



Pensions Committee

Date: TUESDAY, 17 SEPTEMBER 2024
Time: 2.00 pm
Venue: COMMITTEE ROOM 3 - 2ND FLOOR WEST WING, GUILDHALL

Members: Deputy Timothy Butcher (Chairman)
David Sales (Deputy Chairman)
Deputy Madush Gupta
Clare James
Deputy Henry Pollard
Deputy Christopher Boden
Timothy James McNally
Alderman Gregory Jones KC

Enquiries: Raquel Pinto
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Ian Thomas CBE, Town Clerk & Chief Executive

AGENDA

Future Meeting Dates

- Wednesday 8th February 2023 2.00pm

1. APOLOGIES

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

3. MINUTES

For Decision

- a) **To agree the public minutes and non-public summary of the Pensions Committee meeting on 18 June 2024**

For Decision
(Pages 7 - 10)

- b) **To note the public minutes and non-public summary of the Local Government Pensions Board meeting on**

For Information
(Pages 11 - 14)

4. WORK PROGRAMME

Report of the Chamberlain.

For Information
(Pages 15 - 16)

5. CITY FUND AND PENSION FUND - AUDIT FINDINGS UPDATE

Report of the Chamberlain *to follow*.

For Information

6. PENSION SCHEME ADMINISTRATOR'S UPDATE

Report of the Chamberlain.

Pls note that Appendices B and C are non-public.

For Information
(Pages 17 - 26)

7. COL PENSION FUND: GAD SECTION 13 SUMMARY REPORT

Report of the Chamberlain.

For Information
(Pages 27 - 44)

8. RISK REGISTER

Report of the Chamberlain.

For Decision
(Pages 45 - 74)

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

For Decision

13. TO AGREE THE NON-PUBLIC MINUTES OF THE PENSIONS COMMITTEE MEETING ON 18 JUNE 2024

For Decision
(Pages 75 - 86)

14. TO NOTE THE NON-PUBLIC MINUTES OF THE LOCAL GOVERNMENT PENSIONS BOARD MEETING ON 18 JULY 2024

For Information
(Pages 87 - 92)

15. PERFORMANCE MONITORING

For Decision

a) **Performance Monitoring: Quarterly Report to 30 June 2024**

Report of Mercer.

For Information
(Pages 93 - 112)

b) **Investment Performance Monitoring to 31 July 2024**

Report of the Chamberlain.

For Discussion
(Pages 113 - 134)

16. OPEN ENDED INFRASTRUCTURE FUND

Joint report of the Chamberlain and Mercer.

For Decision
(Pages 135 - 184)

17. HARRIS & LCIV EQUITY VALUE MANAGER REVIEW

Joint report of the Chamberlain and Mercer.

For Decision
(Pages 185 - 212)

18. VERITAS & LCIV GLOBAL EQUITY QUALITY MANAGER

Joint report of the Chamberlain and Mercer.

For Decision
(Pages 213 - 244)

19. LCIV UPDATE

Report of the Chamberlain.

For Discussion
(Pages 245 - 260)

20. CASHFLOW

Report of the Chamberlain.

For Information
(Pages 261 - 266)

21. **PENSION FUND - DRAFT ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2024**
Report of the Chamberlain.
- For Discussion**
(Pages 267 - 368)
22. **NON-PUBLIC REPORT OF ACTION TAKEN**
Report of the Town Clerk.
- For Information**
(Pages 369 - 372)
23. **PENSION SCHEME ADMINISTRATOR'S UPDATE - NON-PUBLIC APPENDICES**
Appendices B and C to item 6
- For Information**
(Pages 373 - 376)
24. **NON PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
25. **ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT AND THAT THE COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
- For Decision**

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PENSIONS COMMITTEE **Tuesday, 18 June 2024**

Minutes of the meeting of the Pensions Committee held at Committee Room - 2nd Floor West Wing, Guildhall on Tuesday, 18 June 2024 at 2.00 pm

Present

Deputy Timothy Butcher (Chairman)
David Sales (Deputy Chairman)
Deputy Madush Gupta
Clare James
Deputy Henry Pollard
Deputy Christopher Boden
Timothy James McNally

Officers:

Kate Limna	- Chamberlain's Department
Graham Newman	- Chamberlain's Department
Amanda Luk	- Chamberlain's Department
Sarah Port	- Chamberlain's Department
Raquel Pinto	- Town Clerk's Department

In attendance:

Steve Turner – Mercer

With Deputy Henry Pollard in the Chair until item 4.

1. APOLOGIES

Apologies were received from Alderman Gregory Jones KC.

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

There were no declarations.

3. ORDER OF THE COURT

The Committee received an Order of the Court of Common Council dated 25 April, appointing the Committee and setting its terms of reference for the ensuing year.

RECEIVED

4. ELECTION OF CHAIR

The Committee proceeded to elect a Chair in accordance with Standing Order No 29.

Deputy Timothy Butcher, being the only Member expressing their willingness to serve, was duly elected Chairman for the ensuing year.

The Chairman thanked Members for their trust in his re-appointment for another term. The Chairman also took the opportunity to welcome the newest Member

to the Committee, Alderman Gregory Jones KC, and congratulated Steve Turner from Mercer on his permanent role.

5. **ELECTION OF DEPUTY CHAIR**

The Committee proceeded to elect a Deputy Chair in accordance with Standing Order No. 30.

David Sales, being the only Member expressing their willingness to serve, was duly elected Deputy Chairman for the ensuing year.

6. **MINUTES**

RESOLVED:

- That the public minutes and non-public summary of the Pensions Committee meeting on 19 March 2024 be approved as an accurate record.

7. **WORK PROGRAMME**

The Committee considered a report of the Chamberlain detailing a forward-looking Pensions Committee work programme.

RESOLVED: That Members: -

- Received the report and noted its content.

8. **CITY FUND AND PENSION FUND STATEMENT OF ACCOUNTS UPDATE**

The Committee received a report of the Chamberlain which provided an update on the production of the 2023-24 Statement of Accounts and planning for the 2023-24 audit of the City Fund and Pension Fund.

The City Fund and Pension Fund accounts for 2023-24 were published in draft format by the 31 May statutory deadline. The Committee noted that the external auditors would audit the Pension Fund over the summer, with the City Fund audit also due to start around this time. Due to the timelines of Committee dates, the Committee discussed Officers circulating the Pension Fund audit report prior to the Audit and Risk Committee receiving the report.

RESOLVED: That Members: -

- Note the indicative Pension Fund Audit Plan for 2023-24 as set out in Appendix 2
- Note the responses from Management for the Pension Fund as per Appendix 4

9. **PENSION 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 Scheme since the last Committee meeting.

The Chairman raised an issue regarding the target working day for the initial payment of retirement benefits, which was set at 5 days. It was suggested that this be changed to 10 working days, as pensions have become more

complicated, and it took longer to work out the benefits payable. This change was unanimously agreed.

The Committee also discussed the Barnett Waddingham training and the difference between it and the Pensions Regulator 'tPR' training Members had already undertaken. Officers advised that as part of the new regulations coming out, a formal training policy for the Pensions Committee would be required, which would state what training members needed to undertake.

A Member raised concerns regarding accessing the 'Enlighten' training materials from Barnett Waddingham. The Chamberlain explained that a guide had been created to assist Members in accessing the modules, a copy of which was handed out and would also be circulated via email following the meeting.

RESOLVED: That Members –

- Received the report and noted its content.
- Agree to change the initial payment of retirement benefits from 5 days to 10 working days.

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.

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.

13. **MINUTES**

RESOLVED:

- That the non-public minutes of the Pensions Committee 19 March 2024, be approved as correct record.

14. **PERFORMANCE MONITORING**

The Committee received a presentation from Mercer regarding the Pension Fund Quarterly Monitoring Report Q1 2024 and a report of the Chamberlain relating to the Investment Performance of the Pension Fund as at 31 March 2024.

15. **LCIV UPDATE**

The Committee received a report of the Chamberlain providing an update on the London CIV, the asset pool operator for London LGPS Funds and in which the Pension Fund invest some of its assets.

16. **DLUHC LETTER: EFFICIENCIES IN LOCAL GOVERNMENT & THE MANAGEMENT OF LOCAL GOVERNMENT PENSION SCHEME (LGPS) FUNDS**
The Chamberlain was heard.
17. **INVESTMENT MANAGER DEEP DIVE - LINDSELL TRAIN AND ARTEMIS**
The Committee considered a report of the Chamberlain and Mercer which provided Members of the Committee with a deep dive into the two UK Equity Managers (Lindsell Train and Artemis).
18. **ALTERNATIVE PRIVATE MARKET ASSET CLASS OPTIONS - DISCUSSION PAPER**
The Committee considered a joint report of the Chamberlain/Mercer which provided the Committee with asset class options that could be invested in as part of the Broad Private Markets asset allocation.
19. **ADMITTED BODY STATUS - REQUEST FOR DELEGATED AUTHORITY**
The Committee considered a report of the Chamberlain seeking delegated authority in order to determine admitted body status for specific contracts.
20. **LONDON CIV AND M&G UK RESIDENTIAL: REQUEST FOR DELEGATED AUTHORITY**
The Committee considered a report of the Chamberlain seeking delegated authority with respect to the London CIV and M&G UK Residential Fund.
21. **NON-PUBLIC APPENDIX - PENSION SCHEME ADMINISTRATOR'S UPDATE**
The Committee received a non-public appendix which was read in conjunction with agenda item 9.
22. **NON PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no questions.
23. **ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT AND THAT THE COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There were no urgent matters.

The meeting ended at 4.07 pm

Chairman

Contact Officer: Raquel Pinto
raquel.pinto@cityoflondon.gov.uk

LOCAL GOVERNMENT PENSIONS BOARD

Thursday, 18 July 2024

Minutes of the meeting of the Local Government Pensions Board held at the Guildhall EC2 at 1.45 pm

Present

Mark Wheatley (Chairman)
Peter Lisley (Deputy Chairman)
Christina McLellan
Paul Wilkinson

Officers:

Kate Limna	- Chamberlain's Department
Graham Newman	- Chamberlain's Department
Amanda Luk	- Chamberlain's Department
Raquel Pinto	- Town Clerk's Department
Sarah Port	- Chamberlain's Department

With Paul Wilkinson in the Chair until item 4.

1. APOLOGIES

Apologies were received from David Pearson.

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

There were no declarations of interests.

3. ORDER OF THE COURT OF COMMON COUNCIL

The Board received an Order of the Court of Common Council dated 25 April 2024 appointing the Committee and agreeing its terms of reference for the ensuing year.

RECEIVED.

4. ELECTION OF CHAIR

The Board proceeded to elect a Chair in accordance with Standing Order No.29. Mark Wheatley, being the only Board Member expressing their willingness to serve, was duly elected Chairman for the ensuing year.

5. ELECTION OF DEPUTY CHAIR

The Board proceeded to elect a Deputy Chair in accordance with Standing Order No. 30. Peter Lisley, being the only Member expressing their willingness to serve, was duly elected Deputy Chairman for the ensuing year.

6. MINUTES RESOLVED –

- That the public minutes of the meeting on 19 January 2024 be approved as an accurate record of the meeting.
- That the public minutes of the Pensions Committee meeting on 19 March 2024 be received.

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

The Board received a report of the Chamberlain providing information on the scheme administration details that have been reported to the Pensions Committee since the last Local Government Pensions Board meeting 19 January 2024.

The Chamberlain highlighted that the pensions administration system (the online member portal) had been rolled out to active scheme members, and there was a target to begin the roll out to pensioners and deferred members in the autumn.

RESOLVED – that the report be received, and its content noted.

8. **PENSIONS COMMITTEE UPDATE REPORT (PUBLIC)**

The Board received a report of the Chamberlain which summarised the reports and decisions made by the Pensions Committee on the public agenda at their meetings on 19 March and 18 June 2024.

The Board noted the following points:

- The Pensions Committee is now operating with full membership, with Timothy McNally and Deputy Christopher Boden joining in January 2024, and Alderman Gregory Jones KC in April 2024.
- The audit plan for the City Fund and Pension Fund accounts had been taken to the Audit and Risk Management Committee and the Finance Committee as well as the Pensions Committee for information. The audit work had commenced for both funds and was expected to be completed by the end of September.
- The risk register was taken to the Pensions Committee every six months with the last iteration having gone to the Committee in March. The Chamberlain highlighted that the McCloud remedy which was originally a 16 (red) had been downgraded to 12 (amber) due to new regulations being issued. The Pensions team were working through the new McCloud regulations with the ultimate aim that the risk would be removed or subsumed into another risk.
- The investment consultant strategic objectives which are reviewed annually, had been finalised and would be submitted to the Pensions Regulator.
- The Department for Levelling Up, Housing & Communities (DLUHC) (now Ministry of Housing, Communities and Local Government (MHCLG) following the general election) had issued a consultation in July 2023, which the City had responded to. DLUHC had produced a response before Christmas and a summary of this was given to the Pensions Committee for information only. The Committee received the paper and discussed the contents in the non-public session of its

meeting, where they felt that Members could discuss the item in its entirety without disclosing any non-public data.

RESOLVED – that the report be received, and its content noted.

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

The Deputy Chairman raised a question following a meeting with the Chairman and Deputy Chairman of the Pensions Committee. An action was raised suggesting that it would be useful for the Board to look at the communications sent to scheme members as well as provide feedback on the pensions website. The Deputy Chairman also asked how the Board would discharge this function and how this would be reviewed going forward.

The Chamberlain advised that Officers would circulate a link to the pensions website and would ask Members to provide feedback. Regarding the communications issued to scheme members; it was suggested that at the Board's next meeting, in January 2025, the team would circulate the whole pack for the Board to look at and provide any feedback, and depending on this feedback, whether Members would be content that only changes that were made or new information that comes to light would be brought back to the Board. The Board unanimously agreed.

The Board also noted that the Chairman and Deputy Chairman of the Pensions Committee had an informal meeting with the Chairman and Deputy Chairman of the Local Government Pensions Board. Positive discussions took place and the purpose of the meeting was to discuss how the two committees could work together effectively while ensuring good governance and outcomes. The Chairman and Deputy Chairman of the Local Government Pensions Board were invited to join the Pensions Committee as observers. Other issues that were discussed during the meeting included how to ensure that the Pensions Committee did not miss anything and what to do should the minutes not provide confidence or assurance to the Board. The vacancies on the Board, and the Committee, were also discussed.

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

There was no other business.

11. **EXCLUSION OF THE PUBLIC**

12. **MINUTES**

RESOLVED –

- That the non-public minutes on 19 January 2024 be approved as an accurate record of the meeting.
- That the non-public minutes of the Pensions Committee meeting on 19 March 2024 be received.

13. **PENSIONS COMMITTEE UPDATE REPORT (NON-PUBLIC)**

The Board received a report of the Chamberlain which summarised the reports and decisions made by the Pensions Committee on the non-public agenda at their meetings on 19 March and 18 June 2024.

14. **PERFORMANCE MONITORING REPORT AS AT 31 MARCH 2024**

The Board received a report of the Chamberlain with information on the investment performance of the Pension Fund and of the various investment managers as at 31 March 2024.

15. **LONDON CIV UPDATE**

The Committee received a report of the Chamberlain providing an update on the London CIV (LCIV), the asset pool operator for London LGPS Funds and in which the Pension Fund is invested in.

16. **PENSION SCHEME - ADMINISTRATOR'S UPDATE NON- PUBLIC APPENDIX**

An update on Member's training was heard, with updates to be received at the next meeting.

RECEIVED.

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

There were no non-public questions.

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

There was no other business.

The meeting closed at 2.55 pm

Chairman

Contact Officer: Raquel Pinto
raquel.pinto@cityoflondon.gov.uk

PENSION COMMITTEE WORK PROGRAMME 2023/24

Timescale	Funding	Investment	Governance	Administration & Communication	Training Items #
Standing items		<ul style="list-style-type: none"> Investment Monitoring (inc. CAS update) LCIV/Pooling Update 	<ul style="list-style-type: none"> Work programme 	<ul style="list-style-type: none"> Administration Update 	
2024/25					
Q2 2024/25 (September)	<ul style="list-style-type: none"> Cashflow forecast 	<ul style="list-style-type: none"> Investment Manager Review (Harris & LCIV Global Equity Value) Investment Manager Review (Veritas & LCIV Global Equity Quality) Open-Ended Infrastructure Manager Review 	<ul style="list-style-type: none"> Risk Register Pension Fund Annual Report 2023/24 Section 13 Update 		
Q3 2024/25 (December)		<ul style="list-style-type: none"> Responsible Investment Policy Review* 	<ul style="list-style-type: none"> PRI Update tPR General Code/Policies review Breaches of Law 		<ul style="list-style-type: none"> Responsible investment/climate action (in house)
Q4 2024/25 (February)	<ul style="list-style-type: none"> Cashflow forecast 		<ul style="list-style-type: none"> Risk Register Investment Consultant Strategic Objectives 	<ul style="list-style-type: none"> Pensions Administration Strategy Review Updates to member communication letters (if required) 	<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. Members are also required to complete the Barnett Waddingham 'Enlighten!' online training within 12 months.

*Responsible investment activities are undertaken in conjunction with Investment Committee.

Notes

Future Triennial Review to be taken at same time as Investment Strategy review (2025).

Cashflow forecast and Risk Register are reviewed every 6 months.

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Agenda Item 6

Committee(s) Pensions Committee	Dated: 17 September 2024
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 Discussion
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 18 June 2024. 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.</p>
Complaints or disputes under the Scheme’s Internal Disputes Resolution Process (IDRP)	<p>There have been 6 Stage One IDRP applications.</p> <p>A breakdown of the IDRP applications is included at Appendix B on the non public agenda.</p>

Public Service Pensions Reporting Breaches of Pension Law	None to report.
Any audit reports relating to the administration of the Scheme	None to report.
Any reports relating to the administration of the Pension Scheme which have been considered by other Committees	None to report.
Guaranteed Minimum Pensions (GMP) Reconciliation	The project is still ongoing. A report will be brought to the Committee once the reconciliation has been completed.
Pension Administration System	<p>The Pensions Office is currently in the process of implementing the Member Self-Service system. This system has the potential to allow members to access their pension record, make amendments to selected personal data (i.e. name, partnership status, death grant nominees) and to run their own retirement estimates. It will also provide a platform for providing annual benefit statements and other bulk mailings.</p> <p>The system has been rolled out to all active scheme members, with the roll-out for deferred and pensioner members to begin in October 2024.</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 was 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>Further consultation determined the form the Remedy would take in respect of the LGPS and the regulations were formally laid and then implemented with effect from 1 October 2023.</p> <p>For active scheme members retiring after the implementation date, their McCloud eligibility will be assessed by the Pensions Office and if appropriate their benefits will be based upon the terms of the</p>

	<p>Remedy. In addition, from September 2025 onwards, all Annual Benefit Statements issued to active and deferred members must include details in respect of the Remedy and how it affects their individual benefits.</p> <p>With regards to retired members, all retirements since the introduction of the career average scheme in April 2014 will need to be assessed for eligibility for the McCloud Remedy. For those deemed to be eligible, their benefits in payment will need to be recalculated under the terms of the Remedy and any appropriate adjustments made and arrears paid. This process will also apply for the pensions being paid to the survivors/dependants of an eligible member who passed away before the Remedy was implemented.</p> <p>The Pensions Office has implemented the Remedy in respect of active scheme members and all retirements that have occurred since the implementation date (i.e. 1 October 2023) have been processed on this basis.</p> <p>The Pensions Office, in conjunction with each individual Scheme employer, is currently compiling the details of all retirements since April 2014 to assess eligibility and begin the process of re-calculating benefits where appropriate. Active and deferred scheme members must be provided with details by 31 August 2025 and it is expected that all retired scheme member will have been contact by then.</p> <p>Updates regarding the implementation of the McCloud Remedy will continue to be brought to each Committee meeting.</p>
<p>Pension Committee Training</p>	<p>All Members of the Committee are expected to register for tPR online training and complete the modules in respect of <u>public sector pension schemes</u>.</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> <p>Following a trial period by officers, Members of the Committee have agreed to complete the online LGPS training that has been created by our actuary Barnett Waddingham. The training module is called 'Enlighten' and is specifically directed at LGPS Committees, Boards and officers. There are currently three courses available; each consisting of several bitesize videos and followed by a quiz.</p> <p>Details in respect of training modules completed by each Member are included on the non-public agenda (Appendix C).</p> <p>Members are expected to re-do the tPR training modules every 3-5 years.</p>
<p>Pensions Office Key Performance Indicators</p>	<p>As requested at the Committee meeting of 29 November 2022, Appendix D provides statistics in relation to the performance of the Pension Scheme Administration.</p> <p>The working processes followed by the Pensions Team are regularly reviewed to ensure the statistics accurately reflect the work involved.</p>

Pensions Dashboards

Introduced by the Department for Work and Pensions (DWP), Pensions Dashboards have been designed to provide an online platform that will allow individuals to access details of their accrued pension benefits from multiple sources in one place. The intention is to support better planning for retirement, and help individuals reconnect with any pension pots they may have lost over time.

In respect of Public Sector Pension Schemes, the initial expectation was that schemes would be required to connect to the online dashboard infrastructure by 30 September 2024.

However, a written Ministerial Statement made on 2 March 2023 stated that delays setting up the dashboard programme has meant that the original timetables have been re-considered.

A revised staging timetable has been set out in guidance with all schemes in scope given a single connection deadline of 31 October 2026, by which time they are legally required to be connected to the pensions dashboard ecosystem and be ready to respond to requests for pensions information.

However, the guidance also sets out a staging timetable which provides a recommended connection date based upon scheme size and type – the connection date for public sector pension schemes is 31 October 2025.

The Pensions Regulator (TPR) updated its 'Failing to comply with dashboards duties' guidance in June 2023: (<https://www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/dashboards-guidance/failing-to-comply-with-pensions-dashboards-duties>). The purpose of the guidance is to outline what schemes will need to do to demonstrate that they have had regard to the staging timetable that will be set out in the connection guidance.

TPR expectations of schemes to show they 'have regards to the connection guidance' includes:

- Connect to dashboards by the connection deadline of 31 October 2026 that is set out in legislation. Failure to do so could result in regulatory action by TPR.
- A revised staging timetable is set out in guidance which indicates when schemes are scheduled to connect. All trustees and scheme managers must have regard to this guidance. Failure to do so will be a breach.
- Although the timelines in the guidance are not mandatory, schemes will be expected to demonstrate how they have had regard to the guidance.
- A phased approach to staging enables a controlled and well-planned connection, reduces the risk of provider capacity constraints and means savers can realise the benefits of dashboards as early as possible.
- Continuing to prepare for dashboards by engaging with those who will support them and their dashboard duties.

The Pensions Dashboards Programme (PDP) has updated their FAQs to reflect the new connection deadline announcement <https://www.pensionsdashboardsprogramme.org.uk/faqs/>

	<p>The National LGPS Framework was set up to provide procurement facilities for all LGPS Funds to allow for an efficient route for sourcing external services by a compliant route.</p> <p>There are several Integrated Service Providers (ISPs) listed on the National LGPS Framework and the Pensions Office has started the process of making contact with these providers as a first step towards ensuring compliance with the staging deadline.</p>
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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)

Appendix B – IDRPs cases received by the Pensions Office (NON PUBLIC)

Appendix C – Member Training (NON PUBLIC)

Appendix D – KPI Details

Graham Newman

Pensions Manager | Chamberlain's Department

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E: graham.newman@cityoflondon.gov.uk

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Local Government Pension Administration - Schedule of Events 2024/25

Date Due	Event	Completed
30 September 2023	Employee Contribution Band review	29 September 2023
5 October 2023	Issue of Annual Allowance (AA) Saving Statements deadline	4 October 2023
November 2023	Tax return for Quarter 2 (to 30/09/2023)	18 October 2023
1 December 2023	Publication of 2022/23 Pension Fund Accounts and Annual Report	2022/23 City Fund Accounts formally signed off 26 February 2024.
25 January 2024	Scheme Return to the Pensions Regulator	25 January 2024
31 January 2024	HMRC Event 22 Report – List of Annual Allowance cases exceeding the Previous years' threshold.	31 January 2024
February 2024	Tax Return for Quarter 3 (to 31/12/2023)	31 January 2024
1 April 2024	Employee Contribution band review/implementation.	1 April 2024
6 April 2024	Revaluation of CARE benefits.	6 April 2024
1 Monday in April following Tax Year End	Pensions Increase (PI) – Annual Inflation increase.	8 April 2024
May 2024	Tax return for Quarter 4 (to 31/3/2024)	30 May 2024
31 May 2024	Pensioner P60s distributed	24 May 2024
31 May 2024	Publish draft City Fund Accounts 2023/24 (including the Pension Fund Accounts)	31 May 2024
June/July 2024	Year-end data to the pension fund's actuary	April/May 2024
August 2024	Tax return for Quarter 1 (to 30/06/2024)	13 August 2024
31 August 2024	Issue of Annual Benefit Statements deadline.	31 August 2024
30 September 2024	Employee Contribution Band review	
5 October 2024	Issue of Annual Allowance (AA) Saving Statements deadline	
November 2024	Tax return for Quarter 2 (to 30/09/2024)	
December 2024	Publication of 2023/24 Pension Fund Accounts and Annual Report	
January 2025 (TBC)	Scheme Return to the Pensions Regulator	
February 2025	Tax Return for Quarter 3 (to 31/12/2024)	

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City of London Local Government Pension Scheme - Administration Key Performance Indicators

Task	Target (Working Days)	Result 2023/24	Result 2022/23	Result 2021/22
Initial payment of retirement benefits	5 days*	94.32%	97.35 %	98.61 %
Process refund and make payment	5 days	95.79%	94.85 %	98.44 %
Statement notifying estimate of retirement benefits	20 days	96.57%	97.04 %	96.17 %
Statement detailing transfer-in credit	20 days	100.00%	100.00 %	100.00 %
Transfers-out payments	20 days	100.00%	100.00 %	100.00 %
Answering general correspondence:	10 days	94.99%	96.50 %	96.83 %
Payment of lump sum death grants:	5 days	100.00%	92.59 %	100.00 %
Letters to dependants in respect of benefits due:	5 days	94.74%	98.36 %	94.44 %

Task	Target (Working days)	Quarter 1: 01/04/2024 – 30/06/2024			
		Cases completed in target	Cases completed outside target	Total number	Percentage
Initial payment of retirement benefits	10 days*	43	0	43	100.00%
Process refunds and make payments	5 days	10	1	11	90.91%
Statement notifying estimate of retirement benefits	20 days	56	3	59	94.92%
Statement detailing transfer-in credit	20 days	28	1	29	96.55%
Transfers-out payments	20 days	13	0	13	100.00%
Answering general correspondence	10 days	122	5	127	96.06%
Payment of lump sum death grants	14 days	7	0	7	100.00%
Letters to dependant's in respect of benefits due	5 days	11	0	11	100.00%

* At the June 2024 Committee meeting, Members agreed to change the target for the initial payment of retirement benefits from 5 to 10 working days. Statistics shown for 2023/24 and earlier are based upon the 5 working days target. Statistics from April 2024 onwards have been collated based upon the revised timeframe.

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Committee(s): Pensions Committee	Dated: 17 September 2024
Subject: CoL Pension Fund: GAD Section 13 Summary Report	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/A
If so, how much?	£
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 Information
Report author: Kate Limna – Corporate Treasurer	

Summary

The Government Actuary’s Department (GAD) published their third Section 13 Report following the 2022 actuarial valuation of the Pension Fund in August 2024. This report provides a review or health check of the Local Government Pension Scheme and is mandated under Section 13 of the Public Services Pensions Act 2013.

The City of London Corporation Pension Fund has met all the criteria of the Section 13 Valuation although one white flag was raised. The key aim of the review is to ensure that the contributions are set at a suitable level to target 100% funding over an appropriate period using suitable assumptions for the fund.

The report also outlines GAD recommendations to the Scheme Advisory Board of which there are three; the Actuary’s observations regarding each of these recommendations, which are set out in paragraph 7 of this report are around consistency and long-term cost efficiency.

Recommendation

Members are asked to note the report

Main Report

Background

1. Following the 2022 triennial actuarial valuation of all Local Government Pension Scheme (LGPS) Pension Funds in England and Wales, the Government Actuary’s Department (GAD) - on behalf of the Ministry for Housing, Communities and Local Government (MHCLG) (previously the Department for Levelling Up, Housing and Communities (DLUHC) - has scrutinised the assumptions used by LGPS actuaries to ensure that employers are taking a sufficiently prudent approach to financing the LGPS benefits.
2. This review, or health check, of the LGPS is mandated under Section 13 of the Public Service Pensions Act 2013. This Section 13 Valuation Report (the Section 13 Report) adopts standard assumptions for all LGPS funds with the aim of providing a level playing field so that funds can be compared on a like for like

basis. The purpose of the review is to identify any outlying Pension Funds measured against the following objectives:

- *Compliance* - whether the actuarial valuation has been carried out in accordance with the Regulations
 - *Consistency* – whether the actuarial valuation has been carried out “not inconsistently” with other funds
 - *Solvency* – whether a fund has sufficient assets together with employer and employee contributions to pay all the benefits due over the long term.
 - *Long term cost efficiency* – whether a fund is receiving sufficient contributions to meet the cost of benefits accruing and to repair any existing deficit over an appropriate period.
3. The Section 13 Report was published on 14 August 2024 and can be found [here](#).
 4. This is the third Section 13 report to be published. The first report followed the 2016 triennial valuation and was published on 27 September 2018 and reported to the Finance Committee on the 19 February 2019. The second report (following the 2019 valuation) was published on 16 December 2021 and also reported to the Finance Committee on 15 February 2022
 5. The City’s Actuary, Barnett Waddingham, have analysed the Section 13 Report and the findings in relation to the City of London Pension Fund (the Fund); this report is attached as an Appendix.

GAD Findings on City of London Pension Fund

6. The Fund achieved green flags on all measures except under ‘Solvency’ where one of the four sub categories received a white flag. The other three sub categories within ‘Solvency’ received green flags. A green flag indicates that “*there are no material issues that may contribute to a recommendation for remedial action in order to ensure solvency or long-term cost efficiency*”. A white flag is “*an advisory flag that highlights a general issue but one which does not require an action in isolation*”. The white flag is around “asset shock”;
 - *Asset Shock* – this measures the change in the average employer pension costs (as a percentage of what is called “core spending”) if there was a fall in markets and the fund’s “growth” assets – essentially non-bonds - fell by 15% and never recovered. A lower percentage is regarded as good here as it indicates that employer contributions are more resilient to market volatility. **The Fund received a white flag.** Similar to 2019 the asset shock for the Fund has been assessed as a percentage of pensionable pay instead of “core spending power” to reflect the unique way the Corporation is funded.

Other recommendations

7. The Section 13 report also made three formal recommendations to the Scheme Advisory Board (SAB) whose role it is to help and support MHCLG and administering authorities fulfil their statutory duties and obligations. Two of the recommendations were around consistency and one was around long-term cost efficiencies. These recommendations are set out below along with Barnett Waddingham’s comments (in italics):

Consistency

- Recommendation 1: We recommend that the Scheme Advisory Board consider whether greater consistency could and should be achieved to allow easier comparison between funds and better understanding of risks.
- Recommendation 2: We recommend that the Scheme Advisory Board continue to consider emerging issues and, where appropriate, whether guidance would be helpful to support greater consistency. As part of great consistency on climate risk, we recommend that work continues to refine the climate change principles document in advance of the 2025 fund *valuations*.
- Barnet Waddingham' View on Recommendations 1 and 2: *GAD have made a number of recommendations within the report which link into the two formal recommendations.*

These include reviewing the valuation dashboard in advance of 2025, reviewing the FSS guidance and reviewing the approach to climate risk analysis. We are already engaging with GAD on these subjects or sit on the relevant working groups.

We consider the valuation dashboard to be a useful addition to the valuation report, but we do not foresee a significant number of changes at 2025.

Long Term Cost Efficiency

- Recommendation 3: We recommend that the Scheme Advisory Board consider the following:
 - Where funds are in surplus, whether additional guidance can be provided to support funds in balancing different considerations.
 - Where deficits exist, how can all funds ensure that the deficit recovery plan be demonstrated to be a continuation of the previous plan.
 - Whether additional guidance is required in relation to the treatment of asset transfers from local authorities.

- BW recommendations to the City of London Corporation Pension Fund: *A lot of LGPS funds are reporting improved funding positions and surpluses on their local funding basis since the 2022 valuation. This has largely been driven by funds using a gilts-based discount rate, which is not the BW approach.*

However, GAD have provided some recommendations to funds around dealing with surpluses which should be considered as part of the 2025 valuation process. They note that there needs to be a balance between paying out surpluses too quickly and retaining large surpluses. We will pick up this issue with the Fund as part of the pre-valuation discussions and as part of the contribution rate setting process.

Conclusion

8. The City of London Corporation Pension Fund has met all the criteria of the Section 13 Valuation and received green flags except under solvency (asset shock) where it received a white flag.
9. GAD have made three recommendations to the Scheme Advisory Board, two around consistency and one around long-term cost efficiency. This latter

recommendation is around improved funding positions and surpluses, and how this should be considered as part of the 2025 valuation. This will be discussed with Barnett Waddingham at the pre valuation meeting being held later this year.

10. It is equally important to ensure that decisions taken by the Fund are taken for the right reasons and meet the Fund's own objectives, Funding Strategy Statement and Investment Strategy Statement. Although the Section 13 valuation is a useful check on the health of the LGPS and its Funds, it should not be a key driver for the City of London Corporation Pension Fund in making decisions.
11. The Section 13 Report applies standardised assumptions across the LGPS, and our Actuary will apply assumptions relevant to the profile of the City's Pension Fund when undertaking the next actuarial review. The next actuarial valuation is due as at 31 March 2025 and the Actuary's recommendation on the level of employer contribution for the following three years from 1 April 2026, will be considered by the Pensions Committee.

Recommendation

Members are asked to note the report.

Appendices

Appendix – CoL Pension Fund: Section 13 Summary Report

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City of London Corporation Pension Fund

Section 13 summary report

Graeme D Muir | Partner FFA

26 August 2024

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Introduction

This paper has been requested by City of London Corporation, as administering authority to the City of London Corporation Pension Fund (the Fund).

This paper summarises the review of the actuarial valuations of LGPS funds as at 31 March 2022 as carried out by the Government Actuary's Department (GAD), under Section 13 of the Public Service Pensions Act 2013 (the Section 13 valuation) which was published on 14 August 2024¹. This paper sets out the results of this review in relation to the Fund.

For the avoidance of doubt, the formal actuarial valuation is still carried out by ourselves as the Fund actuary based on assumptions set locally and agreed with the Fund. The key objectives of the formal valuation are to check the financial position of the Fund and to set employer contribution rates for the subsequent three years. The Section 13 valuation does not directly impact employer contribution rates but is an influencing factor.

Background

The Section 13 valuation carried out by GAD, is based on the results of the formal actuarial valuations of the 87 English and Welsh LGPS funds, as carried out by their fund actuary.

Standardised vs best estimate bases

For the purposes of comparing funding levels, GAD use a standardised basis consistent with the basis used by the Scheme Advisory Board (SAB) for comparing funds. This is not the same as the local funding basis but it is calculated by the local fund actuary. The standardised basis provides a level playing field so that funds can be compared on more of a like for like basis.

¹ Full report is published here: <https://www.gov.uk/government/publications/lgps-ew-review-of-the-actuarial-valuations-of-funds-as-at-31-march-2022>

For some of the other tests GAD undertake, they use their own "best estimate" basis across all funds which is determined by GAD. The key difference between the two is that the financial assumptions in the standardised basis is not market related or based on market conditions.

Section 13 objectives for identifying outliers

The main purpose of the Section 13 valuation is for GAD to identify any outlying funds measured against the following four aims:

- 1 **Compliance** – whether, in their view, the actuarial valuation has been carried out in accordance with the Regulations;
- 2 **Consistency** – whether, in their view, the actuarial valuation has been carried out "not inconsistently" with other funds;
- 3 **Solvency** – whether, in their view, a fund has sufficient assets together with employer and employee contributions to pay all the benefits due over the long term; and



4 Long term cost efficiency – whether, in their view, a fund is receiving sufficient contributions to meet the cost of benefits accruing and to repair any existing deficit over an appropriate period.

As part of the Section 13 valuation, GAD calculate measures to help consider the above aims and use a coloured flag system to identify any outlying funds.

Flag	Meaning
Red	A material issue that may result in the aims of Section 13 not being met. In such circumstances remedial action to ensure solvency and/or long term cost efficiency may be considered.
Amber	A potential material issue that we would expect funds to be aware of. In isolation this would not usually contribute to a recommendation for remedial action in order to ensure solvency and/or long term cost efficiency.
White	An advisory flag that highlights a general issue but one which does not require an action in isolation. It may have been an amber flag if GAD had broader concerns.
Green	There are no material issues that may contribute to a recommendation for remedial action in order to ensure solvency or long term cost efficiency.

Having been identified as an outlier, the outlying fund would be expected to put a plan in place to help improve their position.

However, this application of measures is not helpful when each is considered in isolation and a more holistic view is required. For example, a reader may conclude that significant contribution increases may be required for a particular fund at the next formal funding valuation, when in fact, this might not be the case.

Moreover, as flags usually indicate deviations from other funds this does not necessarily mean there are problems with the fund itself as each fund is different and requires a tailored approach to funding and setting contribution rates. Some funds will also have seen an improvement on individual measures, but this categorising does not provide that level of detail, and therefore where improvements have been made, they are not necessarily recognised as improvements.



Summary of overall results

Most funds reported a funding level improvement at 2022 compared to 2019, with an aggregate funding level of 119% at 2022, compared to 109% at 2019. These funding levels are calculated on GAD's best estimate basis. The main reason for this improvement has been the asset outperformance in 2020/21, as well as the secondary (deficit reduction) contributions paid by employers.

Average total contribution rates decreased although primary rates generally increased, which reflects the increase in funding levels on funds' local funding bases. As previously noted, the Section 13 valuation is not used to set employer contribution rates but functions as a comparator between the individual LGPS funds.

Progress since 2019 review

Following the 2019 valuation, GAD made a series of recommendations to be considered as part of the 2022 valuation. We have summarised the 2019 recommendations and the noted progress made on each. Please note these are not specific to the Fund.

1. SAB should consider the impact of inconsistency, particularly regarding academy conversions and assessing impact of McCloud.
 - SAB have prepared guidance on academy conversions; more detail is provided in the Consistency section below. In relation to McCloud liabilities, all funds quantified the estimated impact as a percentage of liabilities on the dashboard. Regulations to equalise for McCloud remedy have since been introduced, therefore GAD make no further recommendations in this area.
2. SAB should consider how funds should ensure their deficit recovery plan can be demonstrated to be a continuation of the previous plan.

- SAB is engaging with stakeholders to update guidance on Funding Strategy Statements (FSS) and the inclusion of principles underlying deficit recovery plan. New guidance should be out later this year which we will incorporate as part of the next FSS review.
3. Fund actuaries provide additional information about total contributions, discount rates and reconciling deficit recovery plans in the dashboard.
 - This was provided and noted.
 4. SAB should review asset transfer arrangements from local authorities to ensure appropriate governance to achieve long term cost efficiency.
 - Not aware of any new asset transfers arrangements put in place. SAB intend to consider this point as part of their review of the FSS guidance.

In the 2019 report, GAD also made a general risk comment about acknowledging the strain of the pension fund on local authority budgets and resources and the possibility of increased pension contributions in the future. GAD noted that they understand that administering authorities are generally aware of these risks and have factored this into the principles for setting contributions, with a particular focus on stability.



Key findings under the four aims

The following section summarises each of GAD's objectives and the key takeaways for each as part of the 2022 review.

Compliance

GAD reported that all LGPS actuarial valuation reports complied with Section 13, meeting the requirements of the LGPS Regulations.

Consistency

GAD did not raise any flags for any fund under the objective of consistency.

GAD's interpretation of the consistency requirement (or lack of inconsistency) is such that valuations should have "consistent" rather than "not inconsistent" assumptions unless local circumstances justify something different.

GAD reports on two types of consistency criteria:

- **Presentational consistency:** Information may be presented in different ways in different reports, and sometimes information is contained in some reports but not others, so readers may have difficulties in locating the information they wish to compare. GAD call this presentational inconsistency and expect this to include sufficient rationale.
- **Evidential consistency:** When the reader has located the relevant information (e.g. funding levels), differences in the underlying methodology and assumptions mean that it is not possible to make a like for like comparison. GAD call this evidential inconsistency. They believe that local circumstances may merit different assumptions, but wherever possible, information should be presented in a way that facilitates comparisons.

Compared to 2019, GAD believe presentational consistency has improved due to the additional dashboard information provided. However, GAD's view is that there is no indication of any significant improvement in evidential consistency since the 2019 valuation.

As expected, there are differences in financial and demographic assumptions across LGPS funds. This is valid and appropriate as funds have different investment strategies, which affects the assumed discount rate, and different membership profiles, which affects the demographic assumptions.

The report does acknowledge that assumptions can be expected to vary between funds and that this is not a problem in itself as long as the local circumstances driving the assumptions are made transparent.

GAD advised that the valuation dashboard should be reviewed again prior to the 2025 valuation to consider if any additional information should be provided. BW will be part of that review process.

The report also puts a strong focus on emerging issues where consistency between the funds is considered to be useful and dialogue between actuarial advisors is encouraged. The main issues addressed were climate risk, treatment of academies, and the emergence of surpluses.

Climate risk

It was noted that significant progress had been made to improve consistency in the presentation of climate risk since 2019. This is due to the engagement with the fund actuaries and DLUHC (now renamed the Ministry of Housing, Communities & Local Government (MHCLG)) to agree broad principles on which to base the analysis. Of the 87 funds, 82 carried out climate risk analyses in line with these broad principles. The Fund was included in the 82 funds.

MHCLG has consulted on proposals for new requirements in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) but has not yet responded. GAD strongly promote the further development of climate risk analysis and its integration in decision-making by funds. The broad principles will be reviewed in advance of the 2025 valuation which BW will also feed heavily into.

Academies

GAD continue to mention the known inconsistencies around academy conversions between funds. A working group was set up to consider this issue and SAB have produced guidance on academy conversions but funds continue to take different approaches.

It is a complicated issue and in our view, this commentary falls outside the remit of the Section 13 valuation.

Surpluses

GAD are encouraging SAB's Funding Strategy Statement (FSS) working group, to consider consistency of how LGPS funds may approach the use of any surplus when reviewing the FSS guidance.

GAD recommendations

GAD made two formal recommendations in the Section 13 report regarding the consistency objective.

Recommendation 1

"We recommend that the Scheme Advisory Board consider whether greater consistency could and should be achieved to allow easier comparison between funds and better understanding of risks."

Recommendation 2

"We recommend that the Scheme Advisory Board continue to consider emerging issues and, where appropriate, whether guidance would be helpful to support greater consistency."

"As part of great consistency on climate risk, we recommend that work continues to refine the climate change principles document in advance of the 2025 fund valuations."

BW views

GAD have made a number of recommendations within the report which link into these two formal recommendations.

These include reviewing the valuation dashboard in advance of 2025, reviewing the FSS guidance and reviewing the approach to climate risk analysis. We are already engaging with GAD on these subjects or sit on the relevant working groups.

We consider the valuation dashboard to be a useful addition to the valuation report but we do not foresee a significant number of changes at 2025.

We are happy to feedback any of your comments into those reviews.

Solvency

Where a fund achieved a green flag on solvency, this demonstrates that, in GAD's opinion, the fund's assets and contribution levels should be sufficient to meet all the benefits over the long term. Most funds demonstrated they met the objective of solvency, with 76 out of the 87 funds as at 2022 achieving green flags across all measures. This has slightly improved since 2019 and no fund received an amber or red flag so no action in isolation is required for any fund.

The Fund received one white flag and three green flags on solvency measures.

The measures used are the following:

- *SAB funding level*: The SAB funding level for the Fund has improved (from 92.4% in 2019 to 102.1% in 2022). **The Fund received a green flag.** White flags were awarded to the five funds with the lowest funding levels. For funds with white flags, GAD expected no specific action other than a general review.
- *Non-Statutory Employees*: The proportion of active members employed by employers without tax raising powers or statutory backing. This is a proxy for the proportion of higher risk employers and therefore liabilities the fund has, as these employers do not have any form of guarantee. A low percentage is a good result as it means the fund is less exposed to default risk from employers who may not be able to pay any shortfall if they leave the fund or become insolvent. **The Fund received a green flag.**
- *Asset shock*: This measures the change in the average employer pension costs (as a percentage of what is called "core spending") if there was a fall in markets and the fund's "growth" assets – essentially non-bonds - fell by 15% and never recovered. A lower percentage is regarded as good here as it indicates that employer contributions are more resilient to market volatility. **The Fund received a white flag.** Similar to 2019 the asset shock for the Fund has been assessed as a percentage of pensionable pay instead of "core spending power" to reflect the unique way the Corporation is funded.

- *Employer default*: This is the change in average employer contributions if all employers without tax raising powers/statutory backing cannot repay their deficit amount as calculated at the 2022 valuation. A low percentage means the fund is less exposed to the default of more risky employers and the impact on employer contribution rates would be low. **The Fund received a green flag.**

The results for the Fund are set out below: [background colour indicates flag]

SAB Funding level	Non-Statutory employees	Asset shock	Employer default
102%	10.5%	7.2%	N/A

GAD chose not to engage with funds that received a white flag for *SAB funding level* as it is a purely relative measure and the actual overall improvement in funding levels was a positive outcome. Please see the Appendix for the distribution of the individual SAB funding levels of all funds.

GAD recommendations

GAD did not make any specific recommendations under their solvency objective.

Long term cost efficiency

Where a fund achieved a green flag under *Long Term Cost Efficiency*, this demonstrates that the contributions being paid are, in GAD's view, sufficient to meet the cost of benefits accruing and to repair any deficit over an "appropriate period". In particular, it demonstrates the fund is not deferring payments excessively so that they unfairly impact future generations.

In 2022, three funds received an amber flag in relation to long term cost efficiency, with four funds receiving a white flag. At 2019, four funds received an amber flag and 18 received at least one white flag.

The Fund received five green flags in terms of long term cost efficiency.

The measures used are the following:

- *Implied deficit recovery period*: This measures the time it will take to pay off the Section 13 best estimate deficit at the current level of deficit contributions. **The Fund received a green flag.**
- *Required return*: This determines the return the fund's assets need to achieve to be fully funded in 20 years time on the Section 13 best estimate basis. A lower required return means a lower bar for the fund to exceed and so a greater chance of doing so. **The Fund received a green flag.**
- *Repayment shortfall*: The difference between the fund's actual total contributions (primary and secondary) and the total contributions that GAD calculate on a best estimate basis. This measures the affordability of the best estimate deficit and the higher this figure is the better. **The Fund received a green flag.**
- *Return scope*: The estimated return that the fund's investment strategy is expected to deliver, in excess of the required return. **The Fund received a green flag.**
- *Deficit reconciliation*: This is a check on whether the current deficit recovery period is a continuation of the previous deficit recovery period. **The Fund received a green flag.**

The results for the Fund are set out below, alongside the rank (where relevant) amongst the other LGPS funds:

Implied deficit recovery period (GAD basis)	Required return	Repayment shortfall	Return scope	Deficit reconciliation
Surplus	3.8% (Rank 72)	Surplus	1.5% (Rank 46)	Green

Deficit reconciliation

In the report, GAD comment that administering authorities should aim to, where possible and appropriate:

- maintain the levels of contributions and/or
- reduce deficit recovery periods by maintaining the end point of the recovery period.

GAD noted that most funds maintained their deficit recovery end point in accordance with the above recommendation.

Surplus considerations

Since the 2022 valuation, an emerging issue is the increase in funds with surpluses, with over 70% of funds being in surplus on their local funding basis at 2022, well over double of that seen at 2019. This has largely been driven by funds using a gilts-based discount rate, which is not the BW approach.

GAD noted that there are a range of reasonable uses of fund surpluses, namely:

- reduction in contributions
- revisions to investment strategies and
- reviewing the level of prudence used.

GAD notes that their focus will be on contribution rate outcomes and intergenerational fairness. They note that there needs to be a balance between funds:

- using up surpluses too quickly; and
- retaining large surpluses.

GAD has not flagged any funds on their utilisation of surplus at this review but note that it will be reviewed as part of future Section 13 valuations.

GAD recommendations

Recommendation 3

"We recommend that the Scheme Advisory Board consider the following:

- *Where funds are in surplus, whether additional guidance can be provided to support funds in balancing different considerations.*
- *Where deficits exist, how can all funds ensure that the deficit recovery plan be demonstrated to be a continuation of the previous plan.*
- *Whether additional guidance is required in relation to the treatment of asset transfers from local authorities."*

BW recommendations to the City of London Corporation Pension Fund

A lot of LGPS funds are reporting improved funding positions and surpluses on their local funding basis since the 2022 valuation. This is largely been driven by funds using a gilts-based discount rate, which is not the BW approach.

However, GAD have provided some recommendations to funds around dealing with surpluses which should be considered as part of the 2025 valuation process. They note that there needs to be a balance between paying out surpluses too quickly and retaining large surpluses. We will pick up this issue with the Fund as part of the pre-valuation discussions and as part of the contribution rate setting process.

Conclusion

The City of London Corporation Pension Fund has met all the criteria of the Section 13 valuation although one white flag was raised. The key aim of the review is to ensure that the contributions are set at a suitable level to target 100% funding, over an appropriate period, using suitable assumptions for the fund.


There is no requirement to take any action as a result of the white flag, however the Fund may want to think about how it can minimise the risk of any flags being raised at 2025.

The Fund will shortly be considering its Funding Strategy and Investment Strategy as part of the 2025 valuation process and we suggest that the results of this review are considered. However, it is equally important to ensure that decisions taken by the Fund are taken for the right reasons and meet:

- the Fund's own objectives,
- Funding Strategy Statement; and
- Investment Strategy Statement.

Although the Section 13 valuation is a useful check on the health of the LGPS and its funds, it should not be a key driver for the Fund in making decisions.

We would be pleased to answer any questions arising from this report.



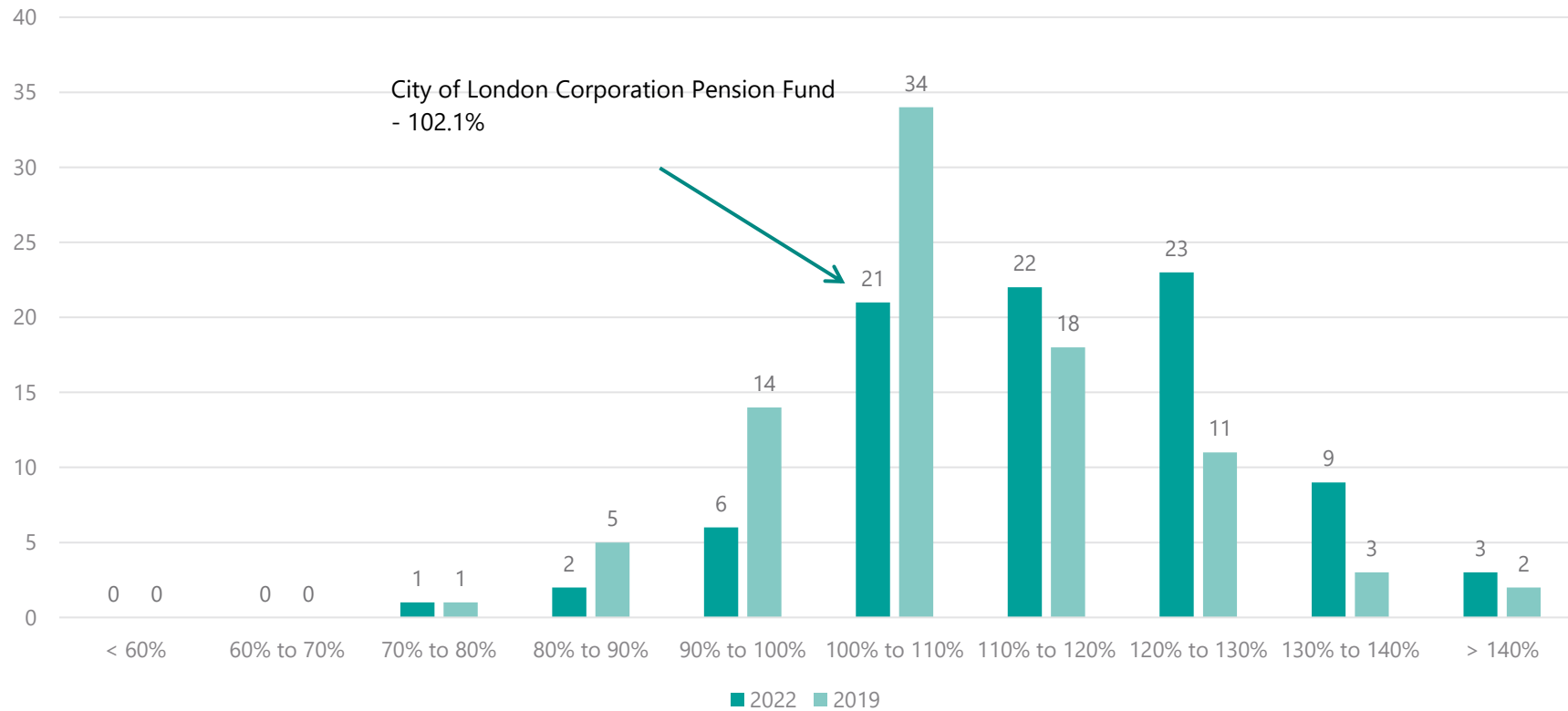
Graeme D Muir FFA
Partner
Barnett Waddingham LLP



Appendix

The charts below shows the distribution of the funding levels on the SAB standardised basis at 2019 and 2022 and where the City of London Corporation Pension Fund sits on each chart. The unweighted average has increased from 108% in 2019 to 117% in 2022.

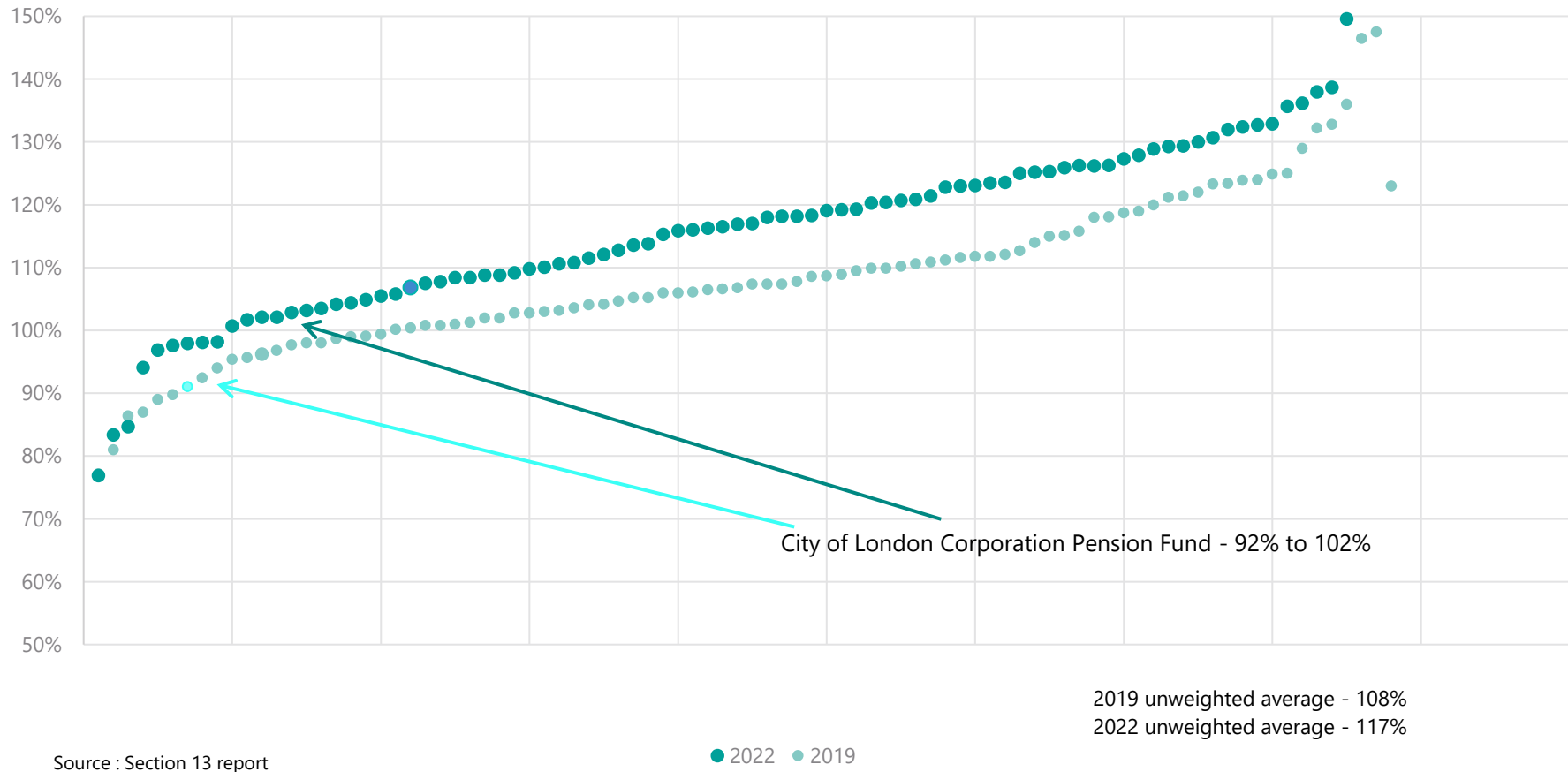
Distribution of standard funding levels (2019 vs 2022)



Source : Section 13 report



Standardised funding levels



Source : Section 13 report





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However, this report is not intended to provide and must not be construed as regulated investment advice. Returns are not guaranteed, and the value of investments may go down as well as up, so you may get back less than you invest.

The information in this report is based on our understanding of current taxation law, proposed legislation and HM Revenue & Customs practice, which may be subject to future variation.

Committee: Pensions Committee	Dated: 17 September 2024
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

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.

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 Investment Committee (previously Financial Investment Board, prior to its dissolution) 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 Investment Committee 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. The Pensions Committee reviews the Risk Register every 6 months and last reviewed it at the meeting held on 19 March 2024. At that meeting Members reviewed the existing actions and confirmed that appropriate controls were in place, and that there were no other risks relating to the services overseen by the Committee. .

Review of Risks

- 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”.
- 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	12	
CHB Pensions 001	Insufficient assets - Pensions Fund	8	
CHB Pensions 010	Targeted returns – Pension Fund	6	
CHB Pensions 003	Short term Cash flow	4	
CHB Pensions 004	Breach of GDPR/Data Protection regulations	4	
CHB Pensions 006	Employer Insolvency	4	
CHB Pensions 007	Cyber Security	4	
CHB Pensions 008	Pension Scheme Administration	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	

- The Risk Register contains thirteen risks which are summarised in table 1 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.
- 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

has been reviewed and updated where necessary in the Register itself. Updates to the Risk Register are underlined throughout.

6. Officers have 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

7. 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.
8. The Pensions Committee is requested to review the risks and 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

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

(C) Risk scoring grid

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

(D) Risk score definitions

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

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

Contact the Corporate Risk Advisor for further information. Ext 1297

October 2015

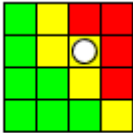
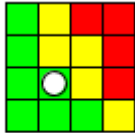

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CHB PENSIONS COMMITTEE Detailed risk register EXCLUDING COMPLETED ACTIONS

Report Author: Amanda Luk
 Generated on: 16 August 2024



Rows are sorted by Risk Score

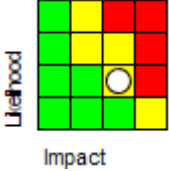
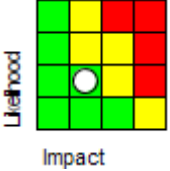
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB Pensions 009 McCloud Remedy	<p>Cause: Implementation of the proposed remedy 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>	 <p>Likelihood</p> <p>Impact</p>	<p>12</p>	<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</p>	 <p>Likelihood</p> <p>Impact</p>	<p>4</p>	<p>01-Aug-2025</p>	

<p>11-Aug-2022</p>			<p>consultation document and set out 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> <p>The finalised LGPS (Amendment) (No.3) Regulations 2023 came into force from 1 October 2023 and amended the LGPS Regulations 2013 accordingly.</p> <p>Since this date, all new retirements have been calculated with reference to the Remedy.</p> <p><u>From August 2025 onwards, Annual Benefit Statements (ABS) should include information in respect of the McCloud Remedy for all affected members.</u></p>				
			<p>16 Aug 2024</p>				

Kate Limna								Constant
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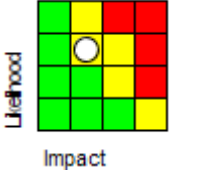
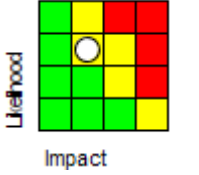

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 009a	DLUHC DLUHC MHCLG has confirmed the proposed remedy and the intention to introduce legislation to the statute books from 1 April 2023 but applied retrospectively to 31 March 2012 and 31 March 2014. The Pensions 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 MHCLG , LGA & HMRC and regularly attend seminars, forums, webinars and user groups.	Continue with membership of working groups including South East Counties Senior Officer Group (SEC SOG), Aquila Heywood Remedy Implementation Group, to ensure development of software and understanding of legislation. Attend conferences, webinars, forums and seminars as appropriate and keep up to date with bulletins and guidance from the Home Office.	Graham Newman	16-Aug-2024	31-Mar-2025
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.	Perform data review exercise in bulk and individually to identify scheme members who may qualify and/or identify missing data. Software provider has developed currently developing systems to identify qualifying scheme member on bulk reports. Develop data process to request missing information and scheme member record update. Any missing information to be obtained and scheme member record update	Graham Newman	16-Aug-2024	31-Mar-2025
CHB Pensions 009c	System Development Calculation/Revaluation	The software has been updated to allow for calculations and recalculations of deferred benefits and those already in payment to identify where the Remedy will affect the benefits already calculated. The calculators are kept under constant review to ensure that they work as intended and regular updates are provided as they are developed by the software supplier. Development has included bulk calculations and calculations for individuals, and include revised pension amounts, arrears payable/collectible (benefits and contributions) plus interest payable where applicable.	Graham Newman	16-Aug-2024	31-Mar-2025
CHB Pensions 009d	Working in conjunction with LGA to prepare communications and standard responses (FAQs) to be sent to affected scheme members.	It will be essential for communications to be regular, clear and ongoing. Updates in respect of the remedy and delivery of it, including scheme members who may be affected, must be provided as appropriate. The Pensions Office website carries current information from various sources including DLUHC MHCLG . Further communications will be added when they are released.	Graham Newman	16-Aug-2024	31-Mar-2025

		<p>The 2023 Annual Benefit Statements (ABS) included a link to a leaflet that was created by the LGA in conjunction with the Scheme Advisory Board (SAB). This leaflet was also already available on the City's Pension Website.</p> <p>The ABS will now need to be amended 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> <p><u>The 2025 Annual Benefit Statements (ABS) that are due to be issued by 31 August 2025, must include information on the McCloud Remedy for affected members.</u></p>			
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Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<p>CHB Pensions 001 Insufficient Assets</p> <p>17-Aug-2022 Kate Limna</p>	<p>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.</p>		<p>8</p>	<p>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). As at 31 January July 2024, the Fund is outperforming its absolute return target over <u>all time horizons except three years</u>. five years but underperformed over one and five three years; The Fund has produced a positive return over all time frames. This is largely as a result of <u>global equity markets which have returned positively amid a resilient and generally solid economy, despite markets reacting to evolving monetary policies; major election results; and on-going geo-political tensions</u>. global equity markets which performed well in the first seven months of the year despite ending the third quarterly negatively, rebounding in the fourth quarter as financial markets witnessed a robust end to 2023. This was as a result of growing optimism that inflation was cooling, which led to markets pricing in significant rates cuts in 2024. However, following an unexpected increase in UK inflation, UK equities fell over the month of January 2024 as expectations for when interest rates may begin to be cut were pushed out.</p> <p>16 Aug 2024</p>		<p>4</p>	<p>31-Mar-2025</p>	<p>■</p> <p>Constant</p>

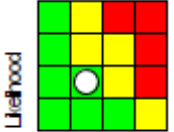
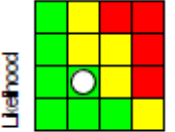
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 001a	The Investment strategy of the Pension Fund is reviewed at least every three years following the triennial valuation with proper advice from the Investment Consultant.	The Pension Fund Investment Strategy was reviewed following the completion of the 2022 triennial valuation of the Fund's liabilities, by the Pensions Committee in September 2023. New Investments into Corporate Bonds, Renewable Infrastructure and broad private markets were agreed to ensure that the investment strategy remained appropriate in the context of the Fund's updated liabilities valuation and the current investment environment.	Caroline Al-Beyerty; Kate Limna	16-Aug-2024	31-Mar-2025
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	16-Aug-2024	31-Mar-2025

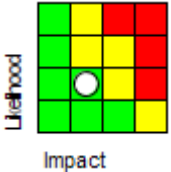
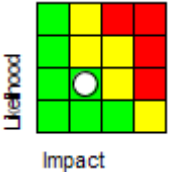

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB Pensions 010 Targeted returns	<p>Cause: Fund managers (including the London CIV) fail to achieve the targeted investment returns because</p> <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 long-term targets • Number of investors in a fund may diminish below a minimum level causing the fund to close. <p>Event: Failure to be seen to manage the funds responsibly.</p> <p>Effect: Supervisory intervention over management of the Funds.</p>		6	<p>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.</p> <p>Following the revised Strategic Asset Allocation, which agreed investment into three new asset classes including Corporate Bonds in September 2023, the Pension Fund invested into the LCIV Buy and Maintain funds (Corporate bonds) in December 2023. <u>In January 2024, the Pension Fund committed £75m to the LCIV Renewable Infrastructure Fund (of which c.£5m has been drawn down as at July 2024) and in July 2024, the M&G UK Residential Fund investment was moved under pool management.</u> Therefore 35% <u>43%</u> (including commitments) of CoL PF assets are now under Pool management.</p> <p>The London CIV is a pooling vehicle for which the City of London Pension Fund is a shareholder. CoL PF assets under management are held in four <u>six</u> funds – Global Alpha Growth Fund (managed by Baillie Gifford), Alternative Credit Fund (managed by CQS), Buy and Maintain Fund – Short duration and Buy and Maintain</p>		6	31-Mar-2025	

17-Aug-2022 Caroline Al-Beyerty				Fund – Long duration (managed by Insight). In addition there <u>Renewable Infrastructure Fund (multiple managers) and the M&G UK Residential Fund.</u> is a commitment of £75m to the Renewable Infrastructure Fund				Constant
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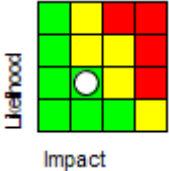
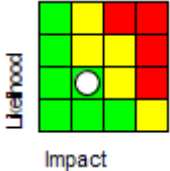

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 010a	Investment managers' performance and their aggregate performance is measured against appropriate benchmarks and will be monitored by the Pensions Committee throughout the year. It is supplemented by market 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 July <u>January</u> 2024, along with the Investment Consultant's quarterly report (to December <u>June</u> 2024) is reported to the Pensions Committee on 19 March <u>17 September</u> 2024.	Kate Limna; Sarah Port	16-Aug-2024	31-Mar-2025
CHB Pensions 010b	Under the Government pooling agenda, London CIV is the asset pool operator for London LGPS funds. The LCIV holds monthly updates for Shareholders advising on latest developments for examples, product development and ESG/Climate related actions.	At the February <u>August</u> 2024 monthly meeting, the LCIV had <u>one change</u> no changes to the monitoring status of funds (<u>LCIV Emerging Market Equity Fund which was downgraded</u>) but were keeping a close watch on how Fund Manager performance. <u>The Pension Fund is not invested in this fund.</u> At a meeting in late 2022, the investors in the Global Alpha Growth Fund (of which there were 5) were advised that should the number of investors fall below 3, an orderly exit from the fund may be considered. The current number of investors remains at 5.	Kate Limna; Sarah Port	16-Aug-2024	31-Mar-2025

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 003 Short term Cash flows 16-Jan-2023	Cause: Inadequate cash flow planning and monitoring. Event: Delayed settling of benefits/ assets disinvested at an opportune time Effects: Illiquidity or insufficient liquid assets to meet short term obligations	 Likelihood Impact	4	Insufficient liquidity to meet pension benefit payments, transfer payments and other costs, or to meet cash calls from fund managers. 16 Aug 2024	 Likelihood Impact	4	31-Mar-2025	Constant

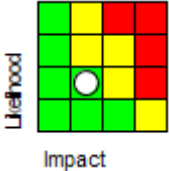
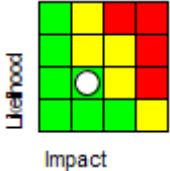

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 003a	The Pension Fund asset allocation is established to ensure appropriate exposure to asset classes.	The Pension fund asset allocation remains within tolerance of control ranges established by Pensions Committee under the revised Strategic Asset allocation as agreed by Committee in September 2023.	Kate Limna; Sarah Port	16-Aug-2024	31-Mar-2025
CHB Pensions 003b	Alert fund managers in advance of transferring new monies and Fund managers are required to provide sufficient notice of cash calls and redemption payments.	Fund Managers are aware of the contractual notification period of 10 working days for any drawdowns and Officers alert fund managers Trading + X number of working days in advance of a withdrawal (X is dependent on the fund manager).	Kate Limna; Sarah Port	16-Aug-2024	31-Mar-2025
CHB Pensions 003c	Cash flow forecasting to ensure adequate monitoring and planning.	A Cash flow forecast has been created to ensure the Pension Fund is able to meet any obligations required of it. This is reported to Committee on a half yearly basis.	Kate Limna; Sarah Port	16-Aug-2024	31-Mar-2025

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 004 Breach of GDPR / Data Protection regulations 16-Jan-2023	Cause: (i) Ineffective procedures. (ii) Inadequately trained staff. (iii) Data Accuracy. (iv) Lack of resources. Event: Scheme members' personal data is released to an unauthorised third party. Effect: (i) Breach of GDPR / Data Protection regulations. (ii) Financial penalties/ sanctions. (iii) Reputational damage		4	Personal data may be accidentally issued to an incorrect third party or body – e.g. an old postal address may be held for a scheme member or an error is made whilst typing an email address. A breach of the GDPR / DP regulations may lead to financial penalties and sanctions being imposed by the governing industry bodies such as the Pensions Regulator or Information Commissioner's Office. 16 Aug 2024		4	31-Mar-2025	 Constant

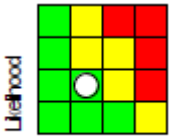
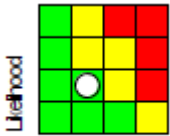

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 004a	Pensions administration staff to be aware of the corporate policy regarding data security and to follow the guidelines given.	Corporate online training regarding data-security to be carried out by all staff and reviewed as required.	Graham Newman	16-Aug-2024	31-Mar-2025
CHB Pensions 004b	Ensuring that any data sent electronically is sent securely / password protected with the password sent separately.	All staff are trained in how to protect documents and send emails securely. However, it is important that this training is kept up to date as technology / processes evolve and are changed.	Graham Newman	16-Aug-2024	31-Mar-2025
CHB Pensions 004c	Ensuring that member address details are kept up-to-date and that records are updated when the Pensions Office is made aware that the information held is no longer valid.	Notating the member records when the Pensions Office is made aware that the data held is no longer valid prevents their inclusion in any automated bulk mailshots.	Graham Newman	16-Aug-2024	31-Mar-2025
CHB Pensions 004d	Pensions administration staff to be aware of GDPR / Data Protection legislation.	GDPR / Data Protection reviewed and all staff reminded of the legislation and its importance. Processes amended for hybrid working, ensuring the protection of scheme member data.	Graham Newman	16-Aug-2024	31-Mar-2025

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 006 Employer Insolvency 17-Aug-2022 Kate Limna	<p>Cause: Processes not in place to capture or review covenant of individual employers.</p> <p>Event: Employer becomes insolvent or is abolished with insufficient funding to meet liabilities.</p> <p>Effect: Fund would pick up the liabilities potentially leading to increased contribution rates for other employers.</p>		4	<p>Since 2013 the LGPS regulations generally require all admission bodies to enter into an indemnity or bond to cover the possibility of an employer becoming insolvent or prematurely leaving the Fund. This would mean the Fund and the remaining employers would have to meet the outgoing employer's liabilities in the Fund.</p> <p>The actuary assesses the value of these risks to the Fund and sets the value for a bond, generally for a three-year period.</p> <p>It is generally a requirement of the City of London for all new admission agreements to have a bond and the responsibility of the admission body to arrange and regularly reassess the bond.</p> <p>16 Aug 2024</p>		4	31-Mar-2025	 Constant

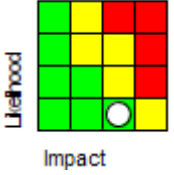
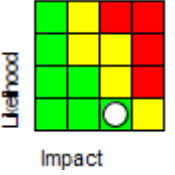

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 006a	Bond indemnity/guarantee required for admitted bodies and incorporated into admission agreements where appropriate.	Recent admissions to the scheme have provided a bond.	Graham Newman	16-Aug-2024	31-Mar-2025

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 007 Cyber Security 17-Aug-2022 Kate Limna	Cause: IT system failures due to ineffective procedures, or Inadequately trained staff. Event: Breach of Corporate IT systems and Cyber security. Effect: Inaccurate benefits paid or delayed to scheme members. Financial penalties/ sanctions. Breach of Data Protection regulations. Loss/corruption of data		4	A malicious breach of Corporate IT systems may lead to a failure of the pensions administration system and/or a breach of Data Protection regulations. A failure of the pensions administration system or a breach of the Data Protection Regulations may mean a failure or inability to calculate benefits accurately and on time which may lead to financial penalties and sanctions being imposed by the governing industry bodies such as the Pensions Regulator or Information Commissioner's Office. 16 Aug 2024		4	31-Mar-2025	 Constant

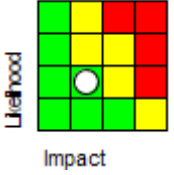
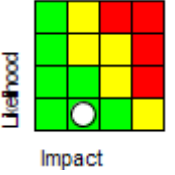

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 007a	Pensions administration staff to be aware of the corporate policy regarding cyber security and to follow the guidelines given.	Corporate online training regarding cyber-security to be carried out by all staff and reviewed as required.	Graham Newman	16-Aug-2024	31-Mar-2025
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	16-Aug-2024	31-Mar-2025
CHB Pensions 007c	Ensuring that the pensions administration software is included in the departmental business continuity plans.	Updating the business impact analysis details used in the departmental continuity plan as required.	Graham Newman	16-Aug-2024	31-Mar-2025
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, ensuring the protection of scheme member data.	Graham Newman	16-Aug-2024	31-Mar-2025

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
<p>CHB Pensions 008 Pension Scheme Administration</p> <p>16-Jan-2023</p>	<p>Cause: (i) Ineffective succession planning. (ii) Inadequately trained staff. (iii) Absences/increased staff turnover. (v) Data Accuracy. (vi) Lack of resources.</p> <p>Event: The failure of administrators to accurately calculate and pay the correct level of benefits.</p> <p>Effect:</p> <p>(i) Inaccurate benefits paid or delayed. (ii) Increased costs. (iii) Financial penalties/ sanctions.</p>	 <p>Lifelood Impact</p>	<p>4</p>	<p>The Regulations of the Local Government Pension Scheme (LGPS) set out how LGPS pensions should be calculated; the procedures to be followed in certain circumstances (i.e. normal retirement and ill health retirement); the timeframes/deadlines to be adhered to; and the notifications to be provided to Scheme members.</p> <p>Other bodies such as the Pensions Regulator, HM Revenue & Customs, the Office of National Statistics and the Financial Conduct Authority also impose rules that work alongside the Scheme Regulations or may even supersede them.</p> <p>Incorrect member data, lack of administrative knowledge and skills could lead to incorrect calculation of pension benefits and delays in payment. This may lead to financial penalties and sanctions being imposed by the governing industry bodies such as the Pensions Regulator.</p> <p>16 Aug 2024</p>	 <p>Lifelood Impact</p>	<p>4</p>	<p>31-Mar-2025</p>	<p></p> <p>Constant</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 008a	Job descriptions used at recruitment to attract candidates with skills and experience related to LGPS administration. The appraisals process to monitor progress and assess training needs.	Ensuring that candidates with the necessary skills and abilities are employed by the City. Once in post, staff continue to receive relevant training and attend courses, seminars and conferences when appropriate. Have trained multiple team members for extra duties due to parental leave cover.	Graham Newman	16-Aug-2024	31-Mar-2025
CHB Pensions 008b	Pensions administrator staff are trained to use the pensions administration software.	Ensuring that administrators are fully trained to use the pension administration software to enable them to provide accurate and efficient calculations. In addition, administrators should know the correct process to report to the software provider any errors encountered with the system in order that they can be investigated and resolved.	Graham Newman	16-Aug-2024	31-Mar-2025
CHB Pensions 008c	Practical disaster recovery/succession plans in place to ensure continuity in the event that key staff leave or are unable to work for a prolonged period of time.	Ensuring that skill sets are not restricted to one staff member alone. Priority cases and work types are identified to ensure continuation in the event that staff or other resources become unavailable. Disaster Recovery reviewed in light of hybrid working	Graham Newman	16-Aug-2024	31-Mar-2025
CHB Pensions 008e	Accurate and appropriate checking procedures in place at all areas of administration.	All checking procedures reviewed and where necessary amended due to take account of hybrid working.	Graham Newman	16-Aug-2024	31-Mar-2025
CHB Pensions 008f	Scheme Member records are kept up to date, with any amendments being made as appropriate.	Ensuring that all administrative staff are aware of the amendments that must be made to a member record during the course of their scheme membership and that they are trained in how to make the necessary changes and updates.	Graham Newman	16-Aug-2024	31-Mar-2025

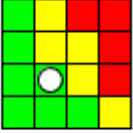
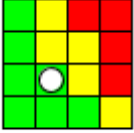

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB Pensions 011 Service provider failure 17-Aug-2022 Kate Limna	Cause: Corporate, 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.		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. 16 Aug 2024		4	31-Mar-2025	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 011a	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.	Kate Limna; Sarah Port	16-Aug-2024	31-Mar-2025
CHB Pensions 011b	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.	Kate Limna; Sarah Port	16-Aug-2024	31-Mar-2025
CHB Pensions 011c	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.	Kate Limna; Sarah Port	16-Aug-2024	31-Mar-2025

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 012 Governance/Legislative Compliance 17-Aug-2022 Kate Limna	<p>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.</p> <p>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.</p> <p>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.</p>		4	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. 16 Aug 2024		2	31-Mar-2025	 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 Pensions 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. Members of the Committee are also expected to complete the new Enlighten! Training provided by Barnett Waddingham (Actuary).	Kate Limna; Sarah Port	16-Aug-2024	31-Mar-2025
CHB Pensions 012b	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 has successfully recruited to a number of posts following a redesign of the team structure.	Caroline Al-Beyerty; Kate Limna	16-Aug-2024	31-Mar-2025
CHB Pensions 012c	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;	16-Aug-2024	31-Mar-2025

			Kate Limna		
CHB Pensions 012d	External professional advice sought where required.	The investment consultant attends each meeting of the Pensions Committee providing advice on investment matters.	Kate Limna; Sarah Port	16-Aug-2024	31-Mar-2025
CHB Pensions 012e	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 is expected to attend 2 general meetings a year and also sits on the Shareholder Committee (4 meetings a year).	Kate Limna; Sarah Port	16-Aug-2024	31-Mar-2025

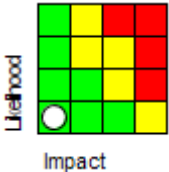
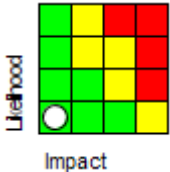

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<p>CHB Pensions 013 Responsible investment duties</p> <p>17-Aug-2022 Kate Limna</p>	<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>	<p>Likelihood</p>  <p>Impact</p>	<p>4</p>	<p>The newly formed Pensions Committee <u>inherited</u> an advanced approach to responsible investment and asset stewardship. The Corporation (via the <u>then</u> 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.</p> <p>The <u>then</u> Financial Investment Board undertook an in depth review of its climate risk exposure (<u>including the use of scenario analysis</u>) 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><u>The Corporation second scenario analysis will be undertaken during 2024/25 to better understand the latest risks and opportunities associated with the City's Financial investments.</u></p> <p>16 Aug 2024</p>	<p>Likelihood</p>  <p>Impact</p>	<p>4</p>	<p>31-Mar-2025</p>	<p></p> <p>Constant</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 013a	Reporting on responsible investment activities to the Principles for Responsible Investment is completed 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.	<p>The PRI <u>2024</u> reporting period opened <u>May 2024 and the Corporation placed its submission by the 26 July 2024 deadline.</u> on 14 June 2023 and was expected to close on 6 September 2023. However, the PRI experienced some IT issues and as a consequence the submission deadline was extended by a couple of weeks. The full 2022/23 PRI results were released in January 2024, and the results are presented under separate cover to this March Pensions Committee.</p> <p>The PRI have <u>not confirmed when they will release the results at this stage.</u> advised that the 2023/24 assessment is expected to open in May 2024.</p>	Kate Limna; Sarah Port	16-Aug-2024	31-Mar-2025
CHB Pensions 013b	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.	Kate Limna; Sarah Port	16-Aug-2024	31-Mar-2025
CHB Pensions 013c	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).	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; Sarah Port	16-Aug-2024	31-Mar-2025
CHB Pensions 013d	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.	<p>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.</p> <p><u>The Corporation second scenario analysis will be undertaken during 2024/25 to better understand the latest risks and opportunities associated with the City's Financial investments.</u></p>	Kate Limna; Sarah Port	16-Aug-2024	31-Mar-2025

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-Aug-2022 Kate Limna	<p>Cause: (i) Not notified of death. (ii) Staff acting inappropriately (iii) Pension transfer scams</p> <p>Event: (i) Fraudulent claim of pension benefits (ii) pension benefits transferred to an inappropriate / unauthorised body.</p> <p>Effect: (i) Continued payment of pensions following death. (ii) Overpaid pensions. (iii) Financial loss for the Fund (iv) Financial loss for the scheme member (v) Financial penalties / sanctions (vi) Reputational damage</p>		2	<p>If the death of a LGPS beneficiary is not reported, their pension may continue to be paid when there is no longer an entitlement.</p> <p>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.</p> <p>Scammers design attractive offers to persuade members to transfer their pension pot to them or to release funds from it. It is then invested in unusual and high-risk investments or simply stolen outright.</p> <p>16 Aug 2024</p>		2	31-Mar-2025	
								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	16-Aug-2024	31-Mar-2025
CHB Pensions 005b	Ensuring all members that are considering transferring their benefits out of the scheme are made aware of the potential for transfer scams.	All correspondence sent to scheme members considering a transfer-out of the scheme must contain warnings in respect of transfer scams. In addition, website links to appropriate bodies such as the Money Helpline and the Pensions Regulator are included as well as any advisory literature provided by these and similar bodies.	Graham Newman	16-Aug-2024	31-Mar-2025

CHB Pensions 005c	Ensuring all staff are aware of the guidance / instructions provided by the LGA and the Pensions Regulator in respect of transfers-out of the scheme.	All staff dealing with transfers should be proficient with the guidance / instructions that have been provided in respect of transfers-out of the scheme. This will help to spot a transfer scam and/or prevent a payment being made if there is any uncertainty about the receiving scheme.	Graham Newman	16-Aug-2024	31-Mar-2025
CHB Pensions 005d	Robust identity verification processes.	Controls in place to verify and ensure the legitimacy of any signed discharge form. This must also include timeframes in respect of how long a letter of authority from a scheme member is valid.	Graham Newman	16-Aug-2024	31-Mar-2025

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 002 Actuarial valuation 17-Aug-2022 Kate Limna	<p>Cause: Inappropriate assumptions used by the Actuary/ Inaccurate data supplied to the Actuary for the triennial valuation.</p> <p>Event: Unsuitable triennial actuarial valuation.</p> <p>Effects: Employer contribution rates insufficient to maintain long term cost efficiency & solvency.</p>		1	<p>The latest full actuarial valuation of the Pension Fund, using member data and investment asset information as at 31 March 2022, has been completed. Using updated financial and demographic assumptions, the actuary has been able to generate an accurate picture of the Pension Fund's funding position (assets compared to liabilities) which has been used to establish appropriate employer contribution rates for use from 1 April 2023.</p> <p>16 Aug 2024</p>		1	31-Mar-2022	 Constant

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.	At Pensions Committee on 11 July 2022, 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 met on 14 November 2022 and the draft triennial valuation results were reported to the Pensions Committee on 29 November 2022. The final triennial valuation results were reported to Committee on 8 February 2023 and the Actuary signed the final valuation certificates on 31 March 2023.	Kate Limna; Graham Newman	16-Aug-2024	31-Mar-2025
CHB Pensions 002b	Robust Year End procedures and updates	The Pension Fund Statement of Accounts for the year ending 31 March 2023 2024 were published in draft format within the City Fund Accounts on the 31 May 2024 12 July 2023 and are currently being audited by the external Auditors. were signed off by the External Auditors on 26 February 2024.	Kate Limna; Graham Newman	16-Aug-2024	31-Mar-2025
CHB Pensions 002c	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	Kate Limna;	16-Aug-2024	31-Mar-2025

		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		
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