

Committee(s) Local Government Pensions Board	Dated: 25 September 2023
Subject: Pensions Scheme – Administrator’s Update	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: The Chamberlain	For Information
Report author: Graham Newman – Chamberlain’s Department	

Summary

The City of London Corporation established a Pensions Committee (the Committee) in April 2022 and its first meeting was held on 11 July 2022. Meetings are held quarterly, with the most recent held on 12 September 2023. The Committee is responsible for all functions and responsibilities relating to the City of London Pension Fund including arrangements for the investments, administration and management of the fund

The Local Government Pensions Board has responsibility for assisting the Pensions Committee to ensure the effective and efficient governance and administration of the scheme. The role is one of providing oversight of assurance in the governance of the scheme administration and not in decision making.

The following table shows the scheme administration details that have reported to the Pensions Committee since the last Local Government Pensions Board meeting on 12 December 2022.

Item	Update
Annual schedule of events for the administration of the Pensions Scheme	Appendix A provides details of the events / dates that form the main diary of the Scheme administration.
Information of Scheme Record Keeping	<p>As the Scheme’s administrating authority, the City is responsible for making sure the scheme has good records.</p> <p>The City is required to ensure it has accurate, complete and up-to-date records and should have controls and processes in place to maintain these standards.</p> <p>Failure to maintain complete and accurate records can risk not meeting legal obligations as set by the Pensions Regulator which could lead to fines and/or enforcement action being taken.</p> <p>The City’s scheme data is measured once a year and the data scores are submitted to the Pensions Regulator (tPR) in the annual scheme return.</p>

Complaints or disputes under the Scheme's Internal Disputes Resolution Process (IDRP)	Two IDRP Stage Two complaints have been received, both of which have been completed.
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	None to report.
Guaranteed Minimum Pensions (GMP) Reconciliation	<p>A requirement has been placed upon all UK Pension Schemes by the Department for Work and Pensions (DWP) and the Pensions Regulator (tPR) to ensure scheme data is accurate and this includes Guaranteed Minimum Pensions (GMP) data which is jointly held by each scheme and by HMRC.</p> <p>Due to the ceasing of Contracting Out with effect from April 2016 HMRC will no longer process GMPs, therefore, each pension scheme is responsible for checking the data they hold matches that of HMRC.</p> <p>Contracting Out enabled scheme members to opt out of the State Second Pension (S2P), formerly known as State Earning Related Pension Scheme (SERPS), which is the element of the state pension based on National Insurance contributions. In return the member would receive a pension equivalent to S2P (had they not contracted out) payable from the scheme the member had contracted out with. This is known as the Guaranteed Minimum Pension (GMP)</p> <p>Mercers (formally JLT) have been commissioned to facilitate this project and a report will be brought to the Committee following the conclusion of the reconciliation.</p>
Pension Administration System	<p>The City uses a pensions administration system known as Altair that is provided by the supplier Heywood.</p> <p>A project was started in 2021 to update the system and the pension data from the City's servers was successfully moved to a hosted environment provided by Heywood in November of that year.</p> <p>The Pensions Office is currently in the process of implementing the Member Self-Service system. This system has the potential to allow members to access their pension record, make amendments to selected personal data (i.e. name, partnership status, death grant</p>

	<p>nominees) and to run their own retirement estimates. It may also provide a platform for providing annual benefit statements and other bulk mailings.</p> <p>In-house User Acceptance Testing of the system is being undertaken, and the expected 'go live' date for active scheme member self-service will be the autumn, with self-service for deferred and pensioner members following at a later date.</p>
<p>Public Sector Pensions Legal Challenge</p>	<p><u>Lord Chancellor and Secretary of State for Justice v McCloud and others</u></p> <p>With effect from April 2015 (April 2014 for the LGPS) all public sector pension schemes were subjected to reforms that changed the way benefits were accrued and the date from which they would become payable.</p> <p>However, the legality of these reforms were successfully challenged and they were found to be discriminatory on the grounds of age. This challenge came to be referred to as 'McCloud'.</p> <p>The government consulted on what method of 'Remedy' should be used to remove the discrimination and on 10 March 2022 the Public Service Pensions and Judicial Offices Act 2022 received Royal Assent.</p> <p>The main purpose of the Act was to set out the intention of the 'McCloud Remedy' and implement it in the public service pension schemes.</p> <p>However, the Act did not provide specific information as to how the remedy is to be implemented for individual schemes and further guidance and legislation was required before any action can be taken in respect of the LGPS.</p> <p>In April 2023, the Scheme Advisory Board, in collaboration with the Department for Levelling Up, Communities and Housing (DLUHC), published a factsheet summarising the remedy for members. This factsheet has been added to the City's Pensions website and a link has been included in the 2023 Annual Benefit Statements (ABS). In addition, a link to the factsheet will be advertised on the City's intranet to coincide with the distribution of the Annual Benefit Statements.</p> <p>The draft scheme regulations which would implement the remedy have been published and can be found at: bit.ly/43sT9DG DLUHC published a consultation in respect of these regulations which closed on 30 June 2023 to seek views in respect of this document.</p> <p>The Local Government Association (LGA) responded to the consultation on behalf of local authorities and their response can be found at https://www.lgpsregs.org/schemeregs/consultations.php</p>
<p>Pension Board Training</p>	<p>All Members of the Board are asked to check their TPR online training and continue to complete any outstanding modules they may have.</p> <p>The link for the online training is: https://www.thepensionsregulator.gov.uk/en/public-service-</p>

	<p>pension-schemes/understanding-your-role/learn-about-managing-public-service-schemes</p> <p>Details in respect of training modules completed by each Member are included on the non-public agenda (Appendix B)</p> <p>The Pensions Manager will be reviewing topics for training to cover in the coming year.</p>
<p>Pensions Dashboards</p>	<p>Introduced by the Department for Work and Pensions (DWP), Pensions Dashboards have been designed to provide an online platform that will allow individuals to access details of their accrued pension benefits from multiple sources in one place. The intention is to support better planning for retirement, and help individuals reconnect with any pension pots they may have lost over time.</p> <p>In respect of Public Sector Pension Schemes, the initial expectation was that schemes would be required to connect to the online dashboard infrastructure by 30 September 2024.</p> <p>However a written Ministerial Statement made on 2 March 2023 stated that delays setting up the dashboard programme has meant that the original timetables have been re-considered. A revised staging timetable will be set out in guidance and all schemes in scope will need to connect by 31 October 2026. The staging timetable will indicate when schemes are scheduled to connect, based upon their size and type.</p> <p>The Pensions Regulator (TPR) updated its 'Failing to comply with dashboards duties' guidance in June 2023: (https://www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/dashboards-guidance/failing-to-comply-with-pensions-dashboards-duties). The purpose of the guidance is to outline what schemes will need to do to demonstrate that they have had regard to the staging timetable that will be set out in the connection guidance.</p> <p>TPR expectations of schemes to show they 'have regards to the connection guidance' includes:</p> <ul style="list-style-type: none"> • Connect to dashboards by the connection deadline of 31 October 2026 that is set out in legislation. Failure to do so could result in regulatory action by TPR. • A revised staging timetable will be set out in guidance which will indicate when schemes are scheduled to connect. All trustees and scheme managers must have regard to this guidance. Failure to do so will be a breach. • Although the timelines in the guidance will not be mandatory, schemes will be expected to demonstrate how they have had regard to the guidance. • A phased approach to staging enables a controlled and well-planned connection, reduces the risk of provider capacity constraints and means savers can realise the benefits of dashboards as early as possible. • Continuing to prepare for dashboards by engaging with those who will support them and their dashboard duties.

	The Pensions Dashboards Programme (PDP) has updated their FAQs to reflect the new connection deadline announcement https://www.pensionsdashboardsprogramme.org.uk/faqs/
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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 (Administration)

Appendix B – Member Training (NON PUBLIC)

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