

<b>Committee:</b>	<b>Date:</b>
Local Government Pensions Board	8 March 2021
<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

This reports provides information regarding a range of topics in relation to the Corporation's Local Government Pensions Scheme (the Scheme). 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 ( <b>Appendix A</b> )
Data Protection Act 2018 (DP18) – Data Retention Policy	No amendments since last Board Meeting
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	None to report
Public Service Pensions Reporting Breaches of Pension Law	None to report
Any audit reports relating to the Pensions Fund	None to report
Any reports relating to the administration of the Pension Scheme which have been considered by other Committees	Pension administration system procurement paper – Digital Services Sub Committee 16 November 2020  Committee Paper ( <b>non- public Appendix B</b> ) (for information)
Guaranteed Minimum Pensions (GMP) Reconciliation	Pension data is continuing to be analysed and JLT are liaising with HMRC.  The last data cut has been completed and the report by HMRC received by JLT. The Pensions Office are in discussion with JLT regarding next steps and outcomes.  The process has been delayed due to COVID 19, however, it is still the intention to

	bring a report to the Board once the reconciliation has been completed.
Covid 19	<p>The Pensions Office still continue to work from home developing and amending processes to communicate securely with scheme members.</p> <p>There had been limited and voluntary visits to the Guildhall to access incoming post and to post letters to deferred scheme members where there is no other known form of contact information.</p> <p>This ceased with the introduction of Tier 4 and is not likely to change during this lockdown.</p> <p>However, working from the Guildhall would be considered in the event of a staff request where there were extenuating circumstances such as physical and mental wellbeing.</p>
The Target Operating Model (TOM)	<p>The new TOM has been announced for the financial year 2021/22 and a high level structure has been approved by the Court of Common Council.</p> <p>Recruitment to senior posts in the new structure has commenced and is expected to be finalised by 31 March 2021.</p> <p>Once recruitment has concluded the TOM will be implemented, subject to staff consultation, and is anticipated to be in place with effect from 31 March 2022.</p> <p>When further details are known they will be brought to the attention of the Board</p>
Procurement of Pension Administration System	<p>The tender was released on Friday 8 January 2021 with a closing date of 9 February 2021.</p> <p>Pensions Office staff will evaluate the applications with procurement. The preferred outcome of the tender process will then be reported to the Digital Services Sub Committee (DSSC) at their March meeting.</p> <p>Following the DSSC meeting it is the intention to formally appoint a provider to commence a new contract with effect from 14 October 2021.</p>

	<p>The tender application process has now closed and the Pensions Office, with colleagues from procurement and IT departments are currently evaluating the applications received.</p>
Automatic data transfer	<p>The Corporation has begun the verification of their digital data and from February will begin initial implementation of an automated data service</p> <p>Once the procurement of the pension administration software system has been completed the Pension Office will liaise with the other teams/departments with regards to regular automated transfer of the required scheme member data to the pension system.</p>
City Print contract	<p>APS have now successfully completed all mailings for 2020, including active and deferred annual benefit statements (ABS), newsletters and P60s.</p> <p>Discussions have commenced and pricing estimates requested for the coming year.</p> <p>The service provided by APS will continue to be monitored both by the Pensions Office and the Corporation.</p>
Public Sector Pensions Legal Challenge Update	<p><u>Lord Chancellor and Secretary of State for Justice v McCloud and others</u></p> <p>We are aware that Government departments together MHCLG and LGA are working together with scheme advisers such as actuaries, legal professionals and unions to resolve the issue of age discrimination.</p> <p>Pension Office staff have attended webinars with the Local Government Association and LGPS Officer groups and the current software provider in relation to McCloud.</p> <p>No new information was forthcoming at these events and we are still waiting for further detail and guidance.</p> <p>We understand that discussions are continuing at a national level.</p>
Exit Payment Cap	<p>The Exit Payment Cap legislation formally came into effect from 4 November 2020.</p> <p>This legislation formally barred public sector scheme employers paying more than</p>

	<p>£95,000 to an employee exiting their employment.</p> <p>The employer cost towards early unreduced payment of the LGPS benefits, known as the Strain on the Fund, was included in the £95,000 cap calculations as well as employer statutory and compensatory payments such as redundancy payments.</p> <p>When the legislation came into effect the LGPS regulations were not capped and permitted immediate and unreduced payments of pension benefits upon redundancy if the employee is aged 55 and over.</p> <p>The LGPS regulations were in the process of being amended, however, on 12 February 2021 HMT published the Exit Payment Cap Directions 2021 [the Directions]. The Directions disapply the exit cap legislation with immediate effect until the Government is able to formally revoke the legislation.</p> <p>This decision was announced without warning and it is presently unclear what this means for the future of an exit cap.</p> <p>This does mean that currently all exit payments revert back to their former, pre 4 November 2020, levels and the LGPS will continue to pay immediate and unreduced pension benefits to scheme members aged 55 and over who have retired due to redundancy or efficiency.</p> <p>Scheme employers will be mandatorily obliged to pay the pension strain cost for these pensions even in the event they are in excess of £95k</p> <p>The Pension Office is not aware of any exit payments paid by the Corporation, or any other scheme employer, that have exceeded the cap between 4 November 2020 and 11 February 2021.</p> <p>LGA Guide, Exit cap information for LGPS administering authorities (<b>Appendix C</b>)</p>
Flexible Retirement Opportunity	The City Corporation has offered their employees aged 60 and over by a certain

	<p>date, an opportunity to elect for Flexible Retirement.</p> <p>The effect on the fund and payment of strain cost has been monitored.</p> <p>Following a request by the Board at the meeting on 5 October 2020 a separate report is on today's agenda.</p>
Pension Board Training	<p>Board members have continued to progress the completion of the TPR online training tool. All Members of the Board are asked to check their training and complete outstanding modules if they have any.</p> <p>Training at Board meetings has not continued as anticipated through 2020, largely due to COVID 19. Training at Board meetings is not essential, however, is recommended.</p> <p>It is proposed McCloud is a topic for training, depending on available information, at the next Board meeting.</p>

### **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 – DSSC report (Non-Public)

Appendix C – LGA guide, Exit cap information for LGPS administering authorities

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