



Local Government Pensions Board

Date: FRIDAY, 7 JULY 2017

Time: 1.45 pm

Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

Members: Alderman Ian Luder
James Tumbridge
Jon Avern
Yvette Dunne
Christina McLellan
Martin Newnham

Enquiries: Chris Rumbles
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Lunch will be served in the Guildhall Club at 1pm
NB: Part of this meeting could be the subject of audio or video recording

John Barradell
Town Clerk and Chief Executive

AGENDA

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **COURT ORDER**
To receive the Order of the Court of Common Council dated 27 April 2017 appointing the Board and setting its Terms of Reference.

For Information
(Pages 1 - 2)
4. **ELECTION OF CHAIRMAN**
To elect a Chairman in accordance with Standing Order No.29.

For Decision
5. **ELECTION OF DEPUTY CHAIRMAN**
To elect a Deputy Chairman in accordance with Standing Order No. 30.

For Decision
6. **MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes of the meeting on 26th April 2017.

For Decision
(Pages 3 - 6)
7. **WORK PROGRAMME**
Report of the Town Clerk.

For Information
(Pages 7 - 8)
8. **NEW STARTER INDUCTION**
Report of the Director of Human Resources.

For Information
(Pages 9 - 14)
9. **PENSION SCHEME UPDATE**
Report of the Chamberlain.

For Information
(Pages 15 - 22)
10. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
11. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
12. **EXCLUSION OF THE PUBLIC**

MOTION - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

For Decision

Part 2 - Non-Public Agenda

13. **PENSION FUND - DRAFT STATEMENT OF ACCOUNTS**
Report of the Chamberlain.

For Information
(Pages 23 - 52)

14. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
15. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

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Agenda Item 3

PARMLEY, Mayor	RESOLVED: That the Court of Common Council holden in the Guildhall of the City of London on Thursday 27th April 2017, doth hereby appoint the following Committee until the first meeting of the Court in April, 2018.
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LOCAL GOVERNMENT PENSIONS BOARD

1. **Constitution**

A Non-Ward Committee consisting of,

- Three **Employer** Representatives, of which;
 - Two will be Members of the Court of Common Council (who may not be Members of the Investment Committee, Financial Investment Board or Establishment Committee);
 - One will be an Officer of the Corporation, nominated by the Town Clerk and Chief Executive; and
- Three Member Representatives, selected by an appointment method determined by the Town Clerk and Chief Executive.

In addition, the Board has the power to appoint one co-opted member (with no voting rights) as an independent advisor to the Board, should the Board require further technical guidance.

2. **Quorum**

The quorum consists of any three Members, including one Employer Representative and one Member Representative.

3. **Membership 2017/18**

Three Employer Representatives

- 2 (2) Ian David Luder, J.P., Alderman
- 2 (2) James Richard Tumbridge
Jon Averbs, Port Health and Public Protection Director

Three Member Representatives

- Christina McClellan (*appointed for a four year term expiring February 2020*)
- Yvette Dunne (*appointed for a four year term expiring February 2020*)
- Martin Newnham (*appointment for a four year term expiring June 2020*)

together with the co-opted Member referred to in paragraph 1 above, if required.

Each Board Member should endeavour to attend all Board meetings during the year. In the event of consistent non-attendance by any Board member, then the tenure of that membership should be reviewed by the other Board members in liaison with the Scheme Manager.

Board Members must be satisfied that they:

- are conversant with the legislation and associated guidance of the Local Government Pension Scheme (LGPS);
- are conversant with documents recording policy about the administration of the LGPS by the City of London Corporation;
- Have knowledge and understanding of the law relating to pensions and any other matters which are prescribed in regulations, including undertaking appropriate training to develop this knowledge;
- conduct themselves in line with the seven principles of public life;
- do not have any conflict of interest with their role on the Pensions Board.

4. **Terms of Reference**

In line with the requirements of the Public Services Pensions Act 2013 for the management of the City of London Corporation's Pension Scheme, to be responsible for:

a) assisting the Scheme Manager (the City of London Corporation) in the following matters:

- Securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that it is connected to;
- Securing compliance with requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator; and
- Other such matters as the scheme regulations may specify.

b) securing the effective and efficient governance and administration of the LGPS for the City of London Pension Fund.

The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board will also help ensure that the City of London Corporation Pension Fund is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board shall meet sufficiently four times per year during 2017 and three times per year thereafter.

5. Chairmanship

Any Member of the Board will be eligible to be Chairman. However, to allow reporting to the Court of Common Council, either the Chairman or Deputy Chairman must be a Member of the Court of Common Council.

LOCAL GOVERNMENT PENSIONS BOARD

Wednesday, 26 April 2017

Minutes of the meeting of the Local Government Pensions Board held at the Guildhall EC2 at 3.30 pm

Present

Members:

Alderman Ian Luder (Chairman)	Yvette Dunne
James Tumbridge (Deputy Chairman)	Christina McLellan
Jon Averbs	

Officers:

Chris Braithwaite	-	Town Clerk's Department
Philippa Sewell	-	Town Clerk's Department
Kate Limna	-	Chamberlain's Department
Charlie Partridge	-	Chamberlain's Department
Tom Broughton	-	Chamberlain's Department
Jeff Henegan	-	Chamberlain's Department
Graham Newman	-	Chamberlain's Department
Annemarie Allen	-	Barnett Waddingham

1. **APOLOGIES**

Apologies were received from Martin Newnham.

2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

There were no declarations of interests.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That, subject to the amendment of a typo, the minutes of the previous meeting are approved as an accurate record.

Matters Arising

Work Programme

Members noted that The Pensions Regulator had finished its survey of Pension Schemes but had not yet published the results. These would therefore be deferred to the Board's next meeting.

Accounts

The Chairman explained that, owing to the current timescale of meetings, the Pension Fund accounts would be approved by the Finance Committee in late-July and so finalised accounts wouldn't be available for the Board until their meeting in October. The Chairman proposed that the un-audited accounts be presented to the Board at their meeting early in July before going on to Finance Committee.

4. **WORK PROGRAMME**

The Board considered a report of the Town Clerk which set out a proposed Work Programme for the Board's next four meetings. Members noted that HR would be attending the meeting in July to discuss what information was given to new starters about the Pension Scheme. In response to a question from the Chairman, the Chamberlain advised that opt-out figures weren't currently kept, but they could be provided at the next meeting.

RESOLVED – That the Board notes the report.

5. **PENSION FUND - INVESTMENT STRATEGY STATEMENT**

The Board received a report of the Chamberlain regarding the Investment Strategy Statement which had replaced the Statement of Investment Principles. The Chamberlain advised that this was a live document and was expected to be reviewed and, if necessary, revised regularly and at least every three years on an ongoing basis. Members noted that it was likely that some revisions would be made following the actuarial valuation and, if these changes were major, the document would be republished.

In response to a Member's question the Chamberlain advised that the ISS was currently published as a standalone document on the same webpage as the accounts, but will be published as part of the Annual Report.

RESOLVED – That the report be noted.

6. **PENSION FUND - ACTUARIAL VALUATION AS AT 31 MARCH 2016**

The Board considered a report of the Chamberlain which provided the summary results of the triennial actuarial valuation of the Local Government Pension Fund as at 31 March 2016, which had been undertaken by the Fund's Actuary, Barnett Waddingham. The report informed the Committee that the Pension Fund deficit had increased from £127.8m as at March 2013 to £149.3m as at March 2016 and recommended an increase in the employers' contribution rate to the Fund, from 17.5% to 21%.

The Chamberlain advised that the Government Actuary's Department (GAD) will be scrutinising the assumptions used by LGPS actuaries in the March 2016 valuations to ensure that a sufficiently prudent approach was being taken to financing LGPS benefits. The GAD's report was expected to be available in 2018.

In response to a Member's question, the Chamberlain advised that the Museum of London's and City of London Academy's contributions were lower owing to the profile of membership which was generally younger than the Corporation. With regards to employee contribution, officers advised that this was set by Government, within the Scheme Regulations. Annemarie Allen from Barnett Waddingham reported that this was being reviewed and that any change to employee contributions would be likely to be from April 2019 as part of the cost cap controls.

In response to a question from the Deputy Chairman, the Chamberlain confirmed they were taking the valuations seriously but were not troubled by them. The Chairman expanded on this, confirming that, at its meeting on 31 January 2017, the Finance Committee recommended that the Pension Fund deficit recovery plan be set for 17 years from 2017/18, maintaining the 20 year recovery period agreed at the 2013 valuation, as well as increasing the employers' overall contribution rate to 21% for the financial years 2017/18, 2018/19 and 2019/20. This was approved by the Court of Common Council as part of the budget setting process on 9 March 2017.

The Chairman advised that the Finance Committee were taking the valuation seriously and addressing it appropriately. Other Board Members agreed that they were heartened by this approach.

RESOLVED – That the report be noted.

7. THE CITY CORPORATION'S PENSIONS SCHEME - UPDATE

The Board received a report of the Chamberlain regarding the annual schedule of events, the risk register and risk matrix, and the internal audit update.

Annual Schedule of Events

The Board noted the update and were happy with the progress so far.

Risk Register

The Board reviewed the risks and amended them, changing Risk 1 (Inappropriate Risk Strategy) to "Unlikely" rather than "Possible" owing to the independent advice given to the Financial Investment Board when they made investment decisions. Members also amended Risk 5 (Pension Fund Fraud) to "Minor" owing to the high level of controls (i.e. mortality screening, tell us once, National Fraud Initiative and annual contact with overseas members).

Officers advised that another Risk that should have been included on the register was Employer Covenant i.e. the cover in place for any liabilities for admitted bodies - it will be added. The Board asked that a table of admitted bodies with bonds in place (and those without) and the number of members be presented at the next meeting.

Internal Audit Update

The Board noted that pensions administration was an area being considered for the Audit Plan for next year, but this would depend on other priority areas for auditing. Members agreed that pensions was an area becoming increasingly high profile and should be a priority.

RESOLVED – That the report be noted.

8. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD

There were no questions.

9. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no items of urgent business.

10. TRAINING OF BOARD MEMBERS

The Board received a presentation from Annemarie Allen from Barnett Waddingham which set out the preliminary conclusions drawn from the Board Members' training needs assessments, and provided an update on training plan development and some training updates in important areas.

The Town Clerk noted there was lots of useful advice on The Pensions Regulator (TPR) website. Ms Allen noted that this included a useful training toolkit for Board Members, which was not LGPS-specific. Members were reminded that knowledge should be kept up to date and the Town Clerk undertook to circulate Local Government Association (LGA) updates on a monthly basis. Ms Allen advised that training needs would be reassessed annually. It was agreed that the current training needs assessments and analysis would be completed and a full training plan then produced. In the meantime, the analysis to date had been used to plan suitable training for the next meeting.

The Deputy Chairman requested greater clarity over how this Board would interact with other City Corporation Committees, with particular reference to the timing of meetings. The Town Clerk advised resolutions between each Committee were the formal route but confirmed that feedback could be emailed to Board Members between meetings, and undertook to bring a schedule of meeting dates for the Financial Investment Board, Establishment Committee and Finance Committee to the next Board meeting to inform its meeting schedule.

The Board thanked Ms Allen for her presentation and analysis, and expressed its thanks to the Town Clerk and the Chamberlain at this, their last meeting.

The meeting closed at 4.50 pm

Chairman

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Local Government Pensions Board – Work Programme

Category	October 2017	February 2018	June 2018
Board Governance	Annual Report to be submitted to the Court of Common Council	Review of Terms of Reference	
Communication with Scheme Members		Information which is circulated to Scheme Members, including: - Annual Statements for all types of members - Information provided to Scheme Member regarding retirement - Information provided to new starters	
The City Corporation's Pensions Scheme	<ul style="list-style-type: none"> - Pension Scheme Accounts - Internal Audit plans - Pension Fund Annual Report - Pensions Department Risk Register - Scheme Record Keeping - Breaches since the last meeting. - Complaints or Disputes - Audit Reports - Relevant reports considered by other Committees. 	<ul style="list-style-type: none"> - List of Admitted Bodies to the Pensions Scheme - Pensions Department Risk Register - Scheme Record Keeping - Breaches since the last meeting. - Complaints or Disputes - Audit Reports - Relevant reports considered by other Committees. 	<ul style="list-style-type: none"> - Investment Strategy Statement – updates (if required) - Internal Audit plans - Pensions Department Risk Register - Scheme Record Keeping - Breaches since the last meeting. - Complaints or Disputes - Audit Reports - Relevant reports considered by other Committees.

Category	October 2017	February 2018	June 2018
National Regulatory Environment	- Schedule of Events and Deadlines for the Pensions Scheme	- Schedule of Events and Deadlines for the Pensions Scheme - Regulations governing the Pensions Board - Information of National Guidance to Pensions Board	- Schedule of Events and Deadlines for the Pensions Scheme
Training	<i>To be updated following Training Needs Assessment</i>	<i>To be updated following Training Needs Assessment</i>	<i>To be updated following Training Needs Assessment</i>

Dates of future meetings:
- October 2018

Committee: Local Government Pensions Board	Date: 7 July 2017
Subject: New Starter Induction Information	Public
Report of: Director of Human Resources	For information
Report author: Tracey Jansen, Towns Clerks Department, Human Resources	

Summary

This report details the information provided to new starters and current employees about the Local Government Pension Scheme.

Recommendation

Members are asked to note the report.

Main Report

Background

1. This report has been requested by the Board to outline what information is provided to new starters about the local government pension scheme.

Current Position

2. The LGPS produce online information and resources about the scheme which employees can access at any time. The Board will be aware that this includes a pension calculator, information about 50:50, early retirement etc. These resources are linked from our own intranet site and in addition employees can contact the pension team direct with queries about membership. There are various points at which new employees are informed about the LGPS as outlined below.

Applicants for jobs

3. The basic information about staff benefits is currently being refreshed as part of Human Resources employer branding project. There will be a link from the jobs and careers page to a selection of staff benefits available. The intention is to include in this the '10 good reasons to join and stay in the LGPS' leaflet produced by the LGPS (attached as Appendix 1). The branding project is also considering the standard information included on job advertisements. Currently reference to the LGPS is on an ad hoc basis.

Offers of appointment

4. All offers of appointment include the required wording around admission to the scheme, a link to the LGPS site and pension office for further information. The offer letter includes the following wording:

Further information on the pension scheme can be found at www.yourpension.org.uk/cityoflondon/home If you do not have access to the internet, please contact 020 7332 1133 for further information.

5. The contract document states that:

Employees issued with a contract of employment of 3 months' duration or more will automatically be admitted to the City of London Corporation's Pension Scheme which is administered in accordance with the Local Government Pension Scheme. If you do not wish to join the Scheme you must make a formal declaration stating you wish to opt out. You may contact the City of London Pensions Office directly should you have any queries relating to the Local Government Pension scheme and your contributions or entitlements under this scheme.

Induction

6. The new induction process was developed and associated materials were updated in 2016. The new process includes references to the LGPS in the following documents:

- New employee checklist
- New starter resources page

7. The new starter orientation online course includes reference to employee discounts and benefits, which references the LGPS. When the next set of updates takes place specific reference to the LGPS will be added in the '**How do I...?**' section.

8. The Pensions Manager is now invited to attend the monthly Town Clerk's New Starter Welcome Lunch to address any questions new starters may have about the scheme.

Current Staff

9. All employees can access information about the scheme by contacting the pension team direct; via the staff discounts and benefits tile on the HR home page; and via the Employee Handbook which also includes the up to date employee contribution rates.

Conclusion

10. The LGPS resources available online provide clear and detail information about the LGPS. The Pension's Administration Team can also provide information to employees direct if they are approached about joining the scheme or if they are considering withdrawing from the scheme.

Appendices

- Appendix 1 – 10 good reasons to join and stay in the LGPS – (LGPS publication)

Background Papers

New Starters Resource Page

<http://colnet/Departments/Town%20Clerks/Corporate%20HR%20Unit/Pages/About%20Us/New-Starters.aspx>

Staff Discounts and Benefits Intranet Page

<http://colnet/Departments/Town%20Clerks/Corporate%20HR%20Unit/Pages/Our%20Business/HR-Benefits-Finance.aspx>

Employee handbook

<http://colnet/Departments/Town%20Clerks/Corporate%20HR%20Unit/Pages/Policy/Employee-Handbook.aspx>

Contact:

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Assistant Director of Human Resources

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10 Good reasons for joining and staying in the LGPS

1

Free Money From your Employer!

Your employer shares the cost!

2

Tax Free Savings!

Tax Relief on all your contributions if you pay income tax!

3

Increased Quality of Retirement!

Start building your pension now for retirement!

4

No Investment Risk!

A pension based on your pay and length of service!

5

Protection and Security!

Ill health, Family & Dependants!

6

Life Cover - No Medicals Required!

Life cover of 3 years pay!

7

No Hidden Fees or Charges!

You just pay a percentage of your pay!

8

Tax Free Lump Sum!

Can be taken in addition to a regular pension!

9

Pension Increased with Inflation!

The value of your pension in payment is protected!

10

Saving for Retirement is Crucial!

Maintain your lifestyle in retirement!

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Agenda Item 9

Committee: Local Government Pensions Board	Date: 7 July 2017
Subject: The City Corporation's Pensions Scheme - Update	Public
Report of: The Chamberlain	For Information
Report author: Kate Limna – Chamberlain's Department	

Summary

At the Board's meeting on 20 October 2016, it was agreed that information regarding a range of topics in relation to the Corporation's Local Government Pensions Scheme (the Scheme) would be provided at each meeting. Members have indicated that information regarding communications be provided on an annual basis and all of the other items of information will be provided at each meeting except for when there is no updated information since the previous meeting

Item	Update
Annual schedule of events for the Pensions Scheme	Update provided (Appendix A)
Documentation of all of the communications which are circulated to Scheme Members	No amendments since the last Board meeting.
Information of admitted bodies to the Scheme	Further information to be provided to the next meeting.
Information of Scheme Record Keeping	No amendments since the last Board meeting.
The Pensions Board's Risk Register	Update provided (Appendix B)
A record of any complaints or disputes under the Scheme's complaints procedure	No new issues.
Any recent breaches of the 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.

Members are requested to review this information and provide any comments regarding it.

The Pension Fund Risk Register has been updated and the risks have been rated in line with the Corporate Risk Matrix (which is attached to the Risk Register document).

Recommendation

The Board is recommended to consider the information provided in the following reports and provide any comments in relation to this information.

Appendices:

Appendix A – Annual Schedule of Events

Appendix B – Risk Register & Risk Matrix

Contact:

Jeff Henegan

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Local Government Pensions - Schedule of Events 2017

Date Due	Event	Completed
31 st January	HMRC Event 22 Report – List of Annual Allowance cases exceeding the Previous years' threshold.	29 January 2017
Within 2 weeks of quarter date	Tax return for Quarter 4 (to 31/3/2017)	6 April 2017
1 st April	Employee Contribution band review/ implementation.	<ul style="list-style-type: none"> • Payroll notified 28/3/2017. • Adjustments effective from 1/4/2017
1 st April	Employer contribution implementation.	<ul style="list-style-type: none"> • Payroll notified 2/2/2017. • New rates effective from 1/4/2017
1 st April	Revaluation of CARE benefits.	<ul style="list-style-type: none"> • Software updated 9/3/2017. • Revaluation effective from 1/4/2017
1 st Monday in April following the 6 th	Pensions Increase – Annual Inflation increase.	<ul style="list-style-type: none"> • Pensions software updated 9/3/2017. • Payroll updated 27/3/2017. • Increase effective from 10/04/2017.
8 th June	Audit of Pension Fund Accounts begins	Audit commence 8 June 2017
30 th June	Target date for the issue of annual updates to Deferred members.	To be updated at the Board Meeting.
Within 2 weeks of quarter date	Tax return for Quarter 1 (to 30/06/2017)	
July	Draft accounts to Audit & Risk Mgt Cttee (24 July) and Finance Cttee (25 July).	
31 st August	Issue of Annual Statements deadline.	
30 th September	Publication of Pension Fund Accounts and Annual Report	
Within 2 weeks of quarter date	Tax return for Quarter 2 (to 30/09/2017)	
30 th September	Employee Contribution Band review	
Within 2 weeks of quarter date	Tax Return for Quarter 3 (to 31/12/2017)	

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City of London LGPS Risk Register for the LGPS Pensions Board - FOR CONSIDERATION

Risk No.	Risk (Short description)	Risk Owner	Cause	Effect	Existing Controls	Current Risk				Planned Actions	Target Risk		
						Likelihood	Impact	Rating	Direction		Likelihood	Impact	Rating
1	Inappropriate Investment Strategy	Chamberlain	(i) Inappropriate investment advice. (ii) Advice ignored	(i) Inappropriate risk/return profile. (ii) Opportunities not maximised to progress towards full funding (iii) Ramifications on employers contributions.	Investment strategy devised to reduce financial risk through use of asset allocation and a range of Fund Managers implementing different investment mandates. Monitoring of fund managers' performance by Chamberlain & Financial Investment Board. Information on market conditions provide by Investment Consultant.	Unlikely	Major	Amber 8	↔	Review of asset allocation by Investment Consultant following triennial valuation	Unlikely	Major	Amber 8
2	Unsuitable triennial actuarial valuation leading to inappropriate employer rates	Chamberlain	(i) Inappropriate assumptions used by the Actuary (ii) Inaccurate data supplied to the Actuary	Employer rates unsuitable to maintain long term cost efficiency & solvency.	(i) Regular meetings with the Actuary to ensure that assumptions are appropriate involving nominated Members of the Finance Cttee, with final report to Finance Cttee. (ii) prompt clearance of queries from Actuary. (iii) Robust Year End procedures and updates. (iv) Checking for errors or inconsistencies in valuation extract report before submission to the Actuary.	Rare	Minor	Green 1	↔	Continue existing controls	Rare	Minor	Green 1
3	Failure to comply with legislative requirements.	Chamberlain	(i) Lack of consultation with appropriate persons. (ii) Lack of training/appropriately skilled staff	(i) Inaccurate benefits paid. (ii) Financial loss. (iii) Increase in Appeals. (iv) Fines from Pensions Regulator (v) Reputational damage	(i) Recruitment of suitable staff appropriate salary levels. (ii) Formal Institute of Payroll Professionals training. (iii) Attendance at seminars and Forums, webinars and user groups. (iv) Knowledge updates via LGA training sessions	Possible	Minor	Green 3	↔	Continue existing controls	Possible	Minor	Green 3
4	Pension Scheme Administration	Chamberlain	(i) Ineffective succession planning. (ii) Inadequately trained staff. (iii) Absences/increased staff turnover. (iv) IT system failure. (v) Data Accuracy. (vi) Lack of resources.	(i) Inaccurate benefits paid or delayed. (ii) Increased costs. (iii) Financial penalties/ sanctions.	(i) Recruitment and training of staff. (ii) Ensuring software is the latest version and any known errors are reported. (iii) Ensure IT have sufficient back-ups and Disaster Recovery. (iv) Ensuring training opportunities are shared. (v) Robust checking procedures in place at all stages of record management from new starters, transfers received, career changes, pension top-ups, leaving and benefit payment. (vi) If staff or other resources are lacking ensure priority cases are covered and all checking levels maintained.	Unlikely	Serious	Green 4	↔	Continue existing controls	Unlikely	Serious	Green 4
5	Pension Fund Fraud	Chamberlain	(i) Not notified of death. (ii) Staff acting inappropriately	(i) Continued payment of pensions following death. (ii) Overpaid pensions. (iii) Financial loss to the Pension Fund	(i) Use of Mortality Screening Service and Tell Us Once Service (Government initiative that allows us to be notified of a death when registered). (ii) Participation in the National Fraud Initiative. (iii) Sending Life Certificates to Overseas Pensioners.	Unlikely	Minor	Green 2	↔	Continue existing controls	Unlikely	Minor	Green 2
6	Employer becomes insolvent or is abolished with insufficient funding to meet liabilities	Chamberlain/ Comptroller & City Solicitor	Processes not in place to capture or review covenant of individual employers.	Fund would pick up the liabilities potentially leading to increased contribution rates for other employers.	Bond/guarantor sought for potential new admitted bodies and incorporated into admission agreements where appropriate.	Possible	Serious	Amber 6	↔	Annual review of employer covenants particularly where bonds/guarantors are required	Unlikely	Serious	Green 4

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City of London Corporation Risk Matrix (Black and white version)

Note: A risk score is calculated by assessing the risk in terms of likelihood and impact. By using the likelihood and impact criteria below (top left (A) and bottom right (B) respectively) it is possible to calculate a risk score. For example a risk assessed as Unlikely (2) and with an impact of Serious (2) can be plotted on the risk scoring grid, top right (C) to give an overall risk score of a green (4). Using the risk score definitions bottom right (D) below, a green risk is one that just requires actions to maintain that rating.



(A) Likelihood criteria

Criteria	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)
Probability	Less than 10%	10 – 40%	40 – 75%	More than 75%
Time period	Has happened rarely/never before	Unlikely to occur in a 10 year period	Fairly likely to occur within a one year period	More likely to occur than not
Numerical	Unlikely to occur in a 10 year period	Likely to occur within a 10 year period	Likely to occur once within a one year period	Likely to occur once within three months
	Less than one chance in a hundred thousand (<10 ⁻⁵)	Less than one chance in ten thousand (<10 ⁻⁴)	Less than one chance in a thousand (<10 ⁻³)	Less than one chance in a hundred (<10 ⁻²)

(B) Impact criteria

Impact title	Definitions
Minor (1)	Service delivery/performance: Minor impact on service, typically up to one day. Financial: financial loss up to 5% of budget. Reputation: Isolated service user/stakeholder complaints contained within business unit/division. Legal/statutory: Litigation claim or find less than £5000. Safety/health: Minor incident including injury to one or more individuals. Objectives: Failure to achieve team plan objectives.
Serious (2)	Service delivery/performance: Service disruption 2 to 5 days. Financial: Financial loss up to 10% of budget. Reputation: Adverse local media coverage/multiple service user/stakeholder complaints. Legal/statutory: Litigation claimable fine between £5000 and £50,000. Safety/health: Significant injury or illness causing short-term disability to one or more persons. Objectives: Failure to achieve one or more service plan objectives.
Major (4)	Service delivery/performance: Service disruption > 1 - 4 weeks. Financial: Financial loss up to 20% of budget. Reputation: Adverse national media coverage 1 to 3 days. Legal/statutory: Litigation claimable fine between £50,000 and £500,000. Safety/health: Major injury or illness/disease causing long-term disability to one or more people. Objectives: Failure to achieve a strategic plan objective.
Extreme (8)	Service delivery/performance: Service disruption > 4 weeks. Financial: Financial loss up to 35% of budget. Reputation: National publicity more than three days. Possible resignation of leading member or chief officer. Legal/statutory: Multiple civil or criminal suits. Litigation claim or find in excess of £500,000. Safety/health: Fatality or life-threatening illness/disease (e.g. mesothelioma) to one or more persons. Objectives: Failure to achieve a major corporate objective.

(C) Risk scoring grid

Likelihood	Impact			
	Minor (1)	Serious (2)	Major (4)	Extreme (8)
X				
Likely (4)	4 Green	8 Amber	16 Red	32 Red
Possible (3)	3 Green	6 Amber	12 Amber	24 Red
Unlikely (2)	2 Green	4 Green	8 Amber	16 Red
Rare (1)	1 Green	2 Green	4 Green	8 Amber

(D) Risk score definitions

RED	Urgent action required to reduce rating
AMBER	Action required to maintain or reduce rating
GREEN	Action required to maintain rating

This is an extract from the City of London Corporate Risk Management Strategy, published in May 2014.

Contact the Corporate Risk Advisor for further information. Ext 1297
October 2015

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