



Local Government Pensions Board

Date: MONDAY, 7 FEBRUARY 2022
Time: 12.00 pm
Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL
<https://youtu.be/LnXHVVL5KPs>

Members: James Tumbridge (Chairman)
Martin Newnham (Deputy Chairman)
David Pearson
Christina McLellan
Mark Wheatley
Vacancy

Enquiries: Chris Rumbles
tel. no.: 020 7332 1405
christopher.rumbles@cityoflondon.gov.uk

Lunch will be served in the Guildhall Club following the meeting
NB: Part of this meeting will 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. **MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes and non-public summary of Local Government Pensions Boar meeting held on 20th October 2021.

For Decision
(Pages 5 - 8)

4. **WORK PROGRAMME**
Report of the Town Clerk.

For Information
(Pages 9 - 10)

5. **THE CITY CORPORATION'S PENSIONS SCHEME - UPDATE**
Report of the Chamberlain.

For Information
(Pages 11 - 20)

6. **THE CITY OF LONDON: LOCAL GOVERNMENT PENSION SCHEME - RISK REGISTER**
Report of the Chamberlain.

For Decision
(Pages 21 - 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 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.

Part 2 - Non-Public Agenda

10. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

To agree the non-public minutes of the meeting held on 20th October 2021.

For Decision
(Pages 41 - 42)

11. **RESIDENTIAL EMOLUMENTS**

Report of the Chief Operating Officer (TO FOLLOW).

For Information

12. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

13. **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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LOCAL GOVERNMENT PENSIONS BOARD

Wednesday, 20 October 2021

Minutes of the meeting of Local Government Pensions Board held as a virtual public meeting and livestreamed at <https://www.youtube.com/watch?v=7ZEVvZLP8lw>.

Present

Members:

James Tumbridge (Chairman)
David Pearson

Christina McLellan
Jon Avern

Officers:

Caroline Al-Beyerty	- Chamberlain
Kate Limna	- Chamberlain's Department
Jeff Henegan	- Chamberlain's Department
Matt Mott	- Chamberlain's Department
Christopher Rumbles, Clerk	- Town Clerk's Department
James Gibson	- Chamberlain's Department

In attendance

Annemarie van Bochove (for item 5)	- Barnet Waddingham
David Crampton (for item 5)	- Barnet Waddingham

The Chairman welcomed David Pearson to his first meeting of Local Government Pensions Board following his appointment as a Scheme Member Representative.

The Chairman also acknowledged this would be Jon Avern's last Local Government Pensions Board meeting before his impending retirement at the end of the year. The Chairman thanked Jon for his valued contribution to the Board and for participating in the work of the board throughout his time as a Board Member and wished him well for the future.

The Chairman referred to a presentation at item 5 on the agenda and proposed this be moved to the non-public part of the agenda given the nature of the presentation and the likely discussion that would follow, which the Board agreed to.

1. APOLOGIES

Apologies were received from Mark Wheatley and 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 the public minutes and non-public summary of the previous Local Government Pensions Board meeting held on 8 June 2021 be approved as an accurate record.

4. **OUTSTANDING ACTIONS**

The Board considered a report of the Town Clerk which set out outstanding actions from previous meetings of the Board.

RESOLVED: That the Board notes the report.

5. **PRESENTATION - GOVERNANCE TRAINING**

RESOLVED: That the Board agreed to consideration of this item being moved into the non-public part of the agenda on the grounds that the presentation and any potential discussion items would likely involve the disclosure of private or sensitive information relating to the Responsible Authority or Scheme Members.

6. **THE CITY CORPORATION'S PENSIONS SCHEME - UPDATE**

The Board received a report of the Chamberlain updating on a range of topics in relation to the City Corporation's Local Government Pensions Scheme (The Scheme).

The Chairman welcomed the update and confirmed that he did not consider there to be any issues or items for officers to raise that were not already otherwise covered on the agenda.

RESOLVED: That the report be received, and its content noted.

7. **THE CITY OF LONDON: LOCAL GOVERNMENT PENSION SCHEME - RISK REGISTER**

The Board received a report of the Chamberlain providing the latest Local Government Pension's Board Risk Register and allowing an opportunity for the Board to review the existing risks and actions presented.

The Board noted that, further to the discussion at the previous Local Government Pensions Board meeting, the risk register had been updated to include a risk relating to the McCloud judgement. It was further explained how this risk would remain a movable feast with the regulations being subject to legislation that had not yet been finalised. The risk would need reviewing and updating on a regular basis.

The Chairman referred to concerns being raised at the last meeting regarding the McCloud judgement and the agreement that it would be appropriate for communications going to Scheme Members updating them. The Chairman explained that on this occasion, having considered the latest information from relevant sources following the meeting, officers were of the view that it would not be appropriate to communicate with Scheme Members at this time. The Chairman stressed how he considered it important for the Board to be given an explanation for the decision reached by officers, which was why he asked for an update note to be circulated between meetings explaining why no form of communication had been circulated to Scheme Members. The Board noted the Pensions Team continues to monitor the risk.

RESOLVED: That Members approve the risk register as presented.

8. LOCAL GOVERNMENT PENSION SCHEME - MCCLOUD UPDATE

The Board received a report of the Chamberlain providing them with an update on four key areas relating to McCloud.

In response to whether there was any indication on timescale or what would be happening next, the Board noted there was not much to be able to update on at this point in time, with next steps being dependent on Parliament moving forward with the Public Services Bill and further legislation or regulations being put in place. In the meantime, reference to the McCloud judgement would be included as a general update in all newsletters, annual statements and with relevant information that was available being published on the Pension Fund website.

Board Members commented on the difficulty in finding relevant information on the Pension Fund website relating to McCloud and it was agreed this would be looked at to ensure relevant information was prominent on the website and accessible.

RESOLVED: That the report be received, and its content noted.

9. LGP BOARD - PENSION FUND INVESTMENT ACTIVITIES 1 APRIL 2020 TO 31 MARCH 2021

The Board received a report of the Chamberlain providing an annual summary of Financial Investment Board activity of the Pension Fund.

The Board noted that the City Corporation had published its first Taskforce for Climate Related Financial Disclosures (TCFD) Report that covered all City Corporation financial investment funds. There was a stated target of reaching net zero on all financial investment activity by 2040, with work ongoing at the City Corporation that would impact on Pension Fund investment activity.

The Chairman questioned whether this stated aim was aspirational and would require the approval of Court of Common Council and Members. The Chamberlain explained that the Climate Action Strategy had been approved by Court of Common Council, with the various underpinning elements going through different Committees and the TCFD report having been through Finance Committee and agreed to allow its release and publication in advance of COP26.

The Chairman acknowledged the Board were not responsible for investments but suggested that where changes were being made that it would be helpful if the Committees and Boards responsible for investments could keep this Board abreast of any proposed changes. This would allow for the Board to remain joined-up, understand any changes and also allow an opportunity to add value offering their steer and input on the proposed pace of change.

It was agreed that an appropriate action be worked up and included on the outstanding action list, which the Chairman welcomed in ensuring the Board does not lose sight of this.

RESOLVED: That the report be received, and its content noted.

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

There were no questions.

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

Target Operating Model - The Chairman referred to previous discussions on this item and his correspondence with the Town Clerk on the issue, with officers now happy with where it has landed and with an update note having been circulated to Board Members between meetings explaining the position.

12. **EXCLUSION OF THE PUBLIC**

RESOLVED: That the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information.

13. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the non-public minutes of the previous Local Government Pensions Board meeting held on 8 June 2021 be approved as an accurate record.

14. **PENSION FUND - DRAFT ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021**

The Board received a report of the Chamberlain presenting the draft Pension Fund Statement of Account.

15. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

There were no non-public questions.

16. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

PRESENTATION - GOVERNANCE TRAINING

At this point in the meeting, the Board received governance training that had been moved from item 5 on the agenda into non-public session.

The meeting closed at 2.28pm

Chairman

Contact Officer: Chris Rumbles
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Local Government Pensions Board – Public Outstanding Actions List

Date raised	Action	Officer responsible	To be completed/ progressed to next stage	Comment
20.10.22	<p><u>Investment Activity</u></p> <p>Proposal that Committees and Boards responsible for investment activity keep the Board abreast of any proposed changes.</p>	Pension Manager / Corporate Treasurer		<p>ONGOING</p> <p>Ongoing implementation of the governance review, with changes including establishment of a Pension Committee, will provide for the Local Government Pensions Board to be kept abreast of proposed changes.</p>
20.10.22	<p><u>McCloud Judgement</u></p> <p>Information proving difficult to locate on Pension Website. Agreed it would be placed more prominently on the website.</p>	Pension Manager		<p>COMPLETE</p> <p>Website updated and link circulated to Board Members via email on 19.11.21.</p>

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Agenda Item 5

Committee(s)	Dated:
Local Government Pensions Board	7 February 2022
Subject: The City Corporation's Pensions Scheme - Update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Chamberlain	For Information
Report author: Jeff Henegan – 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 communications which are circulated to Members	The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021, which took effect from 30/11/2021 introduced further legal restrictions on a scheme member's statutory right to transfer. Scheme members will no longer be able to insist on a statutory transfer where the administrators have suspicions about the circumstances that led to the transfer request. A new acknowledgement letter has been produced for those requesting a transfer out quote informing them there may be circumstances where a transfer will be refused or paused whilst further information is obtained (Appendix B).
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	No new IDRPs cases

Public Service Pensions Reporting Breaches of Pension Law	A verbal update will be provided at the meeting.
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.
Guaranteed Minimum Pensions (GMP) Reconciliation	An end date of 31/03/2023 remains. It is intended to bring a report to the Board once the reconciliation has been completed.
Covid 19	<p>In response to the government's Plan B the pensions staff had returned to working from home. Once a week a member of the team has gone to the Guildhall to scan and distribute physical post electronically to avoid a backlog in post. From 31/01/2022 staff will return to two days in the office each week increasing to 3 days a week from 28 February 2022.</p> <p>The Pensions regulator (TPR), Local Government Association (LGA) & Scheme Advisory Board (SAB) guidance remains and 3 key services should be retained at all times and they are:</p> <ul style="list-style-type: none"> • Continued payment of pension benefits to existing pension members • Commencement of pension benefits to new retirees • Ceasing of pension payments due to notification of death. <p>Generally communication continues to be by email and phone calls. Where scheme members have not or are unable to verify their details, letters are still posted.</p> <p>The Pensions Office has created a shared team folder which staff access when they visit the office to print and post letters. It is not the intention of the Pension Office to return to posting letters as a primary communication strategy and promotes, wherever possible, the use of email.</p>
Pension Administration System	The pension data from The Corporation's servers has successfully been moved to a hosted environment provided by the supplier, Heywood in November 2021. This went smoothly and we have already seen benefits when the software is now updated overnight

	and avoids any downtime to the system during business hours.
Public Sector Pensions Legal Challenge	<p><u>Lord Chancellor and Secretary of State for Justice v McCloud and others</u></p> <p>There has not been any further communication from the Government with regards to legislation and regulation. Neither has there been any amendments to guidance.</p> <p>The City of London Pension Fund is compliant with current guidance and all available information has been recorded on the Fund's website,</p> <p>www.cityoflondonpensions.org/resources/</p> <p>A McCloud statement has also been included in the both the active and deferred annual benefit statements (ABS) and also in the pensioner newsletters.</p>
Pension Committee	<p>The City of London Corporation is in the process of establishing a Pension Committee. This is expected to be formed in April 2022. The Pensions Committee will be responsible for all functions and responsibilities relating to the City of London Pension Fund including arrangements for the investments, administration and management of the fund. The Committee will also agree Policy Statements as required by the LGPS regulations.</p> <p>The Local Government Pensions Board will continue its scrutiny role.</p>
Pension Board Training	<p>All Members of the Board are asked to check their TPR online training and continue to complete any outstanding modules they may have.</p> <p>The new Pensions Manager will be reviewing topics for training to cover in the coming year.</p>

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 – Acknowledgement to Transfer Out Request

Jeff Henegan

Assistant Pensions Manager | Chamberlain's Department

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Local Government Pensions - Schedule of Events 2021/22

Date Due	Event	Completed
1 April 2021	Pensioner Newsletter and Board Vacancy Advert	26 March 2021
March 2021 Within 2 weeks of quarter date	Tax return for Quarter 4 (to 31/3/2021)	1 April 2021
1 April 2021	Employee Contribution band review/ implementation.	1 April 2021
1 April 2021	Revaluation of CARE benefits.	1 April 2021
1 Monday in April following Tax Year End	Pensions Increase (PI) – Annual Inflation increase.	12 April 2021
31 May 2021	Pensioner P60s distributed	21 May 2021
June 2021 Within 2 weeks of quarter date	Tax return for Quarter 1 (to 30/06/2021)	14 July 2021
31 July 2021	Publish signed City Fund Accounts (including the Pension Fund Accounts)	30 July 2021
31 st August 2021	Issue of Annual Benefit Statements deadline.	23 August 2021
September 2021 Within 2 weeks of quarter date	Tax return for Quarter 2 (to 30/09/2021)	4 October 2021
30 September 2021	Employee Contribution Band review	30 September 2021
5 October 2021	Issue of Annual Allowance (AA) Saving Statements deadline	1 October 2021
10 November 2021	Scheme Return to the Pensions Regulator	9 November 2021
30 November 2021 and 7 December 2021	Draft accounts to Audit & Risk Management Cttee and Finance Cttee	30 November 2021 and 7 December 2021
1 December 2021	Publication of Pension Fund Accounts and Annual Report	Draft accounts published only. Awaiting sign off on City Fund Accounts.
December 2021 Within 2 weeks of quarter date	Tax Return for Quarter 3 (to 31/12/2021)	12 January 2022
31 st January 2022	HMRC Event 22 Report – List of Annual Allowance cases exceeding the Previous years' threshold.	26 January 2022
March 2022 Within 2 weeks of quarter date	Tax return for Quarter 4 (to 31/3/2022)	
1 April 2022	Employee Contribution band review/ implementation.	
1 April 2022	Revaluation of CARE benefits.	
1 Monday in April following Tax Year End	Pensions Increase (PI) – Annual Inflation increase.	
31 May 2022	Pensioner P60s distributed	
June/July 2022	Valuation data to the pension fund's actuary	
June 2022	Tax return for Quarter 1 (to 30/06/2022)	

Appendix A

Within 2 weeks of quarter date		
31 July 2022	Publish signed City Fund Accounts (including the Pension Fund Accounts)	
31 st August 2022	Issue of Annual Benefit Statements deadline.	
September 2022 Within 2 weeks of quarter date	Tax return for Quarter 2 (to 30/09/2022)	
30 September 2022	Employee Contribution Band review	

Chamberlain's Department

Caroline Al-Beyerty, CPFA, LLB Hons
Chamberlain and Chief Finance Officer



Telephone

Email

@cityoflondon.gov.uk

Our ref

Case Officer

Date

Dear

Local Government Pension Scheme Regulations 2014 (as amended)

I am writing with reference to your recent request for a current cash equivalent transfer value figure in respect of the pension benefits you hold under the Local Government Pension Scheme/City of London Pension Fund.

Before we process your request, we must let you know about two requirements that could apply if you decide to go ahead with a transfer:

- If we decide there are any pension scam risks associated with your transfer, we may require that you attend an appointment about pension scams with MoneyHelper before the transfer can proceed. Depending on the level of risk we may, in some circumstances, refuse the transfer
- If the total value of your LGPS benefits is more than £30,000 and you want to transfer to a defined contribution pension scheme, such as a personal pension scheme, you must take appropriate independent advice at your own cost.

What we will do to protect you from pension scams

Unfortunately, pension scams are on the rise in the UK. In some cases, the scammer will try to persuade you to transfer your pension to a different scheme, often a scheme the scammer has set up themselves. Falling victim to a pension scam could mean that you lose some or all of your pension savings.

The Government has identified common pension scam risks which, if present, may suggest you are in danger of being scammed. The Government calls these red and amber flags.

If you elect to transfer, to help protect your pension from scammers, the Government requires us to decide whether any red or amber flags are present. We will not need to do this if you transfer to a different public service pension scheme, an authorised master trust scheme or an authorised collective defined contribution scheme.



Red flags

Examples of when a red flag is present are:

- you request a transfer to an occupational pension scheme and we do not have enough information to link you with an employer that participates in that scheme
- you request a transfer to an overseas scheme and, we either do not have enough information to link you with an employer that participates in that scheme, or prove that you are resident in the country the scheme is based in
- someone has provided, or agreed to provide, you with advice about your transfer and they do not have the necessary permissions from the Financial Conduct Authority to do this
- you request a transfer following direct marketing, such as cold calling, texts and emails about your pension, by a person or firm that you have previously had no contact with
- you have been offered an incentive to transfer such as, but not limited to, a bonus, a loan from your pension savings, access to your pension savings before age 55 or limited time investment offers
- you feel you have been pressured to transfer.

If we decide there are any red flags present, we must stop the transfer. If this happens, we will let you know in writing within seven working days of our decision.

Amber flags

Examples of when an amber flag is present are:

- information about the receiving scheme indicates:
 - the scheme invests in high-risk or unregulated investments
 - the investment structure is unclear, complex or unorthodox
 - overseas investments are included
 - there are unclear or high scheme charges
- our records show that there is a sharp or unusual rise in transfers to the receiving scheme or involving the same adviser.

If we decide there are any amber flags present, we must pause the transfer until you provide us with evidence that you have attended an appointment about pension scams with MoneyHelper. MoneyHelper offers free, impartial guidance backed by Government on money and pension choices. The appointment will help you identify the common risks involved in transfers, highlight the dangers of pension scams and help you consider whether you still wish to transfer.

We will let you know in writing if you need to attend an appointment with MoneyHelper and provide us with evidence that you have done so. If you don't provide us with the required evidence, we must stop the transfer.

Information

To inform our assessment, we may need to ask you to give us more information. We will only ask for information that we reasonably need and will only use it for this purpose. If you wish to transfer to an occupational pension scheme, we must ask you to give us information about your employment status. If you wish to transfer to an overseas scheme, we must ask you to give us information about your employment or residency status.

If we ask for more information, it is important you give us all the information we ask for in a timely manner. You must give us the information yourself. Other than in limited situations, such as power of attorney, no one else can give us the information on your behalf. Failing to do so will result in your transfer being paused or ultimately stopped.

You can find more information about pension scams, such as how they work, how to avoid them and what to do if you suspect a scam at https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/16423_pensions_consumer_leaflet_screen.ashx/

Requirement to take appropriate independent advice

If you wish to transfer to a defined contribution pension scheme (for example, a personal pension scheme) and the total value of your LGPS benefits is more than £30,000, you must take appropriate independent advice at your own cost. Unless you tell us otherwise, we will always assume that you wish to transfer to a defined contribution scheme.

To prove you have taken that advice, you must return the Transfer Advice Confirmation Form, which we will send you with the transfer information. You must return this within three months beginning with the day we provide you with the guaranteed transfer value.

Appropriate independent advice is not the same as attending an appointment about pension scams with MoneyHelper. Depending on where you wish to transfer and the value of your LGPS benefits, you might need to take appropriate independent advice **and** attend an appointment with MoneyHelper.

- **Next steps**

To be able to receive the information you have requested, you must meet certain conditions in addition to those set out in this letter. If you meet those conditions, we will send you the transfer information along with the necessary forms and explain any action you need to take. If you do not, we will let you know and the reasons why. We aim to give you the information within 20 working days. In any case, we will give you this within three months of your request.

The transfer information will tell you more about whether you will need to take appropriate independent advice and what information you need to give us if you decide to go ahead with a transfer.

Yours sincerely

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Committee(s)	Dated:
Local Government Pensions Board	7 th February 2022
Subject: The City of London: Local Government Pension Scheme – Risk Register	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Chamberlain	For Decision
Report author: Jeff Henegan – Chamberlain’s	

Summary

This report reviews the Risk Register for the Local Government 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 City of London Police Pension Scheme Pension Board risk register. The risks are CHB LGPS 03 Legislative Compliances, 04 Pension Scheme Administration, 05 Fraud and 07 Cyber security.

Officers have conducted a preliminary review of the Risk Register and are not recommending any changes to the current scores.

The Risk Register is included at Appendix A(i) with risk updates underlined throughout. The Risk Register is reviewed at each meeting by the Local Government 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 Local Government Pension Board’s Risk Register, and confirm that appropriate control measures are in place; and
- confirm that there are no further risks relating to the pension administration overseen by the Local Government Pension Scheme Board.

Main Report

Background

1. The Local Government Pension Board instituted a Risk Register on 20 October 2016 to help identify and manage the strategic risks facing the Board in discharging its responsibilities to oversee the City's Pension Fund. The current Risk Register, as agreed by the Board on 5 October 2020, is included as Appendix A (i).
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 A (ii) 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 A(i) and the Risk Matrix at Appendix (ii)
5. The scores for the 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.
6. 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

7. With the exception of the risk for McCloud, the risks overseen by the Local Government Pension Board are primarily of low likelihoods but represent substantial impact, particularly with regards to financial loss and reputational damage. 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.

Appendices:

Appendix A (i)– Risk Register
Appendix A (ii) - Risk Matrix

Jeff Henegan

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CHB LGPS Detailed risk register EXCLUDING COMPLETED ACTIONS

Report Author: Jeff Henegan

Generated on: 21 January 2022



Rows are sorted by Risk Score

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/Risk Approach	Current Risk score change indicator
CHB LGPS McCloud Remedy Page 23	<p>Cause: Implementation of the proposed remedy following new pension legislation and scheme specific regulations for the removal of age discrimination from the LGPS due to the McCloud judgement.</p> <p>Event: The impact of scheme amendments upon scheme members, Pensions Office and scheme employers due to implementation of the proposed remedy for McCloud.</p> <p>Effect: The Pensions Office is unable to adequately comply with legislative and regulatory amendments arising from the proposed McCloud remedy.</p>	<p>Likelihood</p> <p>Impact</p>	16	<p>In 2014 the LGPS was reformed. These reforms included an ‘Underpin 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 LGPS.</p> <p>On 16 July 2020 the government published a consultation document that set out options for how the government proposed to remove the discrimination.</p> <p>On 4 February 2021 HM Treasury published its response to the</p>	<p>Likelihood</p> <p>Impact</p>	4	01-Apr-2023	

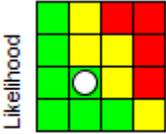
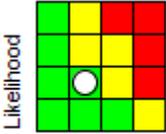
21-Jan-2022				<p>consultation document and set out its preferred remedy choice.</p> <p>DLUHC have produced a document that gives general details as to how the remedy proposal would work for the LGPS.</p> <p>Further legislative changes are required before the remedy can be implemented, however, due to the complexity of the proposed remedy pension administrators and pension systems providers have commenced development of systems and processes based on current understandings to enable the remedy to be implemented.</p> <p>21 Jan 2022</p>					Constant
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB LGPS 009a	DLUHC has confirmed the proposed remedy and the intention to introduce legislation to the statute books from 1 April 2023 but applied retrospectively to 31 March 2012 and 31 March 2014. The Pensions Office will need to understand what this means, develop processes and calculations to apply the regulations for the amended schemes and should be aware of all relevant correspondence issued by the DLUHC, LGA & HMRC and regularly attend seminars, forums, webinars and user groups.	<p>Continue with membership of working groups including South East Counties Senior Officer Group (SECSOG), Aquila Heywood Remedy Implementation Group, to ensure development of software and understanding of legislation.</p> <p>Attend conferences, webinars, forums and seminars as appropriate and keep up to date with bulletins and guidance from the Home Office</p>	Jeff Henegan	21-Jan-2022	01-Apr-2022
CHB LGPS 009b	Identification of eligible scheme members who will qualify for the remedy. All data must be reviewed and if necessary amended. In some cases data may be missing and must be requested from employers and previous pension providers	<p>Perform data review exercise in bulk and individually to identify scheme members who may qualify and/or identify missing data.</p> <p>Software provider currently developing systems to identify qualifying scheme member on bulk reports.</p>	Jeff Henegan	21-Jan-2022	01-Apr-2022

		Develop data process to request missing information and scheme member record update			
CHB LGPS 009c	System Development Calculation/Revaluation	Software provider currently developing calculations and recalculations of deferred benefits and those already in receipt of pension to identify incorrect values and any over/underpayments. Development should include bulk calculations and calculations for individuals, include revised pension amounts, arrears payable/collectible (benefits and contributions) plus interest payable if applicable.	Jeff Henegan	21-Jan-2022	01-Apr-2022
CHB LGPS 009d	Working in conjunction with LGA to prepare communications and standard responses (FAQs) to be sent to affected scheme members.	It will be essential for communications to be regular and clear. Further detail about the proposed remedy and delivery of it, including scheme members who may be affected, must be known prior to any specific remedy communications. The Pensions Office website carries current information from various sources including DLUHC. Further communications will be added when they are released. The Annual Benefit Statements (ABS) contain a statement on McCloud provided by the LGA. The ABS will need to be amended following implementation of the amended regulations as it is anticipated McCloud data will need to be included for each scheme member. Scheme members who may be affected will need a final communication confirming if benefit values have been amended and if so by how much, including value of arrears and interest if applicable.	Jeff Henegan	21-Jan-2022	01-Apr-2022

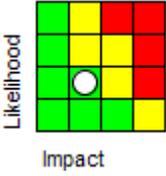
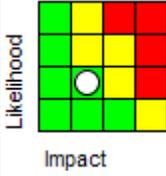
	Investment Board throughout the year and is supplemented by market insight from the Corporation's Investment Consultant who will assist any strategic decisions required in between the three-year formal strategy reviews.				
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB LGPS 004a	Job descriptions used at recruitment to attract candidates with skills and experience related to LGPS 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. Have trained multiple team members for extra duties due to parental leave cover.	Jeff Henegan	21-Jan-2022	31-Mar-2022
CHB LGPS 004b	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.	Jeff Henegan	21-Jan-2022	31-Mar-2022
CHB LGPS 004c	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.	Ensuring that skill sets are not restricted to one staff member alone. Priority cases and work types are identified to ensure continuation in the event that staff or other resources become unavailable. Disaster Recovery reviewed in light of COVID 19 and officers having worked from home since 23 March 2020.	Jeff Henegan	21-Jan-2022	31-Mar-2022
CHB LGPS 004e	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.	Jeff Henegan	21-Jan-2022	31-Mar-2022

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/Risk Approach	Current Risk score change indicator
CHB LGPS 007 Cyber security Page 31 Dec-2019 Caroline Al-Beyerty	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 Impact	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 Impact	4		Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB LGPS 007a	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.	Jeff Henegan	21-Jan-2022	31-Mar-2022
CHB LGPS 007b	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.	Jeff Henegan	21-Jan-2022	31-Mar-2022
CHB LGPS 007c	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.	Jeff Henegan	21-Jan-2022	31-Mar-2022

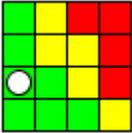
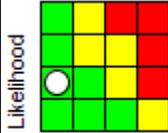
CHB LGPS 007d	Pensions administration staff to be aware of Data Protection legislation	Data Protection reviewed and all staff reminded of the legislation and its importance. Processes amended for home working since 23 March 2020, ensuring the protection of scheme member data.	Jeff Henegan	21-Jan-2022	31-Mar-2022
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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/Risk Approach	Current Risk score change indicator
CHB LGPS 008 Pension Administration Software 17-Jun-2021	Cause: (i) Contract expires and is not replaced. (ii) Contract expires and replacement is delayed. Event: Unable to meet statutory obligations of the LGPS or PPS Effect: (i) Pensions not paid (ii) sanctions and fine (iii) Complaints and loss of reputation		4	<u>The new contract has commenced.</u> <u>jeff Henegan</u> 21 Jan 2022		4	31-Mar-2022	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
008a	<u>Commencement of data hosting by provider</u>	<u>From 24th November 2021 pensions data on Altair is now hosted on Heywood's servers.</u>	Jeff Henegan	21-Jan-2022	31-Mar-2022
008b	Removal of single person dependencies	<u>Following the implementation of the new contract further members of the Pensions Office will become involved to help develop new ways of working.</u>	Jeff Henegan	21-Jan-2022	31-Mar-2022
008c	Resourcing - Work with the successful vendor on resource requirements are identified from the onset. This will be part of a wider mobilisation plan	Project Management resource allocated from IT Project office to help manage post tender award to be confirmed and will commence once contract has been signed. <u>Over the coming months the pensions office will be looking to bring new modules of the pension software online.</u>	Jeff Henegan	21-Jan-2022	31-Mar-2022
008d	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.	David Clelland	21-Jan-2022	31-Mar-2022
008e	Include Data migration and Exit management in the requirement to vendors.	All system data identified; Analysis carried out on all data sets. Estimated budget allocated to each data migration event. Decommissioning of On-Premise legacy systems can be carried out under the current support contract. Contractual obligation for migration support from the Incumbent exists.	Jeff Henegan	21-Jan-2022	31-Mar-2022

Caroline Al-Beyerty							
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB LGPS 003a	Robust recruitment and training processes.	Robust recruitment and training processes.	Jeff Henegan	21-Jan-2022	31-Mar-2022
CHB LGPS 003b	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.	Jeff Henegan	21-Jan-2022	31-Mar-2022

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/Risk Approach	Current Risk score change indicator
CHB LGPS 005 Fraud 17 Dec-2019 Caroline Al-Myerty	Cause: (i) Not notified of death. (ii) Staff acting inappropriately Event: Fraudulent claim of pension benefits. Effect: (i) Continued payment of pensions following death. (ii) Overpaid pensions. (ii) Financial loss	Likelihood  Impact	2	If the death of a LGPS 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. 20 Jan 2022	Likelihood  Impact	2	31-Mar-2022	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB LGPS 005a	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.	Jeff Henegan	21-Jan-2022	31-Mar-2022

002d	report before submission to the Actuary	submitted separately from employer level cash flow data, which are held on two distinct management information systems. As a result, errors are more easily identified during the valuation process itself. For example, if the member data demonstrates that a given number of members belonging to a single employer retired during the valuation period then this should also be evident from the benefit payments reported in the cash flow data.	Henegan	2021	2022
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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.

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

(C) Risk scoring grid

Risk Score	Definition
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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