

<b>Committee(s)</b>	<b>Dated:</b>
Pensions Committee	11 July 2022
<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 Information</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. This is modelled on a similar report that goes to each meeting of the Local Government Pensions Board. 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	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 Regulator in the annual scheme return – the next Return is due to be submitted in October 2022.</p>
Complaints or disputes under the Scheme’s Internal Disputes Resolution Process (IDRP)	If a scheme member is not satisfied with any decision that affects them with relation to the Scheme they have the right to ask for it to be looked

	<p>at again under the formal complaints procedure. The procedure's official name is the Internal Dispute Resolution Procedure (IDRP).</p> <p>The IDRPs Guide for scheme members is provided at Appendix B.</p> <p>There are currently 2 IDRPs in progress.</p>
<p>Public Service Pensions Reporting Breaches of Pension Law</p>	<p>In the event that there is a breach of pension law a decision needs to be taken as to whether the breach should be reported to the Pensions Regulator (tPR) and in some cases the Information Commissioner.</p> <p>The decision to report requires two key judgements:</p> <ol style="list-style-type: none"> <li>1. Is there reasonable cause to believe there has been a breach of the law;</li> <li>2. if so, is the breach likely to be of material significance to the Pensions Regulator.</li> </ol> <p>Not every breach needs to be reported to the (tPR).</p> <p>The City's policy document in respect of reporting breaches of the law for Public Service Pensions is included at Appendix C. This covers both the LGPS and the City of London Police Pensions Scheme</p>
<p>Any audit reports relating to the administration of the Scheme</p>	<p>None to report</p>
<p>Any reports relating to the administration of the Pension Scheme which have been considered by other Committees</p>	<p>None to report.</p>
<p>Guaranteed Minimum Pensions (GMP) Reconciliation</p>	<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 which is expected to complete by 31 March 2023. A report will be brought to the Committee following the conclusion of the reconciliation.</p>
Covid 19	<p>Following the Covid 19 pandemic, working practices within the City have changed.</p> <p>From 28/02/2022 Chamberlain's staff have been attending the office for a minimum 3 days per week.</p> <p>During the pandemic and enforced home-working, all communication was required to be made electronically.</p> <p>Since returning to the office this practice has continued and generally communication continues to be by email and phone calls. However, where scheme members have not or are unable to verify their details, letters are still posted.</p> <p>It is not the intention of the Pension Office to return to posting letters as a primary communication strategy and promotes, wherever possible, the use of email.</p> <p>During the pandemic the Pensions regulator (TPR), Local Government Association (LGA) &amp; Scheme Advisory Board (SAB) provided guidance to schemes and this guidance still remains in place. It stated that 3 key services should be retained at all times and they are:</p> <ul style="list-style-type: none"> <li>• Continued payment of pension benefits to existing pension members</li> <li>• Commencement of pension benefits to new retirees</li> <li>• Ceasing of pension payments due to notification of death.</li> </ul>
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 now in discussion with Heywood's to start the second stage of the 'project' in respect of updating/modernising the task and procedure workflow system and the document production system.</p>

	<p>It is also the intention to introduce a Member Self-Service system that will allow scheme members to directly access their data, run basic estimate calculations and update their personal details. This system may also be used for providing Annual Benefit Statements.</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 is required before any action can be taken in respect of the LGPS.</p> <p>The City of London Pension Fund is compliant with current guidance and all available information has been recorded on the Fund's website,  <a href="http://www.cityoflondonpensions.org/resources/">www.cityoflondonpensions.org/resources/</a></p> <p>A statement in respect of McCloud was included in both the active and deferred 2021 annual benefit statements (ABS) and also in the pensioner newsletters. An update will be provided with the 2022 statements.</p>
<p>Pension Committee Training</p>	<p>All Members of the Committee are asked to register for tPR online training and complete the modules in respect of <b>public sector pension schemes</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>

## **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 – Employee’s Guide to the Internal Dispute Resolution Procedure

Appendix C – Reporting Breaches of Law – City of London Policy & Procedure (Public Services Pensions)

### **Graham Newman**

Pensions Manager | Chamberlain’s Department

T: 020 4558 2261

E: [graham.newman@cityoflondon.gov.uk](mailto:graham.newman@cityoflondon.gov.uk)