



Casual workers/Local Government Pension Scheme FAQs

Dated: 22/5/24

This is the second Frequently Asked Questions linked to the Casual Workers Local Government Pension Scheme. The first set of FAQs, also available on the Casual Workers Portal (<https://www.cityoflondon.gov.uk/casualworkersportal>) highlighted the pensions issue and the early thoughts on how we would rectify this. These FAQs follow on from that to describe the Remediation Process.

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 provides 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 outlined in the letter to you: Equity, Fairness and Reasonableness.

You previously indicated that you were awaiting direction from the Pensions Regulator. What response 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.

Am I eligible to take up the Remediation Process?

The Remediation Process is open to all current Casual Workers engaged by the City Corporation. The main exception to this is those areas of the organisation where it is clear that the Postponement Notice mechanism has been followed correctly throughout this period (as is the case for Casual Workers engaged solely by the City Bridge Foundation).

If you have received a letter detailing your historic earnings and inviting you to visit the Casual Workers Portal, you should be eligible for the Remediation Process. If you have not received a letter and believe that you should have done, please contact

the Casual Workers e-mail casualworkersfaqs@cityoflondon.gov.uk stating your name, and pay number.

I work as a Casual Worker, but I have not received a letter. Am I eligible?

Many services have complied with the Postponement Notification and Pensions information given to their Casual Workers throughout this period. As such there has been no historic error, so therefore you are not affected by the remediation process.

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 (ie 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).

You may therefore go back to May 2013, your first 'engagement date' (when you first worked for the City Corporation) if that was later than May 2013, or any date since your first engagement date. Your first engagement date will be shown in the letter sent to you.

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.

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

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 are asked to complete the response form on the portal regarding your intention to proceed or your intention not to proceed. The deadline for responses is three months from the date of our letter to you. If you choose not to proceed, that will end the process for you.

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.

Note: We are currently liaising with HMRC to understand if we can simplify the processes involved in claiming tax relief on historic pension contributions. We hope to be able to agree a process with them where we can process any tax relief, but that is wholly dependent on them agreeing we can do this. The alternative will be that individuals will have to contact HMRC individually to request this. If we need to follow the latter – we will aim to provide guidance on how to do this. We will provide updates as soon as HMRC decisions are made.

Note: We are also 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.

What is the City Corporation's position on backdating worker pension contributions?

We are happy to 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.

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 can not 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 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 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 are also speaking to a local Credit Union to understand what support and advice they may be able to offer people. 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 processes have been put in place going forward to make sure that the historic error does not happen again?

An updated "Casual Worker Timesheet" and template "Casual Worker Engagement Letter" (both containing the necessary pensions information) have been sent to all areas of the City Corporation employing Casual Workers for immediate use from 1 April this year. For those using PARIM a weekly update has been implemented to ensure we provide all Casual Workers with the same pensions information. Ongoing work to look at our systems and processes will also continue.