



City of London Police Pensions Board

Date: MONDAY, 8 FEBRUARY 2021

Time: 11.00 am

Venue: VIRTUAL PUBLIC MEETING (ACCESSIBLE REMOTELY)

Members: John Todd, Scheme Member (Chairman)
Alexander Barr, Scheme Administrator (Deputy Chairman)
Helen Isaac, Scheme Administrator
Tim Parsons, Scheme Member
Mike Reed, Scheme Member

Enquiries: Polly Dunn
polly.dunn@cityoflondon.gov.uk

Accessing the virtual public meeting

Members of the public can observe this virtual public meeting at the below link:

<https://youtu.be/5tQe5mSJnks>

This meeting will be a virtual meeting and therefore will not take place in a physical location following regulations made under Section 78 of the Coronavirus Act 2020. A recording of the public meeting will be available via the above link following the end of the public meeting for up to one municipal year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

John Barradell
Town Clerk and Chief Executive

AGENDA

Public items

1. **APOLOGIES**

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

3. **MINUTES**

To approve the public minutes of the previous meeting held on 09.10.20

For Decision
(Pages 1 - 6)

4. **PUBLIC OUTSTANDING REFERENCES**

Report of the Chamberlain

For Information
(Pages 7 - 8)

5. **THE CITY OF LONDON: POLICE PENSION SCHEME - RISK REGISTER**

Report of the Chamberlain

For Information
(Pages 9 - 30)

6. **THE CITY OF LONDON: POLICE PENSION SCHEME - UPDATE**

Report of the Chamberlain

For Information
(Pages 31 - 40)

7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

9. **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 of business on the grounds they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

For Decision

Non-public items

10. **NON-PUBLIC MINUTES**

To approve the non-public minutes of the previous meeting held on 09.10.20

For Decision
(Pages 41 - 42)

11. **NON-PUBLIC OUTSTANDING REFERENCES**

Report of the Chamberlain

For Information
(Pages 43 - 44)

12. **NON-PUBLIC APPENDIX 3 - CITY OF LONDON POLICE PENSION SCHEME
(RELATES TO AGENDA ITEM 6 ABOVE)**

For Information
(Pages 45 - 46)

13. **THE CITY OF LONDON: POLICE PENSION SCHEME STATISTICAL DATA**

Report of the Chamberlain

For Information
(Pages 47 - 48)

14. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

15. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT THAT
THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE
EXCLUDED**

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CITY OF LONDON POLICE PENSIONS BOARD

Friday, 9 October 2020

**Minutes of the meeting of the City of London Police Pensions Board held on
Microsoft Teams at 1.45 pm**

Present

Members:

John Todd (Chairman)	Helen Isaac
Alexander Barr (Deputy Chairman)	Mike Reed
Henry Colthurst	

City of London Police Authority / City of London Corporation:

Alistair MacLellan	- Town Clerk's Department
Kate Limna	- Chamberlain's Department
Matt Mott	- Chamberlain's Department
Graham Newman	- Chamberlain's Department

City of London Police Force:

Azeem Bhatti	- City of London Police – Finance
Michael Edelstein	- City of London Police – Human Resources

1. APOLOGIES

There were no apologies.

The Chairman welcomed Henry Colthurst and Mike Reed to their first meeting.

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

Henry Colthurst declared a non-pecuniary interest as an Employer Member of the Hackney Pension Committee.

3. TERMS OF REFERENCE

Members considered the Board's terms of reference.

RESOLVED, that the Board's terms of reference be received.

4. MINUTES

RESOLVED, that the public minutes of the meeting held on 3 February 2020 be approved, subject to the language used around reference 9/2019/P being amended to make it clear that completion of training modules by Members of the Board was compulsory.

5. OUTSTANDING REFERENCES

Members considered a report of the Town Clerk regarding outstanding references from previous meetings and the following points were made.

2/2019/P – Due Diligence and Market Research

- Members noted that an update on the procurement process was within the Administrator's update, and that this reference could be closed.

9/2019/P – Member Training

- Members agreed that this reference could be closed subject to Member training being incorporated into regular reporting to the Board, including a recommended convention regarding the time in which Members should complete the required training modules once they had joined the Board.

RESOLVED, that the report be received.

6. THE CITY OF LONDON: POLICE PENSION SCHEME - UPDATE

Members considered an update report of the Chamberlain regarding the City of London: Police Pension Scheme and the following points were made.

- A Member noted that the deadline for issuing the Pension Saving Statements (Annual Allowance Letters) had been met, albeit with a day to spare. The Member queried whether this was indicative of risks around capacity of the Pensions Team, and whether Members could be provided with a better understanding of the processes and procedures underpinning the preparation of the statements and any contingencies in the events of issues such as human error.
- The Chamberlain was heard in reply, noting that data must first be collected and updated on member records during the year end process. This data is then used for the basis of pension calculations for annual benefits statements, which have a statutory deadline of 31 August, and then the Annual Allowance Pensions Savings Statements which have a statutory deadline of 6 October. It was, therefore, not possible for the Pensions Team to commence work on the savings statements before September each year. Due to the process to prepare the statements being a requirement of HMRC and not pension scheme regulations, it is not supported well enough by software and is largely a manual one and ,therefore, it would be appropriate for this to be factored into the Board's risk register.
- The Member thanked the Chamberlain for his response, noting that inclusion on the risk register would give Members – particularly those new to the Board – a greater understanding of the process involved going forward.

RESOLVED, that the report be received.

7. THE CITY OF LONDON: POLICE PENSION SCHEME - MCCLLOUD JUDGEMENT UPDATE

Members considered an update report of the Chamberlain regarding the City of London Police Pension Scheme – McCloud Judgement and the following points were made.

- The Chamberlain noted that the McCloud Judgement was probably the biggest challenge facing the Pension Scheme since the reforms of 2014/15. Whilst the details of the implications arising were not clear at present, it was evident that each member of the scheme would be affected by the judgement in some way, and they would need to make choices regarding the nature of their pension entitlement. The Pensions Team would bring further details to the Board over the coming year as more information was made available.
- A Member was heard, noting that communication would be required to both Pension Authorities and Members to allow informed decisions to be made over whether potential members opted into the scheme now, or at a later stage. The Police Federation of England and Wales would not be giving financial advice but it would be assisting its members as far as was possible.
- A Member noted that the Judgement was included within the Risk Register elsewhere on the agenda and added that, whilst the Board was not in a position to give financial advice, it could ensure that the issue was raised consistently with Force Human Resources who in turn could consider whether it would be appropriate to provide scheme members with financial advice, be it independent or otherwise.
- A Member highlighted the guidance at appendix three within the report as particularly helpful for Members.
- The Chamberlain agreed to provide a training session for Members once draft legislation was made available.

RESOLVED, that the report be received.

8. THE CITY OF LONDON: POLICE PENSION SCHEME - RISK REGISTER

Members considered a report of the Chamberlain regarding the City of London Police Pension Scheme – Risk Register and the following points were made.

- Members agreed that the recommendation regarding further risks relating to the pension administration overseen by the Board should reference that the Board had considered further risks, rather than Member's confirming that there were no further risks.
- Members agreed, regarding Risk CHB COLP PSB 01 – Actuarial Data, that it was not possible for the Board to influence what data other Forces provided to the Home Office, and therefore the risk impact rating should move one space to the right to err on the side of caution.

- A Member noted the discussion regarding the McCloud ruling earlier on the agenda and queried whether Force Human Resources could be involved in the management of Risk CHB COLP PSB 08c (making preparations for managing expectations for those officers affected by the remedy). In reply, the Director of Human Resources (Force) noted that the Force had links into national police pay bodies that were co-ordinating a response to the ruling from National Police Chiefs' council point of view.
- The Chairman noted that the Board had been conscious for some time of the need to ensure the Force was as proactive as possible in communicating the implications of the McCloud ruling with scheme members, and welcomed therefore the engagement with the Board from the Force Finance and Human Resources representatives to date. The Board was firmly of the view that scheme members were guided as unambiguously as possible, and that they would need professional financial advice.
- The Town Clerk noted that the Chairman and Deputy Chairman were free to liaise with their counterparts on the City of London Police Authority Board to emphasise the points made regarding effective communication to scheme members.

RESOLVED, that subject to the comments made, Members,

- Note the existing risks and actions present on the City of London Police Pensions Board Risk Register, and confirm that appropriate control measures are in place;
- Note that they had considered further potential risks relating to the pension administration overseen by the City of London Police Pensions Board.

9. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
Active/Deferred/Retired Members

In response to a question, the Chamberlain agreed to provide a headline breakdown of active/deferred/retired members, broken down by the three pension schemes (1987, 2006 and 2015) in future update reports.

10. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

The Chairman confirmed that he did not have any other items of business in public session, but that he wished to raise an item in non-public session.

Members agreed that, whilst there was no scheduled non-public business on the agenda that day, agendas for future meetings should include a placeholder for the Board to be able to discuss any relevant issues in non-public session.

RESOLVED, that under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the

grounds they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

10.1 **Any Other Business that the Chairman considers urgent and which the Board agrees should be considered whilst the public are excluded**

Members considered one item of non-public other business.

The meeting closed at 2.25 pm

Chairman

**Contact Officer: Alistair MacLellan / 020 7332 1416 /
alistair.maclellan@cityoflondon.gov.uk**

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POLICE PENSIONS BOARD

PUBLIC OUTSTANDING REFERENCES

Reference	Date / Detail	Responsible Officer	Update
12/2019/P	<p>12 June 2019 Item 6 – Presentation Officers to be prepared to issue a communication to scheme members in the event of the legal challenge reaching a resolution.</p>	Pensions Manager (Chamberlain’s Department)	The issue is still ongoing and an update is included in the Police Pension Scheme Update
1/2020/P	<p>9 October 2020 Item 6 – Pension Scheme Update Preparation of Annual Saving Statement to be included in risk register</p>	Pensions Team	This is included in the Risk register Report on today’s agenda
2/2020/P	<p>9 October 2020 Item 7 – McCloud Ruling Training session to be provided to Members once implications of McCloud ruling are better understood.</p>	Pensions Team	This issue is still ongoing and further guidance from the Home Office is awaited.

POLICE PENSIONS BOARD

PUBLIC OUTSTANDING REFERENCES

3/2020/P	9 October 2020 Item 8 – Risk Register Risk CHB COLP PSB 01 to be amended to better reflect impact given Board cannot influence risk of other Forces providing inaccurate data to Home Office	Pensions Team	This is included in the Risk register Report on today's agenda
4/2020/P	9 October 2020 Item 9 – Questions Headline breakdown of active/deferred/retired members across three schemes (and footnotes of scheme definitions) to be provided in future reporting.	Pensions Team	This has been included in the report on today's agenda.
5/2020/P	9 October 2020 Item 10 – AOB Standing Non-Public placeholder agenda item to be included on future agendas	Town Clerk	

Committee: Police Pensions Board	Date: 8 February 2021
Subject: The City of London: Police Pension Scheme – Risk Register	Public
Report of: The Chamberlain	For Information
Report author: Graham Newman – Chamberlain’s Department	

Summary

This report reviews the Risk Register for Police Pensions Board. The Risk Register details the key risks that the Board has identified alongside a risk score which indicates the likelihood of a risk being realised together with the potential impact and the appropriate mitigations.

When reviewing the risks, the Board should be aware that generic risks are also included in the Local Government Pensions Board risk register. The risks are CHB COLP PSB 02 Legislative Compliances, CHB COLP PSB 04 Pension Scheme Administration, CHB COLP PSB 05 Pension Fraud and CHB COLP PSB 07 Cyber security.

Officers have conducted a preliminary review of the Risk Register and with the exception of risk CHB COLP PSB 01, are not recommending any changes to the current scores. At the October Board meeting Members ask for amendments to three risks as follows:

- CHB COLP PSB01 (Actuarial Data): the score has been increased from 1 to 2 to reflect that the Board cannot influence the risk of other forces providing inaccurate actuarial data to the Home Office.
- CHB COLP PSB03 (Pension Scheme (Administration)): this risk has been updated to incorporate the potential need for manual calculation. The overall score remains the same.
- CHB COLP PSB08 (McCloud Legal case): this risk has been updated to reflect the involvement of Police HR. The overall risk remains the same.

The Risk Register is included at Appendix 1 with risk updates underlined throughout. The Risk Register is reviewed at each meeting by the Police Pensions Board and more frequently by officers, who report any material changes or new risks identified in between reviews on an exceptions basis

Recommendation

Members are asked to:

- review the existing risks and actions present on the Police Pension Board’s Risk Register, and confirm that appropriate control measures are in place; and
- consider whether there are any further risks relating to the pension administration overseen by the Police Pension Scheme Board

Main Report

Background

1. The Police Pension Board instituted a Risk Register to help identify and manage the strategic risks facing the Board in discharging its responsibilities to oversee administration of the Police Pension Scheme. The current Risk Register, as agreed by the Board on 9 October 2020, is included as Appendix 1.
2. The Board reviews the Risk Register at each meeting. Officers review the register more frequently and report any material changes between reviews on an exceptions basis to the Board. This is in line with standard risk review procedures across the rest of the City of London Corporation.

Review of Risks

3. The method of assessing risk reflects the City of London's standard approach to risk assessment as set out in its Risk Management Strategy approved by the Audit and Risk Management Committee in May 2014. The City of London Corporation risk matrix, which explains how risks are assessed and scored, is attached at Appendix 2 of this report. Risk scores range from one, being lowest risk, to the highest risk score of thirty-two. These scores are summarised into 3 broad groups, each with increasing risk, and categorised "green", "amber" or "red".

Update on Risks

4. The revised Risk Register is attached at Appendix 1 and the Risk matrix at Appendix 2.
5. At its meeting on the 9 October 2020, the Board asked for some amendments to three risks:
 - (i) in relation to risk CHB COLP PSB01, the Board asked for this risk to be amended to better reflect the potential impact given that the Board cannot influence the risk of other forces providing inaccurate actuarial data to the Home Office. The likelihood of this risk remains the same, but the impact has increased. This has increased the score from a 1 to a 2.
 - (ii) in relation to CHB COLP PSB03 Pension Scheme Administration (Personnel), Members noted that the risk should be updated to incorporate the potential need for manual calculations and the additional time this adds to processing – with particular reference to the production of the annual Pensions Savings Statements within the statutory deadline. This amendment has been made to the Risk and action PSB03e has been added. It does not affect the overall risk score.
 - (iii) in relation to risk CHB COLP PSB08 McCloud Legal Case, Members noted that that action PSB08c should be updated to reflect that Force HR are actively involved in the planning and preparation for the potential changes to the schemes.

Mitigation of amber and red risks

6. The risk, CHB COLP PSB08 – McCloud Legal Case, has been given an overall risk score of red 16. The changes to be made to the Police Pension Scheme as a result of the McCloud Judgement are guaranteed which means the likelihood must be recorded at the highest level. The impact of the changes will be potentially very high and is therefore recorded as 'Major'. At this stage Officers consider that it is

not possible to reduce the likelihood of this risk, but it may be possible to mitigate the impact.

7. It is not yet known what specific changes will be made, or the timeframe that will be given for implementation of any changes. However, by ensuring awareness of all correspondence and consultation documents that are published and by attending all available seminars/webinars, forums and user groups the Pensions Office will have as much advance knowledge and understanding as possible of the potential changes. This preparedness will mean the impact of the changes may not be as severe as it would have been otherwise.
8. With the exception of risk PSB01 (mentioned previously), the scores for the other risks have been maintained at their previous levels, although these risks have each been reviewed and updated where necessary in the Register itself. Updates to the Risk Register are underlined throughout with deletions being struck through.
9. Officers have also considered whether any new risks have emerged since the last review. Although the Board's operating environment continually changes officers have determined that the existing Register captures the material risks facing the Board and enables the Board to concentrate on the most prescient risks.
10. Each risk presented in the Risk Register is accompanied by one or more "action(s)" which reflect how the risk is managed and mitigated. A "due date" for required completion is set against each action. Due to the nature of the risks overseen by the Board, in many cases it is impossible to entirely eliminate a risk, and therefore corresponding actions will always remain live. These ongoing actions are necessary in order to maintain the current risk score. Where this is the case the Risk Register includes an annual due date, which will be renewed each year.

Conclusion

11. The risks overseen by the Police Pension Board are primarily of low likelihoods but may represent substantial impact. The Board is requested to confirm that appropriate control measures are in place for these risks and that there are no other risks that should be added to the Risk Register.

Recommendation

Members are requested to review the revised Risk Register at Appendix 1 and provide any comments.

Appendices:

Appendix 1 – Risk Register
Appendix 2 – Risk Matrix

Contact:

Graham Newman
Email: graham.newman@cityoflondon.gov.uk

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CHB COLP PSB Register

Report Author: Matt Mott

Generated on: 21 January 2021

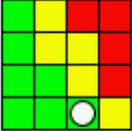
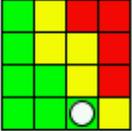


Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date	Current Risk score change indicator
CHB COLP PSB 08 McCloud Legal Case 21-Sept-2020	<p>Cause: Implementation of the remedy process following the resolution of the McCloud judgement.</p> <p>Event: The impact to the pension administration team of implementing the McCloud judgement remedy.</p> <p>Effect: The Pensions Office is unable to adequately comply with required administration processes arising from the resolution of the McCloud judgement.</p>	<p>16</p>	<p>In 2015 the Police Pension Scheme, was reformed. These reforms included ‘transitional protection’, for people closer to retirement. In December 2018, the Court of Appeal ruled that this directly discriminated against some younger pension scheme members – this is now referred to as the McCloud Judgement or McCloud.</p> <p>On 15 July 2019 the government confirmed that the difference in treatment would be remedied in the Police Pension Scheme.</p> <p>On 16 July 2020 the government published a consultation document that sets out options for how the government will remove the discrimination.</p>	<p>8</p>	31-Mar-2021	

Chamberlain				No updates had been received at the date of updating the Register in January 2021. <u>21-Jan-2021</u>				Constant
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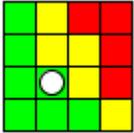
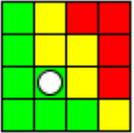
Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB COLP PSB 08a	Keeping up to date with news from the Scheme Advisory Board, the Home Office, the Government Actuary's Department and the Technical Working Group.	Staying aware of all relevant correspondence issued by the Home Office / TWB and regular attendance at seminars, forums, webinars and user groups.	Matt Mott	21-Jan-2021	31-Mar-2021
CHB COLP PSB 08b	Making preparations for managing the additional workloads. This is likely to have an impact on the Pensions Administration budget however until the final remedy has been decided it is not possible to quantify the impact.	Regular contact and discussion between all relevant parties – Force HR / Force Finance / Pensions Administration	Matt Mott	21-Jan-2021	31-Mar-2021
CHB COLP PSB 08c	Making preparations for managing the expectations for those officers affected by the remedy.	Preparing communications and standard responses (FAQs) to be sent to affected officers. <u>Working in conjunction with Force HR to prepare communications and standard responses (FAQs) to be sent to affected officers.</u>	Matt Mott	21-Jan-2021	31-Mar-2021

CHB COLP PSB 02b	The governing legislation may change or evolve over time and it is therefore important that staff maintain accurate and up-to-date knowledge of the Regulations.	Regular attendance at seminars, forums, webinars and user groups will ensure that knowledge of the relevant legislation is kept up-to-date and accurate.	Graham Newman Matt Mott	21-Jan- 2021	31-Mar- 2021
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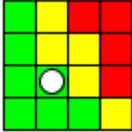
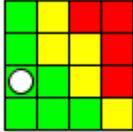
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB COLP PSB 03 Pension Scheme Administration (Personnel)	<p>Cause: (i) Ineffective succession planning. (ii) Inadequately trained staff. (iii) Absences/ Increased Staff turnover. (iv) Data Accuracy.</p> <p>Event: The failure of administrators to accurately calculate and pay the correct levels of benefits.</p> <p>Effect:(i) Inaccurate benefits paid or delayed. (ii) Increased costs of inefficiencies. (iii) Financial penalties/sanctions</p>	 <p>Likelihood</p> <p>Impact</p>	<p>4</p>	<p>The Regulations of the Police Pension Scheme set out how police pensions should be calculated; the procedures to be followed in certain circumstances (i.e. normal retirement and ill health retirement); the timeframes/deadlines to be adhered to; and the notifications to be provided to Scheme members.</p> <p>In addition, other bodies such as the Pensions Regulator, HM Revenue & Customs, the Office of National Statistics and the Financial Conduct Authority impose rules that work alongside the Scheme Regulations or may even supersede them.</p> <p><u>The pensions administration software is designed to do the majority of the calculations that are performed, but in some cases manual calculations are required – this may be because the software has not caught up with regulatory changes or simply that the software cannot do what is asked of it. Manual calculations require greater knowledge and ability on behalf of the staff required to perform them; are often significantly more time consuming; and introduce a greater risk of human error.</u></p> <p>If the members of the Pensions Office that are responsible for administration of the Police Pension Scheme lack the necessary knowledge and skills</p>	 <p>Likelihood</p> <p>Impact</p>	<p>4</p>	<p>31-Mar-2021</p>	

8-Oct-2019 Chamberlain				<p>payment of benefits may be delayed and may be inaccurate.</p> <p>This may lead to financial penalties and sanctions being imposed by the governing industry bodies such as the Pensions Regulator.</p> <p>21-Jan-2021</p>				Constant
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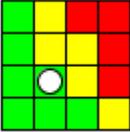
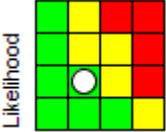
Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB COLP PSB 03a	Job descriptions used at recruitment to attract candidates with skills and experience related to police pension administration. The appraisals process to monitor progress and assess training needs.	Ensuring that candidates with the necessary skills and abilities are employed by the City. Once in post, staff continue to receive relevant training and attend courses, seminars and conferences when appropriate.	Matt Mott Kate Limna	21-Jan-2021	31-Mar-2021
CHB COLP PSB 03b	Scheme administrators are trained to use the pensions administration software.	Ensuring that administrators are fully trained to use the pension administration software to enable them to provide accurate and efficient calculations. In addition, administrators should know the correct process to report to the software provider any errors encountered with the system in order that they can be investigated and resolved.	Graham Newman Matt Mott	21-Jan-2021	31-Mar-2021
CHB COLP PSB 03c	Accurate and appropriate checking procedures in place at all areas of administration.	All checking procedures reviewed and where necessary amended due to take account of COVID 19 and officers having worked from home since 23 March 2020	Graham Newman Matt Mott	21-Jan-2021	31-Mar-2021
CHB COLP PSB 03d	Practical disaster recovery/succession plans in place to ensure continuity in the event that key staff leave or are unable to work for a prolonged period of time.	<p>Ensuring that skill sets are not restricted to one staff member alone.</p> <p>Priority cases and work types are identified to ensure continuation in the event that staff or other resources become unavailable.</p> <p>Disaster Recovery reviewed in light of COVID 19 and officers having worked from home since 23 March 2020</p>	Graham Newman Matt Mott	21-Jan-2021	31-Mar-2021
CHB COLP PSB 03e	<u>Sufficient preparation time is built into the production of any annual statement with a statutory deadline.</u>	<u>Ensuring that sufficient preparation and production time is allocated when planning for the issue of any statements etc with a statutory deadline. In particular, awareness of this issue is necessary if the production requires significant manual intervention.</u>	Graham Newman Matt Mott	21-Jan-2021	31-Mar-2021

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<p>CHB COLP PSB 04 Pension Scheme admin (Systems)</p> <p>8-Oct-2019 Chamberlain</p>	<p>Cause:(i) Ineffective succession planning. (ii) Inadequately trained staff. (iii) Absences/ Increased Staff turnover. (iv) IT system failure (v) Data Accuracy. (vi) Lack of resources. Event: Failure of the Pension Scheme administration software. Effect: (i) Inaccurate benefits paid or delayed. (ii) Increased costs of inefficiencies. (iii) Financial penalties/ sanctions</p>	<p>Likelihood</p>  <p>Impact</p>	4	<p>The Pension Scheme administration software is designed to support the administrator by providing efficient and accurate benefit calculations.</p> <p>The software system is regularly updated by the provider as improvements to the software are developed and as new regulations and guidance is released by the legislative bodies.</p> <p>If the software system fails it may lead to benefits being calculated inaccurately or the failure to calculate them at all.</p> <p>A loss of confidence in the system may require all calculations to be carried out manually which would be time consuming and may mean that statutory deadlines are not met. This may lead to financial penalties and sanctions being imposed by the governing industry bodies such as the Pensions Regulator.</p> <p>8-Oct-2019</p>	<p>Likelihood</p>  <p>Impact</p>	4	31-Mar-2021	 <p>Constant</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB COLP PSB 04a	Training on how to use the software and how to recognise and report problems and faults to be provided to all staff.	Any faults with the system should be reported to the software provider as soon as possible and therefore it is important that all staff can recognise any issues and know how to report them.	Matt Mott	21-Jan-2021	31-Mar-2021
CHB COLP PSB 04b	The software provider is contracted to provide regular updates to the system as developments and enhancements are made. In addition, as regulations are amended, or legislation and factors are updated there is a requirement to ensure the software is also updated.	Monitoring the system updates made by the system provider to ensure they are made accurately and on time.	Matt Mott	21-Jan-2021	31-Mar-2021
CHB COLP PSB 04c	Ensuring that the pensions administration software is included in the departmental business continuity plans.	Updating the business impact analysis details used in the departmental continuity plan as required.	Matt Mott	21-Jan-2021	31-Mar-2021

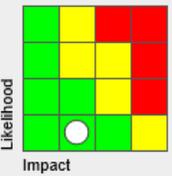
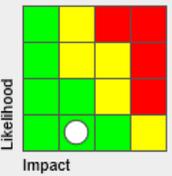
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB COLP PSB 05 Pension Fraud 8-Oct-2019 Chamberlain	Cause: (i) Continued payment of pensions following death. (ii) Staff acting inappropriately Event: Fraudulent claim of pension benefits. Effects: (i) Overpaid pensions.(ii) Financial loss	Likelihood  Impact	4	If the death of a police pension scheme beneficiary is not reported, their pension may continue to be paid when there is no longer an entitlement. This may be a deliberate failure to report the death or may be where there is no fraudulent intention, but in either case it will lead to benefit overpayment and a potential financial loss. 8-Oct-2019	Likelihood  Impact	2	31-Mar-2021	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB COLP-PSB 05a	Robust fraud protection/detection processes.	Use of Mortality Screening Service and Tell Us Once Service [Government initiative that allows us to be notified of a death when registered]. Participation in the National Fraud Initiative. Annually sending Life Certificates to Overseas Pensioners.	Claire O'Malley Matt Mott	21-Jan-2021	31-Mar-2021

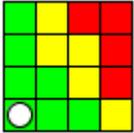
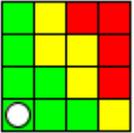
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB COLP PSB 07 Cyber Security Oct-2019 Chamberlain	Cause: (i) Ineffective procedures. (ii) Inadequately trained staff. (iii) IT system failure (iv) Data Accuracy. (v) Lack of resources. Event: Breach of Corporate IT systems and cyber security Effect: (i) Inaccurate benefits paid or delayed. (ii) Increased costs of inefficiencies. (iii) Financial penalties/sanctions. (iv) Breach of Data Protection regulations. (v) Loss/corruption of data	 Likelihood	4	A malicious breach of Corporate IT systems may lead to a failure of the pensions administration system and/or a breach of Data Protection regulations. A failure of the pensions administration system or a breach of the DP regulations may mean a failure or inability to calculate benefits accurately and on time which may lead to financial penalties and sanctions being imposed by the governing industry bodies such as the Pensions Regulator or Information Commissioner's Office.	 Likelihood	4	31-Mar-2021	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB COLP PSB 07a	Pensions administration staff to be aware of the corporate policy regarding cyber security and to follow the guidelines given.	Corporate online training regarding cyber-security to be carried out by all staff and reviewed as required.	Matt Mott	21-Jan-2021	31-Mar-2021
CHB COLP PSB 07b	Corporate and departmental specific software to be updated as required to ensure the latest and most secure version is being used.	To ensure the most up-to-date software is being used, staff should update their computers as and when prompted.	Matt Mott	21-Jan-2021	31-Mar-2021
CHB COLP PSB 07c	Ensuring that the pensions administration software is included in the departmental business continuity plans.	Updating the business impact analysis details used in the departmental continuity plan as required.	Matt Mott	21-Jan-2021	31-Mar-2021

CHB COLP PSB 07d	Pensions administration staff to be aware of Data Protection legislation.	Data Protection reviewed and all staff reminded of the legislation and its importance. Processes amended for home working since 23 March 2020, ensuring the protection of scheme member data	Matt Mott	21-Jan-2021	31-Mar-2021
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Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<p>CHB COLP PSB 01 Actuarial Data</p> <p>8 Oct-2019 Chamberlain</p>	<p>Cause: (i) Inaccurate data supplied to the Home Office either by City of London or any other Police Authority. (ii) Poor assumptions used by the Home Office. Event: The actuarial data provided to the Home Office is inaccurate. Effect: National employer rate incorrectly determined.</p>		<p><u>2</u></p>	<p>The rate of employers' pension contributions for the Police Pension Scheme is set nationally and is based upon the actuarial data provided by all police forces in the country.</p> <p>Data is supplied to the Home Office at the end of each financial year together with a forecast for the following 5 years. The forecasts are subsequently updated twice more during the financial year.</p> <p>If inaccurate data is supplied, either by the City of London Police or other Forces, the assumptions used to determine the employer contribution rate may be flawed which in turn may lead to an incorrect rate being used.</p> <p><u>At the Police Pension Board meeting of 9 October 2020 Members determined that the Impact of this risk should be increased from 1 to 2, but the Likelihood should remain at 1 thus increasing the overall risk score to 2 and remaining green.</u></p> <p>21-Jan-2021</p>		<p><u>2</u></p>	<p>31-Mar-2021</p>	<p>■</p> <p>Constant</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB COLP PSB 01a	The year-end procedures of the Pensions Office remain thorough, accurate and timely.	The actuarial data supplied to the Home Office is based upon information extracted from the payroll system, the pension system and the general ledger. The extracts are reconciled and checked for errors or inconsistencies before submission to the Home Office. The City of London has no jurisdiction or control over data submitted by other Police Authorities.	Matt Mott	21-Jan-2021	31-Mar-2021

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<p>CHB COLP PSB 06 Protected Pension Age (PPA)</p> <p>8-Oct-2019 City of London Police (HR)</p>	<p>Cause: Retiring officers of a certain age losing their Protected Pension Age (PPA) as a result of being re-employed by the same sponsoring employer without a sufficient break between retirement and re-employment. Event: Officers that retire from the Force at a certain age and are then re-employed by the same sponsoring employer without a sufficient break will lose their PPA Effect: HMRC make 'unauthorised payment' charges to both the member and the organisation.</p>	<p>Likelihood</p>  <p>Impact</p>	<p>1</p>	<p>The minimum retirement age as set by HMRC is 55, however the Police Pension Scheme Regulations 1987 allow officers to retire before this age. They are therefore awarded a Protected Pension Age (PPA).</p> <p>An officer that retires between the ages of 50 and 55 and is then re-employed by the same sponsoring employer (the City of London Police and the City of London Corporation) will lose their PPA if they do not leave a sufficient break between retirement and re-employment.</p> <p>The required break is 6 months, but this can be reduced to 1 month if the employment is not materially similar.</p> <p>If the PPA is lost, all pension payments made from that point until the member reaches age 55 will be deemed unauthorised by HMRC and a charge will be levied against the City of London Police (as the pension provider) and against the member.</p> <p>8-Oct-2019</p>	<p>Likelihood</p>  <p>Impact</p>	<p>1</p>	<p>31-Mar-2021</p>	<p></p> <p>Constant</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB COLP PSB 06a	Ensuring that staff within City of London Police HR are aware of the rules regarding re-employment and PPA.	City of London Police HR will ensure that the necessary training in respect of re-employment and PPA is provided to members of the team and that procedures are in place so that this knowledge is maintained and passed on.	Azeem Bhatti	21-Jan-2021	31-Mar-2021
CHB COLP PSB 06b	Monitoring job-applicants to ensure retired officers who are being re-employed are leaving the required break.	City of London Police HR will monitor any new applicant to ensure that any retired officer that is between the ages of 50 and 55 and is looking to be re-employed has taken the required break between retirement and re-employment. If necessary, they will determine whether the new employment is materially similar when assessing the length of the break that is needed.	Azeem Bhatti	21-Jan-2021	31-Mar-2021
CHB COLP PSB 06c	Ensuring that officers that are coming up to retirement are aware of the rules regarding re-employment and PPA.	The City of London Police HR will ensure that all retiring officers are informed of the rules regarding re-employment and PPA. When required to provide input at pre-retirement courses, the Pensions Office will include details in respect of re-employment and PPA as part of their presentation.	Azeem Bhatti Graham Newman	21-Jan-2021	31-Mar-2021

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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 left (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.

(C) Risk scoring grid

		Unlikely (2)	Possible (3)	Likely (4)
Criteria	Less than 10%	10 – 40%	40 – 75%	More than 75%
Probability	Has happened rarely/never before	Unlikely to occur	Fairly likely to occur	More likely to occur than not
Time period	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
Numerical	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)

Page 29

(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 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.

		Impact			
		Minor (1)	Serious (2)	Major (4)	Extreme (8)
Likelihood	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

Version date: December 2015

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Agenda Item 6

Committee: Police Pensions Board	Date: 8 February 2021
Subject: The City of London: Police Pension Scheme - Update	Public
Report of: The Chamberlain	For Information
Report author: Graham Newman – Chamberlain's Department	

Summary

The Board have agreed that at each meeting that information regarding a range of topics in relation to the City of London Police Pension Scheme (the Scheme) would be provided along with any updates.

Item	Update
Annual schedule of events for the Pensions Scheme	Update provided (Appendix 1).
Information of Scheme Record Keeping	No amendments since the last Board meeting.
A record of any complaints or disputes under the Scheme's complaints procedure	None to report.
Any recent Police Pension Scheme breaches of the law	No breaches to report.
Any audit reports relating to the administration of the Scheme	None to report.
Required Training	No regulatory changes to report.
Data Protection Act 2018 (DPA18) – Data Retention Policy	No amendments since last Board meeting.
General Data Protection Regulation (GDPR) / Data Protection Act 2018 (DPA18) – Privacy Notice	No amendments since the last Board meeting.
Legal Challenge 1	<p><u>Lord Chancellor and Secretary of State for Justice v McCloud and others</u></p> <p>The Court of Appeal has ruled that reforms made to the judges' and firefighters' pension schemes were discriminatory on the grounds of age.</p> <p>The course of action to be taken to remedy the situation is currently under consultation.</p>

	<p>The Pensions Office in conjunction with Police HR and Police Finance, have started regular meetings in order to discuss the proposed remedies, how they could be implemented and the potential impact on the Scheme administration.</p> <p>It is hoped that a new website can be created as a central hub for all information to be passed to officers. This website will be hosted by an external provider, but maintained by the Pensions Office.</p> <p>It will allow all news and information in respect of the McCloud judgement and remedy to be collated in one place.</p> <p>This should relieve the pressure on the Pensions Office as they will no longer be answering the same questions over and over and will also provide a platform that is accessible to both serving and ex-City of London Police Officers.</p>
<p>Legal Challenge 2</p>	<p><u>Evans & Ashcroft vs Chief Constable of South Wales</u></p> <p>This is a court of appeal case in respect of the Police (Injury Benefit) Regulations 2006.</p> <p>In October 2018 the Court of Appeal handed down its judgement in the case of Evans & Ashcroft v Chief Constable of South Wales Police. The Court held that the Chief Constable was entitled to deduct from a former police officer's police injury pension the full amount of certain social security benefits actually paid to the retired police officer, as increased with index-linking from year to year.</p> <p>However, the Court also held that the deductible levels of those social security benefits from the tax year 2010/11 onwards need to be recalculated as if the increases in the 2010/11 tax year had never been implemented and as if the base levels for subsequent increases had been correspondingly lower.</p>

	<p>The judgement currently only applies to the two officers involved in the case, but it is likely to be cited in any similar claims brought under those regulations for those officers that have been in receipt of a police injury pension prior to April 2010 and have had an entitlement to certain social security benefits.</p> <p>Guidance from the Home Office / Police Pensions Technical Group is awaited. Once received, a communication that can be sent to officers that make enquiries will be prepared.</p>
Task Statistics	<p>At the 12 June 2019 Board meeting, Members asked for statistics of the administration work carried out by the Pensions Office to be added as a standing item.</p> <p>Update provided (Appendix 2).</p>
Procurement of Pension Administration System	<p>The tender was released on Friday 8 January 2021 with a closing date of 9 February 2021.</p> <p>Pensions Office staff will evaluate the applications with procurement. The preferred outcome of the tender process will then be reported to the Digital Services Sub Committee (DSSC) at their March meeting.</p> <p>Following the DSSC meeting it is the intention to formally appoint a provider to commence a new contract with effect from 14 October 2021.</p>
Automatic Data Transfer	<p>The Corporation has begun the verification of their digital data and from February will begin initial implementation of an automated data service.</p> <p>Once the procurement of the pension administration software system has been completed the Pensions Office will liaise with the other teams/departments with regards to regular automated transfer of the required scheme member data to the pension system.</p>
Pension Board Training	<p>Board members have continued to progress the completion of the TPR online training tool. A table showing the</p>

	<p>modules completed by each Member has been compiled and will be provided and discussed in the non-public section of the meeting (non-public Appendix 3).</p> <p>The two most recently appointed Members of the Board received personal training in December 2020.</p> <p>Training at Board meetings has not continued as anticipated in 2020, largely due to COVID 19. Training at Board meetings is not essential, however, it is recommended. McCloud is a complex issue that will affect all public service pension schemes and may be a suitable topic for training/presentations, depending on available information, at future Board meetings.</p>
<p>Guaranteed Minimum Pensions (GMP) Reconciliation</p>	<p>Pension data is continuing to be analysed and JLT are liaising with HMRC.</p> <p>The last data cut has been completed and the report by HMRC received by JLT. The Pensions Office are in discussion with JLT regarding next steps and outcomes.</p> <p>The process has been delayed due to COVID-19, however, it is still the intention to bring a report to the Board once the reconciliation has been completed.</p>
<p>COVID-19</p>	<p>The Pensions Office continues to work from home, developing and amending processes to communicate securely with scheme members.</p> <p>There had been limited and voluntary visits to the Guildhall to access incoming post and to post letters where there is no other known form of contact information.</p> <p>This ceased with the introduction of Tier 4 and is not likely to change during this period of lockdown.</p> <p>However, working from the Guildhall will be considered in the event of a staff request where there are extenuating</p>

	circumstances such as physical and mental wellbeing.
The Target Operating Model (TOM)	<p>A new TOM has been announced for the financial year 2021/22 and a high level structure has been approved by the Court of Common Council.</p> <p>Recruitment to senior posts in the new structure has commenced and is expected to be finalised by 31 March 2021.</p> <p>Once recruitment has concluded the TOM will be implemented, subject to staff consultation, and is anticipated to be in place with effect from 31 March 2022.</p> <p>When further details are known they will be brought to the attention of the Board.</p>

Recommendation

Members are requested to review the information and provide any comments.

Appendices:

Appendix 1 – Annual Schedule of events

Appendix 2 – Statistical information

Appendix 3 – Non-public Record of The Pensions Regulator Training

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**City of London: Police Pension Scheme
Annual Schedule of Events**

Date Due	Event	Date Completed
6 th October 2020	Deadline for the issue of Pension Saving Statements (Annual Allowance letter)	5 th October 2020
13 th November	Home Office Autumn Finance Return and revised 5 year forecast	23 rd October 2020
15 th December	Deadline for Scheme Return to the Pensions Regulator	8 th December 2020
Within 2 weeks of December quarter	Tax Return for December Quarter	None to report
31 st January 2021	HMRC Event Report Deadline	
January 2021 (tbc)	Police Pensions Return to the Home Office	
12 th February	Deadline for completion of the Pensions Regulator: Public Service Governance and Administration Survey 2020	
March / April	Submit IAS19 data to Scheme Actuary	
1 st April	Employee Contribution band implementation	
1 st April	Employer Contribution implementation	
1 st April	Revaluation of CARE benefits	
1 st Monday in April after 6 th April	Pensions Increase – Annual Inflation Increase	
April	IAS19 month 12 update if necessary	
May	Home Office Year End Finance Return and 5 year forecast	
Within 2 weeks of June quarter	Tax Return for June Quarter	
31 st August	Issue of Annual Statements Deadline	
30 th September (tbc)	Home Office Autumn Finance Return and revised 5 year forecast	

Within 2 weeks of September quarter	Tax Return for September Quarter	
6 th October	Deadline for the issue of Pension Saving Statements (Annual Allowance letter)	

**City of London: Police Pension Scheme
Task Statistics**

	01/09/2020 – 30/09/2020	01/10/2020 – 31/10/2020	01/11/2020 – 30/11/2020	01/12/2020 – 31/12/2020	Totals
New Starters	13	10	9	10	42
Leaver / Opt-outs	0	0	1	0	1
Estimates Requested	Statistics not available				
Estimates Provided	1	15	14	4	34
Retirements	3	3	2	4	12
Interforce-in	10	3	0	1	14
Interforce-out	1	0	1	1	3
Transfer-in Quote	0	4	0	0	4
Transfer-in Actual	0	4	0	0	4
Divorce Quote	1	1	0	0	2
Divorce Actual	0	0	0	0	0
General Correspondence / Member Maintenance	10	0	0	3	13
Freedom of Information	0	1	0	0	1

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