



Pensions Committee

Date: TUESDAY, 27 SEPTEMBER 2022
Time: 2.45 pm
Venue: COMMITTEE ROOMS, WEST WING, GUILDHALL

Members:

Alderman Ian David Luder (Chairman)	David Sales
Timothy Butcher (Deputy Chairman)	Alderman Sir David Wootton
Clare James	Deputy Madush Gupta
Shahnan Bakth	Deputy Andrien Meyers
Deputy Henry Pollard	

Enquiries: Chris Rumbles
christopher.rumbles@cityoflondon.gov.uk

Accessing the virtual public meeting

Members of the public can observe this virtual public meeting at the below link:
www.youtube.com/watch?v=rhNE-Wlyd0Q

A recording of the public meeting will be available via the above link following the end of the public meeting for up to one civic 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

1. **APOLOGIES**

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

3. **MINUTES**

To agree the public minutes and summary of the Pensions Committee meeting held on 11 July 2022

For Decision
(Pages 5 - 10)

4. **PENSIONS COMMITTEE WORK PROGRAMME 2022/23**

Report of the Chamberlain.

For Information
(Pages 11 - 12)

5. **RISK REGISTER FOR THE PENSIONS COMMITTEE**

Report of the Chamberlain.

For Decision
(Pages 13 - 36)

6. **PENSIONS SCHEME - ADMINISTRATOR'S UPDATE**

Report of the Chamberlain.

For Information
(Pages 37 - 42)

7. **LOCAL GOVERNMENT PENSION SCHEME - COMMUNICATIONS ISSUED TO SCHEME MEMBERS**

Report of the Chamberlain.

For Information
(Pages 43 - 100)

8. **LONDON COLLECTIVE INVESTMENT VEHICLE (LONDON CIV) AND MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE II (MIFID II)**

Report of the Chamberlain.

For Decision
(Pages 101 - 130)

9. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

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

11. **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 the Schedule 12A of the Local Government Act.

For Decision

12. **MINUTES**

To agree the non-public minutes of the Pensions Committee meeting held on 11 July 2022

For Decision
(Pages 131 - 134)

13. **CITY OF LONDON CORPORATION'S PENSION FUND QUARTERLY MONITORING REPORT Q1 2022**

Report of the Chamberlain

For Information
(Pages 135 - 154)

14. **INVESTMENT PERFORMANCE MONITORING TO 31 JULY 2022**

Report of the Chamberlain.

For Information
(Pages 155 - 170)

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

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

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PENSIONS COMMITTEE **Monday, 11 July 2022**

Minutes of the meeting of the Pensions Committee held at Committee Rooms, West Wing, Guildhall on Monday, 11 July 2022 at 10.30 am

Present

Members:

Alderman Ian David Luder (Chair)
Timothy Butcher (Deputy Chair)
David Sales
Alderman Sir David Wootton
Deputy Madush Gupta
Deputy Andrien Meyers

In Attendance (Observing Online)

Deputy Henry Pollard

Officers:

Kate Limna	- Chamberlain's Department
Jeff Henegan	- Chamberlain's Department
Amanda Luk	- Chamberlain's Department
Graham Newman	- Chamberlain's Department
Priyanka Naidoo	- Chamberlain's Department
Joseph Anstee	- Town Clerk's Department

Also in attendance:

Lucy Tusa (Mercer)

1. APOLOGIES

Apologies for absence were received from Shahnán.

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

There were no declarations.

3. ORDER OF THE COURT OF COMMON COUNCIL

The Committee received the Order of the Court of Common Council on 21 April 2022, appointing the Committee and approving its terms of reference.

4. ELECTION OF CHAIR

The Committee proceeded to elect a Chair in accordance with Standing Order 29. Expressions of interest were sought from Members, and there being multiple expressions of interest, a ballot of eligible Members present was undertaken and Alderman Ian Luder, upon receiving a majority of votes cast, was duly elected as Chair of the Committee for the ensuing year.

The newly elected Chair thanked Members for their support and looked forward to leading the Committee during its first year.

5. **ELECTION OF DEPUTY CHAIR**

The Committee proceeded to elect a Deputy Chair in accordance with Standing Order 29. Expressions of interest were sought from Members, and there being multiple expressions of interest, a ballot of eligible Members present was undertaken. There being a tie between two candidates, the drawing of lots was undertaken and arising from this Timothy Butcher was duly elected as Deputy Chair of the Committee for the ensuing year.

6. **PENSIONS COMMITTEE WORK PROGRAMME**

The Committee considered a report of the Chamberlain presenting the Committee's work programme to support business planning in its inaugural year. The Chamberlain introduced the report and drew Members' attention to the key points. The Committee noted that agreement of the CMA Order would be added to the work programme for the November meeting, and that TPR training would need to be completed by Members.

The Chair added that further meeting dates would be drafted and circulated to Members to check availability, with meetings to be scheduled near the end of each quarter, with adjustments where necessary such as for the Actuarial Valuation.

RESOLVED – That the Pensions Committee note the report and agree the Pension Committee Work Programme.

7. **PENSIONS SCHEME - ADMINISTRATOR'S UPDATE**

The Committee received a report of the Chamberlain providing a summary of general information around a range of topics in relation to the administration of the Pensions Scheme. The Chamberlain introduced the report and drew Members' attention to the key points, also advising that Pensioner P60s had been issued on 23 May 2022. The Committee further noted the Member training requirements set out in the report. The Chamberlain also introduced key officers for the Committee to Members.

In response to a question from a Member, the Chamberlain advised that the Administrator's Update would be a regular submission to the Committee, with a similar document submitted to the Local Government Pensions Board, and would be developed over time in accordance with the Committee's needs.

RESOLVED – That the report be noted.

8. **RISK REGISTER FOR THE PENSIONS COMMITTEE**

The Committee considered a report of the Chamberlain reviewing the Risk Register for the Pensions Committee. The Chamberlain introduced the report and presented the Risk Register to Members, advising that it was an amalgamation of the risks overseen by the Local Government Pensions Board and the Financial Investment Board, with a number of risks in common with other committees. The Chamberlain added that amendments had been made to reflect the new governance arrangements.

In response to a question from the Chair regarding the risk of Insufficient Assets, the Chamberlain advised that it had not been necessary to draw down on the pension fund assets over the last few years, and that the risk would be reassessed following the next valuation of the Fund. The Chamberlain added that the Risk Register was presented on the corporate template, with there being limited scope to amend the format where it did not lend itself to presenting specific Pensions risks. With regards to the risk of Employer Insolvency, the Chamberlain advised that any liability for the City Corporation arising from the insolvency of other bodies would be considered on a case-by-case basis, depending on how that body was funded. In response to questions from Members, the Chamberlain outlined the key elements of the risk on Cybersecurity and advised that a separate Pensions Administration System was in place, which was hosted offsite. The Chamberlain added that there was no specific Cybersecurity Policy for the Pension Fund.

The Chair noted that the Committee were due to consider valuation assumptions and longevity analysis at the next meeting, and sought additional details on this. The Chamberlain advised that the appointment of an independent member and establishment of a small working group to assist with the Actuarial Valuation was the subject of a report later on the agenda and that reporting to Committee would depend on when actuary results were received, with these expected in late September.

The Committee then discussed the potential impact of regulatory decisions such as that in respect of McCleod, with the Chamberlain advising that this was a risk for all local government pension schemes, particularly on the administrative side, and that further regulatory guidance on this was anticipated.

The Chair then drew the Committee's attention to the recommendations, and proposed that the Committee review their Risk Register at each meeting during their first year, adding that there would be a particular need for review following the Triennial Valuation. The Committee agreed to review the Risk Register at each meeting until the next municipal year.

RESOLVED – That the Pensions Committee:

- i) Review the existing risks and actions present on the Pensions Committee's Risk Register, and confirm that appropriate control measures are in place;
- ii) Confirm that there are no further risks relating to the services overseen by the Pensions Committee; and
- iii) Agree to review the Risk Register at each meeting until the next municipal year.

9. **ASSET POOLING IN THE LGPS**

The Committee received a report of the Chamberlain providing background on asset pooling in the LGPS, and the London LGPS Collective Investment

Vehicle (LCIV) – the asset pool of which the City of London Corporation Pension Fund is a member. The Chamberlain introduced the report and drew Members’ attention to the key points.

The Committee noted the proportion of City Corporation funds invested in the LCIV, and that the Financial Investment Board had previously agreed that additional funds would be moved over to the LCIV when it was deemed appropriate. The Chamberlain advised that the LCIV had a pipeline of new funds under consideration, which could be circulated to Members.

RESOLVED – That the report be noted.

10. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were no questions.

11. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT

There was no other business.

The Chair then thanked any Members of the public observing the meeting via YouTube for their participation.

12. EXCLUSION OF THE PUBLIC

RESOLVED - 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 the Schedule 12A of the Local Government Act.

Item No.	Paragraph(s) in Schedule 12A
13-14	3
15-16	-

13. INVESTMENT PERFORMANCE MONITORING REPORTS

a) Quarterly Report to 31 March 2022

The Committee received a report of Mercer.

b) Investment Performance Monitoring to 31 March 2022

The Committee received a report of the Chamberlain.

14. APPOINTMENT OF AN INDEPENDENT MEMBER

The Committee considered a report of the Chamberlain.

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

There were no questions.

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

There was no other business.

The meeting ended at 11.57 am

Chair

Contact Officer: Joseph Anstee
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PENSION COMMITTEE WORK PROGRAMME 2022/23

Timescale	Funding	Investment	Governance	Administration & Communication	Training Items #
Standing items		<ul style="list-style-type: none"> Investment Monitoring LCIV/Pooling Update Responsible Investment Update 	<ul style="list-style-type: none"> Work programme 	<ul style="list-style-type: none"> Administration Update 	
2022/23					
Q2 2022/23 (Sep)*			<ul style="list-style-type: none"> MiFID II/CIPFA Knowledge and Skills Framework Risk Register 		<ul style="list-style-type: none"> Investment Training (Mercer)
Q3 2022/23 (Nov)*	<ul style="list-style-type: none"> Valuation Assumptions Longevity Analysis Triennial Valuation Initial Results 	<ul style="list-style-type: none"> Responsible Investment Policy Review* 	<ul style="list-style-type: none"> Draft Annual Report LGPS Consultation (expected) Risk Register 	<ul style="list-style-type: none"> Administration Strategy 	<ul style="list-style-type: none"> Valuation Training (Barnett Waddingham)
Q4 2022/23 (March)*	<ul style="list-style-type: none"> Triennial Valuation Final Results Funding Strategy Statement 	<ul style="list-style-type: none"> Stewardship Report* 	<ul style="list-style-type: none"> Business Plan/Annual Budget Risk Register 		<ul style="list-style-type: none"> Responsible investment/climate action (in house)
Future years					
2023/24		<ul style="list-style-type: none"> Investment Strategy Review Investment Strategy Statement Annual PRI Report 	<ul style="list-style-type: none"> Risk Register 		<ul style="list-style-type: none"> Pooling (LCIV)

In addition to training provided either in house or by third party organisations, all Members will be expected to register for tPR online training and complete the modules in respect of **public sector pension schemes** within 12 months of joining the Committee

*Responsible investment activities are undertaken in conjunction with BHE Board and Financial Investment Board.

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Committee: Pensions Committee	Dated: 27 September 2022
Subject: Risk Register for the Pensions Committee	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	All
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Chamberlain	For Decision
Report author: Amanda Luk – Chamberlain's Department	

Summary

At the first meeting of the Pensions Committee on 11 July 2022, Members determined they wished to review the Risk Register at each meeting for the coming year.

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

The risks are an amalgamation of the risks that were on the Local Government Pensions Board Risk Register and relevant risks that were on the Financial Investment Board Risk Register. When reviewing the risks, the Pensions Committee should be aware that some similar/generic risks are also included in the (CoL) Police Pension Board or the Financial Investment Board (FIB) Risk Registers: risks CHB Pensions 009 McCloud Remedy, 007 Cyber security and 005 Fraud are on the CoL Police Pensions Board Risk Register and risk CHB Pensions 013 (Responsible Investment Duties) is on the FIB Risk Register.

The narrative "risk update" and "latest note" on associated actions has been amended where necessary.

The Risk Register is included at Appendix 2 and Members of the Committee are asked to review the risks and actions and confirm that appropriate measures are in place.

Recommendations

Members are asked to:

- review the existing risks and actions present on the Pensions Committee's Risk Register, and confirm that appropriate control measures are in place; and
- confirm that there are no further risks relating to the services overseen by the Pensions Committee.

Main Report











Background

1. Prior to the formation of the Pensions Committee, responsibility for the CoL Corporation Pension Fund fell to a number of different Committees, most notably the Financial Investment Board (FIB) around investments. In addition to this, the Local Government Pensions Board (LGP Board), which scrutinises/oversees the operation of the Pension Fund, instigated its own Risk Register.
2. Now that the Pensions Committee has been established and is responsible for all matters relating to pensions, it is logical that the LGP Board's Risk Register forms the basis of the Pensions Committee Risk Register with relevant investment risks moving across from the FIB Risk Register. At the first meeting of the Pensions Committee on 11 July 2022, Members determined they wished to review the Risk Register at each meeting for the coming year.

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 1** 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".
4. The Risk Register to be reviewed is set out in **Appendix 2**.

Table 1: Risk Summary

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator
CHB Pensions 009	McCloud Remedy	16	
CHB Pensions 001	Insufficient assets - Pensions Fund	8	
CHB Pensions 010	Targeted returns – Pension Fund	6	
CHB Pensions 006	Employer Insolvency	4	
CHB Pensions 007	Cyber Security	4	
CHB Pensions 011	Service provider failure	4	
CHB Pensions 012	Governance/Legislative Compliance	4	
CHB Pensions 013	Failure to discharge responsible investment duties	4	
CHB Pensions 005	Fraud	2	
CHB Pensions 002	Actuarial Valuation	1	

5. The Risk Register contains ten risks which are summarised above. In the table, "Current Risk Score indicator" displays the current "RAG" rating for each risk. 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 Committee, 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.

6. Officers have reviewed the Risk Register to establish whether the risk environment has changed and whilst all scores have been maintained at their previous levels each been reviewed and updated where necessary in the Register itself. Updates to the Risk Register are underlined throughout.
7. Officers have also considered whether any new risks have emerged since the last review. Although the Committee’s operating environment continually changes, officers have determined that the existing Register captures the material risks facing the Committee.

Conclusion

8. The risks overseen by the Pensions Committee are primarily of low likelihood but represent substantial impact, particularly with regards to financial loss and reputational damage. There is one red risk around the McCloud remedy (CHB Pensions 009). Whilst the Public Services and Judicial Offices Act 2022 has received Royal Assent, its main purpose is to support the implementation of the McCloud remedy, however further guidance and legislation is required before it can be applied to the Local Government Pension Scheme. Once this guidance and legislation is issued, the risk rating and score is expected to decrease substantially.
9. The Pensions Committee 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 1 – City of London Corporation Risk Matrix
- Appendix 2 – Pensions Committee Risk Register

Amanda Luk

Senior Accountant – Pensions

Chamberlains Department

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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

	Rare (1)	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)

(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 fine 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 fine 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.

Appendix 1



(C) Risk scoring grid

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

(D) Risk score definitions

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

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

Contact the Corporate Risk Advisor for further information. Ext 1297

October 2015

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CHB LGPS Detailed risk register EXCLUDING COMPLETED ACTIONS

Report Author: XXX
Generated on: XXX



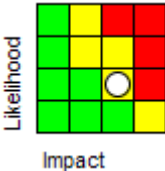
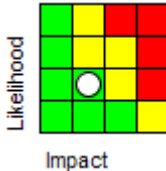
Rows are sorted by Risk Score

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 Pensions 009 McCloud Remedy	<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>	<div><div>Likelihood</div><div>Impact</div></div>	16	<p>In December 2018, the Court of Appeal ruled that the “underpin protection” included in the 2014 LGPS reforms 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 and subsequently published a consultation document that set out options for how the government proposed to remove the discrimination.</p> <p>In February 2021 HM Treasury published its response to the consultation document and set out</p>	<div><div>Likelihood</div><div>Impact</div></div>	4	01-Oct-2023	<div><div></div></div>

20-Jan-2022 Caroline Al-Beyerty				<p>its preferred remedy choice.</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>On 10 March 2022 the Public Services and Judicial Offices Act 2022 received Royal Assent.</p> <p>The main purpose of the Act was to support the implementation of the McCloud remedy, however further guidance and legislation is required before it can be applied directly to the LGPS.</p>					Constant
				24 Jun 2022					

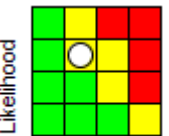

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 009a	DLUHC has confirmed the proposed remedy and the intention to introduce legislation to the statute books from 1 April 2023 but applied retrospectively to 31 March 2012 and 31 March 2014. The Pensions Office 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>	Graham Newman	24-Jun-2022	01-Oct-2023

CHB Pensions 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> <p>Develop data process to request missing information and scheme member record update.</p>	Graham Newman	24-Jun-2022	01-Oct-2023
CHB Pensions 009c	System Development Calculation/Revaluation.	<p>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.</p> <p>Development should include bulk calculations and calculations for individuals, include revised pension amounts, arrears payable/collectible (benefits and contributions) plus interest payable if applicable.</p>	Graham Newman	24-Jun-2022	01-Oct-2023
CHB Pensions 009d	Working in conjunction with LGA to prepare communications and standard responses (FAQs) to be sent to affected scheme members.	<p>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.</p> <p>The Pensions Office website carries current information from various sources including DLUHC. Further communications will be added when they are released.</p> <p>The Annual Benefit Statements (ABS) contain a statement on McCloud provided by the LGA.</p> <p>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.</p> <p>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.</p>	Graham Newman	24-Jun-2022	01-Oct-2023

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 Pensions 001 Insufficient assets 17-Dec-2019 Caroline Al-Beyerty	Cause: The asset allocation of the Pension Fund portfolio is unable to fund long term liabilities due to market movements Event: There are insufficient assets to meet liabilities Effect: Reduced income or lower than anticipated growth. Participating employers are required to provide further funding through increased contributions to finance liabilities.		8	The Pension Fund's absolute return target has been set at 5.2% annually from 1st April 2020 by the Financial Investment Board (which is consistent with the strategy for funding the Fund's liabilities). The Fund's investment assets have continued to perform strongly during this financial year (2021/22). As at 31 March 2022, the Fund is exceeding its absolute return target over all time horizons (except the last quarter). <u>As at 31 July 2022, the Fund is underperforming its absolute return target (except the long term time horizon).</u> 06 September 2022		4	31-Mar-2023	Constant

Action no	Action description	Latest Note		Action owner	Latest Note Date	Due Date
CHB Pensions 001a	The Investment Strategy of the Pension Fund is reviewed at least every three years following the triennial valuation with proper advice from the Investment Consultant.	The Pension Fund Investment Strategy was reviewed following the completion of the 2019 triennial valuation of the Fund's liabilities, by the Financial Investment Board in July 2020. This ensured that the Investment Strategy remained appropriate in the context of the Fund's updated liabilities valuation and the current investment environment. The 2022 triennial actuarial valuation is currently being undertaken by the scheme Actuary, Barnett Waddingham and once this is completed, the Investment Strategy		Caroline Al-Beyerty; Kate Limna	24 June 2022	31-Mar-2023

		Statement will be reviewed by the Pensions Committee.			
CHB Pensions 001b	The investment performance of the Pension Fund is measured against absolute return targets required to meet long term objectives. This will be reported to the Pensions Committee 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.	The investment performance of the Pension Fund will be brought to each Pensions Committee for consideration.	Kate Limna	24 June 2022	31-Mar-2023


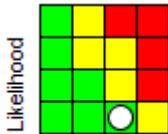

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB Pensions 10 Targeted returns - Pension Fund 08-Mar-2018 Caroline Al-Beyerty	Cause: Fund managers fail to achieve the targeted investment returns because <ul style="list-style-type: none"> unsuitable fund managers are appointed, individual fund managers underperform against the benchmarks agreed by the Committee, aggregate fund manager performance fails to achieve the s long-term targets Event: Failure to be seen to manage the funds responsibly. Effect: Supervisory intervention over management of the Funds.	 Likelihood Impact	6	The performance of fund managers and their aggregate performance is reported against target to The Pensions Committee. The Pensions Committee will set a diversified investment strategy to mitigate volatility and as such it expects different parts of the strategy to outperform at different times. 19 Nov 2021	 Likelihood Impact	6	31-Mar-2023	Constant

Action no	Action description	Latest Note		Action owner	Latest Note Date	Due Date
CHB Pensions 10a	Investment managers' performance and their aggregate performance is measured against appropriate benchmarks and will be monitored by the Pensions Committee throughout the year. It is supplemented by market insight from the Corporation's investment consultants which provides peer group comparisons; checks on movement of key officers; and reviews on the incorporation of ESG considerations in implementing their investment strategies. Fund managers are invited to meet with Officers and Members to account for their performance as and when deemed necessary/as required.	The performance report for the Pension Fund to 31 March <u>July</u> 2022, along with the Investment Consultant's quarterly report (<u>to 30 June 2022</u>) is reported to the Pensions Committee on 41 July <u>27 September</u> 2022		Amanda Luk; Kate Limna	06 Sep 2022	31-Mar-2023

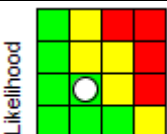
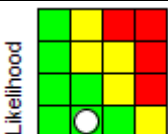

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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 007a	Pensions administration staff to be aware of the corporate policy regarding cyber security and to follow the guidelines given.	Corporate online training regarding cyber-security to be carried out by all staff and reviewed as required.	Graham Newman	24-Jun-2022	31-Mar-2023
CHB Pensions 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.	Graham Newman	24-Jun-2022	31-Mar-2023
CHB Pensions 007c	Ensuring that the pensions administration software is included in the departmental business continuity	Updating the business impact analysis details used in the departmental continuity plan as required.	Graham Newman	28-Apr-2022	31-Mar-2023

	plans.				
CHB Pensions 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.	Graham Newman	08 Sep 2022	31-Mar- 2023

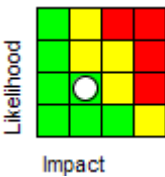
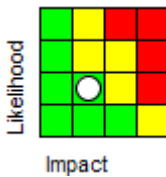

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB Pensions 011 Service provider failure - Pension Fund 08-Mar-2018 Caroline Al-Beyerty	Cause: Corporate, financial, economic or cybersecurity threats result in service provision withdrawal or liquidation of partner organisations. Event: Failure of fund manager, investment consultant or other service provider without notice. Effect: Pension Fund asset valuations at risk or a period of time without service provision.	 Likelihood Impact	4	Officers meet regularly with fund managers, investment consultants and other service providers. Officers write to all counterparties requesting latest internal control report from fund managers and custodian ahead of the closure of accounts. 19 Nov 2021	 Likelihood Impact	4	31-Mar-2023	 Constant

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
CHB Pensions 11a	Detailed due diligence is carried out when new fund managers, investment consultant or other service provider are appointed.	New manager due diligence undertaken in consultation with investment consultant. There are currently no plans to appoint any additional managers. The investment consultant contract was recently re-tendered via the National LGPS procurement framework. Following a rigorous and competitive exercise Mercer were appointed to the role in October 2021.			Sarah Port; Kate Limna	28 June 2022	31-Mar-2023
CHB Pensions 11b	Review of internal control reports on annual basis.	Corporate Treasury compile an archive of the most up to date relevant annual internal control reports issued by all issuing fund managers and custodian as part of statement of account compilation across Funds. All internal control reports from the pooled fund managers have been received where available. Officers are in the process of reviewing the findings of the reports to ensure they remain satisfied with the control environments operated by the Corporation's appointed asset managers.			Amanda Luk; Kate Limna	28 June 2022	31-Mar-2023
CHB Pensions 11c	Monitor markets regularly through financial publications and seek advice of managers and investment consultant when appropriate.	Officers regularly monitor financial press and industry publications particularly in search of any news regarding entities that have an existing relationship across the Corporation's Funds.			Sarah Port; Kate Limna	28 June 2022	31-Mar-2023

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 Pensions 12 Governance/ Legislative Compliance 08-Mar-2018 Caroline Al-Beyerty	Cause: Lack of understanding of the applicable statutory requirements such as investment regulations, prudential code etc. Inadequate oversight of the operations and developments at the regional pool operator, the London CIV. Event: Committee Members and officers do not have appropriate skills or knowledge to discharge their responsibilities including the calculation and payment off benefits. Regulatory breach. The Pension Fund's pooled assets are managed inappropriately. Effect: Inappropriate decisions are made leading to a financial impact or a breach of legislation or service not provided in line with best practice and legal requirements. Potential regulatory fines. The financial value of the Pension Fund's assets is impaired.	 Likelihood	4	As the committee has recently been established, officers will produce a comprehensive training plan incorporating best practice to ensure committee members have access to acquiring the appropriate levels of knowledge and understanding. 19 Nov 2021	 Likelihood	2	31-Mar-2023	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 012a	Training provided to Committee Members on a range of investment topics and asset classes on a needs basis. Continued Professional Development (CPD) records maintained and updated annually.	A review will be undertaken of the skills set of the Members of the new Pension Committee. All Members of the Committee will be expected to complete the Pension Regulator's Public Services Toolkit within 12 months of joining the Committee.	Amanda Luk; Kate Limna	28 June 2022	31-Mar-2023
CHB Pensions 12b	Job descriptions used at recruitment to attract candidates with skills and experience related to investment finance. The Corporation maintains membership of CIPFA's Pension Network, the LAPFF, LPFA and PLSA – all providing access to training opportunities via courses, seminars and conferences.	Officers continue to attend training courses, seminars forums, webinars, user groups and conferences were deemed appropriate to enhance understanding of markets, financial instruments, regulatory and statutory reporting issues and administration. The team is currently recruiting has successfully recruited to a number of posts following a redesign of the team structure.	Caroline Al-Beyerty; Kate Limna	06 Sep 2022	31-Mar-2023
CHB Pensions 12c	Training plans in place for all staff as part of the performance appraisal arrangements, which are reviewed every six months.	Performance and development appraisals continue to be carried out in line with corporate policy.	Caroline Al-Beyerty; Kate	28 June 2022	31-Mar-2023

			Limna		
CHB Pensions 12d	External professional advice sought where required.	The investment consultant attends each meeting of the Pensions Committee providing advice on investment matters.	Sarah Port; Kate Limna	28 June 2022	31-Mar-2023
CHB Pensions 12e	The Committee maintains regular oversight of the London CIV.	The Chair of the Pension's Committee is the City's representative on the London CIV (with the Deputy chair acting as the alternate representative). The Chair will be <u>is expected</u> to attend a <u>of 2</u> general meetings a year <u>and will also sit on the Shareholder Committee (4 meetings a year)</u>	Sarah Port; Kate Limna	06 Sep 2022	31-Mar-2023

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 Pensions 013 Failure to discharge responsible investment duties 20-Jun-2019	<p>Cause: Insufficient attention is paid to the environmental, social and governance (ESG) dimensions of the Corporation's financial investments.</p> <p>Event: The Corporations' financial investments include an underappreciated exposure to negative ESG risks and the means to effectively manage such risks is not understood.</p> <p>Effect: The Corporation suffers reputational or financial damage.</p>		4	<p>The newly formed pension committee inherits an advanced approach to responsible investment and asset stewardship. The Corporation (via the Financial Investment Board) has formally recognised its asset stewardship role and the need to manage ESG risks through its Responsible Investment Policy which also outlines the Corporation's approach in this area. The City of London Corporation (as a whole) is a signatory to the Principles for Responsible Investment (PRI).</p> <p>The Financial Investment Board undertook an in depth review of its climate risk exposure in 2021 resulting in a commitment to achieve net zero carbon emissions by 2040 together with the development of interim goals via a transition pathway.</p> <p>20 May 2022</p>		4	31-Mar-2023	
								Decreasing

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
CHB Pensions 13a	Reporting on responsible investment activities to the Principles for Responsible Investment is completed	Officers submitted the latest annual submission to the PRI, which covered the City Corporation's responsible investment activities in the calendar year 2020, ahead of			Sarah Port; Kate	06 Sep 2022	31-Mar-2023

	on an annual basis. The Committee (along with other relevant Committees/Boards) will receive an annual Transparency Report from the PRI from which it can evaluate progress against responsible investment goals.	the PRI's deadline on 10 May 2021. Owing to operational issues at the PRI, the Corporation's assessment report is now expected to be received in the second half of 2022 (latest target date for release is early September) and will be reported to this Committee and other Boards which now have investment oversight responsibilities at the earliest opportunity.	Limna		
CHB Pensions 13c	As part of the regular management and monitoring of investment mandates, the Pensions Committee and responsible officers challenge investment managers on ESG issues arising in the portfolio. The Investment Consultant will report to the Committee on its monitoring of ESG risks on a quarterly basis.	The Committee will receive regular updates on ESG standings amongst its appointed investment managers from the Investment Consultant on a quarterly basis. As part of the City's Climate Action Strategy, new climate risk expectations for existing and potential investment managers have been established and these form part of the regular ongoing monitoring of managers' performance.	Sarah Port; Kate Limna	28 June 2022	31-Mar-2023
CHB Pensions 13e	There is a general commitment by the City Corporation to meeting the standards of the new 2020 UK Stewardship Code and needs to ensure compliance is developed. The Committee (reviews asset stewardship across its investment mandates on an annual basis and uses the exercise to encourage better ESG outcomes amongst its existing managers (this will need to be done in conjunction with other committees which now have investment oversight responsibilities).	Officers anticipate that the Corporation as an organisation will prepare its first Annual Stewardship Report for assessment by the Financial Reporting Council in 2022/23. All of the Pension Fund's UK-based pooled fund managers (i.e. excluding the alternative assets portfolio) are signatories to the Stewardship Code.	Kate Limna	28 June 2022	31-Mar-2023
CHB Pensions 13f	The Committee (along with other relevant Boards/Committees) has been assigned several key actions which will enable the Corporation to deliver its Climate Action Strategy. Key to this is achieving a clear plan on how to achieve Paris-alignment by 2040.	With the support of a specialist external consultancy firm, an in depth review of the climate risk exposure involving the use of scenario analysis, the development of a transition pathway consistent with a net zero by 2040 commitment, and the establishment of expectations for existing and potential mandates has been completed. The transition pathway itself involves a series of specific actions with various deadlines which the Committee (along with other relevant Boards and Committees) will target over the coming years.	Kate Limna	28 June 2022	31-Mar-2023

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 Pensions 005 Fraud 17-Dec-2019 Caroline Al-Beyerty	Cause: Pensions Admin Team not notified of death. Event: Fraudulent claim of pension benefits. Effect: (i) Continued payment of pensions following death. (ii) Overpaid pensions. (ii) Financial loss to the Pension fund.	 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. 24 Jun 2022	 Likelihood Impact	2	31-Mar-2023	 Constant

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
CHB Pensions 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.			Graham Newman	24-Jun-2022	31-Mar-2023

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 002a	Regular meetings with the Actuary to ensure that assumptions are appropriate involving Officers and Members of the Pensions Committee.	Previously, nominated Members of the Finance Cttee together with relevant officers met with the Actuary in October and November 2019 to discuss the preliminary triennial valuation results and the robustness of the financial and demographic assumptions used in the valuation process. The final triennial valuation results were reported to the Finance Cttee at its meeting on 18 February 2020. The 2022 triennial valuation has commenced and the results will be reported to the Pensions Committee. <u>At Pensions Committee on 11 July, a working group was set up to discuss the preliminary triennial valuation results and the robustness of the financial and demographic assumptions used in the valuation process. This working group will meet</u>	Graham Newman/ Kate Limna	06 Sep 2022	31-Mar-2023

		<u>once the draft results are available</u>			
CHB Pensions 002c	Robust Year End procedures and updates.	<p>The Pension Fund Accounts for the year ending 31 March 2021 have been published in draft form, formal sign off has been delayed until the City Fund audit is completed. Whilst the City Fund accounts have been completed, a wider issue has arisen within local government around accounting for infrastructure assets; this has meant that any local authority accounts that were not signed off prior to this issue being raised cannot be finalised until the issue is resolved. CIPFA is currently conducting an urgent consultation on how to resolve this issue.</p> <p>The delays are beyond Pension Fund control and have no material impact on the Fund's position.</p>	Graham Newman/ Kate Limna	24-Jun-2022	31-Mar-2023
CHB Pensions 002d	Checking for errors or inconsistencies in valuation extract report before submission to the Actuary	Officers review data quality prior to submission to the actuary. Additionally, scheme member data is 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 scheme member data demonstrates that a given number of scheme 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.	Graham Newman/ Kate Limna	24-Jun-2022	31-Mar-2023

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Agenda Item 6

Committee(s)	Dated:
Pensions Committee	27 September 2022
Subject: Pensions Scheme – Administrator’s 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: Graham Newman – Chamberlain’s Department	

Summary

The administration of the City of London Local Government Pension Scheme (the Scheme) is undertaken by the Pensions Team within the Chamberlain’s Department.

The table below provides a summary of general information around a range of topics in relation to the administration of the Scheme since the last Committee meeting on 11 July . Members are asked to note the report and provide feedback..

Item	Update
Annual schedule of events for the administration of the Pensions Scheme	Appendix A provides details of the events / dates that form the main diary of the Scheme administration.
Information of Scheme Record Keeping	<p>As the Scheme’s administrating authority, the City is responsible for making sure the scheme has good records.</p> <p>The City is required to ensure it has accurate, complete and up-to-date records and should have controls and processes in place to maintain these standards.</p> <p>Failure to maintain complete and accurate records can risk not meeting legal obligations as set by the Pensions Regulator which could lead to fines and/or enforcement action being taken.</p> <p>The City’s scheme data is measured once a year and the data scores are submitted to the Pensions Regulator (tPR) in the annual scheme return – the next Return is due to be submitted in October 2022.</p>
Complaints or disputes under the Scheme’s Internal Disputes Resolution Process (IDRP)	None to report.

Public Service Pensions Reporting Breaches of Pension Law	There has been one breach,
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	<p>A requirement has been placed upon all UK Pension Schemes by the Department for Work and Pensions (DWP) and the Pensions Regulator (tPR) to ensure scheme data is accurate and this includes Guaranteed Minimum Pensions (GMP) data which is jointly held by each scheme and by HMRC.</p> <p>Due to the ceasing of Contracting Out with effect from April 2016 HMRC will no longer process GMPs, therefore, each pension scheme is responsible for checking the data they hold matches that of HMRC.</p> <p>Contracting Out enabled scheme members to opt out of the State Second Pension (S2P), formerly known as State Earning Related Pension Scheme (SERPS), which is the element of the state pension based on National Insurance contributions. In return the member would receive a pension equivalent to S2P (had they not contracted out) payable from the scheme the member had contracted out with. This is known as the Guaranteed Minimum Pension (GMP)</p> <p>Mercers (formally JLT) have been commissioned to facilitate this project which is expected to complete by 31 March 2023. A report will be brought to the Committee following the conclusion of the reconciliation.</p>
Pension Administration System	<p>The City uses a pensions administration system known as Altair that is provided by the supplier Heywood.</p> <p>A project was started in 2021 to update the system and the pension data from the City's servers was successfully moved to a hosted environment provided by Heywood in November of that year.</p> <p>The Pensions Office is meeting with Heywoods in late September 2022 to begin discussions in respect of implementing the Member Self-Service system. Once in place, this will allow scheme members to directly access their data, run basic estimate calculations and update their personal details. This system may also be used for providing Annual Benefit Statements.</p>

Public Sector Pensions Legal Challenge	<p><u>Lord Chancellor and Secretary of State for Justice v McCloud and others</u></p> <p>With effect from April 2015 (April 2014 for the LGPS) all public sector pension schemes were subjected to reforms that changed the way benefits were accrued and the date from which they would become payable.</p> <p>However, the legality of these reforms were successfully challenged and they were found to be discriminatory on the grounds of age. This challenge came to be referred to as 'McCloud'.</p> <p>The government consulted on what method of 'Remedy' should be used to remove the discrimination and on 10 March 2022 the Public Service Pensions and Judicial Offices Act 2022 received Royal Assent.</p> <p>The main purpose of the Act was to set out the intention of the 'McCloud Remedy' and implement it in the public service pension schemes.</p> <p>However, the Act did not provide specific information as to how the remedy is to be implemented for individual schemes and further guidance and legislation is required before any action can be taken in respect of the LGPS.</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>An update was included with the 2022 Annual Benefit Statements.</p>
Pension Committee Training	<p>All Members of the Committee are asked to register for tPR online training and complete the modules in respect of public sector pension schemes.</p> <p>The link for the online training is: https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/understanding-your-role/learn-about-managing-public-service-schemes</p>

Recommendation

The Committee is asked to note the report and provide any feedback in relation to this information.

Appendices: Appendix A – Annual Schedule of Events (Administration)

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Local Government Pension Administration - Schedule of Events 2022/23

Date Due	Event	Completed
1 December 2021	Publication of Pension Fund Accounts and Annual Report	Draft accounts published only. Awaiting sign off on City Fund Accounts.
31 st January 2022	HMRC Event 22 Report – List of Annual Allowance cases exceeding the Previous years' threshold.	26 January 2022
February 2022	Tax Return for Quarter 3 (to 31/12/2021)	12 January 2022
1 April 2022	Employee Contribution band review/ implementation.	1 April 2022
1 April 2022	Revaluation of CARE benefits.	1 April 2022
1 Monday in April following Tax Year End	Pensions Increase (PI) – Annual Inflation increase.	11 April 2022
May 2022	Tax return for Quarter 4 (to 31/3/2022)	29 April 2022 – Successfully migrated to the new HMRC Managing Pension Schemes service
31 May 2022	Pensioner P60s distributed	23 May 2022
1 June 2022	Automatic Enrolment for City of London Employees	1 June 2022
June/July 2022	Valuation data to the pension fund's actuary	6 July 2022
31 July 2022	Publish draft City Fund Accounts (including the Pension Fund Accounts)	TBC
August 2022	Tax return for Quarter 1 (to 30/06/2022)	18 August 2022
31 st August 2022	Issue of Annual Benefit Statements deadline.	11 August 2022
30 September 2022	Employee Contribution Band review	
5 October 2022	Issue of Annual Allowance (AA) Saving Statements deadline	
November 2022	Tax return for Quarter 2 (to 30/09/2022)	
November 2022	Scheme Return to the Pensions Regulator	
1 December 2022	Publication of Pension Fund Accounts and Annual Report	
31 st January 2023	HMRC Event 22 Report – List of Annual Allowance cases exceeding the Previous years' threshold.	

Appendix A

February 2023	Tax Return for Quarter 3 (to 31/12/2022)	
May 2023	Tax return for Quarter 4 (to 31/3/2023)	

Agenda Item 7

Committee(s)	Dated:
Pensions Committee	27 September 2022
Subject: Local Government Pension Scheme (LGPS) – Communications issued to Scheme Members	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: Graham Newman – Chamberlain's Department	

Summary

At the Committee's meeting on 11 July 2022, it was agreed that a copy of all standard letters and communications that are issued to members of the Local Government Pension Scheme would be provided at the next meeting, for information.

Following further discussions with the Chairman, it was decided that because of the number of documents that are used by the Pensions Office, they would be provided to Members over two Committee meetings.

Appendices 1 – 14 are the letters sent to all starters and leavers in the Local Government Pension Scheme with the City of London. Appendix A is a table that provides a brief description of each letter that has been included.

All letters have been written with reference to the legislative details set out in the Scheme Regulations and, where possible, using templates provided by the Local Government Association.

Copies of all other correspondence will be brought to the next Committee meeting in December.

Recommendation

The Committee is asked to note the report and provide any feedback in relation to this information.

Appendices:

Appendix A: List of documents supplied as appendices 1 – 14.

Appendices 1 - 14: Copies of all communications which are circulated to Scheme Members

Graham Newman

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Glossary of Pensions Office Communications Attached as Appendices 1 – 14.

Appendix No.	Brief Description of Communication
Appendix 1	<p>Starter letter</p> <p>Letter sent to all new members of staff to confirm their membership to the Scheme and provide details of other options i.e. transferring-in.</p>
Appendix 2	<p>Transfer-in quotation request</p> <p>A letter sent to a previous pension provider to request a quotation of the available transfer value.</p>
Appendix 3	<p>Interfund-in quotation request</p> <p>A letter sent to a previous local authority to request a quotation of the available transfer value.</p>
Appendix 4	<p>Opt-out confirmation to scheme member</p> <p>Letter to scheme member to confirm their request to leave the Scheme has taken place.</p>
Appendix 5	<p>Opt-in confirmation to scheme member</p> <p>Letter to scheme member to confirm their request to opt into the Scheme has taken place</p>
Appendix 6	<p>50/50 Election confirmation to scheme member</p> <p>Letter to scheme member to confirm their request to move from the main scheme to the 50/50 section of the scheme has taken place</p>
Appendix 7	<p>Early leaver option letter</p> <p>Letter to a scheme member that has left the scheme before reaching retirement age.</p>
Appendix 8	<p>Refund payment confirmation</p> <p>Letter to an ex-scheme member to confirm payment of their contribution refund.</p>
Appendix 9	<p>Deferred Benefit statement cover letter</p> <p>Statement to ex-scheme member who leaves before being able to claim their pension benefits. The statement confirms the value of their accrued benefits at the point of leaving the Scheme.</p>
Appendix 10	<p>Retirement illustration to scheme member with actuarial reductions</p> <p>Retirement illustration sent to member leaving the scheme with the option to claim their benefits at a reduced rate.</p>
Appendix 11	<p>Retirement illustration to scheme member with no actuarial reduction.</p> <p>Retirement illustration sent to scheme member leaving the scheme with the option to claim their benefits without any actuarial reductions.</p>
Appendix 12	<p>Retirement illustration to scheme member with additional AVC options</p> <p>Retirement illustration sent to scheme member leaving the scheme with the option to claim their AVC benefits at the same time.</p>

Appendix 13	Ill-health retirement illustration letter to scheme member Retirement illustration sent to a scheme member leaving the scheme on the grounds of ill health.
Appendix 14	Retirement payment confirmation/ Final retirement statement sent to retiring scheme members to confirm payment of their benefits.

Dear ,

Membership of the Local Government Pension Scheme

I am writing to confirm that we provide membership of the Local Government Pension Scheme (LGPS) to employees aged under 75 who have a contract of employment that is for at least 3 months.

As this applies to you, you will be automatically entered into membership of the LGPS in your post as from, but you have the right to opt out.

A copy of the employees' guide to the LGPS can be viewed at www.cityoflondonpensions.org
The guide provides full details of the benefits of belonging to the scheme.

Please can you submit the following documents to the Pensions Office. They can be scanned to the email address as above or sent to the address given at the bottom of the page:

- Birth Certificate or Passport
- Husband's/Wife's/Civil Partner's birth certificate or passport (if applicable)
- Marriage Certificate /Civil Partnership Certificate (if applicable)
- Decree Absolute (if applicable)
- Confirmation of basic details form (copy attached)
- Lump Sum Death Benefit – Expression of wish form (copy attached)
- Previous Pension Rights Form (copy attached)

It is very important that we receive this information, so please return the above as soon as possible. If we do not receive them, it may affect your future pension entitlement. You may have submitted some or all of these documents previously as part of your HR induction

process, in which case you do not need to submit them again. If there are any forms that you have not already submitted, please do so now.

As a member of the scheme you will be required to contribute the percentage of your salary as set out in the table below. **The contribution rate you will pay is%**, The City of London will also contribute to the scheme on your behalf, with the employer contribution to the scheme being determined every three years when the Pension Fund is valued by the Fund's appointed actuary.

Employee contribution tables for 2022/23

Pay Bands	Contribution Rates
Up to £15,000	5.5%
£15,001 - £23,600	5.8%
£23,601 - £38,300	6.5%
£38,301 - £48,500	6.8%
£48,501 - £67,900	8.5%
£67,901 - £96,200	9.9%
£96,201 - £113,400	10.5%
£113,401 - £170,100	11.4%
£170,101 or more	12.5%

Your contributions to the LGPS will be deducted from the pensionable pay you receive each pay period.

The City of London has determined that your contribution rate will be reviewed periodically or in the event of a material change to your pensionable pay; I will notify you of any further changes. If you have any questions about your pension or you think your contribution rate has been incorrectly determined, please contact the Pensions Office by emailing pensions@cityoflondon.gov.uk

As a member of the scheme you can, if you wish, increase your pension benefits by paying Additional Voluntary Contributions (AVCs) or Additional Pension Contributions (APCs) and details of these options are included in the employees' guide to the LGPS.

The Pension Scheme

The Local Government Pension Scheme in which you participate is provided by the City of London Corporation. The LGPS is a registered public service scheme under Chapter 2 of Part 4 of the Finance Act 2004 and I am pleased to confirm that it is a qualifying pension scheme, which means it meets or exceeds the government's standards. The scheme complies with the relevant provisions of the Pension Schemes Act 1993, the Pensions Act 1995, the Pensions Act 2004 and the Pensions Act 2008.

Can I opt out of the scheme?

If you do not wish to be a member of the scheme (or decide at some later date that you do not wish to be a member), you can obtain an opting out form from www.cityoflondonpensions.org or by contacting the Pensions Office. The form must be returned to your HR or payroll department.

Please note, however, that you cannot sign and date the opting out form until, at the earliest, the first day of membership of the scheme. If you make a valid option out within 3 months of being enrolled, you will be treated for all purposes as not having become an active member of the LGPS on this occasion and we will refund to you the contributions paid by you. If you opt out after, then you will be entitled to whatever benefits are due under the rules of the LGPS.

Please note that if you are one of the relatively small number of people who applied for, obtained and still hold a Fixed Protection certificate from HMRC (which protects the total value of all pension benefits you can have at £1.8 million if you have Fixed Protection 2012 or £1.5 million if you have Fixed Protection 2014, without triggering an excess benefits tax charge) or an Enhanced Protection certificate you will, as a general rule, lose that Protection if you do not opt out within 3 months of being enrolled into the LGPS. There are, however, exceptions to this general rule which are:

- a) if you hold a Fixed Protection certificate and do not opt out within 3 months but have earlier LGPS membership in England or Wales you will not lose Fixed Protection if you choose to aggregate that earlier period with your current period of membership **provided** you do not have 'benefit accrual'. However, you will lose Fixed Protection at the point at which 'benefit accrual' occurs (which could be immediately upon aggregation of your benefits or at some point thereafter). Information on 'benefit accrual' can be found on the HMRC website at www.gov.uk/tax-on-your-private-pension/lifetime-allowance

- b) if you hold an Enhanced Protection certificate and do not opt out within 3 months but have earlier LGPS membership in England or Wales you will not lose Enhanced Protection if you choose to aggregate that earlier period with your current period of membership.

If I opt out, can I re-join the LGPS at a later date?

Yes. Should you decide at any time to opt out, you have the right to opt to re-join the LGPS from the beginning of the next available pay period after electing to re-join (subject, of course, to meeting the normal requirements for being eligible for membership of the scheme and being under age 75 at the time). You can re-join the scheme by:

- sending a letter, signed by you to the Pensions Office, City of London, PO Box 270, Guildhall, London, EC2P 2EJ
- Sending an email to pensions@cityoflondon.gov.uk including the wording “I confirm I personally submitted this notice to join the LGPS” or
- downloading an opt-in form from www.cityoflondonpensions.org and forwarding a completed copy to the Pensions Office

You will then be sent further information on the scheme, including relevant forms to complete, and will be enrolled into the LGPS.

Regular re-enrolment

If you decide at any time to opt out of membership of the LGPS you will automatically be re-enrolled into the scheme on what is called the “re-enrolment date” if, on that date, you are aged at least 22, under State Pension Age and earning more than £10,000 (current figure), or pro-rata per pay period, unless you had opted out within 12 months prior to the “re-enrolment date”. The “re-enrolment date” is a date chosen by the City of London and will be 1 June 2022. We will contact you when this happens, and you can opt out if it’s still not right for you. Please remember to keep us informed of any change in your home address so that we can contact you when necessary.

Contribution Flexibility - 50/50 Option

When you are contractually enrolled into the scheme you are placed in the main section of the scheme, however, once you are a member of the scheme you are able to elect in writing, at any time, to move to the 50/50 section if you wish.

The 50/50 section gives you the ability to pay half your normal contributions and build up half your normal pension during the time you are in that section. Whilst you are in the 50/50 section you will still get full life assurance cover, full ill health cover and full survivor benefits in the event of your death. If you elect for the 50/50 section, you will be moved to that section from the next available pay period. A 50/50 option form can be downloaded from www.cityoflondonpensions.org or by emailing pensions@cityoflondon.gov.uk

The 50/50 section is designed to be a short term option for when times are tough financially; because of this the City of London is required to re-enrol you back into the main section of the scheme approximately every three years on a “re-enrolment date”. The re-enrolment date is chosen by the City of London and next date is 1 June 2019. If you wished to continue in the 50/50 section at that point you would need to make another 50/50 election.

A commitment from us

The City of London must continue to maintain your membership of the LGPS (unless you personally choose to opt out of membership of the scheme or cease to be eligible for membership), and it must ensure the scheme continues to meet certain government standards;

If the City of London were ever to cease to offer you membership of the scheme, or you cease to be eligible for membership of it whilst in employment with the City, or it changes the scheme in such a way that it no longer meets the government standards, the City of London would, if you are under age 75 and earn more than £5,824 (current figure) or pro-rata per pay period, immediately have to put you into another scheme that meets those government standards.

Privacy Notice and Data Protection Act 2018

As the administering authority of the fund we hold certain information about you (“personal data”) which we need to administer the fund.

For further information read our Privacy Policy on our website using the link below.
www.cityoflondonpensions.org

Further information

For further information on the Local Government Pension Scheme please visit www.cityoflondonpensions.org

If you have any questions about the scheme or your contribution rate please contact or by emailing pensions@cityoflondon.gov.uk

For more general information about pensions and saving for retirement please visit www.gov.uk/workplace-pensions

Right of appeal

If you have sought further information or clarification from the sources shown above but you are not satisfied with any decision affecting you made in relation to the LGPS, you have the right to ask for that decision to be looked at again under a formal complaints procedure. The complaint procedure’s official name is the “internal dispute resolution procedure”.

Should this apply to you please write to the Pensions Manager who will then supply details of the procedure and the name to whom the complaint should be addressed. Such an appeal must be made within 6 months of the day when you were told of the decision you want to complain about.

Yours sincerely

Pensions Manager

LGPS Membership Form



1. Personal Details - Please complete this section in all cases

		National Insurance number											
		<table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>											
First Name(s)													
Home Address	<table border="1"> <tr> <td colspan="2"></td> <td colspan="2">Date of Birth</td> </tr> <tr> <td></td><td></td><td></td><td></td> </tr> </table>					Date of Birth							
		Date of Birth											
		Postcode:											
Email:													
Home Telephone:		Work Telephone:											

Relationship Status: Single/ Married/ Civil Partnership/ Divorced/ Dissolved Civil Partnership/Widow(er)/Cohabiting
(Please circle as appropriate)

2. Current Employment - Please complete this section in all cases

Employer's Name & Address											
	Postcode:										
Membership Start Date	<table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>									Job Title	
Department		Payroll Number									

3. Previous local government employment

If you have been employed in local government previously you must complete the 'Previous Pension Rights' form **in all circumstances**. The form can be downloaded from www.cityoflondonpensions.org The City of London Pension fund will then contact you regarding any previous pension rights you may hold. If you have previous LGPS rights:

- If you re-join the LGPS and have a deferred refund from an earlier period of membership, your previous pension rights must be **automatically** aggregated with your new pension account
- If you re-join the LGPS and have a deferred benefit from an earlier period of membership, your previous LGPS pension rights will be **automatically** aggregated with your new pension account **UNLESS** you elect to retain separate pension rights. You must elect to retain separate pension rights within 12 months of re-joining the LGPS.

4. Previous pension rights in a non-LGPS arrangement

You must elect to transfer any previous pension rights into the LGPS within 12 months of joining. Any request you make to investigate a transfer will not be binding until you have been supplied with further details and subsequently confirm that you wish the transfer to go ahead.

To investigate a transfer you should download the 'previous pension rights' form from our website - www.cityoflondonpensions.org If you have more than one previous pension arrangement you should copy the form, as necessary.

5. Death Grant – Expression of Wish

You should have been provided with a death grant expression of wish form. This form enables you to express your wish as to who you would like to receive any death grant payable in the event of your death. You can obtain a copy of this form at www.cityoflondonpensions.org

6. Annual statement of entitlement

You will be issued with a benefit statement each year showing the pension benefits you have built up in the LGPS.

7. Further information about the LGPS

Membership of the LGPS is automatic for employees under the age of 75 who have a contract of employment that is for at least 3 months. Employees with a contract for less than 3 months and casual workers may elect to join the LGPS by completing an opt-in form.

A copy of the employees' guide to the LGPS can be found at www.cityoflondonpensions.org The guide provides full details of the benefits of belonging to the scheme.

Membership is not compulsory; if you do not wish to be a member of the scheme (or decide at some later date that you do not wish to be a member), you can obtain an opting out form from www.cityoflondonpensions.org or by contacting the Pensions Office. Please note, however, that you cannot sign and date the opting out form until, at the earliest, the first day of membership of the scheme.

I confirm that I have read the contents of this form.

Signed:

Date:

If you have any queries please contact the Pensions Office, City of London, PO Box 270, Guildhall, London, EC2P 2EJ; ☎ ✉ pensions@cityoflondon.gov.uk



Death Grant

Expression of Wish

(For Members of the Local Government Pension Scheme)

Please read these notes carefully then complete the form overleaf

If you die whilst you are a contributing member of the Local Government Pension Scheme a lump sum death grant of 3 years pay is payable from the Pension Fund. A smaller amount may also be payable if you die as deferred member or you are a pensioner who dies within 5 or 10* years of retirement.

*10 years if you left the scheme after 31 March 2008

The advantage of an Expression of Wish is that any death grant will be paid quickly and normally without any liability for inheritance tax. A death grant is paid at the discretion of the Fund and does not form part of your Estate.

Please note that:

1. You can nominate one or more individuals, whether or not related to you, and/or an unincorporated or incorporated body to receive a share of your death grant.
2. If you are nominating more than one individual, please make sure the shares add up to exactly 100%
3. Whilst the City of London will give great weight to your expression of wish, it has absolute discretion to pay the death grant to a member's nominee or personal representative or any other person who appears to have been a relative or dependent.
4. Where a valid expression of wish form does not exist, the City of London will pay the grant, as it sees fit, to such persons who appear to have been a relative/dependent at the time of death.
5. A death grant is usually paid to whoever you have nominated but nominations will be treated by the City of London as not being in force at the time of the member's death if:
 - the nominated beneficiary has died.
 - the City of London is of the opinion that payment of the death benefit to the nominated beneficiary is not reasonably practical
6. You must remember to revise your expression of wish form whenever your circumstances change. You should complete a new form to change your beneficiaries.
7. If you are nominating a child, you may wish to consider establishing a trust fund.
8. A death grant is only payable if you are under age 75 at the date of death

Expression of Wish – Death Grant

(For Members of the Local Government Pension Scheme)

Please print in BLOCK capitals



Member Details

Mr/Mrs/Miss/Ms/Other _____ Surname _____

Forename(s) _____

Employer or former Employer _____

National Insurance Number: _____ Date of Birth: ____/____/____

Address: _____

Postcode _____ Tel Number _____

I wish the City of London Pension Fund, in the exercise of its absolute discretion, to consider paying any lump sum death benefit due under the Local Government Pension Scheme, to the following individual(s) or organisation(s) and, if more than one, in the following shares.

Beneficiary Details

Name and Address	Relationship (if any)	Date of Birth (if under 18)	Share of Benefit (%)
(Please use additional sheets if necessary)		Total	100%

I certify that I have read the notes overleaf and that the above details are correct to the best of my knowledge

Member's signature _____ Date: _____

Send completed form to:

City of London, Pensions Office, PO Box 270, Guildhall, London, EC2P 2EJ

✉ pensions@cityoflondon.gov.uk



LOCAL GOVERNMENT PENSION SCHEME (LGPS) PREVIOUS PENSION RIGHTS

If you have previously paid into another pension scheme(s) you can request to have the benefits built up in these arrangements transferred into the LGPS. You may be able to transfer pension rights into the LGPS from:

- a previous LGPS Fund
- an occupational pension scheme
- a self-employed pension plan
- a 'buy-out' policy
- a personal pension plan
- a stakeholder pension scheme
- an Additional Voluntary Contribution (AVC) arrangement

Please note:

You **cannot** transfer a pension credit into the LGPS. A pension credit is a share of an ex-spouse's or ex-civil partner's pension benefits, as awarded by a Court under a Pension Sharing Order.

If you have previous LGPS pension rights

- If you re-join the LGPS and have a deferred refund from an earlier period of membership, your previous pension rights must be automatically aggregated with your new pension account
- If you re-join the LGPS and have a deferred benefit from an earlier period of membership, your previous LGPS pension rights will be automatically aggregated with your new pension account **UNLESS** you elect to retain separate pension rights. You must elect to retain separate pension rights within 12 months of re-joining the LGPS.

If you have been employed in local government previously you must complete the attached previous local government form in all circumstances. The City of London Pension fund will then contact you regarding any previous pension benefits you may hold.

If you have previous pension rights in a non-LGPS arrangement

You must elect to transfer any previous pension rights into the LGPS within 12 months of joining. Any request you make to investigate a transfer will not be binding until you have been supplied with further details and subsequently confirm that you wish the transfer to go ahead.

To investigate a transfer, you should complete the attached transfer request form. If you have more than one previous pension arrangement you should copy the form, as necessary.

If you have any queries about transferring your pension rights please telephone or email pensions@cityoflondon.gov.uk



Previous Local Government Employment

Have you ever been employed in local government before? Yes ☐ No ☐

If yes, please provide the details below:

1. Name of employer			
Address of previous employer			
Postcode:			
Dates of employment	From:	To:	
If you paid into the LGPS did you:			
Take a refund of contributions	<input type="checkbox"/>	Draw a pension	<input type="checkbox"/>
Transfer your benefits	<input type="checkbox"/>	Defer benefits	<input type="checkbox"/>
(Tick appropriate option)			

2. Name of employer			
Address of previous employer			
Postcode:			
Dates of employment	From:	To:	
If you paid into the LGPS did you:			
Take a refund of contributions	<input type="checkbox"/>	Draw a pension	<input type="checkbox"/>
Transfer your benefits	<input type="checkbox"/>	Defer benefits	<input type="checkbox"/>
(Tick appropriate option)			

If you have more than 2 previous employers, please copy this form as appropriate

Signed:	Date:
Surname:	First names(s):
Date of birth:	National Insurance Number:

Please return this form to your HR department or the Pensions Office, City of London, PO Box 270, Guildhall, London EC2P 2EJ or scan and email it to pensions@cityoflondon.gov.uk



Transfer Request Form Non LGPS pension benefits

Full Title of Pension Scheme:	
Address of Pension Scheme Administrator:	
Postcode:	Telephone number:
Dates from: _____ to: _____	
Name of employer (if applicable):	
Membership/Policy number:	

I authorise my previous pension scheme administrators to release any information relevant to the possible transfer of my pension rights to the City of London.

Completing this form does not commit you to transfer. It allows the City of London Pensions Office to request information from your previous scheme administrators. When that information has been received you will be informed of the pension benefits that can be offered in return for the transfer value. You will then need to decide whether or not to proceed with the transfer.

Please complete ALL sections:

Surname:	First names(s):
Date of birth:	National Insurance Number:
Partnership Status: Single/ Married/ Civil Partnership/ Divorced/Cohabiting with partner/Widow(er)* (delete as appropriate)	
Home Address:	
Signed:	Date:

Please return this form to your HR department or the Pensions Office, City of London, PO Box 270, Guildhall, London EC2P 2EJ or scan and email to pensions@cityoflondon.gov.uk

Dear Sir/Madam

Local Government Pension Scheme - Transfer of Pension Rights

Re: Marital Status:
N.I. No: D.O.B:

The above named, who joined our pension scheme on wishes to consider the possibility of a transfer and informs me they have had previous pensionable service as follows:-

Employer:

Employee No:

Periods of Employment:

Would you please forward a full Cash Equivalent Transfer Value quotation to this office, supplying any further relevant information together with forms of authority required to enable the transfer to proceed. Please find enclosed authorisation for you to release such information.

If applicable, please provide the weekly amount of GMP accrued to the date of leaving and the type of revaluation operated. **Protected rights should be converted to a GMP before sending the transfer quote.**

For your reference, the Local Government Pension Scheme (LGPS) is approved by virtue under Chapter 2 of Part 4 of the Finance Act 2004 and is a Statutory Scheme under Part 1 of Schedule 36 of the Finance Act 2004.

The LGPS is a contracted-out, salary related, occupational scheme and is a member of the public sector "Club" transfer arrangements.

The Local Government Pension Scheme allows for full revaluation of GMP's in accordance with orders issued under Section 148 of the Social Security Administration Act 1992.

ECON: E3900002R
SCON: S2700133C
PSTR No: 00329946RE

Thank you for your assistance in this matter.

If you have any queries contact

Yours faithfully

Pensions Manager

Dear Sir/Madam

Local Government Pension Scheme - Interfund Transfer

Name:

NI Number:

The above named joined the LGPS with the City of London Pension Fund on **/**/**** and has informed me that they have previous LGPS membership as below:

Employer	
Period(s) of Employment	

I would be grateful if you would forward a member summary print and a CETV value. Please ensure that the CETV calculation details the split between the differing sections of the scheme (i.e. 80ths, 60ths and CARE), as appropriate.

Please also inform me if the member was paying AVCs or making additional contributions to purchase added years or additional pension.

Please also confirm if the member holds a deferred benefit as a result of opting out of the LGPS on or after 11 April 2015.

If the member only holds a deferred refund with your fund I would be grateful if you would also make payment of the transfer at this stage. Payment can be made by cheque to "The City of London". Alternatively you can make payment by BACS. Please quote the member's National Insurance number followed by PEN/JB and pay to the following account:

Bank: Lloyds City Office
Sort Code:

Account Name: COL Pension Fund
Account No:

ECON: E3900002R

SCON: S2700133C

Yours faithfully

Pensions Manager

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Dear

Local Government Pension Scheme – Opting out

I acknowledge receipt of your election to opt out of the Local Government Pension Scheme (LGPS).

The effective date of your opt out is **/**/****; this means you are no longer a member of the LGPS from this date and are not entitled to participate in the benefits of the pension scheme in respect of your on-going employment.

As you have been a member of the pension scheme for more than two years you will be awarded a deferred benefit in respect of the membership you built up before you opted out. I will write to you to confirm the value of your deferred benefits within the next two months.

Can I re-join the LGPS at a later date?

Yes. You have the right to opt to re-join the LGPS from the beginning of the next available pay period after electing to re-join (subject, of course, to meeting the normal requirements for being eligible for membership of the scheme and being under age 75 at the time). You can re-join the scheme by:

- sending a letter, signed by you to the Pensions Office, City of London, PO Box 270, Guildhall, London, EC2P 2EJ
- Sending an email to pensions@cityoflondon.gov.uk including the wording “I confirm I personally submitted this notice to join the LGPS” or
- downloading an opt-in form from www.cityoflondonpensions.org and forwarding a completed copy to the Pensions Office

You will then be sent further information on the scheme, including relevant forms to complete, and will be enrolled into the LGPS.

Regular re-enrolment

You will automatically be re-enrolled into the scheme on what is called the “re-enrolment date” if, on that date, you are aged at least 22, under State Pension Age and earning more than £10,000 (current figure), or pro-rata per pay period, unless you had opted out within 12 months prior to the “re-enrolment date”. The “re-enrolment date” is a date chosen by the City of London and will be 1 June 2025. We will contact you when this happens, and you can opt out if it’s still not right for you.

Further information

For further information on the Local Government Pension Scheme please visit www.cityoflondonpensions.org

If you have any questions about the scheme please contact

For more general information about pensions and saving for retirement please visit www.gov.uk/workplace-pensions

Right of appeal

If you have sought further information or clarification from the sources shown above but you are not satisfied with any decision affecting you made in relation to the LGPS, you have the right to ask for that decision to be looked at again under a formal complaints procedure. The complaint procedure's official name is the "internal dispute resolution procedure".

Should this apply to you please write to the Pensions Manager who will then supply details of the procedure and the name to who the complaint should be addressed. Such an appeal must be made within 6 months of the day when you were told of the decision you want to complain about.

Yours sincerely

Pensions Manager

Dear

Membership of the Local Government Pension Scheme

I am writing to confirm that, as per your written request, you have been entered into membership of the LGPS in your post of ****, as from. *[enter date from which person has become a member of the scheme]*

A copy of the employees' guide to the LGPS can be viewed at www.yourpension.org.uk/CityofLondon. This provides full details of the benefits of belonging to the scheme.

Please submit the following documents:

- Birth Certificate or Passport
- Husband's /Wife's /Civil Partner's birth certificate or passport (if applicable)
- Marriage Certificate /Civil Partnership Certificate (if applicable)
- Decree Absolute (if applicable)
- Confirmation of basic details form (copy attached)
- Lump Sum Death Benefit – Expression of wish form (copy attached)
- Previous Pension Rights Form (copy attached)

As a member of the scheme you will be required to contribute a percentage of your salary to the LGPS, the contribution rate you will personally make is **%. This is deducted in accordance with the tables set out below. The City of London will also contribute to the scheme on your behalf, with the employer contribution to the scheme being determined at the valuation of the Pension Fund every three years by the Fund's appointed actuary.

Employee contribution tables for 2022/23

Pay Bands	Contribution Rates
Up to £15,000	5.5%
£15,001 - £23,600	5.8%
£23,601 - £38,300	6.5%
£38,301 - £48,500	6.8%
£48,501 - £67,900	8.5%
£67,901 - £96,200	9.9%
£96,201 - £113,400	10.5%
£113,401 - £170,100	11.4%
£170,101 or more	12.5%

It is expected that the contribution bands will be reviewed every three years

The City of London has determined that your contribution rate will be reviewed periodically or in the event of a material change to your pensionable pay; I will notify you of any further changes. If you have any questions about your pension or you think your contribution rate has been incorrectly determined please contact the Pensions Office by emailing pensions@cityoflondon.gov.uk

Your contributions to the LGPS will be deducted from the pensionable pay you receive each pay period.

You will receive tax relief on those contributions, and on any extra contributions you choose to pay to the LGPS. Tax relief means some of your money that would have gone to the government as tax now goes into your pension instead. In the LGPS, tax relief is given under the net pay arrangements (in accordance with section 193 of the Finance Act 2004). This means you don't need to do anything to get the tax relief paid into your pension. It will happen automatically. Information on how 'net pay' works can be found at: www.direct.gov.uk/workplacepensiontaxrelief

Once a year you will get a statement indicating how much your pension has built up and how much you might get when you reach retirement age.

As a member of the scheme you can, if you wish, increase your pension benefits by paying Additional Voluntary Contributions (AVCs) or Additional Pension Contributions (APCs) and details of these options are included in the employees' guide to the LGPS.

The Pension Scheme

The Local Government Pension Scheme in which you participate is provided by the City of London Corporation. The LGPS is a registered public service scheme under Chapter 2 of Part 4 of the Finance Act 2004 and I am pleased to confirm that it is a qualifying pension scheme, which means it meets or exceeds the government's standards. The scheme complies with the relevant provisions of the Pension Schemes Act 1993, the Pensions Act 1995, the Pensions Act 2004, the Pensions Act 2008 and is contracted-out of the State Second Pension (S2P) scheme. Whilst you are a member of the LGPS you will be contracted-out of the State Second Pension (S2P) scheme.

Can I opt out of the scheme?

If you do not wish to be a member of the scheme (or decide at some later date that you do not wish to be a member), you can obtain an opting out form from www.yourpension.org.uk/CityofLondon or by contacting the Pensions Office. The form must be returned to your HR or payroll department.

If you make a valid election to opt out within 3 months of being enrolled you will be treated for all purposes as not having become an active member of the LGPS on this occasion and we will refund to you the contributions paid by you. If you opt out after then you will be entitled to whatever benefits are due under the rules of the LGPS.

Contribution Flexibility - 50/50 Option

When you opt in to the LGPS you are placed in the main section of the scheme, however, once you are a member of the scheme you are able to elect in writing, at any time, to move to the 50/50 section if you wish.

The 50/50 section gives you the ability to pay half your normal contributions and build up half your normal pension during the time you are in that section. Whilst you are in the 50/50 section you will still get full life assurance cover, full ill health cover and full survivor benefits in the event of your death. If you elect for the 50/50 section you will be moved to that

section from the next available pay period. A 50/50 option form can be downloaded from www.yourpension.org.uk/CityofLondon or by emailing pensions@cityoflondon.gov.uk

The 50/50 section is designed to be a short term option for when times are tough financially; because of this the City of London is required to re-enrol you back into the main section of the scheme approximately every three years on a “re-enrolment date”. The re-enrolment date is chosen by the City of London and next date is 1 June 2019. If you wished to continue in the 50/50 section at that point you would need to make another election.

Further information

For further information on the Local Government Pension Scheme please visit <http://www.yourpension.org.uk/CityofLondon>

If you have any questions about the scheme or your contribution rate please contact

For more general information about pensions and saving for retirement please visit www.direct.gov.uk/workplacepensions

Right of appeal

If you have sought further information or clarification from the sources shown above but you are not satisfied with any decision affecting you made in relation to the LGPS, you have the right to ask for that decision to be looked at again under a formal complaints procedure. The complaint procedure’s official name is the “internal dispute resolution procedure”.

Should this apply to you please write to the Pensions Manager who will then supply details of the procedure and the name to whom the complaint should be addressed. Such an appeal must be made within 6 months of the day when you were told of the decision you want to complain about.

Yours sincerely

Pensions Manager

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Dear

Local Government Pension Scheme – 50/50 Section

I acknowledge receipt of your election to move to the 50/50 section of the Local Government Pension Scheme (LGPS).

The effective date of your election is **/**/****. From this date you will pay pension contributions of **% and you will only build up half the normal pension in respect of this employment.

If you are paying additional pension contributions (APCs) to purchase extra pension these will cease (unless those APCs are to purchase pension 'lost' during a period of authorised unpaid leave or absence or during a period of unpaid additional maternity, paternity or adoption leave).

If you are paying additional voluntary contributions (AVCs) they will continue to be payable in full, unless you elect otherwise.

If, during a pay period, you go onto no pay due to sickness or injury and you are still on no pay at the beginning of the next pay period, your employer will then move you back into the main section of the LGPS. That is to your advantage as you will then start to accrue full pension again, even though you will not be paying pension contributions. On return to work you would have the right to make an election to move back to the 50/50 section if you wished to do so.

Please visit our website www.yourpension.org.uk/CityofLondon for full terms and conditions of the 50/50 section.

Can I re-join the main section of the LGPS at a later date?

Yes. You have the right to choose to move back into the main section of the scheme at any time (provided you are under age 75 and you remain in a job that qualifies you for membership of the scheme). You would need to make an election to your employer to move back to the main section and an election form to do so can be obtained at <http://www.yourpension.org.uk/CityofLondon> or by emailing pensions@cityoflondon.gov.uk. You would be brought back into the main section from the next available pay period after your employer receives the completed election form and you would then start to again build up a full pension. If you are in the 50/50 section in more than one job you can elect to move back into the main section in all or some of the jobs.

Regular re-enrolment

The 50/50 section is designed to be a **short-term** option for when times are tough financially. Because of this your employer is required to automatically put you back into the

main section of the LGPS approximately three years from the date they first have to comply with the automatic enrolment provisions of the Pensions Act 2008 (and approximately every three years thereafter). Your employer will move you back into the main section of the scheme at that time irrespective of when your election to join the 50/50 section took place (even if, for example, you had only elected for 50/50 the previous month).

The “re-enrolment date” is date chosen by the City of London and will be 1 June 2025. Your employer will contact you at this time; if you wish to continue in the 50/50 section at that point you will need to make another election to remain in the 50/50 section.

If you have any queries please contact

Yours sincerely

Pensions Manager

Dear.....,

Local Government Pension Scheme 2014

As you ceased to be a member of the Local Government Pension Scheme on in respect of your employment with the City of London and have less than two years pension scheme membership a refund of pension contributions is now due.

In order to claim this refund please complete option B on the attached form and return it to the address at the bottom of the form. Please note, the pension scheme rules do not permit you to claim a refund of contributions until at least one month and one day has expired since your last day of membership. **Therefore, the earliest date that you can complete and return the refund claim form is _____.** If you complete the form prior to this date it will be returned to you with a new form for completion.

Alternatively, you may elect to transfer your membership (Option A) or to defer taking a refund for the time being (Option C). Please note that you can only defer payment for a maximum of five years or to age 75, whichever is earlier.

If you have any queries, please contact

Yours sincerely

Pensions Manager



LEAVING PENSIONABLE EMPLOYMENT OPTION FORM

OPTION A – TRANSFER OF BENEFITS TO ANOTHER SCHEME

☐

I am interested in transferring my pension rights to my new pension scheme.
I understand I need to inform the administrators of the new scheme that I have pension rights with the City of London so that they can investigate a transfer.

OPTION B – REFUND OF CONTRIBUTIONS

☐

I confirm that I wish to claim a refund of contributions. I confirm that a period of one **month and one day** has expired since my last day of membership. I certify that I do not have any other pension rights in the LGPS in England and Wales. I acknowledge that if I do have such pension rights, I am not entitled to make a claim for a refund of contributions and that, if I make a false statement, the payment of a refund will mean that I cease to be entitled to any other pension benefits I have in the LGPS in England and Wales.

Name of Bank or Building Society: _____

Sort Code: _____ Account No: _____

Reference: _____

OPTION C – DEFERRED DECISION

☐

I understand that I am entitled to a refund of contributions but wish to defer my decision for the time being. I understand that I can only defer payment for a maximum of five years or to age 75, whichever is earlier.

DECLARATION: (To be completed in all cases)

Signed: _____ Date: _____

Full Name: _____ National Insurance No: _____

Address: _____

Send completed form to Pensions@cityoflondon.gov.uk

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Dear,

Local Government Pension Scheme Regulations 2014

I can advise that a BACS payment of £..... in respect of your refunded pension contributions will shortly be credited directly to your bank account. The payment is made up as follows:

Total Contributions Paid	£.....
Less Tax (20%)	<u>£.....</u>
	<u>£.....</u>

If you have any queries, please email

Yours sincerely

Pensions Manager

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Dear,

Local Government Pension Scheme

Please find enclosed a statement of your pension benefit entitlement in the above scheme.

Payment Date

The benefits shown can be taken unreduced from your individual State Pension Age (SPA). If you are unsure what your SPA is you can find out at www.gov.uk/calculate-state-pension

You are able to apply for early payment of your preserved benefits as below:

- i) from age 55, however, your pension benefits would be reduced to take into account early payment unless your former employer agreed to waive part or all of the reduction.

The City of London resolves to make use of the discretion to waive in full or in part, any reduction to the member's benefits only where there is no financial or operational disadvantage to the City of London. Each case will be considered on its merits by the relevant Chief Officer in agreement with the Director of Corporate HR and the Chamberlain.

- ii) at any time on the grounds of ill health or infirmity where your health deteriorates to the state where you would be incapable of efficiently carrying out the duties you were performing during your employment with the City of London, and where your condition would prevent you from obtaining other gainful employment, whether in local government or elsewhere, within three years of the date of your application.

Calculation of benefits

Final Salary Benefits

Your pension benefits up to 31 March 2014 are based on your membership and your final pay on leaving. Your final pay is usually the pensionable pay in respect of your final year of scheme membership or one of the two previous years' if this is higher. If you were working part-time your final pay is the pay that you would have received had you worked whole-time.

The pensionable pay used to calculate your final salary is your normal pay or wages plus London weighting, shift allowances, contractual overtime, bonuses, maternity pay, paternity pay, adoption pay and any other taxable benefit specified in your contract as being pensionable. Non-contractual overtime and additional hours worked are not used to calculate your final pay.

You have the option to have your final pay calculated as the average of any 3 consecutive years' pay in the last 13 years (ending on a 31 March) if your pay was reduced, or increases to your pay were restricted in your last 10 years of continuous employment because:

- you downgraded or moved to a job with less responsibility, or
- as a result of a job evaluation/equal pay exercise, or
- of a change to what is specified as pensionable pay in your contract

If you wish to take up this option you should contact the Pensions Office in writing **within 30 days** of the date of this letter.

Your benefits are increased in line with the cost of living, both while they are preserved, and after they come into payment. Where a previous year's pay has been used these increases apply from the end of the pay period used.

If you receive arrears of salary after leaving the LGPS (e.g. due to a backdated pay award or a bonus paid in respect of an earlier period) your pension benefits will be re-calculated accordingly; where a previous year's pay has been used to calculate your pension benefits the re-calculation may result in the final year being higher and consequently pension increases will apply from a later date. **As a result there may be a reduction in the pensions increase amount and a reduction to the total pension benefit payable.**

Career Average Revalued Earnings (CARE) benefits

From 1 April 2014 your pension is calculated each year by taking 1/49th of your pensionable pay in that year and adding it to your Pension Account. The amount of pension in your Pension Account at the end of each scheme year will be adjusted in line with the cost of living.

The pensionable pay used to calculate your CARE benefits is your normal salary or wages plus London weighting, shift allowances, overtime (both contractual and non-contractual), bonuses, additional hours, maternity pay, paternity pay, adoption pay and other taxable benefit specified in your contract as being pensionable.

Your benefits are increased in line with the cost of living, both while they are preserved, and after they come into payment.

Transfer

If you re-join the LGPS at any time prior to retirement, your pension rights will be automatically combined with your new LGPS pension benefits unless you elect to keep them separate.

If you become subject to any other pension arrangements outside of the LGPS, it may be possible to transfer your pension rights if you so wish. In order to initiate a transfer you should inform your current or future pension scheme administrator that you wish to consider a transfer of your pension rights.

Annual Statement

You will receive an annual statement each year (usually June) to inform you of the current value of your preserved benefit. Please keep me informed of any **change to your address**.

If you have any queries concerning this statement, or disagree with the award of the calculation of benefits, please contact me on the telephone number above.

Should your concern remain outstanding you have a right of appeal under the City of London's Internal Dispute Resolution Procedure. If this is the case, you should write to me at the above address and I will supply details of the procedure and to whom the complaint should be addressed. Any such appeal should be made as soon as is reasonably practicable after the receipt of this letter but within six months of the date of this letter.

Further information

For further information on the Local Government Pension Scheme please visit www.yourpension.org.uk/CityofLondon

For more general information about pensions and saving for retirement please visit www.direct.gov.uk/workplacepensions

Yours sincerely

Pensions Manager

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Dear

Local Government Pension Scheme Retirement Benefits

I write to inform you that on your leaving your employment with the City of London Corporation on **** you have become entitled to an award of preserved retirement benefits payable from your state pension age, presently ****. The value of these benefits is as follows:-

Annual Pension	£
Lump Sum	£

Alternatively, you may elect to receive immediate payment of reduced benefits from ****. The value of these benefits would be as follows:-

Annual Pension	£
Lump Sum	£

Calculation of Final Salary Pension benefits

Your pension benefits up to 31 March 2014 are based on your membership and your final pay on leaving. Your final pay is usually the pensionable pay in respect of your final year of scheme membership or one of the two previous years' if this is higher. If you were working part-time your final pay is the pay that you would have received had you worked whole-time.

These benefits have been calculated using a pensionable pay of £****. This relates to the period **** to **** and is the highest of the final three years.

If your pay was reduced or increases to your pay were restricted in your last 10 years of continuous employment because you downgraded or moved to a job with less responsibility, or as a result of a job evaluation/equal pay exercise, or because of a change to what is specified as pensionable pay in your contract **you have the option to have your final pay calculated as the average of any 3 consecutive years' pay in the last 13 years** (ending on a 31 March). If you wish to take up this option please notify me in writing immediately.

Your benefits are increased in the line with the cost of living, both while they are preserved, and after they come into payment. Where a previous year's pay has been used these increases apply from the end of the pay period used.

If you receive arrears of salary after leaving the LGPS (e.g. due to a backdated pay award or a bonus paid in respect of an earlier period) your pension benefits will be re-calculated accordingly; where a previous year's pay has been used to calculate your

pension benefits the re-calculation may result in the final year being higher and consequently pension increases will apply from a later date. **As a result there may be a reduction in the pensions increase amount and a reduction to the total pension benefit payable.**

Calculation of Career Average Revalued Earnings (CARE) benefits

From 1 April 2014 your pension is calculated each year by taking 1/49th of your pensionable pay in that year and adding it to your Pension Account. The amount of pension in your Pension Account at the end of each scheme year will be adjusted in line with the cost of living.

Exchanging annual pension for lump sum

You have an option to convert some of your pension into extra lump sum retirement grant. Such conversion would be within Her Majesty's Revenue & Customs (HMRC) limits. For every £1.00 of annual pension converted, you would receive an additional lump sum retirement grant of £12.00.

If you elect to take immediate payment of reduced benefits the maximum you are allowed to convert is £*** which would then provide you with an additional lump sum retirement grant of £****.

You can choose to convert any amount of pension up to the maximum amount shown above. The options available to you are detailed on the attached 'Lump Sum Option form'. Should you elect to convert pension to provide for a larger lump sum but wish to convert an amount less than the permitted maximum you should select Option C and specify the amount of additional lump sum you wish to receive. Once you have made your election you will not be able to amend your decision at a later date.

Please note that if you reduce your pension, your spouse's and dependants' pensions would not be affected.

Please also complete the attached 'personal details following retirement' and 'lifetime allowance statement' forms and email them to the pension's office along with any relevant certificates.

If you require any further information regarding this matter, please do not hesitate to contact

Yours sincerely

Pensions Manager

City of London
Local Government Pension Scheme

Payment of Benefits Form

Please tick the appropriate option

Option 1

I wish to take a reduced pension and lump sum
from ****. I have completed and
enclosed:

☐

- Lump Sum Option Form
- Bank details Form
- Lifetime allowance Form

Option 2

I wish to take an un-reduced pension and lump sum
from ****.

☐

Signature: _____ Date: _____

Full Name: _____

PG/PENSIONS/...../****

City of London
Local Government Pension Scheme
Lump Sum Option Form

Option 1- Maximum Permitted Pension Converted to Lump Sum

An annual pension of	£XXX
Plus a tax free Lump Sum of	£XXX
Percentage of Lifetime Allowance	x.xx%

Option 2- Standard Pension Benefits

An annual pension of	£XXX
Plus a tax free Lump Sum of	£XXX
Percentage of Lifetime Allowance	x.xx%

Option 3- Pension Converted to Lump Sum

Please state the amount of lump sum required
between £XXX and £XXX00 £_____

The annual pension and percentage of lifetime allowance will be calculated
and detailed to you.

**I wish to take my benefits as shown in Option _____ (please state which number
option you wish to take). I understand this decision is final and cannot be
revoked.**

Signature:_____ Date:_____

Full Name:_____

PG/PENSIONS/...../**

Dear

Local Government Pension Scheme - Retirement Benefits

I write to inform you that on your retirement from your employment with the City of London Corporation on **** you will become entitled to the following pension benefits:-

Annual Pension	£ ****
Lump Sum Retirement Grant	£ ****

Calculation of Final Salary Pension benefits

Your pension benefits up to 31 March 2014 are based on your membership and your final pay on leaving. Your final pay is usually the pensionable pay in respect of your final year of scheme membership or one of the two previous years' if this is higher. If you were working part-time your final pay is the pay that you would have received had you worked whole-time.

These benefits have been calculated using a pensionable pay of £****. This relates to the period **** to **** and is the highest of the final three years.

If your pay was reduced or increases to your pay were restricted in your last 10 years of continuous employment because you downgraded or moved to a job with less responsibility, or as a result of a job evaluation/equal pay exercise, or because of a change to what is specified as pensionable pay in your contract **you have the option to have your final pay calculated as the average of any 3 consecutive years' pay in the last 13 years** (ending on a 31 March). If you wish to take up this option please notify me in writing immediately.

Your benefits are increased in the line with the cost of living, both while they are preserved, and after they come into payment. Where a previous year's pay has been used these increases apply from the end of the pay period used.

If you receive arrears of salary after leaving the LGPS (e.g. due to a backdated pay award or a bonus paid in respect of an earlier period) your pension benefits will be re-calculated accordingly; where a previous year's pay has been used to calculate your pension benefits the re-calculation may result in the final year being higher and consequently pension increases will apply from a later date. **As a result there may be a reduction in the pensions increase amount and a reduction to the total pension benefit payable.**

Calculation of Career Average Revalued Earnings (CARE) benefits

From 1 April 2014 your pension is calculated each year by taking 1/49th of your pensionable pay in that year and adding it to your Pension Account. The amount of pension in your Pension Account at the end of each scheme year will be adjusted in line with the cost of living.

Exchanging annual pension for lump sum

You have an option to convert some of your pension into extra lump sum retirement grant. Such conversion would be within Her Majesty's Revenue & Customs (HMRC) limits. For every £ 1.00 of annual pension converted, you would receive an additional lump sum retirement grant of £ 12.00.

The maximum you are allowed to convert is £*** which would then provide you with an additional lump sum retirement grant of £****.

You can choose to convert any amount of pension up to the maximum amount shown above. The options available to you are detailed on the attached 'Lump Sum Option Form'. Should you elect to convert pension to provide for a larger lump sum but wish to convert an amount less than the permitted maximum you should select Option 3 and specify the amount of additional lump sum you wish to receive. Once you have made your election you will not be able to amend your decision at a later date.

Please also complete the attached 'Personal Details Following Retirement' and 'Lifetime Allowance Statement' forms and return them to the pension's office enclosing any relevant certificates.

If you require any further information regarding this matter, please do not hesitate to contact

Yours sincerely

Pensions Manager

City of London
Local Government Pension Scheme
Lump Sum Option Form

Option 1- Maximum Permitted Pension Converted to Lump Sum

An annual pension of	£X.XX
Plus a tax free Lump Sum of	£X.XX
Percentage of Lifetime Allowance	X.XX%

Option 2- Standard Pension Benefits

An annual pension of	£X.XX
Plus a tax free Lump Sum of	£X.XX
Percentage of Lifetime Allowance	X.XX%

Option 3- Pension Converted to Lump Sum

Please state the amount of lump sum required
between £X.XX and £X,XX £ _____

The annual pension and percentage of lifetime allowance will be calculated
and detailed to you.

**I wish to take my benefits as shown in Option _____ (please state which number
option you wish to take). I understand this decision is final and cannot be
revoked.**

Signature: _____ Date: _____

Full Name: _____

PG/PENSIONS/.....

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Dear

Local Government Pension Scheme

I write to inform you that on your leaving your employment with the City of London Corporation on **** you have become entitled to an award of preserved retirement benefits payable from ****. The value of these benefits is as follows:-

Annual Pension	£	****
Lump Sum Retirement Grant	£	****
Spouses Pension (payable upon death)	£	****

Alternatively, you may elect to receive immediate payment of reduced benefits from ****. The value of these benefits would be as follows:-

Annual Pension	£	****
Lump Sum Retirement Grant	£	****
Spouses Pension (payable upon death)	£	****

Calculation of Final Salary Pension benefits

Your pension benefits up to 31 March 2014 are based on your membership and your final pay on leaving. Your final pay is usually the pensionable pay in respect of your final year of scheme membership or one of the two previous years' if this is higher. If you were working part-time your final pay is the pay that you would have received had you worked whole-time.

These benefits have been calculated using a pensionable pay of £**. This relates to the period **** to ***** and is the highest of the final three years.

If your pay was reduced or increases to your pay were restricted in your last 10 years of continuous employment because you downgraded or moved to a job with less responsibility, or as a result of a job evaluation/equal pay exercise, or because of a change to what is specified as pensionable pay in your contract **you have the option to have your final pay calculated as the average of any 3 consecutive years' pay in the last 13 years** (ending on a 31 March). If you wish to take up this option please notify me in writing immediately.

Your benefits are increased in the line with the cost of living, both while they are preserved, and after they come into payment. Where a previous year's pay has been used these increases apply from the end of the pay period used.

If you receive arrears of salary after leaving the LGPS (e.g. due to a backdated pay award or a bonus paid in respect of an earlier period) your pension benefits will be re-calculated accordingly; where a previous year's pay has been used to calculate your pension benefits the re-calculation may result in the final year being higher and

consequently pension increases will apply from a later date. **As a result there may be a reduction in the pensions increase amount and a reduction to the total pension benefit payable.**

Calculation of Career Average Revalued Earnings (CARE) benefits

From 1 April 2014 your pension is calculated each year by taking 1/49th of your pensionable pay in that year and adding it to your Pension Account. The amount of pension in your Pension Account at the end of each scheme year will be adjusted in line with the cost of living.

Exchanging annual pension for lump sum

You have an option to convert some of your annual pension to provide for a larger lump sum. For every £1.00 of annual pension converted, you would receive an additional lump sum of £12.00.

The amount you are allowed to convert is limited by HM Revenues and Customs. The maximum pension available for conversion in your case is £**, which would provide you with an additional lump sum of £**.

You can choose to convert any amount of pension up to the maximum amount shown above. The options available to you are detailed on the attached 'Lump Sum Option form 1'. Should you elect to convert pension to provide for a larger lump sum but wish to convert an amount less than the permitted maximum you should select Option 3 and specify the amount of additional lump sum you wish to receive.

Prudential AVC

If you elect to convert the maximum pension, as shown above, you will not be able to take your entire Prudential AVC fund as tax free cash. Prudential have informed me that the estimated value of your AVC fund is £***.

You have several options regarding your AVC fund which I have set out below:

- You can purchase an annuity from Prudential – if you are interested in this option please contact me as soon as possible and I will request a formal quotation.
- You can purchase an annuity on the 'open market' which means that you can purchase an annuity from any insurance company of your choosing.
- You can purchase an annual pension from the Local Government Pension Scheme, the details of which are provided below:

- Should you wish to purchase pension for yourself only the amount of annual pension payable would be £***.
- Should you wish to provide for dependents benefits also the amount of annual pension payable would be £***. In the event of your death your spouse would receive 37.5% of the annual pension purchased i.e. £*** per annum.

The annual pension figures quoted above would be increased each year in line with the consumer price index.

- You can elect to receive a tax-free lump sum of £***
- Transfer you AVC to another pension arrangement.

The Government has introduced legislation to ensure individuals are aware of Pensions Wise guidance when taking Defined Contribution savings – in this instance your **Prudential/Standard Life/Utmost** AVC. The aim is to protect people by helping them make informed decisions. Enclosed are details on getting guidance about your AVC options and we will need you to return the declaration on whether you have received advice from Pension Wise or opted out of getting advice before we can pay your AVC benefits

Please complete the attached form to advise me which of the above options you wish to take regarding your AVC fund.

Exchanging annual pension for lump sum

As mentioned previously, you have an option to convert some of your pension into extra lump sum retirement grant.

If you wish to take your entire AVC fund as tax free cash the maximum you would be permitted to convert is £*** which would then provide you with an additional lump sum retirement grant of £***.

You can choose to convert any amount of pension up to the maximum amount shown above. The options available, assuming you wish to take your entire AVC fund as tax free cash, are detailed on the attached 'Lump Sum Option Form 2'. Should you elect to convert pension to provide for a larger lump sum but wish to convert an amount less than the permitted maximum you should select Option 3 and specify the amount of additional lump sum you wish to receive.

Should you wish to discuss this matter please do not hesitate to contact

Yours sincerely

Pensions Manager

City of London
Local Government Pension Scheme

Payment of Benefits Form

Please tick the appropriate option

Option 1

I wish to take a reduced pension and lump sum
From *****. I have completed and
enclosed:

☐

- Lump Sum Option Form
- Bank details Form
- Lifetime allowance Form

Option 2

I wish to take an un-reduced pension and lump sum
from *****.

☐

Signature: _____ Date: _____

Full Name: _____

PG/PENSIONS/...

City of London
Local Government Pension Scheme

Lump Sum Option Form 2

***NB Only complete this if you are planning to take your AVC
fund as tax free cash***

Option 1- Maximum Permitted Pension Converted to Lump Sum

An annual pension of	£ *
Plus a tax free Lump Sum of	£ *
Percentage of Lifetime Allowance	%

Option 2- Standard Pension Benefits

An annual pension of	£ *
Plus a tax free Lump Sum of	£ *
Percentage of Lifetime Allowance	%

Option 3- Pension Converted to Lump Sum

Please state the amount of lump sum required
between £ * and £ *. £ _____

The annual pension and percentage of lifetime allowance will be calculated
and detailed to you.

**Includes estimated AVC fund value*

**I wish to take my benefits as shown in Option _____ (please state which number
option you wish to take).**

Signature: _____ Date: _____

Full Name: _____
PG/PENSIONS/...

Dear

The Local Government Pension Scheme Regulations

Ill Health Retirement – Tier Three

I have been informed that you have been awarded ill health retirement benefits which will become payable from *****.

Your employer has determined that you qualify for tier three ill health benefits because it is deemed likely that you will be able to obtain gainful employment within 3 years of leaving your employment with the City of London. This means that you will receive immediate payment of the benefits you have accrued in the Local Government Pension Scheme (LGPS), with no enhancement. The benefits payable from ***** are detailed below:

Annual Pension	£
Lump Sum Retirement Grant	£

Please note, the tier three ill health benefit is a short term reviewable benefit; you will receive payment of any lump sum retirement grant, however, the annual pension is payable for a maximum of three years, after which the pension will become preserved until your normal retirement age (reduced benefits can be claimed from age 55 onwards).

The City of London will undertake a review of your entitlement 18 months after the cessation of your employment i.e.*****. If you have not commenced gainful employment at this date a further medical assessment will be necessary.

Payment of your annual pension will cease if at any point you commence gainful employment. **You are, therefore, required to inform the City of London immediately if you commence any paid employment.** Your former employer will then assess if the employment constitutes gainful employment and if your pension benefits should continue.

Gainful employment means paid employment for not less than 30 hours in each week for a period of not less than 12 months.

You have an option to convert some of your annual pension to provide for a larger lump sum. For every £1.00 of annual pension converted, you would receive an additional lump sum of £12.00.

The amount you are allowed to convert is limited by HM Revenues and Customs. The maximum pension available for conversion in your case is £*****, which would provide you with an additional lump sum of £*****.

You can choose to convert any amount of pension up to the maximum amount shown above. The options available to you are detailed on the attached 'Lump Sum Option form'.

Should you elect to convert pension to provide for a larger lump sum but wish to convert an amount less than the permitted maximum you should select Option 3 and specify the amount of additional lump sum you wish to receive.

Please note that if you reduce your pension, your spouse's and dependants' pensions would not be affected.

Please also complete the attached 'personal details following retirement' and 'lifetime allowance statement' forms and return them to me enclosing any relevant certificates.

If you have any queries please contact *****.

Yours sincerely

Pensions Manager

City of London
Local Government Pension Scheme

Lump Sum Option Form

Option 1- Maximum Permitted Pension Converted to Lump Sum

An annual pension of	£
Plus a tax free Lump Sum of	£
Percentage of Lifetime Allowance	%

Option 2- Standard Pension Benefits

An annual pension of	£
Plus a tax free Lump Sum of	£
Percentage of Lifetime Allowance	%

Option 3- Pension Converted to Lump Sum

Please state the amount of lump sum required
between £***** and £***** £_____

The annual pension and percentage of lifetime allowance will be calculated
and detailed to you.

**I wish to take my benefits as shown in Option _____ (please state which number
option you wish to take).**

Signature:_____ Date:_____

Full Name:_____

PG/PENSIONS/.....

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Dear

Local Government Pension Scheme - Retirement Benefits

Please find enclosed a statement of your pension benefit entitlement. Your lump sum retirement grant will be paid directly into your nominated bank as soon as possible after your retirement date.

Your pension will be paid on the last working day of each month direct to your bank/building society. Your first payment will be made on ****.

If you have any queries concerning this statement or, disagree with the award or the calculation of benefits please in the first instance contact Should your concern remain outstanding you may initially appeal via the City of London's Internal Dispute Resolution Procedure. If this is the case, write to the Pensions Manager who will then supply details of the procedure and the name to whom the complaint should be addressed. Such an appeal must be made within 6 months of the date of this letter.

The City of London will not abate or suspend your pension if you re-enter local government employment but you should still inform this office if you take up further Local Government employment.

Please note a tax charge may be payable on the interest, you are required to account for the tax due to your own Tax Inspector using the self-assessment process. If you would like more information about self-assessment please access the HMRC website at www.hmrc.gov.uk/sa/

If you have any queries once receiving your pension please contact **Pensions Payroll on pensionspayroll@cityoflondon.gov.uk**. You can also access further information on our website, [Pensioners - City of London Pension Fund \(cityoflondonpensions.org\)](http://cityoflondonpensions.org)

Yours sincerely

Pensions Manager

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Committee: Pensions Committee	Dated: 27 September 2022
Subject: London Collective Investment Vehicle (London CIV) and Markets in Financial Instruments Directive II (MiFID II)	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	All
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Chamberlain	For Decision
Report author: Amanda Luk – Chamberlain's Department	

Summary

In January 2018, the Markets in Financial Instruments Directive II came into effect, applying to all local authorities both as administering authorities for the Pension Fund and separately for their treasury management function.

The London CIV can only offer its services to professional clients and upon MiFID II implementation all Client Funds (including ourselves) were re-categorised as retail investors by the regulation, therefore an assessment was undertaken in 2018 to demonstrate that City of London (CoL) were deemed a professional client.

Following the 2022 local elections and in the case of the City of London, the inauguration of a new Pensions Committee, the London CIV are asking their clients, including the City of London, to update and resubmit their professional client assessment in order to maintain professional investor status.

Recommendation(s)

Members are asked to:

- i) Note the requirement to update and resubmit its application to maintain elected professional client status in order to ensure it can continue to implement an effective investment strategy.
- ii) Agree to delegate authority to the Chamberlain to complete and submit the application to the London CIV.

Main Report

Background

1. In January 2018, MiFID II was introduced. This applied to all Local authorities who had to be classified as 'retail clients' unless they chose to opt up to elective professional client status.
2. The London CIV can only offer its services to professional clients and upon MiFID II implementation all Client Funds (including ourselves) were re-categorised as retail investors by the regulation, therefore an assessment was undertaken in 2018 to demonstrate that CoL were professional investors.
3. Following the local elections and for the City of London, the inauguration of a new Pensions Committee, the London CIV have asked their clients, including the City of London to resubmit their professional client assessment in order to maintain professional investor status.
4. The opt-up process includes both a qualitative and quantitative test that will be assessed by the individual institutions and the criteria will be applied separately to local authorities as pension fund administrators. The decision to opt up an authority lies solely with the institution to whom the application is made and it may, at its discretion request alternative/further information in support of an application.

Election for maintaining professional client status

5. MiFID II allows for retail clients which meet certain conditions to elect to be treated as professional clients (to "opt up"). There are two tests which must be met by the client when being reassessed by the financial institution – the quantitative and the qualitative test.
6. The opt up test recognises the status of LGPS administering authorities as providing a "pass" for the quantitative test while the qualitative test is performed on the authority as a collective rather than an individual.
7. When MiFiD II was first introduced, the Scheme Advisory Board (SAB) and the Local Government Association (LGA) worked with industry representative bodies including the Investment Association, the British Venture Capital Association (BVCA) and others to develop a standard opt up process with letter and information templates for the LGPS. This enabled a consistent approach to assessment and prevented authorities from having to submit a variety of information in different formats. The letter and information templates are attached as Appendices 1 and 2 for information.
8. Authorities are not required to annually resubmit their application to maintain professional client status. However, they will be required to regularly review the information provided in the opt up process and notify all financial institutions of any changes in circumstances which could affect their status, for example, if the membership of the Board changed significantly (50% or more) resulting in a loss of experience, or if the relationship with the authority's investment advisor was terminated. As this is a new Committee, Officers anticipate that in due course, it will be necessary to "opt up" again with our other fund managers.
9. In order to ensure the Committee has a collective understanding of Pensions and that the training programme is robust there will be an annual training plan put in place. This will incorporate the CIPFA knowledge and skills framework for LGPS Committee Members and Officers and "Annex A – Part 1" of this Framework sets

out an overview of the general knowledge that Committee members should have and is attached Appendix 3. In addition, all Members of the Pensions Committee are expected to register for the Pensions Regulator (tPR) online training and complete the modules in respect of public sector pension schemes within 12 months of joining the Committee.

Conclusion

10. Following the 2022 local elections the London CIV are asking their clients, including the City of London, to update and resubmit their professional client assessment in order to maintain professional investor status. Members are asked to delegate authority to the Chamberlain to complete and submit the application to the London CIV.

Appendices

- Appendix 1 – Letter requesting categorisation as an elective professional client template
- Appendix 2 – Elective Professional Client Status Assessment template
- Appendix 3– CIPFA Skills and Knowledge Framework

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Letter requesting categorisation as an elective professional client

London CIV
4th Floor
22 Lavington Street
London
SE1 0NZ

Date

Dear Sir, Madam,

Request to be treated as a professional investor

I am writing to you in relation to the implementation in the UK of the Markets in Financial Instruments Directive (2014/65/EU) (MiFID II) which came into effect on 3rd January 2018. I have been authorised by City of London (the "Local Authority") to inform you that, in its capacity as an administering authority of a local government pension scheme, it wishes to be treated as a professional client for the purpose of:

- (a) any and all investment service(s) which it receives from you (the "Services"); and/or
- (b) the promotion to us of, and investment in, any and all fund(s) managed or advised by you (the "Fund Promotions/Investments").

We understand you are required to categorise all of your clients as either professional clients or retail clients and that you currently categorise the Local Authority as a Professional Client ("Professional Client"). However as of 3 January 2018, under new rules deriving from MiFID II, you will be obliged to re-categorise the Local Authority as a Retail Client ("Retail Client") as regards receiving services from you and/or as regards existing fund investments and any future Fund Promotions/Investments, unless you are satisfied you can otherwise treat the Local Authority as an elective Professional Client and opt-up the Local Authority to this particular client status.

I confirm and acknowledge that the Local Authority is aware that, being categorised as a Professional Client, it will not benefit from the protections and investor compensation rights set out in more detail in Schedule 1. In doing so, I confirm that the Local Authority has reviewed and considered the loss of these protections and rights very carefully and has, if it felt so appropriate, taken advice from legal, financial or other advisors.

I wish to inform you that the Local Authority wishes to be categorised as a Professional Client for the purposes of the Services and/or Fund Promotions/Investments, as applicable in its capacity as an administering authority of the Local Government Pension Scheme.

Prior to re-categorising the Local Authority, as a Professional Client, I understand that you will be required to assess the Local Authority on certain quantitative and qualitative grounds. In order to facilitate this assessment, please find attached a completed questionnaire for your review and consideration.

Subject to you being reasonably assured that, as of 3 January 2018, the Local Authority satisfies the necessary quantitative and qualitative grounds and may be categorised as an elective Professional Client, the Local Authority confirms the following:

- (a) its request to be categorised as a Professional Client, in its capacity as an administering authority of the Local Government Pension Scheme, in relation to the Services and/or Fund Promotions/Investments.
- (b) all information provided to you by us (for the purposes of facilitating your assessment of the Local Authority's request to be categorised as a Professional Client) is true, accurate and complete.
- (c) the Local Authority understands the contents of Schedule 1 which contains summaries of the protections and investor compensation rights, if any, that the Local Authority will lose once it is categorised as a Professional Client. Please note that I can confirm that the Local Authority is fully aware of the consequences of losing such protections and still wishes to apply to be categorised as Professional Client in respect of the Services and/or Fund Promotions/Investments.
- (d) the Local Authority has had sufficient time to consider the implications of categorisation as a Professional Client and has separately taken any legal, financial or other advice that it deems appropriate.
- (e) the Local Authority will inform you of any change that could affect its categorisation as a Professional Client. I also confirm that the Local Authority understands its responsibility to ask you for a higher level of protection if it is unable to properly assess or manage the risks involved with the investments comprised within the portfolio management mandates which you have been appointed to manage.
- (f) I acknowledge the Local Authority understands that you shall be permitted, in your sole discretion and without providing any reason, to re-categorise the client as a Retail client or cease to provide the Services or otherwise carry out any fund promotion to us or allow future investment in funds by us.

If you have any questions regarding this application please contact Victoria Morris on 02081947821 or alternatively e-mail us at victoria.morris@londonciv.org.uk

Yours sincerely,

.....

[insert name and position] City of London

Warnings - loss of protections for the Local Authority if categorised as a Professional Client

Professional Clients are entitled to fewer protections under the UK and EU regulatory regimes than is otherwise the case for Retail Clients. This Schedule contains, for information purposes only, a summary of the protections lost when requesting and agreeing to be treated as a Professional Client.

Part 1 – Loss of protections as a Professional Client when receiving Services

1. Communicating with clients, including financial promotions

As a Professional Client the simplicity and frequency in which firms communicate with you may be different to the way in which we would communicate with a Retail Client. Firms will ensure however that their communication remains fair, clear and not misleading.

2. Information about the firm, its services and remuneration

The type of information that a firm provides to Retail Clients about itself, its services and products and how it is remunerated differs to what it provides to Professional Clients. In particular,

it is obliged to provide information on these areas to all clients but the granularity, medium and timing of such provision may be less specific for clients that are not Retail Clients;

the information which it provides in relation to costs and charges for its services and/or products may not be as comprehensive for Professional Clients as it would be for Retail Clients, for example, it is required when offering packaged products and services to provide additional information to Retail Clients on the risks and components making up that package; and

when handling orders on behalf of Retail Clients, it has an obligation to inform them about any material difficulties in carrying out the orders; this obligation may not apply in respect of Professional Clients.

3. Suitability

In the course of providing advice or in the course of providing portfolio management services, when assessing suitability for Professional Clients, a firm is entitled to assume that, in relation to the products, transactions and services for which Professional Clients have been so classified, that they have the necessary level of experience and knowledge to understand the risks involved in the management of their investments. Firms cannot make such an assumption in the case of Retail Clients and must assess this information separately. Firms would be required to provide Retail Clients with a suitability report, where they provide investment advice.

4. Appropriateness

For transactions where a firm does not provide investment advice or portfolio management services (such as an execution-only trade), a firm may be required to assess whether the transaction is appropriate for the client in question. In respect of a Retail Client, there is a specified test for ascertaining whether the client has the requisite investment knowledge and experience to understand the risks associated with the relevant transaction. However, in respect of a Professional Client, a firm is entitled to assume that they have the necessary level of experience, knowledge and expertise to understand the risks involved in a transaction in products and services for which they are classified as a Professional Client.

5. Dealing

A range of factors may be considered for Professional Clients in order to achieve best execution (price is an important factor but the relative importance of other different factors, such as speed, costs and fees may vary). In contrast, when undertaking transactions for Retail Clients, the total consideration, representing the price of the financial instrument and the costs relating to execution, must be the overriding factor in determining best execution.

6. Reporting information to clients

For transactions where a firm does not provide portfolio management services (such as an execution-only transactions), the timeframe for providing confirmation that an order has been carried out is more rigorous for Retail Clients' orders than Professional Clients' orders.

7. Client reporting

Firms that manage a retail portfolio that includes positions in leveraged financial instruments or contingent liability transactions shall inform the Retail Client, where the initial value of each instrument depreciates by 10% and thereafter at multiples of 10%. These reports do not have to be produced for Professional Clients.

8. Financial Ombudsman Service

The services of the Financial Ombudsman Service may not be available to you as a Professional Client.

9. Investor compensation

Eligibility for compensation from the Financial Services Compensation Scheme is not contingent on your categorisation but on how your organisation is constituted. Your rights (if any) to make a claim under the Financial Services Compensation Scheme in the UK will not be affected by being categorised as a Professional Client.

10. Exclusion of liability

A firms' ability to exclude or restrict any duty of liability owed to clients is narrower under the FCA rules in the case of Retail Clients than in respect of Professional Clients.

11. Trading obligation

In respect of shares admitted to trading on a regulated market or traded on a trading venue, a firm may, in relation to the investments of Retail Clients, only arrange for such trades to be carried out on a regulated market, a multilateral trading facility, a systematic internaliser or a third-country trading venue. This is a restriction which may not apply in respect of trading carried out for Professional Clients.

12. Transfer of financial collateral arrangements

As a Professional Client, a firm may conclude title transfer financial collateral arrangements for the purpose of securing or covering your present or future, actual or contingent or prospective obligations, which would not be possible for Retail Clients.

13. Client money

The requirements under the client money rules in the FCA Handbook (CASS) are more prescriptive and provide more protection in respect of Retail Clients than in respect of Professional Clients.

Part 2 – Loss of protections for the Local Authority as a potential investor if categorised as a Professional Client for the purposes of Fund Promotions

1. Fund promotion

It is generally not permitted for firms to market alternative investment funds (AIFs) to investors who are Retail Clients (although there are certain limited exceptions to this rule). As a Professional Client, firms will (subject to complying with applicable marketing rules) be generally permitted to market shares or units in AIFs to you, without being subject to this restriction.

2. Non-mainstream pooled investments

For the purposes of the UK regulatory regime, AIFs typically fall within the definition of an “unregulated collective investment scheme”. The UK regulator considers unregulated collective investment schemes to be a high-risk investment, which are not generally suitable investments for Retail Clients. As such, firms are not permitted to promote investments in unregulated collective investment schemes to Retail Clients (although there are certain limited exceptions to this rule). As a Professional Client, firms will be generally permitted to promote an investment in unregulated collective investment schemes to you, without being subject to this restriction (and without making any assessment of whether the investment would be suitable or appropriate for you).

3. Communicating with clients, including financial promotions

Detailed rules govern generally the form and content of financial promotions which are issued to investors who are Retail Clients. However, these detailed form and content rules apply less rigorously where a promotion is issued only to investors who are Professional Clients. As a Professional Client, firms will be generally permitted to issue promotions to you which do not satisfy the detailed form and content rules for Retail Clients. Firms must ensure however that communications remains fair, clear and not misleading.

4. Financial Ombudsman

The services of the Financial Ombudsman Service may not be available to you as a Professional Client

5. Investor compensation

Eligibility for compensation from the Financial Services Compensation Scheme is not contingent on your categorisation but on how your organisation is constituted. Your rights (if any) to make a claim under the Financial Services Compensation Scheme in the UK will not be affected by being categorised as a Professional Client.

Elective Professional Client - Status Assessment

NAME OF LOCAL AUTHORITY: _____

CAPACITY: As administering authority of the local government pension scheme

NAME OF OFFICIAL COMPLETING QUESTIONNAIRE: _____

DATE: _____

QUANTITATIVE TEST

Answer questions (a) - (d) below. Please ensure that the detail forming the basis of the determination is recorded.

<i>Please answer question (a) with a "Yes" / "No" answer</i>	
<p>(a) Does the size of the local authority's financial instruments portfolio (including both cash deposits and financial instruments) for the purposes of its administration of a local government pension scheme exceed GBP 10,000,000?</p> <p>Portfolio size _____ as at date:</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>(b) Is the local authority an 'administering authority' of the Local Government Pension Scheme within the meaning of the version of Schedule 3 of The Local Government Pension Scheme Regulations 2013 or, (in relation to Scotland) within the meaning of the version of Schedule 3 of The Local Government Pension Scheme (Scotland) Regulations 2014 in force at 1 January 2018, and is acting in that capacity?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p><i>If the answer is "Yes" to question (b) above, it is not necessary to carry out the assessment in question (c) or question (d) and the answer "N/A" can be given in both cases</i></p>	
<p>(c) Has the local authority carried out transactions (in significant size) on the relevant market, at an average frequency of at least 10 per quarter for the</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p>

<p>previous four quarters (i.e. at least 40 investments on the relevant market in the last year)?</p> <p>Transaction total:</p>	
<p>(d) Does the person authorised to carry out transactions on behalf of the local authority work or has that person worked in the financial sector for at least one year in a professional position, which requires knowledge of the provision of services envisaged?</p> <p>Details of role:</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p>

QUALITATIVE TEST

The “qualitative test” requires a firm to undertake an assessment of the **expertise, experience and knowledge** of the local authority, in order for the firm to be reasonably assured, in light of the nature of the transactions or services envisaged, that the local authority is capable of **making its own investment decisions** and **understanding the risks involved**¹.

In order for a firm to undertake the assessment required for the purposes of the qualitative test, certain information must be received from local authorities. Local authorities should provide answers to the questions set out below in as comprehensive a fashion as possible. The responses received from the local authority client should be considered and assessed internally by the firm.

TO BE COMPLETED BY THE LOCAL AUTHORITY CLIENT

Section 1: Decision making body for pension investing within your authority

Please complete the following section in relation to the decision making body within the authority.

1	Please indicate which <u>one</u> of the models below is used for investment decisions in the administering authority.
---	---

a	All decisions delegated to committee or sub-committee.	YES	<input type="checkbox"/>
		NO	<input type="checkbox"/>

¹ COBS 3.5.3R (1)

APPENDIX 2

	<i>(Please tick whether you have enclosed or provided a link to the minute giving the officer completing this document the necessary authorisation to do so)</i>	Enclosed <input type="checkbox"/> Link <input type="checkbox"/>	
b	Decisions delegated to committee or sub- committee with partial delegation to an officer or officers. <i>(Please tick whether you have enclosed or provided a link to the minute giving the officer completing this application the necessary authorisation to do so)</i>	YES <input type="checkbox"/> NO <input type="checkbox"/> Enclosed <input type="checkbox"/> Link <input type="checkbox"/>	
c	All decisions delegated to an officer or officers.	YES <input type="checkbox"/> NO <input type="checkbox"/>	
d	Other	YES <input type="checkbox"/> NO <input type="checkbox"/>	

2	Please enclose or provide a link to the relevant scheme of delegations, which confirm details of the model elected above.	Enclosed <input type="checkbox"/> Link <input type="checkbox"/>	
---	---	--	--

3	<p>If you have selected model “d - other” above, please use the box below to describe the composition of the decision making model giving details of the parties and their functions.</p> <p>Details should include information on how the decision making body is constructed, constituted and periodically reviewed.</p>		
---	--	--	--

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Section 2: Expertise, experience and knowledge

Please answer the following questions in relation to the Members of the committee or sub-committee (*not officers, investment advisors or consultants*) which makes investment decisions of behalf of the authority.

If you answered (c) to Section 1 Question 1, please move to Section 3.

1	<p>Are Members provided with a written brief on joining the committee?</p> <p><i>(Please tick whether you have enclosed or provided a link to a copy of an example of the briefing)</i></p>	<p>YES <input type="checkbox"/></p> <p>NO <input type="checkbox"/></p> <p>Enclosed <input type="checkbox"/></p> <p>Link <input type="checkbox"/></p>
2	<p>Are Members provided with training on investment matters?</p> <p><i>(Please tick whether you have enclosed or provided a link to examples of the training offered to members in the last 12 months)</i></p>	<p>YES <input type="checkbox"/></p> <p>NO <input type="checkbox"/></p> <p>Enclosed <input type="checkbox"/></p> <p>Link <input type="checkbox"/></p>
	<p>Please indicate the total number of hours of training offered and delivered to the committee over the last 12 months.</p>	<p>hours offered</p>

APPENDIX 2

		hours delivered	
3	Is the attendance of Members at training monitored and recorded?	YES NO	<input type="checkbox"/> <input type="checkbox"/>
4	Please state the average number of hours of training committee members have attended over the last 12 months.	hours	
5	Please state the average number of hours at investment conferences that committee members have attended over the last 12 months.	hours	
6	<p>Are Members required to complete a self-assessment with regard to their knowledge of investments?</p> <p><i>(Please tick whether you have enclosed or provided a link to details of the self-assessment tool used)</i></p>	YES NO Enclosed Link	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
7	Please state the number of years served on the committee (or other such investment committees) on average for each Member	years	
8	Please provide any other information which may assist with the assessment of the knowledge, experience and expertise of the committee or sub-committee - (such as the average number of years of independent investment experience by Members).		

Section 3: Investment history and strategy

1	Please complete the following questions in relation to the authority's history and current strategy with regard to investments which are acquired through an investment manager's investment mandate or invested in directly (e.g. funds).
---	--

Asset class or investment vehicle	Number of years held	Currently Held
Fixed interest securities	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Index-linked securities	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Listed equities	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Pooled investment vehicles (PIVs) – authorised funds (e.g. UCITS, NURS, PAIFs)	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Pooled investment vehicles (PIVs) – unauthorised (e.g. investment trusts, close-ended real estate funds, hedge funds)	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Property PIVs	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Private equity funds	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Property	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Exchange traded derivatives (ETDs)	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Over-the-counter derivatives (OTCs)	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>

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Commodities	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Cash deposits	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Commercial paper	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Floating rate notes	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Money market funds	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Other asset classes or investment vehicles where the authority has experience (Please give details below)		
Infrastructure	1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Private Debt	1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
High Yield Credit	1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Real Assets	1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>

2	Please tick whether you have enclosed or provided a link to the most recent version of the authority's Investment Strategy Statement (England and Wales)	Enclosed <input type="checkbox"/> Link <input type="checkbox"/>
3	Has the authority taken the appropriate advice, as required by regulation, in preparing its Investment Strategy Statement?	YES <input type="checkbox"/> NO <input type="checkbox"/>

Section 4: Understanding risks

Please answer the following questions in relation to the members of the committee or sub-committee or officers (*not investment advisors or consultants*) making investment decisions of behalf of the authority.

1	<p>Does the authority have a risk framework and/or risk management policy in place in relation to investments?</p> <p><i>(Please tick whether you have enclosed or provided a link to a details of the framework/policy)</i></p>	<p>YES <input type="checkbox"/></p> <p>NO <input type="checkbox"/></p> <p>Enclosed <input type="checkbox"/></p> <p>Link <input type="checkbox"/></p>
2	<p>Was external advice taken with regard to the preparation, monitoring and review of the framework/policy?</p> <p>If yes, please provide the name of the advisor:</p>	<p>YES <input type="checkbox"/></p> <p>NO <input type="checkbox"/></p>
3	<p>Is the risk framework/policy reviewed on a regular basis?</p> <p>If YES please state the frequency of the review.</p> <p><i>(Please tick whether you have enclosed or provided a link to details of the last review)</i></p>	<p>YES <input type="checkbox"/></p> <p>NO <input type="checkbox"/></p> <p>Enclosed <input type="checkbox"/></p> <p>Link <input type="checkbox"/></p>
4	<p>Are those directly involved in decision making provided with training on risk management, including focused training on understanding the risks involved with investments?</p>	<p>YES <input type="checkbox"/></p> <p>NO <input type="checkbox"/></p> <p>Enclosed <input type="checkbox"/></p>

	(Please tick whether you have enclosed or provided a link to examples of the training offered in the last 12 months)	Link	<input type="checkbox"/>
5	Are those directly involved in decision making required to complete a self-assessment with regard to their understanding of risk management? (Please tick whether you have enclosed or provided a link to details of the self-assessment tool used)	YES NO Enclosed Link	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

Section 5: Support for investment decisions taken by committee/sub-committee of the authority

Please answer the following questions in relation to those officers, advisors or consultants who directly contribute to assisting the committee/sub-committee of the authority to take investment decisions or those officers who have delegated decision making powers.

In Section 1 Question 1, if you answered:

- Model a - please complete Question 1 below
- Model b - please complete Questions 1 and 2 below
- Model c - please complete Question 2 below
- Model d - please complete the below questions as appropriate
-

1.	For each <u>officer providing support</u> to the committee or sub-committee please provide the following information.
----	---

Job title	Relevant qualifications	Number of years experience in role ²

² Or similar role which would provide knowledge of the provision of the services envisaged, which may have been carried out at a different organisation.

APPENDIX 2

2.	For each <u>officer with delegated investment powers</u> please provide the following information (these may be the same officers as above).
----	--

Job title	Limit on asset classes or investment vehicles	Limit on delegation (£m)

3	Does the authority have a written succession plan in place to manage key person risk in relation to the above officers?	YES	<input type="checkbox"/>
		NO	<input type="checkbox"/>
	<i>(Please tick whether you have enclosed or provided a link to details of the succession plan)</i>	Enclosed	<input type="checkbox"/>
		Link	<input type="checkbox"/>

4.	For each <u>individual investment advisor</u> used by the authority please provide the following information <i>only to be completed where these individual investment advisors are engaged on an independent basis and not acting on behalf of an entity listed in point 5 below</i>).
----	--

Name	Relevant qualifications	Number of years experience in role ³

³ Or similar role which would provide knowledge of the provision of the services envisaged.

5.	For each <u>investment advisory firm</u> used by the authority please provide the following information.
----	--

Name of firm	Details of FCA authorisation	Number of years employed by authority

6.	For each <u>individual investment consultant</u> used by the authority please provide the following information (<i>only to be completed where these consultants are engaged on an independent basis and not acting on behalf of an entity listed in point 7 below</i>).	
Name	Relevant qualifications	Number of years experience in role ⁴
7.	For each <u>investment consultancy firm</u> used by the authority please provide the following information.	

⁴ Or similar role which would provide knowledge of the provision of the services envisaged.

APPENDIX 2

Name of firm	Details of FCA authorisation	Number of years employed by authority

8.	Please confirm whether the officer, investment advisor firm/individual, investment consultancy firm/individual, is aware of the reliance being placed on it for the purposes of the client categorisation of Local Authorities.	YES <input type="checkbox"/> NO <input type="checkbox"/>
----	---	--

Section 6 General questions

1.	In the last three years has the authority been censured for a material breach of Local Government investment regulations in force from time to time or any other related legislation governing investment? <i>(If yes please tick whether you have enclosed or provided a link to a details of the breach)</i>	YES <input type="checkbox"/> NO <input type="checkbox"/> Enclosed <input type="checkbox"/> Link <input type="checkbox"/>
----	---	---

- | | |
|----|---|
| 2. | Please use the box below to provide any further information which may be useful in the support of your application. |
|----|---|

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ANNEX A

Knowledge and skills framework

This annex provides a sample framework of competencies required for committee members and senior officers. A separate framework is in place for pension board members.⁴⁵ As mentioned previously, the degree of knowledge and understanding required is that which is appropriate for the purposes of enabling the individual to exercise properly their delegated responsibility on behalf of the administering authority. It is up to each authority to consider what the appropriate competencies are for their fund and the level of knowledge required for each individual. The levels of knowledge in this section have been split into the following categories (in ascending order of the level of knowledge required):

For committee members:

- an awareness, ie recognition that the subject matter exists
- a general understanding, ie understanding the basics in relation to the subject matter
- a strong understanding, ie a good level of knowledge in relation to the subject matter (but not necessary at a detailed level).

For senior officers/managers:

- a strong understanding, ie a good level of knowledge in relation to the subject matter (but not necessary at a detailed level)
- a detailed level of knowledge in relation to the subject matter
- an expert level of knowledge in relation to the subject matter.

45. Local Pension Boards: A Technical Knowledge and Skills Framework (CIPFA, 2015).

PART 1 – PENSION COMMITTEE MEMBERS' FRAMEWORK

Pensions legislations and guidance	<p>General pensions framework</p> <p>A general understanding of the pensions legislative framework in the UK.</p> <p>A general understanding of other legislation that is relevant in managing an LGPS fund, eg freedom of information, General Data Protection Regulation (GDPR) and local authority legislation.</p> <p>Scheme-specific legislation</p> <p>A general understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration, funding, governance, communications and investment, including:</p> <ul style="list-style-type: none"> • a general understanding of the LGPS Regulations 2013 • a general understanding of the LGPS (Management and Investment of Funds) Regulations 2016. <p>An awareness of LGPS discretions and how the formulation of the discretionary policies impacts on the fund, employers and scheme members.</p> <p>A regularly updated awareness of the latest changes to the scheme rules and current proposals or potential changes to the scheme.</p> <p>Guidance</p> <p>A general understanding of the requirements of statutory guidance from the responsible authority – MHCLG (England and Wales), SPPA (Scotland) or the Department for Communities (Northern Ireland).</p> <p>A general understanding of the requirements of The Pensions Regulator code of practice.</p> <p>An awareness of the requirements of guidance from the Scheme Advisory Board.</p> <p>An awareness of the requirements of guidance from GAD.</p> <p>An awareness of other guidance relevant to the LGPS, such as from CIPFA.</p>
Pensions governance	<p>An awareness of the LGPS regulations' main features, including any material developments and requirements relating to pension scheme governance.</p> <p>An awareness of statutory and other guidance in relation to pension scheme governance, including MHCLG statutory governance guidance, The Pensions Regulator code of practice, CIPFA/Solace, Scheme Advisory Board guidance and the Myners principles.</p> <p>Pension regulators, Scheme Advisory Board and other bodies</p> <p>A general understanding of how the roles and powers of MHCLG, TPR, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.</p> <p>A general understanding of the role of the Scheme Advisory Board and how it interacts with other bodies.</p> <p>General constitutional framework</p> <p>A general understanding of the role of the administering authority in relation to the LGPS.</p> <p>A general understanding of the role of pension committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers.</p> <p>An awareness of the role and statutory responsibilities of the CFO and monitoring officer.</p> <p>Fund-specific governance</p> <p>A strong understanding of the roles, terms of reference and delegated responsibilities of the pension committee (including any sub-committees), the pension board and any other delegated responsibilities to senior officers.</p> <p>A general understanding of how the asset pool was established, including the responsibilities of the joint governance committee (or equivalent).</p> <p>A general understanding of the stakeholders of the fund and the nature of their interests.</p> <p>A general understanding of who the key officers responsible for the management of the fund are, how the pension team is structured and how services are delivered.</p>

	<p>A general understanding of the fund's strategies, policies and other key documents.</p> <p>A general understanding of best practice risk management, including how that supports a structured and focused approach to managing risks. This should include how risk is monitored and managed and the fund's current key risks.</p> <p>A general understanding of how conflicts of interest are identified and managed.</p> <p>A strong understanding of how breaches in law are recorded and managed and, if necessary, reported to TPR, including each individual's personal responsibility in relation to breaches.</p> <p>A general understanding of the fund's knowledge and skills policy and associated training requirements.</p> <p>An awareness of the fund's process for dealing with complaints, including its internal dispute resolution procedure.</p> <p>A general understanding of how the effectiveness of the fund's governance is reviewed.</p> <p>Service delivery</p> <p>A general understanding of the required budget and resources needed to manage and administer the fund.</p> <p>A general understanding of the annual business planning cycle and budget setting.</p> <p>A general understanding of the fund's key performance indicators and other performance measures.</p> <p>A general understanding of the fund's business continuity policy and cyber security policy across all areas of fund activity, including administration.</p>
Funding strategy and actuarial methods	<p>An awareness of the LGPS regulations' main features, including any key developments and requirements relating to funding strategy and the setting of employer contributions, including associated guidance.</p> <p>A general understanding of the role of the fund actuary.</p> <p>A general understanding of the funding strategy statement (including employer funding flexibilities) and the expected delivery of the funding objectives.</p> <p>A general understanding of the key risks to the fund relating to the funding strategy.</p> <p>Valuations</p> <p>A general understanding of the valuation process, including developing the funding strategy in conjunction with the fund actuary and inter-valuation monitoring.</p> <p>An awareness of the costs to the employer, including employer contributions and early retirement strain costs.</p> <p>An awareness of the different types of employers that participate in the fund</p> <p>A general understanding of the importance of employer covenant, the relative strengths of the covenant across the fund's employers and how this impacts the funding strategy adopted.</p> <p>A general understanding of any legislative and/or benefit uncertainty and the impact of this on the funding strategy.</p> <p>A general understanding of the scheme valuation and other work carried out by GAD and the impact this has on the valuation process (ie, the cost management process/ Section 13 report).</p> <p>New employer and exits</p> <p>A general understanding of the implications of including new employers in the fund and of the exit of existing employers.</p> <p>A general understanding of the relevant considerations in relation to the different types of new employer, eg outsourcings, academies (if appropriate), alternative delivery models, and also the considerations in relation to bulk transfers.</p>

<p>Pensions administration and communications</p>	<p>An awareness of the LGPS regulations' main features and requirements relating to:</p> <ul style="list-style-type: none"> • administration and communications strategies • entitlement to and calculation of pension benefits • transfers in and out of the scheme • employee contributions • the delivery of administration and communications (including associated guidance). <p>A general understanding of the fund's pensions administration strategy, including how it is delivered (including, where applicable, the use of third-party suppliers and systems), performance measures and assurance processes.</p> <p>A general understanding of the fund's communications policy, including how it is delivered (including, where applicable, the use of third-party suppliers and systems), performance measures and assurance processes.</p> <p>A general understanding of best practice in pensions administration, eg performance and cost measures.</p> <p>A general understanding of the fund's processes and procedures relating to:</p> <ul style="list-style-type: none"> • member data maintenance and record keeping, including data improvement plans and relationships with employers for data transmission • contributions collection. <p>An awareness of how the fund interacts with the taxation system in relation to benefits administration, including the annual and lifetime allowances.</p> <p>A general understanding of additional voluntary contribution (AVC) arrangements, including:</p> <ul style="list-style-type: none"> • the AVC arrangements that exist • the choice of investments to be offered to members • the provider's investment and fund performance, • the payment of contributions to the provider • the benefits that can be received by scheme members • how and when the AVC arrangements, including the investment choices, are reviewed.
<p>Pensions financial strategy, management, accounting, report and audit standards</p>	<p>A general understanding of the Accounts and Audit Regulations and legislative requirements relating to the role of the committee and individual members in considering and signing off the fund's accounts and annual report.</p> <p>A general understanding of the various elements of income into and expenditure of the fund, including the operational budget.</p> <p>A general understanding of the cash flows of the fund and how risks are managed to ensure appropriate cash is available to pay benefits and other outgoings.</p> <p>A general understanding of the role of both internal and external audit in the governance and assurance process.</p>
<p>Investment strategy, asset allocation, pooling, performance and risk management</p>	<p>An awareness of the LGPS regulations' main features and requirements relating to investment strategy, asset allocation, the pooling of investments and responsible investments, including associated guidance.</p> <p>Investment strategy</p> <p>A general understanding of the key risks that the fund is exposed to and how a fund's investment strategy should be considered in conjunction with these risks.</p> <p>A general understanding of the risk and return characteristics of the main asset classes (equities, bonds, property) and the need to balance risk versus reward when determining the investment strategy.</p> <p>A general understanding of the role of these asset classes in long-term pension fund investing.</p> <p>A general understanding of the fund's cash flow requirements and how these impact on the types of investments considered.</p>

Investment pool (England and Wales)

A general understanding of the structure, operation and purpose of the investment pooling arrangements, including the structure of the relationship with the other participants in the pool.

An awareness of the regulations, best practice and guidance relating to investment pooling and the delivery of the investment objectives of the administering authority/ pension committee by their chosen investment pool.

An awareness of the boundaries of investment activities (eg strategy requiring advice from a suitably qualified person, in-house investment transactions) and which investment activities require FCA authorisation.

A general understanding of the interaction between the administering authority, the pension committee, the investment pool operator, investment pool oversight committee and other parties relating to the investment pooling arrangement – in particular, reporting requirements, influence and accountability.

A general understanding of the fund's investment strategy statement and the investment pool's interpretation and expected delivery of those investment objectives, including any objectives relating to environmental, social and governance factors.

Total fund

A general understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.

Performance of the committee

An awareness of the Myners principles and the need to set targets for the committee and to report against them.

An awareness of the range of support services provided to the committee, who supplies them and the nature of the performance monitoring regime.

Performance of the investment pool (England and Wales)

An awareness of the investment regulations and the requirements for monitoring investments.

A general understanding of the requirements of the investment pool in relation to the administering authority and pension committee investment strategy and how to effectively monitor the implementation of the investment strategy within the pool.

Responsible investment

An awareness of the latest developments and requirements in the area of responsible investment.

An awareness of the UK Stewardship Code and the United Nations Principles of Responsible Investment (UNPRI) and whether the fund is a signatory of these.

A general understanding of the fund's approach to responsible investment, including how views on environmental, social and governance issues are incorporated into the fund's investment strategy.

Risk management

A general understanding about how to manage and reduce risk and lessen the impact of risk on assets when it arises, including climate risk.

Financial markets and products	<p>Financial markets</p> <p>A general understanding of the primary importance of the investment strategy decision.</p> <p>A general understanding of the workings of the financial markets, the investment vehicles available to the pension fund and the nature of the associated risks.</p> <p>An awareness of the restrictions placed by legislation on the investment activities of LGPS funds.</p> <p>MIFID II</p> <p>A general understanding of MiFID II requirements relating to the knowledge of decision makers.</p> <p>Investment pool (England and Wales)</p> <p>A general understanding of the investment pool operator's approach to pooling and delivering access to the different asset classes and/or investment funds.</p> <p>A general understanding of which assets and investments may sit outside of the investment pool and why their nature and characteristics permit this.</p> <p>An awareness of how the fund interacts with the taxation system in the UK and overseas in relation to investments.</p>
Pension services procurement, contract management and relationship management	<p>Understanding public procurement</p> <p>An awareness of the main public procurement requirements of UK and EU legislation and the use of national frameworks within the context of the LGPS.</p> <p>Fund suppliers</p> <p>Awareness of the key decision makers in relation to the fund's procurements.</p> <p>A general understanding of the fund's suppliers and providers and their roles in the management of the fund.</p> <p>An awareness of how the fund's suppliers are monitored, including:</p> <ul style="list-style-type: none"> • the Myners principles • the need for strategic objectives for investment consultants. <p>Supplier risk management</p> <p>A general understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting external suppliers and providers.</p> <p>A general understanding of how the pension fund monitors and manages the performance of their external suppliers and providers, including business continuity and cyber risk.</p> <p>Investment pool (England and Wales)</p> <p>An awareness of the nature of the relationship with the investment pool parties and a general understanding of:</p> <ul style="list-style-type: none"> • the extent of influence over the investment pool operator and oversight committee • the terms for terminating a pooling agreement • guidance on the requirement to pool investments.

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