



Casual workers/Local Government Pension Scheme FAQs

Dated: 28/11/24

What is the Remediation Process?

The “Remediation Process” is the process that we have put in place to provide those Casual Workers that have been adversely affected by the pension information issues. This has been designed to encompass our key principles and the response received from the Pensions Regulator. In brief this provided eligible Casual Workers with the opportunity to ‘opt-in’ to the Local Government Pension Scheme from the date they started their engagement with the City of London Corporation (or as far back as May 2013). The process is based on the three key principles, which were outlined in correspondence to you from May 2024: Equity, Fairness and Reasonableness.

Is the option to opt-in to the Remediation Process now closed, and if so, why?

Yes. The ability to opt-in was open for 6 months and was closed on 30 November 2024.

Details of the Remediation Process were first published in May 2024, with affected individuals having had significant amount of time to consider the options and indicate their interest in making use of the scheme. Closing the opt-in option will allow us to focus on the next steps of the process, which is to make suitable arrangements for you to make backdated payments and processing these payments.

I missed the deadline to opt-in but now wish to do so. Can I?

Given the availability of information and time provided to those affected, we hope that the majority of those affected will have had sufficient time to consider their options and make a decision. However, we recognise that in a small number of cases there may be extenuating circumstances which have contributed to a delay in opting in. Where you believe that this is the case, we ask that you contact us at casualworkersfaq@cityoflondon.org.uk where requests will be considered on a case-by-case basis.

Why was I not automatically enrolled when I was eligible?

For casual workers, legitimate Postponement Notices were put in place for every period of engagement (i.e. each shift worked) - these were issued as part of the timesheet used. These provided a practical solution to reduce bureaucracy (such as assessment at every payment). However, we have now become aware that over time these notices have stopped being issued in certain areas; as such the postponement has lapsed and the required automatic enrolment assessment not undertaken. The Pensions Regulator was informed of this situation.

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What is the Corporation doing to resolve this?

From an equity and fairness-based perspective, we believe that it is important that Casual Workers affected by this issue are treated the same as those Casual Workers (and employees across the organisation) that have during this same period chosen to join the pension scheme and have paid contributions. Our intention is to 'return you to the position you would have been in' had you been provided with the right information. As such, where an individual Casual Worker chooses to take up this option the employer will make up employer contribution payments due, and the Casual Worker will make up any employee contributions due.

You previously mentioned that you sought advice from the Pensions Regulator. What advice did you receive?

The Regulator acknowledged our letter and replied to state that as we had identified an error, that affected workers that are still engaged within the company should be put into the position that would have applied had the error not occurred. They also indicated in their response that there is no requirement for the company to pay backdated worker pension contributions on behalf of the worker.

What has been done to ensure this does not happen again?

Postponement notices were re-established for all casual workers across the corporation with effect from April 2024. The timesheets or other systems used for every period of engagement by every casual worker throughout the organisation now include the necessary Postponement Notice. All casual workers can elect to opt-in to the LGPS; to do so they should contact the Pensions Office at pensions@cityoflondon.gov.uk to request the necessary form to be completed and returned. Alternatively, workers can visit the Pensions Office website and download the form directly.

What is the value of the pension I have not received?

We have provided individuals affected with a pensions information summary, detailing pensionable pay received and, back to their initial date of engagement, (or May 2013, whichever is the latter). We have also provided a pensions calculator. Using this information and you can calculate the likely pension benefits should you make the associated backdated payments. For this who have opted-in, we will provide a more detailed breakdown prior to asking you to make the backdated payments.

How far back in time does the Remediation process go?

We have determined it is most fair and reasonable to provide current Casual Workers affected by this issue the opportunity to opt-in to join the pension scheme from a point in time that they would have been eligible to enter the scheme (i.e. opt-in; or automatically enrolled), or to opt in from any appropriate point since. The only limit going backwards is our automatic enrolment staging date (1 May 2013).

Why can I only go as far back as May 2013?

May 2013 was the City Corporation's staging date for automatic enrolment. Prior to this, there were no automatic enrolment requirements. We have agreed to correct the error, and this is effectively the earliest date of that error.

I am now an employee but was previously a casual worker. Are my periods of casual work eligible for the scheme?

Yes. We initially only contacted active casual workers who we believed were affected. However, we subsequently became aware of individuals who were current employees, but had previously been casual workers who would also have been affected. We are also now aware of a similar group which have moved between employee and casual worker status on more than one occasion. We have now contacted all individuals in this position offering them access to the scheme for both the periods of employment and of casual work.

What is the City Corporation's position on payment of backdated pension contributions?

Where you choose to opt-in, we will make back payments of Employer Pension Contributions to your pension fund. From an equity and fairness-based perspective, we believe that it is important that Casual Workers affected by this issue are treated the same as those Casual Workers (and employees across the organisation) that have during this same period chosen to join the pension scheme and have paid contributions. Our intention is to 'return you to the position you would have been in' had you been provided with the right information. As such, where an individual Casual Worker chooses to take up this option the employer will make up employer contribution payments due, and the Casual Worker will make up any employee contributions due.

How much will I have to pay into the pension scheme if I choose to opt-in from a historic date?

We have provided estimated pension contribution costs in your personalised letter. The final amount due will depend on the precise date you choose to opt in from. However, the information in the letter should provide a reasonable estimate of that value for each year you have worked.

How much benefit will I receive from opting in to the pension scheme from a historic date?

Your personal letter contains details of your total earnings in each of the years back to 2013/14. On the Casual Workers Portal, we have also provided a Pensions Benefits Calculator, that can be used to provide an estimate of the pension benefits you would accrue by opting in. Enter the pensionable pay received figures quoted in your personal letter into the calculator to understand the level of pension benefit.

Further information and calculators are also available on the LGPS website. www.lgpsmember.org

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How does the Remediation Process Work?

There will be a series of steps:

Step 1: You should already have received a letter setting out what would have been your pensionable pay for each year that you have been a Casual Worker based on our records. This includes the estimated cost of backdated Worker Pension Contribution payable should you wish to take up the Remediation Offer and opt-in to the Local Government Pension Scheme.

Step 2: You are encouraged to read all the information made available on the Casual Workers Portal (which includes this FAQ); the Pensions Benefits Calculator to understand what benefits opting in will give you; and to make use of the links to further sources of information and independent advice, and/or seek your own independent advice separately.

Step 3: Once you have the necessary information, you were asked to complete the response form on the portal regarding your intention to proceed or your intention not to proceed. Note that this stage this is an expression of interest not a commitment. Note that the opportunity to do this was open for 6 months and closed on 31 November 2024.

Step 4: For those choosing to proceed, we will recalculate your Worker Pension Contribution based on the historical date submitted in your response and notify where this needs to be paid into, and what reference to use.

Step 4b: For anyone deciding to take up the City of London Corporation offer relating to personal loan arrangements (see later question), there will be an additional process to sign off the loan value, percentage rates and value of interest payable, to ensure these meet the required standards.

Step 5: Once payment of the Worker Pension Contribution has been received to that account (with the correct references), you will be entered into the Local Government Pension Scheme from the historical date requested. Employer Pension Contributions will be paid into the scheme for that same period, and you will be entitled to pensions benefits as if you had joined from that date.

What are the implications for Tax Relief should I decide to opt-in?

As previously advised, we have liaised with His Majesty's Revenue & Customs regarding the treatment of tax relief. HMRC have issued guidance that "Active members of a pension scheme may be entitled to relief under Section 188 Finance Act 2004, but only in the [tax] year the contribution is paid - the relief can't be spread over earlier years."

The treatment of the tax position is ultimately at the discretion of HMRC. We have instructed specialist tax advisors to investigate this position and to understand if there is any scope to challenge the HMRC position.

The outcome of this process may impact on how backdated pension payments are treated for tax purposes. We are therefore currently deferring contacting individuals regarding next steps until the outcome is known. We will provide regular updates on the Casual Workers Portal.

Will any Loan Interest Payment be a Taxable Benefit?

We have engaged a tax specialist to assist us in liaising with HMRC about how we can best deal with the loan interest payments offer. We will provide updates as soon as HMRC decisions are provided.

Should I take up the Remediation Offer?

Taking personal decisions on your pension options is an important financial decision for you and your future. However, please be aware that managers and officers of the Corporation are not qualified or allowed to provide you with financial advice. We have provided information on the portal to help you understand the offer and there is signposting to a range of resources (including free independent financial advice) to help you to be better informed and support you to make your decision. In the end it is your own decision.

If I complete the opt-in form indicating that I wish to opt-in historically to the LGPS, am I then committed to do so?

No - at this initial stage we are seeking expressions of interest to opt-in to the pension scheme historically, and that it is the start of the 'Remediation Process', not the end. As such, a response to opt-in at this point provides a statement of intention, not a commitment. Any final decision to proceed or not can be made later in the process.

If I decide to opt-in, what does that mean about membership of the Pension Scheme going forward?

Although there is no commitment at this stage to the historical opt-in, if you are not already in the pension scheme, this will mean that you are committing to join the LGPS going forwards from the date of opt-in.

I think I would like to opt in, but I don't currently have the funds to pay the worker contribution lump sum – what are my options?

The Local Government Pension Scheme requires that the full amount of both employer and worker pension contributions is payable immediately to the fund. It is not within our remit to change that.

Our key aim is to allow individuals that would have opted in to the pension scheme to return to the position they would have been in. We recognise that some individuals may not have the funds immediately available to meet the value of the lump sum. We would like to avoid the issue of affordability affecting such an important personal financial decision.

We have investigated a range of options to support individuals who cannot afford to pay the total value of the lump sum, to see how we can best support them to make phased payments where required, while ensuring minimal impact and risk to meet our financial duties to the taxpayer.

Where an individual casual worker needs to take a personal loan from a financial institution to support them to make the Worker Contribution Pension Contribution lump sum, the City Corporation will agree

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to pay the interest costs of the loan. This will be paid as a lump once we receive confirmation that the loan has been taken, and the balance has been received by the pension scheme (subject to the loan meeting certain conditions).

What are the certain conditions of the loan?

The maximum loan period interest will be paid on is five years. The company providing the loan must be FCA regulated and the interest value of the loan will need to be competitive within the market. The Remediation process includes a step to check these criteria before the loan is taken out, and the payment of interest costs will only be made where confirmation of the loan having been taken is provided, with confirmation of the interest costs for the period of the loan. We will confirm the precise requirements at this stage in the process.

What if I have difficulty securing a loan within these conditions?

We know that some individuals may find it difficult to secure financial loans. On the Casual Workers Portal we have signposted the Employee Assistance Programme which gives access to financial information and independent financial advice. We have spoken to a local Credit Union who have indicated that they are able to provide support and advice to people in this situation. However, as stated previously, we cannot recommend them to you as a provider - you are encouraged to seek independent advice. If you are experiencing difficulties, please speak to us.

What if I am not in a position to make backdated payments immediately, or want to defer until a later date?

We have not currently set any time limits on when the backdated payments need to be paid by. We will state clearly in any correspondence that individuals can ask to defer this to a later date where required. As such any final decision on whether to opt in historically can be made at a later date. Please note that until any payment is received by the pension fund, you will not be entitled to pension for the historical period, should any unexpected life events occur.

Can I take the lost pension contributions as cash instead?

That is not possible under the system.

What Pension Scheme will I be joining if I opt-in?

You will be joining the Local Government Pension Scheme (LGPS). The LGPS is one of the largest pension schemes in the UK. It is a defined benefit pension scheme which means your pension is based on your salary and how long you pay into the Scheme. Your pension is not affected by how well investments perform. The LGPS provides you with a secure and guaranteed income every year when you retire.

Are Casual Workers entitled to join the LGPS?

Yes. All Casual Workers have the opportunity to 'opt-in' to the pension scheme. To do this they should email the City of London Corporation Pensions Office to request the necessary form to be completed and returned or visit the Pensions Office website and download the form directly. Additionally, some Casual Workers may meet the eligibility criteria for automatic enrolment (see below).

Under the terms of the LGPS regulations, all new workers that join the City of London Corporation with a contract of at least three months and are under the age of 75 are automatically brought into the LGPS. This is known as contractual enrolment. Casual workers are considered to have a separate contract for every period of work performed which means they do not meet the LGPS requirement for contractual enrolment, but they may be an eligible job holder for Automatic Enrolment.

What is Automatic Enrolment (AE)?

To help people save more for their retirement, the government requires organisations to enrol their workers into a workplace pension scheme. This applies to those who aren't already in a pension scheme in respect of any of their workplaces and who, in respect of that work:

- earn over £10,000 a year (or pro-rata per pay period) – equivalent to £192 per week
- are aged 22 or over, and
- are under State Pension Age.

To do this, the organisation has to carry out an assessment of the worker against these criteria to determine if they are eligible. If they do, and there is not a postponement notice in effect, they should be enrolled into the pension scheme.

What is postponement?

Postponement is a process which has been used to bridge the gap between the LGPS and AE legislation for casual workers.

Postponement allows the City Corporation to defer making an assessment of a worker's eligibility for AE for a period of three months. As casual workers are deemed to have a new contract for every period of work performed, this would mean the need to assess them for AE would not be required. However, for postponement to be applied correctly the City Corporation has to notify the worker that this process has been used and to notify them of their right to opt-in to the pension scheme. This notification is known as a Postponement Notice.

If I am not contractually / automatically enrolled into the LGPS, are there other pension options available to me? (opt-in)

Even if they do not qualify for contractual / automatic enrolment, all City of London Corporation casual workers are entitled to opt-in to the LGPS. Alternatively, they can choose to pay into a private pension arrangement outside of the organisation.