



Local Government Pensions Board

Date: THURSDAY, 18 JULY 2024
Time: 1.45 pm
Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

Members: **Scheme Member Representatives:**
Peter Lisley
Christina McLellan
David Pearson
Scheme Manager Representatives:
Paul Wilkinson
Mark Wheatley
Vacancy

Enquiries: Raquel Pinto
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Ian Thomas CBE
Town Clerk and Chief Executive

AGENDA

Part One – Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **ORDER OF THE COURT OF COMMON COUNCIL**
To receive the Order of the Court of Common Council from Thursday 25th April 2024.

For Information
(Pages 5 - 6)
4. **ELECTION OF CHAIR**
To elect a Chair in accordance with Standing Order No. 29

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

For Decision
6. **MINUTES**
 - a) To agree the public minutes and non-public summary of the Local Government Pensions Board meeting on 19 January 2024

For Decision
(Pages 7 - 12)
 - b) To note the public minutes and non-public summary of the Pensions Committee meeting on 19 March 2024

For Information
(Pages 13 - 18)
7. **PENSION SCHEME - ADMINISTRATOR'S UPDATE**
Report of the Chamberlain.

For Discussion
(Pages 19 - 26)
8. **PENSIONS COMMITTEE UPDATE REPORT (PUBLIC)**
Report of the Chamberlain.

For Information
(Pages 27 - 56)

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

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

11. **EXCLUSION OF THE PUBLIC**

MOTION - That the public be excluded from the meeting for the following items that relate to business under the remit of the Court of Common Council acting in line with requirements of the Public Services Pensions Act 2013 relating to pensions scheme governance, to which Part VA and Schedule 12A of the Local Government Act 1972 public access to meetings provisions to not apply.

For Decision

Part 2 - Non-Public Agenda

12. **MINUTES**

a) To agree the non-public minutes of the Local Government Pensions Board meeting on 19 January 2024

For Decision
(Pages 57 - 62)

b) To note the non-public minutes of the Pensions Committee meeting on 19 March 2024

For Information
(Pages 63 - 70)

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

Report of the Chamberlain.

For Information
(Pages 71 - 82)

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

Report of the Chamberlain.

For Discussion
(Pages 83 - 112)

15. **LONDON CIV UPDATE**

Report of the Chamberlain.

For Discussion
(Pages 113 - 128)

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

To be read in conjunction with item 8 of the agenda.

For Information
(Pages 129 - 130)

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

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

Agenda Item 3

MAINELLI, Mayor	RESOLVED: That the Court of Common Council holden in the Guildhall of the City of London on Thursday 25 th April 2024, doth hereby appoint the following Committee until the first meeting of the Court in April, 2025
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LOCAL GOVERNMENT PENSIONS BOARD

1. **Constitution**

A Non-Ward Committee consisting of,

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

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

2. **Quorum**

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

3. **Membership 2024/25**

Three Employer Representatives

Mark Wheatley

Vacancy

Paul Wilkinson

Three Member Representatives

David Pearson (appointed for a four-year term expiring April 2025)

Christina McLellan (appointed for a four-year term expiring April 2028)

Peter Lisley (appointed for a four-year term expiring in April 2027)

together with the co-opted Member referred to in paragraph 1 above, if required and one Member to be appointed this day. The further vacancy will be re-advertised for the May Court of Common Council meeting.

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

Board Members must be satisfied that they:

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

4. **Terms of Reference**

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

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

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

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

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

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

The Pension Board shall meet at least two times per year.

5. **Chairmanship**

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

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LOCAL GOVERNMENT PENSIONS BOARD

Friday, 19 January 2024

Minutes of the meeting of the Local Government Pensions Board held at Committee Room – 2nd Floor West Wing, Guildhall, Friday 19 January 2024, at 1:45pm.

Present

Members:

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

Officers:

Kate Limna	-	Chamberlain's Department
Graham Newman	-	Chamberlain's Department
Sarah Port	-	Chamberlain's Department
Blair Stringman	-	Town Clerk's Department

1. APOLOGIES

All Members were in attendance.

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

Members raised concerns regarding a draft code of conduct consultation which had been circulated for comments. Members were not aware that being a member of a political party was a disclosable matter. The Town Clerk advised that Member's should always disclose if there were any interests. It was suggested this issue was discussed outside of the Committee.

3. MINUTES

RESOLVED:

- That the public minutes and non-public summary of the Local Government Pensions Board meeting on 25 September 2023 be approved as an accurate record of the meeting.
- That the public minutes of and non-public summary of the Pensions Committee meeting on 12 September and 21 November 2023 be noted.

Matters arising:

A Member asked for an update regarding the meeting between this Board and the Pensions Committee Chairs and Deputy Chairs. The Member also had subsequent questions regarding their relationship and their responsibilities as a Board Member, as these were unclear and raised corners over accountability. Furthermore, the Member advised that they were unable to locate the Terms of Reference of the Pensions Committee on the Corporation's website. The Chairman confirmed that the Board's Terms of Reference were on the

Corporation's website and would be discussed in the following item: these set out the Board's role around compliance and oversight. The Chairman also added that the joint meeting between the Chairs and Deputy Chairs of this Board and the Pensions Committee would take place the following week. The Chamberlain confirmed that the role of the Local Government Pensions Board was to scrutinise, and it did not have any decision-making powers, however, questions could be put back to the Pensions Committee. The Pensions Committee had only been established in recent years, and prior to that the Financial Investment Board managed the Pension Fund investments. The Pensions Committee had taken over-all decision-making responsibilities in respect of pensions investments and administration.

Regarding the Pensions Committee minutes, a Member raised a question regarding the McCloud Remedy, and it being given the highest risk on the risk register and queried when this Board would receive the risk register. The Chamberlain explained that the Pensions Committee agreed to receive the risk register every six months and the last iteration of this was received in September. It was expected that this particular risk would be reduced when this was next presented to the Committee and the Board. The Chamberlain also clarified that the reason this was a high risk on the register was that at that point in time, the formal regulations around the implementation of the McCloud Remedy had not been passed.

4. **TERMS OF REFERENCE**

The Board received a report of the Town Clerk with the Board's Terms of Reference (ToR), for annual review.

The Chamberlain advised Members that the ToRs required a few amendments as follows:

- Under Constitution it should read "Two will be Members of the Court of Common Council (who may not be Members of the Pensions Committee or the Corporate Services Committee.)" With reference to the Financial Investment Board being removed as the Board no longer exists and the Establishment Committee has been re-named as Corporate Services Committee.
- Any reference to the Local Government Pensions Board be referred to in its full name, as there is a Police Pensions Board, and this would avoid any confusion.

RESOLVED: That –

- the terms of reference of the Board, be approved (following any amendments) for submission to the Court in April 2024, and that any further changes required in the lead up to the Court's appointment of Committees be delegated to the Town Clerk in consultation with the Chairman and Deputy Chairman.

5. **PENSIONS 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 on 25 September 2023.

The Deputy Chairman queried the number of Members affected by the McCloud judgement since 2014. The Board noted that there had been 1100 retirements since 2014, however, not all would have been eligible for the McCloud Remedy. The Pensions Team were assessing the eligibility of all those who had already retired prior to the implementation of McCloud and would be contacting them in due course in respect of their options. In addition, a Remedial Service Statement must be issued to all eligible active and deferred members by the 31 August 2025 to provide details of their pension scheme benefits as a result of the Remedy. At the next meeting, there would be some further clarity and data for the Board to consider. The Deputy Chairman enquired as to what would happen if a pensioner were to pass away before they had been provided with their Remedy options. The Chamberlain advised that remediation must take place regardless of the status of the individual and in the event that the pensioner passes away before a Remedy decision has been made the Authority would initially look to make contact with those who may be eligible for a survivor benefit. Since October 2023, there had been 96 retirements, all of which had been processed with reference to the provisions of the McCloud Remedy.

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

6. **PENSIONS COMMITTEE UPDATE REPORT**

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 12 September and 22 November 2023.

The Chamberlain provided the Board with the following updates following its last meeting:

- Two new Members have joined the Pensions Committee bringing the vacancies down to two. They will attend their first meeting in March.
- Bite size training from Barnet Waddingham (Enlighten!) has been rolled out to Members of the Board and to Members of the Pensions Committee to complete at Members' own leisure. The Pensions team would monitor Members' completion and whether they had passed, and this would be included in reports going forward.
- The City Fund and Pensions Fund financial statements for the year ended 31 March 2022 were signed off in November 2023.
- Auditors were looking at finalising the financial statements for the year ending 31st of March 2023, which would be completed in the coming weeks.
- The Grant Thornton audit findings report for the years ended 31 March 2022 and 2023 went to Audit and Risk Committee and Pensions Committee. The auditors (Grant Thornton) reported that there were no major issues with the pension fund accounts.
- On the Pension Fund annual report for 2022-2023, there was a statutory deadline for publishing this on the 1st of December following the scheme end year. As the City Fund accounts (which include the Pension Fund accounts) for the year ended 31 March 2023 had not been signed off by this

date, the Pension Fund Annual Report 2022/23 has been published in draft form.

A Member queried as to whether the links for the training had been sent to Members yet, as they had not received anything. Other Members confirmed they had received the link. The Chamberlain advised that they would follow up with correspondence to all Members to ascertain this had been received and asked Members to check their junk inbox – the e-mail link would have come from Barnet Waddingham directly rather than the City Corporation officers.

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

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

There were no questions.

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

There was no other business.

9. **EXCLUSION OF THE PUBLIC**

RESOLVED - That the public be excluded from the meeting for the following items that relate to business under the remit of the Court of Common Council acting in line with requirements of the Public Services Pensions Act 2013 relating to pensions scheme governance, to which Part VA and Schedule 12A of the Local Government Act 1972 public access to meetings provisions to not apply

10. **MINUTES**

RESOLVED:

- That the non- public minutes of the Local Government Pensions Board meeting on 25 September 2023 be approved as an accurate record of the meeting.
- That the non- public minutes of the Pensions Committee meeting on 12 September and 21 November 2023 be noted.

11. **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 12 September and 22 November 2023.

12. **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.

13. **PENSIONS SCHEME - ADMINISTRATORS' UPDATE (NON-PUBLIC APPENDIX)**

RECEIVED.

14. **PENSIONS COMMITTEE UPDATE REPORT (NON-PUBLIC APPENDIX)**

RECEIVED.

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

There were no non-public questions.

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

There were no additional items of business.

The meeting closed at 2.46 pm

Chairman

Contact Officer: Blair Stringman
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PENSIONS COMMITTEE **Tuesday, 19 March 2024**

Minutes of the meeting of the Pensions Committee held at Committee Room - 2nd Floor West Wing, Guildhall on Tuesday, 19 March 2024 at 2.00 pm

Present

Members:

Deputy Timothy Butcher (Chairman)
David Sales (Deputy Chairman)
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
Gregory Hall – Mercer
Deputy Madush Gupta

1. APOLOGIES

Apologies were received from Deputy Madush Gupta, who was observing online.

The Chairman welcomed the new Members to the Committee, Deputy Christopher Boden and Timothy McNally. The Chairman also welcomed Steve Turner from Mercer who is the interim Investment Consultant following Lucy Tusa's departure. The Chairman wished to extend the Committee's thanks to Lucy Tusa (Mercer) for all her work.

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

There were no declarations.

3. MINUTES

RESOLVED:

- That the public minutes and non-public summary of the Pensions Committee meeting on 21 November 2023 be approved as an accurate record.
- That the draft public minutes and non-public summary of the Local Government Pensions Board meeting on 19 January 2024 be noted.

4. **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.

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

The Committee considered a report of the Chamberlain which reviewed the Risk Register for the Pensions Committee, and asked Members of the Committee to review the risks and actions and confirm that appropriate measures are in place.

The Committee noted that there had been one change in the register, which related to the McCloud Remedy (CHB009) with the risk being reduced from 16 (red) to 12 (amber) as a result of the regulations around McCloud being issued.

A Member raised a query round the clarity of the risk matrix commentary (p21 of the agenda pack), particularly for the “Likelihood” criteria and how the numerical figures were achieved, as this was not easy to understand. Members were advised that this matrix is the City’s corporate standard, which looks at both impact and likelihood. Officers would take this point away and come back with a response.

A Member asked why currency exchange risk was not included in the risk register as some underlying assets of the Pension Fund were held in foreign currency or based on assets denominated in foreign currencies. The Chamberlain assured Members that the vast majority of the Pension Fund was invested in funds that are in sterling, not US Dollars, and therefore the Fund did not undertake any currency hedging so this was not an issue. It was understood that any investments in foreign currencies would be hedged back into sterling, however Mercer would review and confirm. Mercer advised that for any future new investments, currency risk would be considered as part of the suitability of the investment. Officers agreed to consider whether or not a reference to currency risk should be included in the risk register.

It was suggested that consideration should be given to the inclusion of a risk on a potential change of government to acknowledge the impact this may have.

A Member noted that CHB001, which looked at the Pension Fund’s absolute return needed updating due to the triennial valuation. The Member also enquired with regards to cyber risk, if there was an incident response plan for pensions. The Chamberlain advised that there was not a specific plan for pensions, but there was a corporate City of London risk plan which covered pensions. Officers agreed to confirm this.

RESOLVED: That Members: -

- review the existing risks and actions present on the Pensions Committee's Risk Register, and confirm that appropriate control measures are in place;
- Task Officers to look into whether or not currency risk should be included in the Risk Register;
- and confirm that following consideration of the above changes that there are no further risks relating to the services overseen by the Pensions Committee.

6. **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.

Members noted that since the Committee papers had been published, an Internal Dispute Resolution Procedure (IDRP) case had been received, and an update would be provided in the non-public session of the meeting.

RESOLVED: That Members –

- Received the report and noted its content.

7. **INVESTMENT CONSULTANT STRATEGIC OBJECTIVES (PREVIOUSLY CMA) - ANNUAL REVIEW**

The Committee considered a report of the Chamberlain which updated the Committee on the performance of the Fund's Investment Consultant.

The Chamberlain explained that the CMA's (Competition & Market Authority's) Investment Consultancy and Fiduciary Management Market Investigation Order 2019, required administrative authorities of the Local Government Pensions Scheme (LGPS) to set strategic objectives for its consultants. These had been reviewed with Mercer, and Officers were pleased with the work produced by the consultant. The Chamberlain was seeking delegation from the Committee to sign the Compliance statement.

RESOLVED: That Members –

- Approve the Investment Consultant Review for 2023.
- Delegate authority to the Chamberlain to sign the Compliance Statement.

8. **GOVERNMENT RESPONSE - DLUHC CONSULTATION ON LGPS**

The Committee received a report from the Chamberlain which provided a summary of the Government's response issued on the 22 November 2023, following DLUHC's consultation on the Local Government Pension Scheme.

The Chairman suggested that for the Committee to be able to discuss the item fully, it be moved to the non-public section of the meeting. The Committee unanimously agreed.

RESOLVED: That Members –

- Received the report and noted its content.

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

There were no questions.

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

The Chairman advised that there was a clerical error, and that the Committee's Terms of Reference were included in the Non-Public Report of Action Taken at item 20 (a). The Chairman invited Members to note the item at this stage and advised this would be made public.

RESOLVED – That the Committee's Terms of Reference be noted.

11. **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.

12. **MINUTES**

RESOLVED:

- That the public minutes and non-public summary of the Pensions Committee meeting on 21 November 2023 be approved as an accurate record.
- That the draft public minutes and non-public summary of the Local Government Pensions Board meeting on 19 January 2024 be noted.

13. **TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT TO 31 MARCH 2023**

The Committee received a joint report of the Chamberlain and the Executive Director of Innovation & Growth, which provided the Pensions Committee with the City's second '*Climate Action - Managing Climate Risk for our Financial Investments*' (TCFD) report following its first publication 2021.

14. **PRI 2023 ASSESSMENT REPORT UPDATE**

The Committee received a report of the Chamberlain which introduced the Principles for Responsible Investment (PRI) Assessment Report for 2023.

15. **PERFORMANCE MONITORING**

The Committee received a presentation from Mercer regarding the Pension Fund Quarterly Monitoring Report Q4 2023 and a report of the Chamberlain relating to the Investment Performance of the Pension Fund as at 31 January 2024.

16. **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 is invested in.

17. **LCIV GLOBAL ALPHA GROWTH FUND (BAILLIE GIFFORD) - MERCER'S REVIEW**

The Committee considered a report of the Chamberlain which provided Members of the Committee with a deep dive into the manager of the London CIV Global Alpha Growth (GAG) Fund, managed by Baillie Gifford.

18. **PENSION FUND CASHFLOW FORECAST 2023/24 TO 2026/27**

The Committee considered a report of the Chamberlain which detailed the cashflow for the Pension Fund for the four-year period 2023/24 to 2026/27.

19. **ACTUARIAL TENDER**

The Committee received a report of the Chamberlain, which reviewed the timeline for tendering the actuarial services contract.

20. **REPORT OF ACTION TAKEN**

The Committee received a report of the Town Clerk which advised Members of action taken by the Town Clerk in consultation with the Chairman and Deputy Chairman, in accordance with Standing Order Nos. 41(a) and 41(b) since the last meeting.

RESOLVED: That Members

- Received the report and noted its content.

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

The Committee received a non-public appendix which was read in conjunction with agenda item 6.

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**

Three items were raised relating to correspondence received regarding divesting from companies involved in Israel/Gaza, an IDRPs case and the DLUHC response to consultation paper.

The meeting ended at 15:56.

Chairman

Contact Officer: Raquel Pinto
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Agenda Item 7

Committee(s) Local Government Pensions Board	Dated: 18 July 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 City of London Corporation established a Pensions Committee (the Committee) in April 2022 and its first meeting was held on 11 July 2022. Meetings are held quarterly, with the most recent held on 21 November 2023. The Committee is responsible for all functions and responsibilities relating to the City of London Pension Fund including arrangements for the investments, administration and management of the fund

The Local Government Pensions Board has responsibility for assisting the Pensions Committee to ensure the effective and efficient governance and administration of the scheme. The role is one of providing oversight of assurance in the governance of the scheme administration and not in decision making.

The following table shows the scheme administration details that have reported to the Pensions Committee since the last Local Government Pensions Board meeting on 19 January 2024.

Item	Update
Annual schedule of events for the administration of the Pensions Scheme	Appendix A provides details of the events / dates that form the main diary of the Scheme administration.
Information of Scheme Record Keeping	<p>As the Scheme’s administrating authority, the City is responsible for making sure the scheme has good records.</p> <p>The City is required to ensure it has accurate, complete and up-to-date records and should have controls and processes in place to maintain these standards.</p> <p>Failure to maintain complete and accurate records can risk not meeting legal obligations as set by the Pensions Regulator which could lead to fines and/or enforcement action being taken.</p> <p>The City’s scheme data is measured once a year and the data scores are submitted to the Pensions Regulator (tPR) in the annual scheme return – the most recent return was submitted on 25 January 2024.</p>

Complaints or disputes under the Scheme's Internal Disputes Resolution Process (IDRP)	One case.
Public Service Pensions Reporting Breaches of Pension Law	Two cases.
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 Board 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 full roll-out for active scheme members has begun, with the roll-out for deferred and pensioner members to follow on at a later date.</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 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>Where appropriate, updates regarding the implementation of the McCloud Remedy will be brought to each Board meeting.</p>
<p>Pension Board Training</p>	<p>All Members of the Board 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. We are aware that there have been issues in accessing this training and officers have created a "user guide/instructions" which will be distributed at the Board meeting</p>

	<p>Details in respect of training modules completed by each Member are included on the non-public agenda (Appendix B).</p> <p>Members are expected to re-do the tPR training modules every 3 years.</p>
<p>Pensions Dashboards</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>TPR expectations of schemes to show they ‘have regards to the connection guidance’ includes:</p> <ul style="list-style-type: none"> • 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.

- | | |
|--|---|
| | <ul style="list-style-type: none">• 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/>

Recommendation

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

Appendices:

Appendix A – Annual Schedule of Events (Administration)

Appendix B – Member Training (NON-PUBLIC)

Graham Newman

Pensions Manager | Chamberlain's Department

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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	
August 2024	Tax return for Quarter 1 (to 30/06/2024)	
31 August 2024	Issue of Annual Benefit Statements deadline.	
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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Committee(s): Local Government Pensions Board	Dated: 18 July 2024
Subject: Pensions Committee Update Report (Public)	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?	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 Information
Report author: Kate Limna – Chamberlain’s Department	

Summary

The Local Government Pensions Board has responsibility for assisting the Pensions Committee to ensure the effective and efficient governance and administration of the scheme. The role is one of providing oversight of assurance in the governance of the scheme administration and not in decision making. This report summarises the reports and decisions made by the Pensions Committee on the public agenda at their meetings on 19 March and 18 June 2024.

Recommendation

Members are asked to note the report.

Main Report

Background

1. This report summarises the reports and decisions made by the Pensions Committee on the public agenda at their meetings on 19 March and 18 June 2024.
2. At your last meeting, officers advised that there were four vacancies on the Pensions Committee and that in light of this the Pensions Committee agreed that the Terms of reference should be reviewed and delegated this to the Town Clerk in consultation with the Chair and Deputy Chair.
3. Since then, three new Members have been appointed to the Pensions Committee, Deputy Chris Boden, Tim McNally (both appointed to the Committee on 11 January 2024) and Alderman Gregory Jones (appointed to the Committee on 25 April 2024). In addition, it was agreed to reduce the number of Committee Members by 1. There are now no vacancies on the Pensions Committee.
4. At their meeting on 18 June, the Pensions Committee re-elected Deputy Tim Butcher as Chair and David Sales as Deputy Chair of the Committee.

Administration

5. At each meeting the Pensions Committee has received the Administrators Update and there is a separate report covering this on today's Agenda.














City Fund and Pension Fund Statement of Accounts Update

6. At their June meeting the Committee received a report providing an update on the 2023/34 Statement of Accounts and planning for the City Fund and Pension Fund Audit. The report was for information and had been to both the Audit & Risk Committee (13 May) and Finance Committee (4 June). The report and attachments outlined the external auditor's (Grant Thornton) work plan for undertaking the audit of both the City Fund and Pension Fund Accounts for 2023-24. In addition, and as part of their audit planning procedures, the auditors have engaged in a series of enquiries with management regarding various aspects such as fraud and compliance with laws and regulations. The responses to these enquiries were included in the appendices to the report.
7. The report can be found [here](#) along with [Appendix 2](#) and [Appendix 4](#).

Risk Register

8. The Risk Register for the Pensions Committee is reviewed twice a year and was last reviewed by the Pensions Committee at their meeting on 19 March. At that meeting Members noted that there had been one change in the risk register, which related to the McCloud Remedy (CHB009) with the risk being reduced from 16 (red) to 12 (amber) as a result of the regulations around McCloud being issued.
9. A Member raised a query around currency exchange risk and whether this was something should be included in the Risk Register. The Chamberlain assured Members that the vast majority of the Pension Fund was invested in funds that are in sterling, not US Dollars, and therefore the Fund did not undertake any currency hedging so this was not an issue. It was agreed that Officers would consider whether or not a reference to currency risk should be included in the risk register. Having reviewed the risks, Members confirmed that the appropriate controls were in place and there were no further risks relating to the service. The Risk Register is attached at Appendix A (i) with the CoL Risk Matrix attached as Appendix A (ii). The report to the Pensions Committee can be found [here](#) and table 1 below provides a summary of the risks.

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	

Investment Consultant Strategic Objectives - Annual Review

10. At their March meeting, the Committee approved the Investment Consultant review for 2023 and delegated authority to the Chamberlain to sign the Compliance statement. This is undertaken on an annual basis and is required under the Competition and Market Authority’s (CMA) *Investment Consultancy and Fiduciary Management Market Investigation Order 2019 (the “Order”)*. In 2022, the CMA order requirements were brought into legislation by the Department of Work and Pensions (DWP) under Part 6, Chapter 3 of *The Occupational Pension Schemes (Scheme Administration) regulations 1996 (the scheme administration regulations)* and the regulation of the obligations transferred from the CMA to the Pensions Regulator (tPR). The report can be found [here](#).

Government Response – DLUHC Consultation on LGPS

11. On 11 July 2023 the Department for Levelling Up, Housing & Communities (DLUHC) issued a consultation on the Local Government Pension Scheme entitled “*Local Government Pension Scheme (England and Wales) Next Steps on Investments*”. The Consultation sought views on proposals relating to investments of the Local Government Pension Scheme (LGPS) and covered the areas of asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments. The scope of the consultation was on

proposals for new requirements on LGPS administering authorities. The consultation was open for 12 weeks from 11 July to 2 October 2023 and Officers responded during this period.

12. The Government published their response on the 22 November 2023 and The Committee received a report at their March meeting summarising DLUCH's response. The report can be found [here](#) and it should be noted that the Committee unanimously agreed that to be able to discuss the item more fully, it be moved into the non-public section of the meeting.

Conclusion

13. The Pensions Committee met on 19 March and 18 June 2024. This report is a summary of the reports and decisions made under the public side of the agenda.

Appendices

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

Kate Limna

Corporate Treasurer

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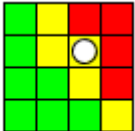
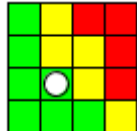

E: kate.limna@cityoflondon.gov.uk

CHB PENSIONS COMMITTEE Detailed risk register EXCLUDING COMPLETED ACTIONS

Report Author: Amanda Luk
Generated on: 27 February 2024



Rows are sorted by Risk Score

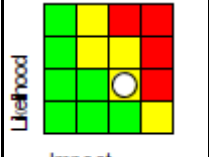
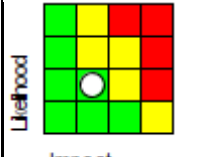

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
Page 33 CHB Pensions McCloud Remedy	<p>Cause: Implementation of the proposed 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>16 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-Oct-2023</p>	

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 32</p> <p>11-Aug-2022 Kate Limna</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><u>The finalised LGPS (Amendment) (No.3) Regulations 2023 came into force from 1 October 2023 and amended the LGPS Regulations 2013 accordingly.</u></p> <p><u>Since this date, all new retirements have been calculated with reference to the Remedy.</u></p> <p>27 Feb 2024</p>				<p>Decreased</p>
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 009a	DLUHC has confirmed the proposed remedy and the intention to introduce legislation to the statute books from 1 April 2023 but applied retrospectively to 31 March 2012 and 31 March 2014. The Pensions Office will need to understand what this means, develop processes and calculations to apply the regulations for the amended schemes and should be aware of all relevant correspondence issued by the DLUHC, LGA & HMRC and regularly attend seminars, forums, webinars and user groups.	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	27-Feb-2024	31-Aug-2024
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 currently developing systems to identify qualifying scheme member on bulk reports. Develop data process to request missing information and scheme member record update.	Graham Newman	27-Feb-2024	31-Aug-2024
CHB Pensions 009c	System Development Calculation/Revaluation	Software provider currently developing calculations and recalculations of deferred benefits and those already in receipt of pension to identify incorrect values and any over/underpayments. <u>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.</u> Development should <u>has</u> included bulk calculations and calculations for individuals, <u>and</u> include revised pension amounts, arrears payable/collectible (benefits and contributions) plus interest payable <u>where</u> if applicable.	Graham Newman	27-Feb-2024	31-Aug-2024
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, <u>and</u> clear <u>and ongoing</u> . Further detail about the proposed <u>Updates in respect of the</u> remedy and delivery of it, including scheme members who may be affected, must be <u>provided as appropriate</u> known prior to any specific <u>remedy communications</u> . The Pensions Office website carries current information from various sources including DLUHC. Further communications will be added when they are released.	Graham Newman	27-Feb-2024	31-Aug-2024

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		<p>The <u>2023</u> Annual Benefit Statements (ABS) contain a statement on McCloud provided by the LGA and in 2023 will also included a link to a leaflet that was created by the LGA in conjunction with the Scheme Advisory Board (SAB). This leaflet is <u>was</u> also already available on the City's Pension Website.</p> <p>The ABS will <u>now</u> need to be amended following implementation of the amended regulations as 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>			
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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>		8	<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 July 2023 <u>31 January 2024</u>, the Fund is outperforming its absolute return target over three <u>five</u> years but underperformed over one and five <u>three</u> years; the Fund has produced a positive return over all time frames. This is largely as a result of global equity markets which performed well in the first seven months of the year following a difficult 2022. <u>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.</u></p> <p>27 Feb 2024</p>		4	31-Mar-2025	
								Constant

APPENDIX A(i)

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.	<p>The Pension Fund Investment Strategy was reviewed following the completion of the 2019 2022 triennial valuation of the Fund's liabilities, by the Financial Investment Board Pensions Committee in September 2023 July 2020. <u>New Investments into Corporate Bonds, Renewable Infrastructure and broad private markets were agreed to</u> This ensured that the investment strategy remained appropriate in the context of the Fund's updated liabilities valuation and the current investment environment.</p> <p>The 2022 triennial actuarial valuation has been finalised by the scheme Actuary, Barnett Waddingham and the Investment Strategy Statement is being reviewed by the Pensions Committee.</p>	Caroline Al-Beyerty; Kate Limna	27-Feb-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	27-Feb-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 010 Targeted returns</p> <p>17-Aug-2022 Caroline Al-Beyerty</p>	<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>		<p>6</p>	<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><u>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. Therefore 35% of CoL PF assets are now under Pool management.</u> The London CIV is a pooling vehicle for which the City of London Pension Fund is a shareholder. Currently 20% of CoL PF assets under management are held in two <u>four</u> funds – Global Alpha Growth Fund (managed by Baillie Gifford), and Alternative Credit Fund (managed by CQS), <u>Buy and Maintain Fund – Short duration and Buy and Maintain Fund – Long duration (managed by Insight).</u> In addition there is a commitment of <u>£75m to the Renewable Infrastructure Fund</u></p> <p>27 Feb 2024</p>		<p>6</p>	<p>31-Mar-2025</p>	<p>Constant</p>

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 2023 <u>31 January 2024</u> , along with the Investment Consultant's quarterly report (to June 2023 <u>December 2024</u>) is reported to the Pensions Committee on 12 September 2023 <u>19 March 2024</u> .	Kate Limna; Sarah Port	27-Feb-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 August 2023 <u>February 2024</u> monthly meeting, the LCIV had no changes to the monitoring status of funds but were keeping a close watch on how Fund Manager performance. particularly in this volatile market. 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	27-Feb-2024	31-Mar-2025

APPENDIX A(i)

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		4	Insufficient liquidity to meet pension benefit payments, transfer payments and other costs, or to meet cash calls from fund managers. 27 Feb 2024		4	31-Mar-2025	Constant

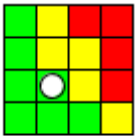
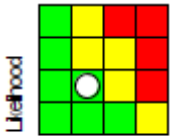

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 003a	The Pension Fund asset allocation is established to ensure appropriate exposure to asset classes.	The Pension fund asset allocation remains within tolerance of control ranges established by Financial Investment Board <u>Pensions Committee under the revised Strategic Asset allocation as agreed by Committee in September 2023.</u>	Kate Limna; Sarah Port	27-Feb-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	27-Feb-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 quarterly <u>half yearly</u> basis.	Kate Limna; Sarah Port	27-Feb-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. 27 Feb 2024		4	31-Mar-2025	 Constant

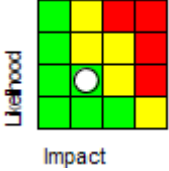
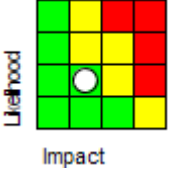
Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 004a	Pensions administration staff to be aware of the corporate policy regarding data security and to follow the guidelines given.	Corporate online training regarding data-security to be carried out by all staff and reviewed as required.	Graham Newman	27-Feb-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	27-Feb-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	27-Feb-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	27-Feb-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	Cause: Processes not in place to capture or review covenant of individual employers. Event: Employer becomes insolvent or is abolished with insufficient funding to meet liabilities. Effect: Fund would pick up the liabilities potentially leading to increased contribution rates for other employers.		4	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. The actuary assesses the value of these risks to the Fund and sets the value for a bond, generally for a three-year period. 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.		4	31-Mar-2025	

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	27-Feb-2024	31-Mar-2025

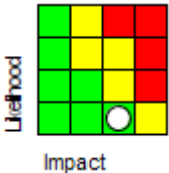
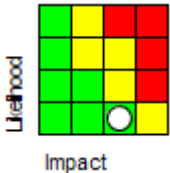

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB Pensions 007 Cyber Security -Aug-2022 Kate Limna	Cause: IT system failures 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	 Likelihood Impact	4	A malicious breach of Corporate IT systems may lead to a failure of the pensions administration system and/or a breach of Data Protection regulations. A failure of the pensions administration system or a breach of the 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. 27 Feb 2024	 Likelihood Impact	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	27-Feb-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	27-Feb-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	27-Feb-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	27-Feb-2024	31-Mar-2025

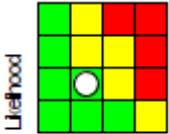
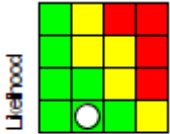

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<p>CHB Pensions 008 Pension Scheme Administration</p> <p>16-Jan-2023</p>	<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: (i) Inaccurate benefits paid or delayed. (ii) Increased costs. (iii) Financial penalties/ sanctions.</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>27 Feb 2024</p>		<p>4</p>	<p>31-Mar-2025</p>	<p>Constant</p>

APPENDIX A(i)

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	27-Feb-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	27-Feb-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	27-Feb-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	27-Feb-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	27-Feb-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. 27 Feb 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	27-Feb-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	27-Feb-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	27-Feb-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>	 <p>4</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. 27 Feb 2024	 <p>2</p>	2	31-Mar-2025	 Constant

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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 012a	Training provided to Committee Members on a range of investment topics and asset classes on a needs basis. Continued Professional Development (CPD) records maintained and updated annually.	A review will be undertaken of the skills set of the Members of the new Pension Committee. All Members of the Committee will be expected to complete the Pension Regulator’s Public Services Toolkit within 12 months of joining the Committee. <u>Members of the Committee are also expected to complete the new Enlighten! Training provided by Barnett Waddingham (Actuary).</u>	Kate Limna; Sarah Port	27-Feb-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	27-Feb-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; Kate Limna	27-Feb-2024	31-Mar-2025

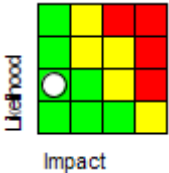
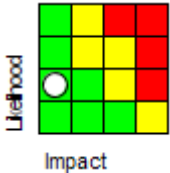

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CHB Pensions 012d	External professional advice sought where required.	The investment consultant attends each meeting of the Pensions Committee providing advice on investment matters.	Kate Limna; Sarah Port	27-Feb-2024	31-Mar-2025
CHB Pensions 012e	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	27-Feb-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 013 Responsible investment duties 17-Aug-2022 Kate Limna	Cause: Insufficient attention is paid to the environmental, social and governance (ESG) dimensions of the Corporation's financial investments. Event: The Corporations' financial investments include an underappreciated exposure to negative ESG risks and the means to effectively manage such risks is not understood. Effect: The Corporation suffers reputational or financial damage.	Likelihood Impact	4	The newly formed pension committee inherits an advanced approach to responsible investment and asset stewardship. The Corporation (via the Financial Investment Board) has formally recognised its asset stewardship role and the need to manage ESG risks through its Responsible Investment Policy which also outlines the Corporation's approach in this area. The City of London Corporation (as a whole) is a signatory to the Principles for Responsible Investment. The Financial Investment Board undertook an in depth review of its climate risk exposure in 2021 resulting in a commitment to achieve net zero carbon emissions by 2040 together with the development of interim goals via a transition pathway.	Likelihood Impact	4	31-Mar-2025	Constant

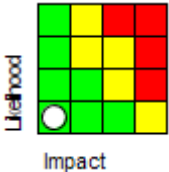
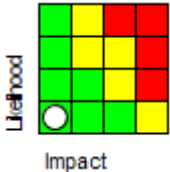

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 013a	Reporting on responsible investment activities to the Principles for Responsible Investment is completed on an annual basis. The Committee (along with other relevant Committees/Boards) will receive an annual Transparency Report from the PRI from which it can evaluate progress against responsible investment goals.	The Corporation's assessment report was reported to this Committee in November 2022. The new PRI framework was released on 26 January 2023 and the next submission is due 6 September 2023 <u>The PRI reporting period opened 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</u>	Kate Limna; Sarah Port	27-Feb-2024	31-Mar-2025

		<p><u>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.</u></p> <p><u>The PRI have advised that the 2023/24 assessment is expected to open in May 2024.</u></p>			
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	27-Feb-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.		27-Feb-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.	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.		27-Feb-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	Cause: (i) Not notified of death. (ii) Staff acting inappropriately (iii) Pension transfer scams Event: (i) Fraudulent claim of pension benefits (ii) pension benefits transferred to an inappropriate / unauthorised body. 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		2	If the death of a LGPS beneficiary is not reported, their pension may continue to be paid when there is no longer an entitlement. This may be a deliberate failure to report the death or may be where there is no fraudulent intention, but in either case it will lead to benefit overpayment and a potential financial loss. 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.		2	31-Mar-2025	

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	27-Feb-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	Graham Newman	27-Feb-2024	31-Mar-2025

		such as the Money Helpline and the Pensions Regulator are included as well as any advisory literature provided by these and similar bodies.			
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	27-Feb-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	27-Feb-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>27 Feb 2024</p>		1	31-Mar-2025	 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	27-Feb-2024	31-Mar-2025
CHB Pensions 002b	Robust Year End procedures and updates	<p>The Pension Fund Statement of Accounts for the year ending 31 March 2023 were published in draft format within the City Fund Accounts on the 12 July 2023 <u>and were signed off by the External Auditors on 26 February 2024.</u></p> <p>The Pension Fund Financial Statements along with the City Fund Accounts (of which they form part) for 2020/21 and 2021/22 have not yet been signed off due to delays around the accounting treatment for infrastructure assets (which has now been resolved) and systemic challenges within the local authority audit framework where resourcing pressures have impacted the delivery of audits across all reporting local bodies in England. There has also</p>	Kate Limna; Graham Newman	27-Feb-2024	31-Mar-2025

		<p>been a change in auditor, with BDO LLP being the external auditors for 2020/21 and Grant Thornton LLP being the external auditors for 2021/22 onwards. Grant Thornton LLP cannot sign off the 2021/22 accounts until BDO LLP have signed off the 2020/21 accounts. The delays are beyond Pension Fund control and have no material impact on the Fund's position.</p> <p>The 2022/23 Pensions Fund audit is currently underway.</p>			
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 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.	Kate Limna; Graham Newman	27-Feb-2024	31-Mar-2025

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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)

(C) Risk scoring grid

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

(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.

(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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