#### Employees Choice per Salary group

Choice ● In Pension ● LGPS 50/50 ● Opted out

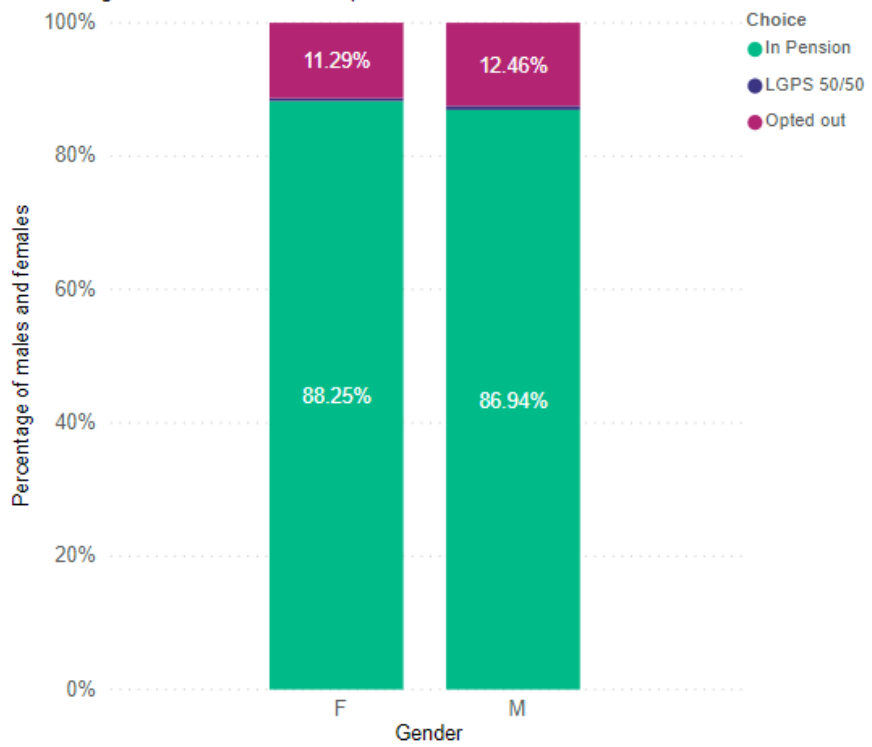


### Analysis of members' choice by gender and contract type

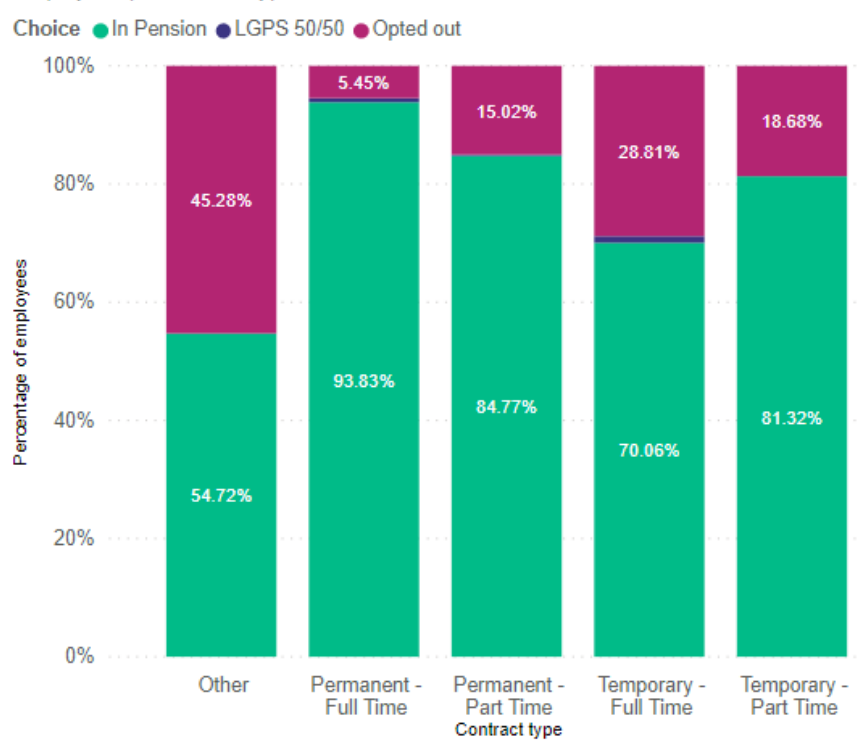
We have analysed the number of Council employees opting out of the Schemes by gender and by contract type (excluding Schools Staff and casual employees).

We note there were 53 members on "other" contract types.

Percentage of males and females per Choice



Employees per contract type and choice

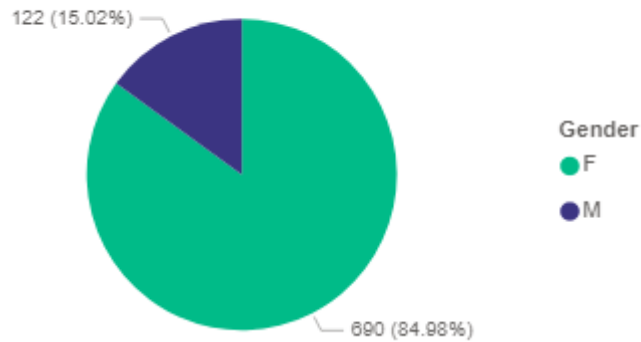


# Analysis of employees earning less than £10,000 p.a.

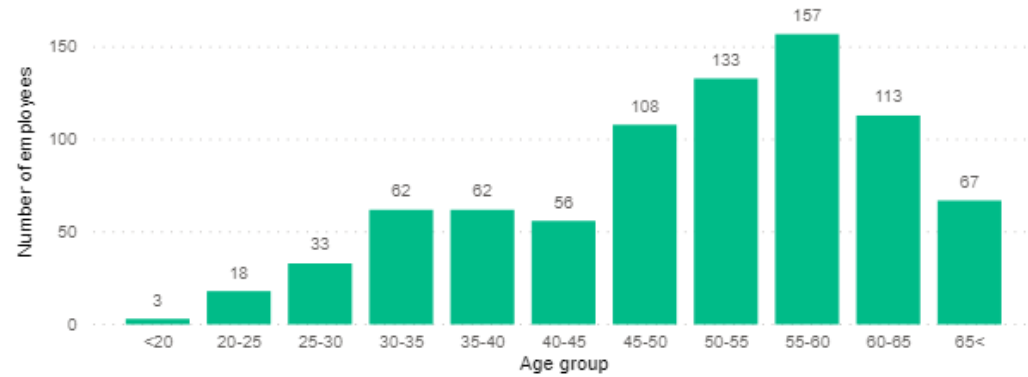
## Your workforce

The charts below summarise your workforce profile those employees with a salary of up to £10,000 per annum (excluding Schools Staff and casual employees).

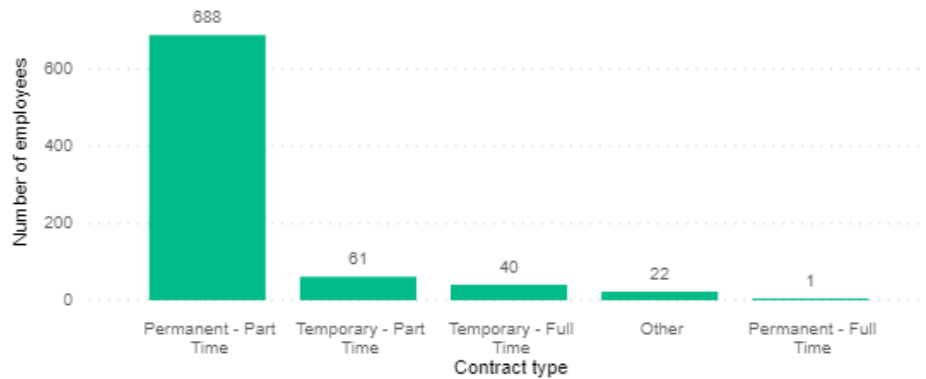
Gender split



Number of employees per Age group



Number of employees per contract type



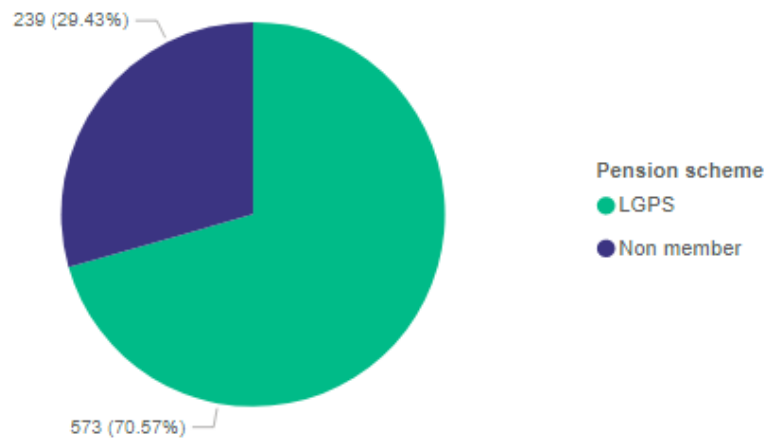
Number of employees per Salary group



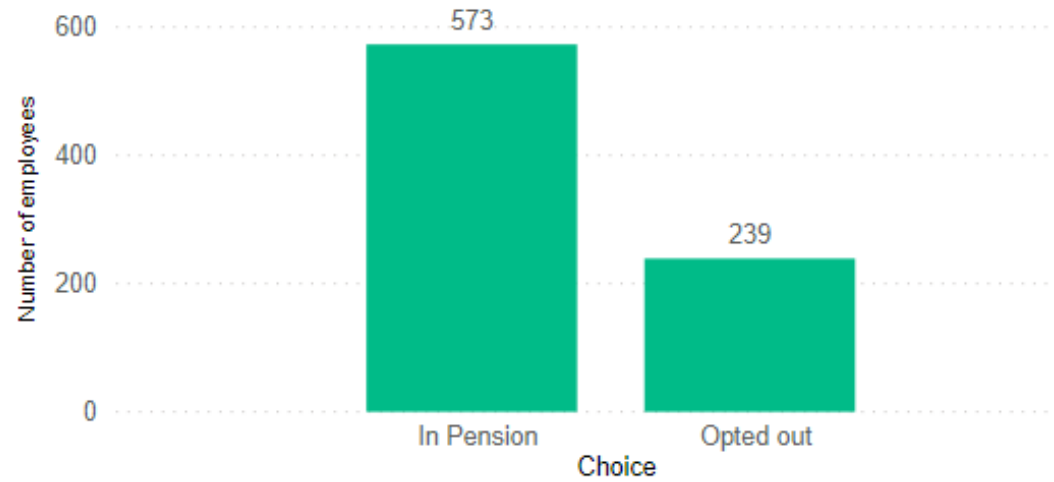
### Your pension provision

The charts below summarise your pension provision profile for those employees with a salary of up to £10k per annum (excluding Schools Staff and casual employees).

#### Employees per pension scheme



#### Number of employees per member choice

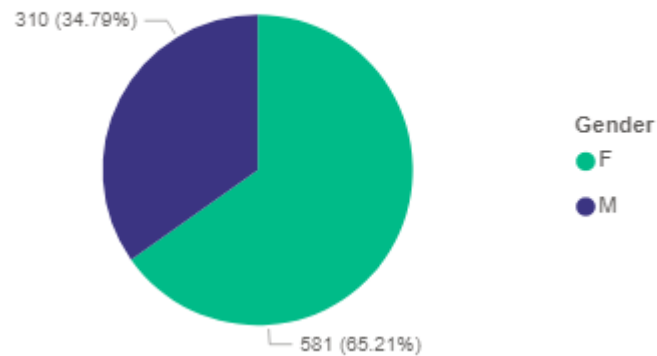


# Analysis of employees on casual contracts

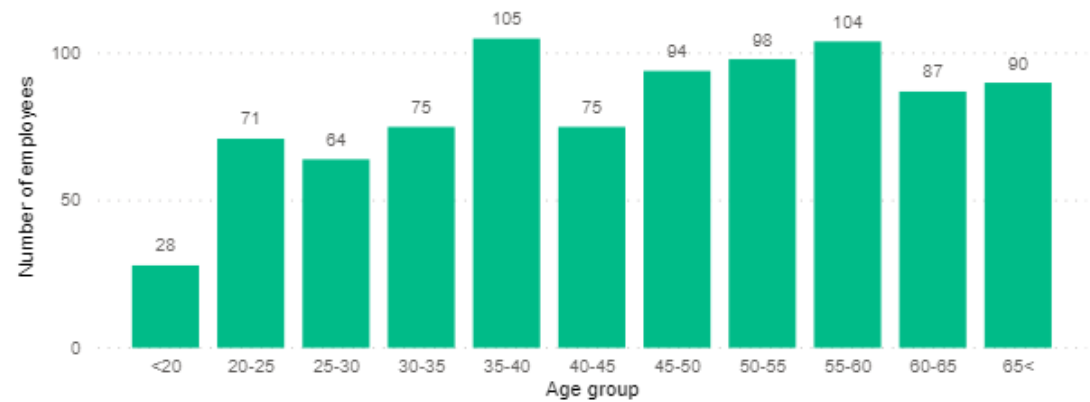
## Your workforce

The charts below summarise the profile of your employees on casual contracts (excluding Schools Staff).

### Gender split



### Number of employees per Age group



### Number of employees per contract type



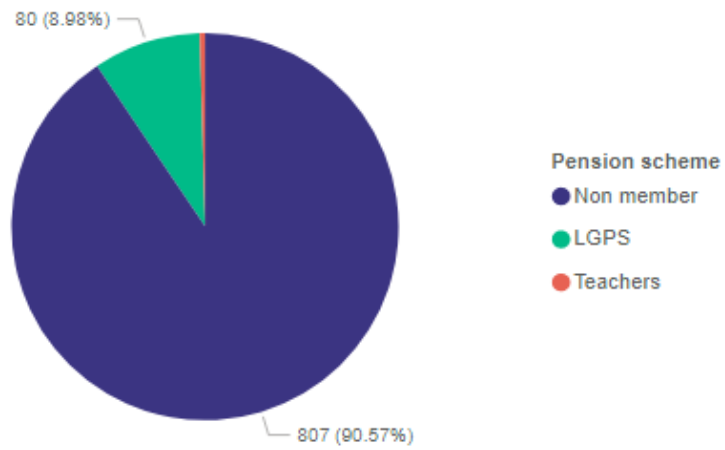
### Number of employees per Salary group



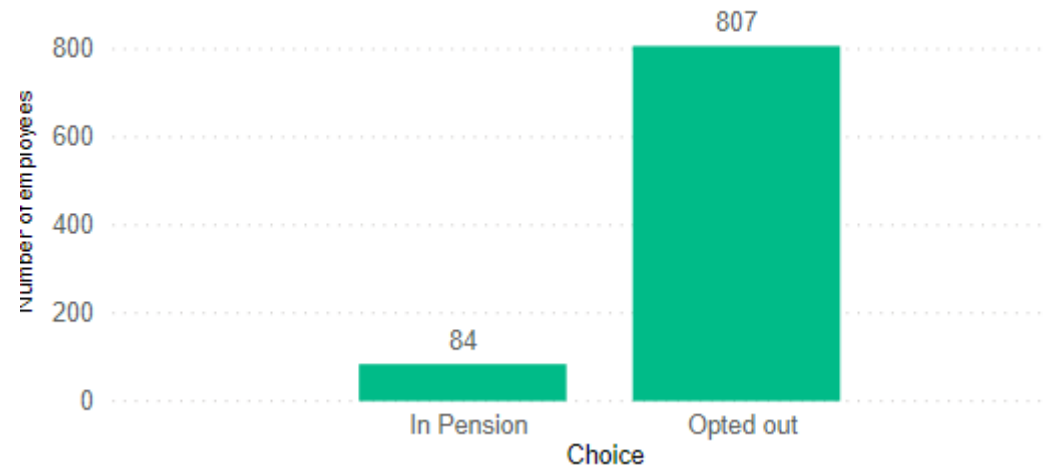
### Your pension provision

The charts below summarise your current pension provision for your employees on casual contracts (excluding Schools Staff).

#### Employees per pension scheme



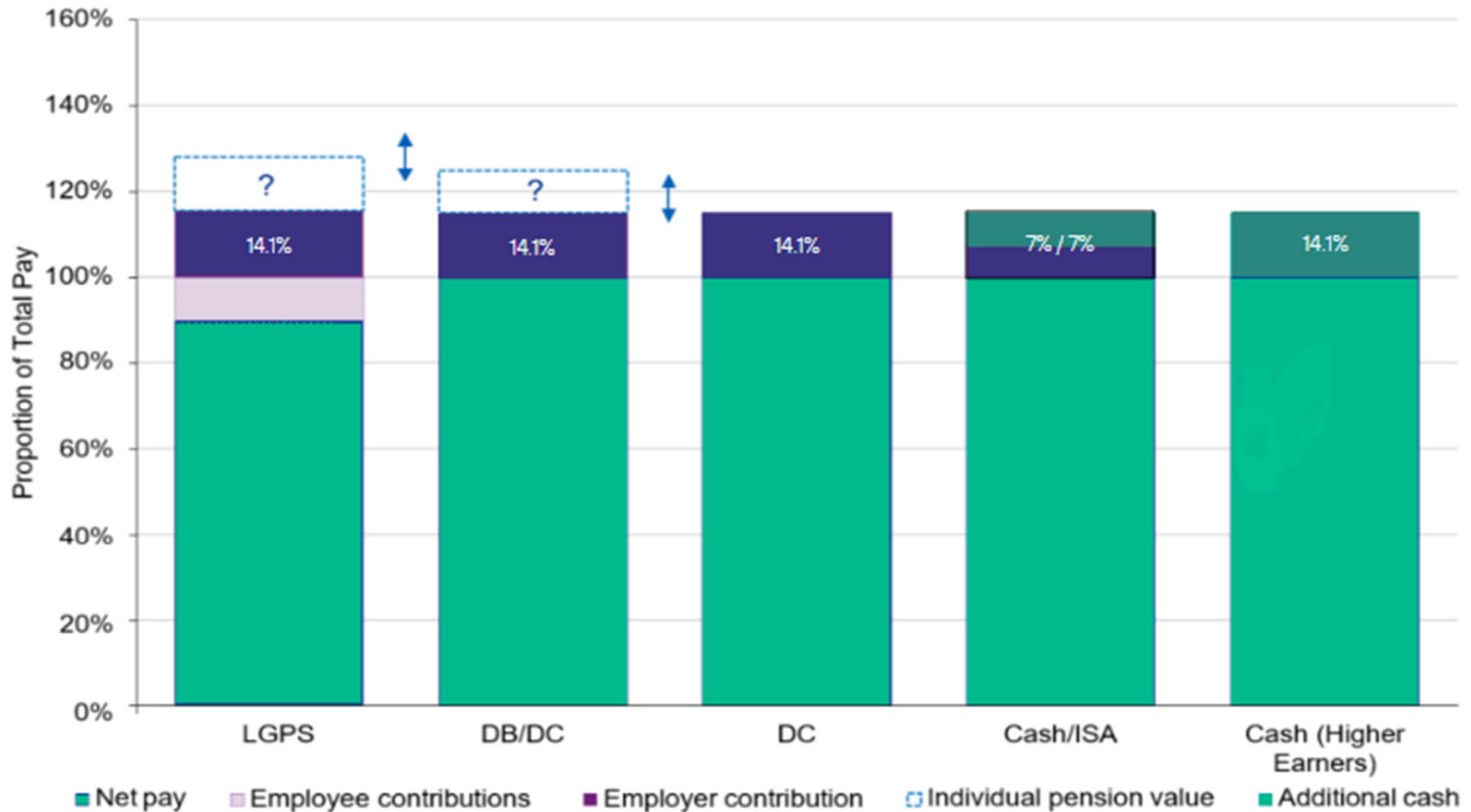
#### Number of employees per member choice



# Alternatives to LGPS



# Alternatives to the LGPS - Examples





# Our recommendations

- Revisit, confirm and prioritise objectives
- Confirm and review policies relating to casual employees
- Investigate how LGPS 50:50 might be used to better meet employee needs
- Consider actions to close the gap between total benefits different groups of employees, including low earners, younger employees, casual and part-time staff
- Alternative analysis will be needed to understand how members 'feel' about their LGPS pension

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We recommended that the Council should confirm the it's objectives, then consider and investigate the findings of our workforce analysis before looking at alternatives

# Any questions?

# Thank you

# Contacts

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