

<b>Committee(s)</b> Pensions Committee	<b>Dated:</b> 19 March 2024
<b>Subject:</b> Pensions Scheme – Administrator’s Update	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	<b>N/A</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>N/A</b>
<b>Report of:</b> The Chamberlain	<b>For Discussion</b>
<b>Report author:</b> Graham Newman – Chamberlain’s Department	

### Summary

The administration of the City of London Local Government Pension Scheme (the Scheme) is undertaken by the Pensions Team within the Chamberlain’s Department.

The table below provides a summary of general information around a range of topics in relation to the administration of the Scheme since the last Committee meeting on 12 September 2023. Members are asked to note the report and provide feedback.

<b>Item</b>	<b>Update</b>
Annual schedule of events for the administration of the Pensions Scheme	<b>Appendix A</b> provides details of the events / dates that form the main diary of the Scheme administration.
Information of Scheme Record Keeping	As the Scheme’s administrating authority, the City is responsible for making sure the scheme has good records.  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.  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.  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.
Complaints or disputes under the Scheme’s Internal Disputes Resolution Process (IDRP)	None to report.
Public Service Pensions	None to report.

Reporting Breaches of Pension Law	
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>GMP reconciliation in the Local Government Pension Scheme (LGPS) involves ensuring that pension benefits provided by the LGPS are in compliance with the GMP requirements as outlined by HM Revenue and Customs (HMRC) in the context of contracted-out pension schemes.</p> <p>These are the key points for the GMP reconciliation currently being carried out:</p> <ol style="list-style-type: none"> <li>1. <i>Data Collection:</i> Collect pension scheme data, including member records, contributions, and service history, to review compliance with GMP regulations.</li> <li>2. <i>Identification of GMPs:</i> Identify members who have GMP rights within the LGPS. These are individuals who were contracted out of the State Earnings-Related Pension Scheme (SERPS) or the State Second Pension (S2P) while they were LGPS members.</li> <li>3. <i>HMRC Reconciliation:</i> Compare pension records with those held by HMRC to ensure that GMP entitlements are accurately recorded. This may involve reviewing past National Insurance contributions and contracted-out service.</li> <li>4. <i>Rectification of Discrepancies:</i> If discrepancies or inaccuracies are found, take steps to rectify them. This could involve updating member records, adjusting pension benefits, or providing members with additional GMP benefits.</li> <li>5. <i>Communication:</i> Inform affected scheme members of any changes to their GMP entitlements and pension benefits resulting from the reconciliation process.</li> </ol> <p>GMP reconciliation in the LGPS is essential to ensure that members receive their correct pension entitlements and that the scheme remains compliant with legal requirements.</p> <p>Mercers (formally JLT) have been commissioned to facilitate this project and are currently working through Stage 3 of this process map, comparing the City's data with that held by HMRC. Several adjustments to the reporting requirements since the project started</p>

	<p>have caused the end dates to slip, but it is hoped that we will move to Stage 4 shortly.</p> <p>Stage 4 of the process map may require decisions to be made by the Committee. The Committee may wish to set certain parameters in respect of any discrepancies and how they should be dealt with – for example, setting a threshold amount for overpaid pensions that need to be reclaimed with any amount below the threshold being written off.</p> <p>Once Stage 3 has been completed and the details have been provided, a report will be brought to the Committee.</p>
<p>Pension Administration System</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 nominees) and to run their own retirement estimates. It will also provide a platform for providing annual benefit statements and other bulk mailings.</p> <p>In-house User Acceptance Testing of the system has been finalised and was followed by a roll-out to small test groups of the active scheme membership. The results of this test roll-out are being assessed and once satisfied the full roll-out date for active scheme members will begin, with the roll-out for deferred and pensioner members following on 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 was 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>Further consultation determined the form the Remedy would take in respect of the LGPS and the regulations were formally laid and then implemented with effect from 1 October 2023.</p> <p>For active scheme members retiring after the implementation date, their McCloud eligibility will be assessed by the Pensions Office and if appropriate their benefits will be based upon the terms of the Remedy. In addition, from September 2025 onwards, all Annual Benefit Statements issued to active and deferred members must include details in respect of the Remedy and how it affects their individual benefits.</p>

	<p>With regards to retired members, all retirements since the introduction of the career average scheme in April 2014 will need to be assessed for eligibility for the McCloud Remedy. For those deemed to be eligible, their benefits in payment will need to be recalculated under the terms of the Remedy and any appropriate adjustments made and arrears paid. This process will also apply for the pensions being paid to the survivors/dependants of an eligible member who passed away before the Remedy was implemented.</p> <p>The Pensions Office has implemented the Remedy in respect of active scheme members and all retirements that have occurred since the implementation date (i.e. 1 October 2023) have been processed on this basis.</p> <p>The Pensions Office, in conjunction with each individual Scheme employer, is currently compiling the details of all retirements since April 2014 to assess eligibility and begin the process of re-calculating benefits where appropriate. Active and deferred scheme members must be provided with details by 31 August 2025 and it is expected that all retired scheme member will have been contact by then.</p> <p>Updates regarding the implementation of the McCloud Remedy will continue to be brought to each Committee meeting.</p>
<p>Pension Committee Training</p>	<p>All Members of the Committee are expected to register for tPR online training and complete the modules in respect of <b><u>public sector pension schemes</u></b>.</p> <p>The link for the online training is: <a href="https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/understanding-your-role/learn-about-managing-public-service-schemes">https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/understanding-your-role/learn-about-managing-public-service-schemes</a></p> <p><u>Following a trial period by officers, Members of the Committee have recently agreed to complete the new online LGPS training that has been created by our actuary Barnett Waddingham. The training module is called 'Enlighten' and is specifically directed at LGPS Committees, Boards and officers. There are currently three courses available; each consisting of several bitesize videos and followed by a quiz.</u></p> <p>Details in respect of training modules completed by each Member are included on the non-public agenda (<b>Appendix B</b>).</p> <p>Members are expected to re-do the tPR training modules every 3 years.</p>
<p>Pensions Office Key Performance Indicators</p>	<p>As requested at the Committee meeting of 29 November 2022, <b>Appendix C</b> provides statistics in relation to the performance of the Pension Scheme Administration.</p> <p>The working processes followed by the Pensions Team are regularly reviewed to ensure the statistics accurately reflect the work involved.</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</p>

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.

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.

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.

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.

TPR expectations of schemes to show they 'have regards to the connection guidance' includes:

- 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/>

To support funds with the upcoming requirements of the PDP, the National LGPS Framework has been working to establish a framework that includes Integrated Service Providers (ISP) which will be crucial for dashboard readiness as it provides the administrator with connectivity to the dashboard 'ecosystem'.

	<p>The framework will provide LGPS fund with a compliant route to market for an ISP, as well as support with data quality and dashboard readiness.</p> <p>The tender documents have been issued and it is hoped that the Framework will be launched in early April 2024.</p>
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### **Recommendation**

The Committee is asked to note the report and provide any feedback in relation to this information.

#### **Appendices:**

Appendix A – Annual Schedule of Events (Administration)

Appendix B – Member Training (NON PUBLIC)

Appendix C – KPI Details

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