

Committee(s)	Dated:
Pensions Committee	29 November 2022
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 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 27 September 2022. Members are asked to note the report and provide feedback.

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)	One IDRPs has been received.
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 which is expected to complete by 31 March 2023. A report will be brought to the Committee following the conclusion of the reconciliation.</p>
Pension System Administration	<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 met with Heywoods in September 2022 to begin discussions in respect of implementing the Member Self-Service system.</p> <p>Once in place, this 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>The current working plan is that testing will begin in the new calendar year and will go live in the new financial year.</p>
Public Sector Pensions Legal Challenge	<u>Lord Chancellor and Secretary of State for Justice v McCloud and others</u>

	<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, www.cityoflondonpensions.org/resources/</p> <p>An update was included with the 2022 Annual Benefit Statements.</p>
Pension Committee Training	<p>All Members of the Committee are asked to register for tPR online training and complete the modules in respect of <u>public sector pension schemes</u>.</p> <p>The link for the online training is: https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/understanding-your-role/learn-about-managing-public-service-schemes</p> <p>Details in respect of training modules completed by each Member will be circulated at the meeting under the Non-Public agenda</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)

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