

<b>Committee:</b>	<b>Date:</b>
Local Government Pensions Board	4 February 2020
<b>Subject:</b> The City Corporation's Pensions Scheme - Update	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Information</b>
<b>Report author:</b> Matt Mott – Chamberlain's Department	

### Summary

At the Board's meeting on 20 October 2016, it was agreed that information regarding a range of topics in relation to the Corporation's Local Government Pensions Scheme (the Scheme) would be provided at each meeting. Members have indicated that information regarding communications be provided on an annual basis and all of the other items of information will be provided at each meeting except for when there is no updated information since the previous meeting

<b>Item</b>	<b>Update</b>
Annual schedule of events for the Pensions Scheme	Update provided (Appendix A).
Information of Scheme Record Keeping	No amendments since the last Board meeting.
A record of any complaints or disputes under the Scheme's complaints procedure	<p>No new complaints.</p> <p>The Internal Dispute Resolution Procedure (IDRP) reported on 7 October has been concluded. The appeal has been upheld and the scheme member will be re-assessed against the ill health retirement criteria.</p> <p>Please note, that decisions regarding ill health retirement are made by the Corporation in their role as the employer rather than a decision made by the Pensions Office on behalf of the Corporation as the Adminstrating Authority.</p>
Public Service Pensions: Reporting Breaches of Pension Law	None to report
Any audit reports relating to the administration of the Scheme	None to report
Any reports relating to the administration of the Pension Scheme which have been considered by other Committees	<p>Scheme members may elect to pay Additional Voluntary Contributions (AVC) to increase their overall pension values at retirement.</p> <p>Equitable Life were the sole provider of AVCs until 2002 when by Standard Life and Prudential were appointed.</p>

In August 2019 Equitable Life proposed a transfer of all their business to Utmost Life and Pensions.

Equitable Life had struggled to meet investment guarantees since 1999 and since 2000 have not accepted any new business. They felt the transfer proposal was the best option for their scheme members.

Scheme trustees, such as the City of London Corporation, had to vote on the transfer by 30 October 2019. Following this vote the proposal also had to go before the High Court for formal approval.

The proposal was an agenda item at Establishment Committee meeting on 29 October. They were asked to consider the proposal and vote on behalf of the Corporation. The Establishment Committee voted in favour of the transfer. The vote was formally completed online by the Pensions Office on the afternoon of 29 October.

The result of the overall vote was overwhelmingly in favour of the proposal which was formally approved by the High Court on 22 November. The transfer became affective from 1 January 2020.

The City of London Pension Fund had 24 scheme members with an Equitable Life AVC scheme on 1 January 2020.

As part of the proposal scheme members who had Equitable Life with-profits investments received an uplift to their AVC values which have been invested in Utmost Life and Pensions unit linked investments.

Scheme members who had Equitable Life unit linked investments have no change to their investments, except for a change in name only to Utmost Life and Pensions.

Investment information was provided by Equitable Life as part of the transfer proposal, which included a default option. The default option transferred all funds on 1 January 2020 into the Utmost Life and Pension Secure Cash Investment where it is invested for the first 6 months after transfer. In the following 6 months the investment will be moved into the Utmost Life and Pensions Investing by Age.

The Pension Office wrote to scheme members confirming the default position and explaining they can at any time elect to move

	<p>their AVC into any alternative Utmost Life and Pensions investment.</p> <p>Report sent to the Establishment Committee on 29 October 2019 (Appendix B (i)) includes Equitable Life Proposal Document, letter sent to scheme members with Equitable Life AVC on 9 October 2019 and Local Government Association (LGA) background document.</p> <p>Establishment Committee Minutes (Appendix B (ii))</p> <p>Investment confirmation letter sent to Scheme members with Equitable Life AVC on 20 December 2019. (Appendix B (iii))</p>
Guaranteed Minimum Pensions (GMP) Reconciliation	<p>Pension data is continuing to be analysed and JLT are liaising with HMRC.</p> <p>HMRC advised that they would issue a final report for each Scheme once final queries had been responded to in April 2019.</p> <p>HMRC have still not provided a specific date for the final report. JLT are in communication with HMRC to establish when the final report will be provided.</p> <p>JLT will undertake a final analysis of HMRC and Scheme data. Due to the delays by HMRC we would expect this now to be completed by the end of March 2020.</p> <p>A report will be brought to the Board when the process has been completed</p>
City Print Contract	<p>The service provided by APS continues to be monitored both by the Pensions Office and the Corporation</p> <p>The Pension Office has commenced discussions with APC regarding all print requirements including costs and deliveries, including the statutory delivery of annual benefit statements.</p>
Changes to administration	<p>A staff member has just commenced a period of parental leave and is due back to work in mid-April.</p> <p>The administration also has a vacancy which is currently being recruited to and any successful candidate will require training. This will be a challenging time for the Pension Office resources.</p> <p>To ensure the high standards of administration are maintained some changes to processes have been implemented.</p>

	<p>LGPS workloads that may be affected by the absence have been distributed around the office, senior officers undertaking calculations whilst junior officers undertaking record maintenance. All staff members will continue to engage with scheme members on a daily basis with regards to pension queries mainly by phone or email.</p> <p>Furthermore, a review of general administration practices have enabled the Pensions Office to implement some criteria for estimate requests and update the email auto response.</p> <p>These changes are designed to reduce requests for estimates that may be deemed unnecessary (previously all requests were usually provided). In addition, when scheme members provide amended personal details by email confirmation was provided by letter. With effect from January no confirmation will be provided, and this is advised in the email auto response. The Email auto response is at Appendix C.</p> <p>Reducing the number of calculations (where appropriate) and the number of confirmation letters, will allow the Pensions Office to better manage its resource enabling the administration to focus on the more important aspects of the scheme administration.</p> <p>Consideration will also be given to providing information in the letter that accompanies the annual benefit statements in August. The intention is to reinforce the email auto response message including new estimate criteria ensuring all active scheme members are informed.</p> <p>Additionally, a similar letter will be considered for inclusion with the deferred annual benefit statements which are usually distributed in July.</p>
Public Sector Pensions Legal Challenge Update	<p><u>Lord Chancellor and Secretary of State for Justice v McCloud and others</u></p> <p>The Court of Appeal has ruled that reforms made to the judges and firefighters pension schemes were discriminatory on behalf of age.</p> <p>This has raised some concerns that all public sector pensions schemes, including the LGPS, may also be discriminatory on behalf of age.</p>

	<p>The Government requested the right to appeal to the Supreme Court, however, this was request was denied. All Public sector schemes may now need to review their regulations and possibly make amendments to them.</p> <p>No details have yet been provided concerning the LGPS, although it is understood stakeholders such as Ministry of Housing, Communities and Local Government (MHCLG), the Local Government Association (LGA), scheme actuaries and the Scheme Advisory Board (SAB) are in discussion with regards to the effect of this ruling and what possible changes may be required.</p> <p>More information will be brought to the Board when it is available.</p>
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### **Recommendation**

The Board is recommended to consider the information provided in the following reports and provide any comments in relation to this information.

### **Appendices:**

Appendix A - Annual Schedule of Events

Appendix B (i) - Equitable Life report to the Establishment Committee 29 October 2019

Appendix B (ii) - Establishment Committee Minutes 29 October 2019

Appendix B (iii) - Letter sent to scheme members with Equitable Life AVC) December

Appendix C - Email auto response

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