



Cabinet Office

Civil Service Pensions Defined Contribution Pension provider

Consultation on the appointment of a new
provider for the Civil Service Defined
Contribution Pension Schemes

Launched on: 25th September 2017

Respond by: 25th October 2017

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SUMMARY

Cabinet Office as Scheme Manager is seeking to make changes to the providers of the Civil service Defined Contribution (DC) pension schemes so that the schemes remain suitable. Specifically it is seeking to appoint a single provider for the DC pension schemes to:

- ensure a wide variety of investment options are available for members
- reduce charges paid by members
- increase access to flexible benefit options directly from the pension schemes
- simplify the administration requirements for employers
- simplify the governance requirements for the Scheme Manager

Following a robust procurement exercise the Scheme Manager has identified Legal and General as the preferred provider. We welcome members' comments on the selection of Legal and General, the transition process should the changes proceed and future scheme developments.

HOW TO RESPOND TO THIS CONSULTATION

Completing the form at the end of the document and emailing this to DC.Provider@cabinetoffice.gov.uk or sending it to the address below.

Civil Service DC Provider Review

4th Floor Blue Zone

Cabinet Office

1 Horse Guards Road

London SW1A 2HQ

We welcome your views. The closing date for responses is 25th October 2017.

If you have a complaint or comments on the consultation process itself, please contact:

Karen West
Cabinet Office
Better Regulation Unit
Rosebery Court
Norwich
NR7 0HS

Email:

karen.west@cabinetoffice.gov.uk

SCOPE OF THIS CONSULTATION

Area	Comment
Topic of this consultation	This consultation is on the selection of Legal and General as the new Defined Contribution Pension provider for Civil Service pensions.
Purpose of this consultation	The purpose of this consultation is to gather member's comments on the selection of Legal and General, the transition process should the changes proceed and future scheme developments.
Target of this consultation	This consultation is for the existing members of the Defined Contribution Civil Service Pension schemes.
Duration of this consultation	30 days
Enquiries and response	Enquiries about the content or scope of the consultation should be sent to DC.Provider@cabinetoffice.gov.uk
After the consultation	Details of any action the Scheme Manager will be taking as a result of the consultation will be published on the Civil Service Pensions website within 12 weeks of the consultation period finishing.
Previous engagement	We engaged with the Civil Service Pension Board and senior managers across the Cabinet Office during the procurement process.

PURPOSE

1.1 This consultation seeks views on changes to the providers of the Civil Service Defined Contribution (DC) pension schemes. Specifically it seeks members' comments on the selection of Legal and General as the preferred bidder, the transition process should the changes proceed and longer-term developments in investments and customer service.

BACKGROUND

1.2 The Civil Service pension scheme's DC arrangements consist of three different schemes:

- The Civil Service Additional Voluntary Contribution (AVC) scheme, run by Scottish Widows, Standard Life and Equitable Life.
- The Partnership pension alternative to the main Defined Benefit pension scheme, run by Scottish Widows, Standard Life and Prudential.
- The stand-alone Stakeholder arrangement, run by Standard Life

1.3 The Civil Service Pension Board supported the Scheme Manager's decision to undertake a procurement exercise to replace the various different providers with a single provider.

1.4 The Scheme Manager is seeking to make changes to the providers of the Civil Service DC pension schemes so that the schemes provide good value, high quality pension provision. Specifically it is seeking to appoint a single provider for the DC pension schemes to:

- ensure a wide variety of investment options are available for members
- reduce charges to members
- increase access to flexible benefit options directly from the pension schemes
- simplify the administration requirements for employers
- simplify the governance requirements for the Scheme Manager

1.5 A Master Trust with AVC and Partnership sections was identified as the preferred pension scheme as the Scheme Manager considers it best meets the scheme's requirement. If the transition goes ahead the Standalone stakeholder arrangement would no longer be provided however members would have the option of joining the AVC scheme.

1.6 A Master Trust is a trust based pension scheme, which can be used by many different employers. The trustees take on responsibility for the provision of the service to members, investment funds and complying with regulatory requirements. The decisions over benefit and contribution levels remain with the employer. Civil Service Pensions will have sections under the trust to provide the Partnership and CSAVC schemes.

1.7 Partnership scheme members receive employer contributions in line with an agreed schedule. There are no changes planned to the level of contributions payable by employers.

1.8 Should the transition go ahead existing pensions would be dealt with as follows:

- Partnership members would have the opportunity to transfer their Partnership pension to the new arrangement
- Stand-alone Stakeholder members would have the opportunity to transfer their pension to the new arrangement
- AVC members would see their AVC pension with the previous provider transfer to the new provider except where doing so would cause financial detriment. Members would have the opportunity to opt-out of the automatic transfer.

1.9 On the same basis future member and employer contributions would transfer to the new provider from a September 2018 however a small number of AVC members would be allowed to continue in their existing plan where the change would create financial detriment.

PRINCIPLE

1.9 The Scheme Manager completed a procurement exercise in conjunction with Aon Hewitt Ltd, who provides consultancy support for the DC schemes.

2.0 The exercise scored bidders on the following key categories:

- Value for members including the level of annual management charges for the investment funds.
- Investment options including the quality and range of funds available.
- Quality of member communications including the quality of the helpline, website and annual benefit statements.
- Quality of administration and data security.

2.1 Legal and General scored well in all categories and have been identified by the Scheme Manager as the preferred provider.

2.2 Existing scheme members selected their DC scheme provider from the panel of providers available at the date of application. As the selection of a single provider is a material change to the member's pension provision we welcome members comments on the:

- selection of Legal and General as the single provider for the DC pension schemes.
- process of transition and what members would like to see from the Scheme Manager and provider up to and immediately after the transition, should the.
- longer-term developments in fund provision and customer service.

FORM FOR RESPONDING TO THE CONSULTATION

Please use this form to respond to the consultation and send your completed form to DC.Provider@cabinetoffice.gov.uk or the address stated above, to arrive by 25th October 2017. Anyone may return a completed form to the above email or address, but it is primarily targeted at existing members of the DC pension schemes.

Name	
Job Role	
Organisation	
Contact details	
Please provide your comments on the selection of Legal and General as the single provider for the DC pension schemes.	
Please provide your comments on the process of transition and what you would like to see from the Scheme Manager and provider up to and immediately after the transition.	

Please provide your comments on the longer-term developments in fund provision and customer service that you would like to see.

Handling of information for individuals

The information you send may need to be passed to colleagues within Cabinet Office or other Government departments, and may be published in full or in a summary of responses.

All information in responses, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004). If you want your response to remain confidential, you should explain why confidentiality is necessary and your request will be acceded to only if it is appropriate in the circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department. Contributions to the consultation will be anonymised if they are quoted.

Individual contributions will not be acknowledged unless specifically requested.