



Casual workers/Local Government Pension Scheme FAQs

Dated: 9/4/24

What is 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.

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 has been informed of this situation.

How many people have been affected by this?

At this point in time, we are not able to confirm the total numbers impacted as we are still assessing the full extent of this issue. The correct postponement mechanisms were set up and put in place at the time of the City of London Corporation's automatic enrolment staging date in May 2013. However, we need to determine if and when these procedures were stopped and in which areas. We know that in some areas the postponement notices have continued to be used correctly over the entire period, while in others the important information has been missing from a point in time to be established.

What will happen now?

The use of postponement will be re-established with immediate effect. The timesheets or other systems used for every period of engagement by every casual worker throughout the organisation will 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.

Will entitlement to enter the scheme be backdated?

We are not currently able to confirm exactly what will happen in individual cases. As indicated, it is only in some situations that the postponement notification has lapsed and an automatic enrolment assessment not undertaken.

With regards to restorative steps in such cases, we will need to await direction from the Pensions Regulator.

A solution under consideration is to allow all Casual Workers to have the choice to "opt-in" to the pension scheme from a backdated point in time (subject to the above Pensions Regulator advice). This would provide a valid mechanism for all Casual Workers regardless of whether they meet the automatic enrolment criteria or not.

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

We cannot give individual responses to this in the short term, but if you are auto enrolled with retrospective effect, you will be provided with a statement that details the back payments made and the current value as a result. We are also looking to set out case studies to give examples that may give you an indication of the potential value.

Will we get compensation for this situation?

We cannot offer compensation, but we can make back payments 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.

Can I take the lost pension contributions as cash instead?

That is not possible under the system.

How will you ensure this does not happen again?

We are looking at our processes for when workers join, in whatever capacity, to ensure they are fully aware of their options, when eligible, regarding pension schemes.