



## Pensions Committee

**Date:** THURSDAY, 13 FEBRUARY 2025

**Time:** 10.00 am

**Venue:** COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

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

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

# AGENDA

## Part 1 - Public Agenda

1. **APOLOGIES**

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

3. **MINUTES**

To agree the public minutes and non-public summary of the Pensions Committee meeting on the 3 December 2024.

**For Decision**  
(Pages 5 - 10)

4. **WORK PROGRAMME**

Report of the Chamberlain.

**For Information**  
(Pages 11 - 12)

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

Report of the Chamberlain.

**For Information**  
(Pages 13 - 22)

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

Report of the Chamberlain.

**For Decision**  
(Pages 23 - 52)

7. **INVESTMENT CONSULTANT STRATEGIC OBJECTIVES - ANNUAL REVIEW**

Report of the Chamberlain.

**For Decision**  
(Pages 53 - 60)

8. **PENSION FUND AUDIT FINDINGS FOLLOW UP**

Report of the Chamberlain.

**For Discussion**  
(Pages 61 - 94)

9. **CITY OF LONDON PENSION FUND TRAINING POLICY**

Report of the Chamberlain.

**For Decision**  
(Pages 95 - 104)

10. **LOCAL GOVERNMENT PENSION SCHEME - ADMINISTRATION STRATEGY**

Report of the Chamberlain.

**For Decision**  
(Pages 105 - 116)

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

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

13. **EXCLUSION OF THE PUBLIC**

MOTION - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

**For Decision**

**Part 2 - Non-Public Agenda**

14. **NON-PUBLIC MINUTES**

To agree the non-public minutes of the Pensions Committee meeting on the 3 December 2024.

**For Decision**  
(Pages 117 - 124)

15. **INVESTMENT PERFORMANCE MONITORING TO 30 NOVEMBER 2024**

Report of the Chamberlain.

**For Discussion**  
(Pages 125 - 140)

16. **LONDON COLLECTIVE INVESTMENT VEHICLE (LCIV) UPDATE**

Report of the Chamberlain.

**For Discussion**  
(Pages 141 - 156)

17. **PENSION FUND CASHFLOW FORECAST 2024/25 TO 2027/28**

Report of the Chamberlain.

**For Information**  
(Pages 157 - 162)

18. **PRI 2024 ASSESSMENT RESULTS**

Report of the Chamberlain.

**For Information**  
(Pages 163 - 178)

19. **NON-PUBLIC REPORT OF ACTION TAKEN**

Report of the Town Clerk.

**For Information**  
(Pages 179 - 184)

20. **NON-PUBLIC APPENDICES**

*To be read in conjunction with item 6.*

**For Information**  
(Pages 185 - 188)

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

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

## **PENSIONS COMMITTEE** **Tuesday, 3 December 2024**

Minutes of the meeting of the Pensions Committee held at Committee Room - 2nd Floor West Wing, Guildhall on Tuesday, 3 December 2024 at 2.00 pm

### **Present**

#### **Members:**

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

#### **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:**

Mark Wheatley – Chairman of the Local Government Pensions Board  
Steve Turner – Mercer  
Gregory Hall - Mercer  
Graham Muir – Barnett Waddingham  
Liam Mayne – Barnett Waddingham

### **1. APOLOGIES**

Apologies were received from Deputy Christopher Boden, Alderman Gregory Jones, and Timothy McNally. Apologies for lateness were also received from Deputy Henry Pollard.

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

There were none.

### **3. MINUTES**

**RESOLVED:** That:-

- The public minutes and non-public summary of the Pensions Committee meeting on the 17 September 2024 were approved as an accurate record.

Matters arising:

The Committee noted that the City Fund and Pension Fund accounts had been signed off, and that the Pension Fund Annual Report was published on the 28 November 2024 ahead of its statutory deadline.

4. **ANNUAL REVIEW OF THE COMMITTEE'S TERMS OF REFERENCE**

The Committee considered a report of the Town Clerk regarding the Committee's Terms of Reference.

A Member questioned whether the membership was sufficient given the risk of losing quorum. The Chairman acknowledged the importance of the committee and noted that the number of members was reduced in the previous year, given the difficulty in getting Members to express an interest in the Committee's vacancies, as well as the requirement for Members to complete training. The Chairman agreed that this issue would nevertheless be kept under review.

**RESOLVED:** That:-

- The terms of reference of the Pensions Committee were approved for submission to the Court of Common Council in April 2025,
- That any further changes required in the lead up to the Court's appointment of Committees were agreed to be delegated to the Town Clerk in consultation with the Chairman and Deputy Chairman.

5. **WORK PLAN**

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

**RESOLVED:** That Members: -

- Received the report and noted its content.

6. **PENSION SCHEME ADMINISTRATOR'S UPDATE**

The Committee received a report of the Chamberlain with a summary of general information around a range of topics in relation to the administration of the Scheme since the last Committee meeting.

A Member raised questions about record keeping, emphasising the need for a formal plan to address data gaps, as required by the Pensions Regulator. It was suggested that a formal plan to fill data gaps should be presented at a subsequent meeting.

A Member inquired about the time scale for GMP reconciliation, noting that it has been an ongoing item for some time. It was confirmed that the time scale had slipped due to other priorities like the McCloud remedy, however, this remained a priority to be addressed at a subsequent Committee meeting.

A Member asked about the responsibilities for pension dashboards, including decisions on matching criteria and filling data gaps. It was clarified that these decisions needed to be brought back to the Committee for agreement, and that the City of London's dashboard had a staging date of October 2025 and the full connection deadline being October 2026.

**RESOLVED:** That Members: -

- Received the report and noted its content.

7. **GENERAL CODE OF PRACTICE COMPLIANCE REVIEW - BARNETT WADDINGHAM'S REVIEW**

The Committee considered a report of the Chamberlain relating to a review undertaken by Barnett Waddingham on the City of London Pension Fund's compliance with the Pension Regulator's General Code of Practice released in January 2024.

The Chairman welcomed representatives from Barnett Waddingham who were present at the meeting.

The Committee noted that the report used a red, amber, and green rating system. The review assessed 53 modules, resulting in 3 reds (non-compliant), 4 ambers (best practice actions needed), and 34 greens (compliant) – the remaining 12 modules were not specifically applicable to the LGPS and/or did not need to be individually assessed. The proposals for addressing the red and amber items would be brought to the February Committee meeting.

Barnett Waddingham stated that the results were amongst the average compared to other administering pension funds with a good number of green ratings and a small number of reds.

The policies would be kept under review and would be updated as needed based on further guidance or legislative changes. A systematic programme would also be developed to bring updates to the Committee on a rolling basis.

**RESOLVED:** That Members:-

1. Agree that the following documents/ policies will be drafted on the following areas, which have been flagged as **red or amber**, and brought back to the February 2025 Committee meeting:
  - i. A Training Policy which will address the tPR's expectations;
  - ii. A document setting out the processes for monitoring, reviewing and protecting scheme data;
  - iii. A revised Administration Strategy to include details of third-party providers and expectations for these providers and to highlight roles and responsibilities in relation to Scheme returns; and
  - iv. An updated Pensions Committee Risk Register to include 'Scams' and mitigation processes in more detail under Fraud (CHB Pensions 005) .
2. Agree that the following documents/policies will be drafted/updated on the below areas which have been flagged as **green**. These will be brought to Committee in due course:
  - i. Create an IT systems process and controls document (also in accordance with the Pension Fund's external audit recommendations);

- ii. Create a document to cover the steps taken around Transfers Out including:
  - a. To ensure as far as possible that scheme members are made aware of potential scams and take the necessary steps to protect themselves; and
  - b. Process and transfer of contributions;
- iii. Update the Administration Strategy to include the processes for receiving and monitoring contributions; and
- iv. Update the Communications Policy to include reference to benefit statements provided by AVC providers.

**8. AUTUMN BUDGET 2024, MANSION HOUSE SPEECH AND LGPS (ENGLAND AND WALES): FIT FOR FUTURE CONSULTATION SUMMARY**

The Committee received a report of the Chamberlain providing Members with a summary of the Labour Government's Autumn Budget and subsequent Mansion House Speech where the Chancellor of the Exchequer announced measures pertaining to the Local Government Pension Scheme: Fit for the Future Consultation.

During the discussion the following points were noted:

- The consultation included 30 questions divided into three broad areas, which would reduce the autonomy of the administering authority due to a high number of proposals that could be mandatory. Numerous proposals had been put forward by the Government covering LGPS pooling, UK "local" investment and governance (for pools and individual LGPS funds).
- There was a significant change proposed in the Autumn Budget, which meant that death benefits would now be taxable for inheritance tax purposes. This change would impact the administration of the scheme, requiring administrators to liaise with estates and solicitors to organise the tax due.
- The administrators of the pension scheme would be responsible for paying the inheritance tax.
- The importance of communicating these changes to members of the pension fund was highlighted, especially regarding the potential impact on death benefits and inheritance tax.

The Chairman suggested and moved that, due to the nature of the discussion and the possible disclosure of information relating to the financial or business affairs of the authority, that the debate would carry on in the non-public section of the meeting. This was 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**



There was no urgent business.

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 non-public minutes of the Pensions Committee meeting on the 17 September 2024 were approved as an accurate record.

13. **PERFORMANCE MONITORING**

The Committee received a presentation from Mercer concerning the Pension Fund Quarterly Monitoring Report for Q3 2024 and a report of the Chamberlain relating to the Investment Performance of the Pension Fund as at 30 September 2024.

*The Committee unanimously agreed to change the order of the agenda to discuss items 15 and 16 first before considering item 14.*

14. **C WORLDWIDE - MERCER'S REVIEW**

The Committee received a report of the Chamberlain pertaining to a deep dive carried out by the Investment Consultant Mercer, on the Global Equity Manager C Worldwide.

15. **RUFFER - MERCER'S REVIEW**

The Committee received a report of the Chamberlain pertaining to a deep dive carried out by the Investment Consultant Mercer, on the Multi-Asset Manager Ruffer.

16. **OPEN ENDED INFRASTRUCTURE FUND - IMPLEMENTATION DISINVESTMENT ADVICE**

The Committee considered a report of the Chamberlain which set out possible disinvestment options from the equity funds, to allocate to the JP Morgan Infrastructure Investment Fund.

17. **LOCAL GOVERNMENT PENSION SCHEME - CASUAL WORKERS**

The Committee received a joint report of the Executive Director of HR & Chief People Officer and the Chamberlain & Chief Financial Officer with the latest update on the progress of the Casual Workers Pension Remediation Process, identifying areas of potential exposure and overall impact and updates on the financial liability.

18. **BREACHES OF THE LAW POLICY - UPDATE**

The Committee received a report of the Chamberlain which provided an update on the breaches of the law policy, which came at the request of the Local Government Pensions Board. The Breaches policy would come to the February Committee for review.

**19. LONDON COLLECTIVE INVESTMENT VEHICLE (LCIV) UPDATE**

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

**20. PENSION SCHEME ADMINISTRATOR'S UPDATE - NON-PUBLIC APPENDICES**

The Committee received two non-public appendices which were read in conjunction with agenda item 6.

**21. NON-PUBLIC 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).

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

There were no questions.

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

There was no business.

*At this point in the meeting, the Town Clerk noted that the meeting was inquorate and therefore in line with Standing Order 36 of the Court of Common Council, the formal meeting would be dissolved and consideration of business adjourned until the next regular meeting of the Pensions Committee. Any business requiring approval prior to the next regular meeting would be considered by the Town Clerk under urgency procedure in consultation with the Chairman and Deputy Chairman of the Pensions Committee.*

**The meeting ended at 4.15 pm**

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Chairman

**Contact Officer: Raquel Pinto  
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## PENSION COMMITTEE WORK PROGRAMME 2024/25

Timescale	Funding	Investment	Governance	Administration & Communication	Training Items #
Standing items		<ul style="list-style-type: none"> <li>Investment Monitoring (inc. CAS update)</li> <li>LCIV/Pooling Update</li> </ul>	<ul style="list-style-type: none"> <li>Work programme</li> </ul>	<ul style="list-style-type: none"> <li>Administration Update</li> </ul>	
2024/25					
Q4 2024/25 (February)	<ul style="list-style-type: none"> <li>Cashflow forecast</li> </ul>	<ul style="list-style-type: none"> <li>Principles of Responsible Investment Update</li> </ul>	<ul style="list-style-type: none"> <li>Risk Register</li> <li>Investment Consultant Strategic Objectives</li> <li>Audit Findings Follow up</li> <li>Training Policy</li> </ul>	<ul style="list-style-type: none"> <li>Pensions Administration Strategy Review</li> <li>Updates to member communication letters (if required)</li> </ul>	
Q1 2025/26 (July)	<ul style="list-style-type: none"> <li>Funding Update 2024/25 (Part of Investment Monitoring)</li> </ul>	<ul style="list-style-type: none"> <li>Responsible Investment Policy Review*</li> </ul>		<ul style="list-style-type: none"> <li>Transfer out guidance</li> <li>Communications policy</li> </ul>	<ul style="list-style-type: none"> <li>Responsible investment/climate action (in house)</li> </ul>
2025/26					
Q2 2025/26 (September)	<ul style="list-style-type: none"> <li>Cashflow forecast</li> </ul>		<ul style="list-style-type: none"> <li>Risk Register</li> <li>Pension Fund Annual Report 2024/25</li> </ul>	<ul style="list-style-type: none"> <li>Updates to member communication letters (if required)</li> </ul>	<ul style="list-style-type: none"> <li>Pooling (LCIV)</li> </ul>
Q3 2025/26 (December)	<ul style="list-style-type: none"> <li>Triennial Valuation Initial Results</li> </ul>				
Q4 2025/26 (tbc)	<ul style="list-style-type: none"> <li>Cashflow forecast</li> <li>Triennial Valuation Final Results</li> <li>Funding Strategy Statement</li> </ul>	<ul style="list-style-type: none"> <li>Investment Strategy Review</li> </ul>	<ul style="list-style-type: none"> <li>Risk Register</li> <li>Investment Consultant Strategic Objectives</li> </ul>	<ul style="list-style-type: none"> <li>Updates to member communication letters (if required)</li> </ul>	

# In addition to training provided either in house or by third party organisations, all Members will be expected to register for tPR online training and complete the modules in respect of **public sector pension schemes** within 12 months of joining the Committee. Members are also required to complete the Barnett Waddingham 'Enlighten!' online training within 12 months.

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

#### Notes

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

Cashflow forecast and Risk Register are reviewed every 6 months.

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## City of London Corporation Committee Report

<b>Committee(s):</b> Pensions Committee	<b>Dated:</b> 13 February 2025
<b>Subject:</b> Pensions Scheme – Administrator’s Update	<b>Public report:</b> For Information
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• provides statutory duties</li> <li>• provides business enabling functions</li> </ul>	
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	n/a
<b>What is the source of Funding?</b>	n/a
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	n/a
<b>Report of:</b>	The Chamberlain
<b>Report author:</b>	Graham Newman – Chamberlain’s Department

### Summary

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

The table below provides a summary of general information around a range of topics in relation to the administration of the Scheme since the last Committee meeting on 3 December 2024. Members are asked to note the report and provide feedback.

<b>Item</b>	<b>Update</b>
Annual schedule of events for the administration of the Pensions Scheme	<b>Appendix A</b> provides details of the events / dates that form the main diary of the Scheme administration.
Information of Scheme Record Keeping	As the Scheme’s administrating authority, the City is responsible for making sure the scheme has good records.  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.  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.

	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.
Complaints or disputes under the Scheme's Internal Disputes Resolution Process (IDRP)	Since the last Committee meeting, there have been 3 Stage Two IDRP applications received. A breakdown of the IDRP applications is included at Appendix B on the non-public agenda.
Public Service Pensions - Reporting Breaches of Pension Law	None to report
Any audit reports relating to the administration of the Scheme	None to report.
Any reports relating to the administration of the Pension Scheme which have been considered by other Committees	None to report.
Guaranteed Minimum Pensions (GMP) Reconciliation	An update of the status of this project has been requested from the company commissioned to provide this piece of work. Once received an update will be brought to the Committee.
Pension Administration System	The Pensions Office has rolled-out the Online Member Portal which allows members to access their pension record, make amendments to selected personal data (i.e. name and death grant nominees) and to run their own retirement estimates.  The portal was used for providing the 2024 annual benefit statements and provides a potential platform for future bulk mailings.  The system has been rolled out to all active scheme members and is now also available to retired and deferred members so that access to the portal can continue as active members leave the organisation. An advertising campaign to existing City Pensioners will begin shortly to encourage sign-up, but will make it clear that this is not compulsory.  A similar campaign for existing deferred members will follow on from this.
Pensions Office Communications	Copies of all communications issued by the Pensions Office were provided to the Local Government Pensions Board at their meeting of 17 January 2025.

	<p>Members reviewed all of the letters and provided feedback in respect of broken hyperlinks found in some of the documents. Members stressed the importance of regular checks of hyperlinks to ensure they were working.</p> <p>It was also noted that the communications provided did not include the expected letters in respect of certain death benefits – it was agreed that these would be forwarded to Members as soon as possible after the meeting.</p> <p>A copy of the meeting agenda pack that includes the communications provided can be found <a href="#">here</a></p>
<p>Public Sector Pensions Legal Challenge</p>	<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</p>

	<p>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 re-calculating benefits where appropriate. Active and deferred scheme members must be provided with details by 31 August 2025 and it is expected that all retired scheme member will have been contact by then.</p> <p>Updates regarding the implementation of the McCloud Remedy will continue to be brought to each Committee meeting.</p>
Pension Committee Training	<p>All Members of the Committee are expected to register for tPR online training and complete the modules in respect of <b><u>public sector pension schemes</u></b>.</p> <p>The link for the online training is: <a href="https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/understanding-your-role/learn-about-managing-public-service-schemes">https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/understanding-your-role/learn-about-managing-public-service-schemes</a></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 four courses available; each consisting of several bitesize videos and followed by a quiz.</p> <p>Details in respect of training modules completed by each Member are included on the non-public agenda (<b>Appendix C</b>).</p> <p>Members are expected to re-do the tPR training modules every 3-5 years.</p>
Pensions Office Key Performance Indicators	<p>As requested at the Committee meeting of 29 November 2022, <b>Appendix D</b> provides statistics in relation to the performance of the Pension Scheme Administration.</p> <p>The working processes followed by the Pensions Team are regularly reviewed to ensure the statistics accurately reflect the work involved.</p>
Pensions Dashboards	<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</p>



multiple sources in one place. The intention is to support better planning for retirement, and help individuals reconnect with any pension pots they may have lost over time.

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

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

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

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

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

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

- Connect to dashboards by the connection deadline of 31 October 2026 that is set out in legislation. Failure to do so could result in regulatory action by TPR.
- A revised staging timetable is set out in guidance which indicates when schemes are scheduled to connect. All trustees and scheme managers must have regard to this guidance. Failure to do so will be a breach.
- Although the timelines in the guidance are not mandatory, schemes will be expected to demonstrate how they have had regard to the guidance.
- A phased approach to staging enables a controlled and well-planned connection, reduces the risk of provider

	<p>capacity constraints and means savers can realise the benefits of dashboards as early as possible.</p> <ul style="list-style-type: none"> <li>• Continuing to prepare for dashboards by engaging with those who will support them and their dashboard duties.</li> </ul> <p>The Pensions Dashboards Programme (PDP) has updated their FAQs to reflect the new connection deadline announcement  <a href="https://www.pensionsdashboardsprogramme.org.uk/faqs/">https://www.pensionsdashboardsprogramme.org.uk/faqs/</a></p> <p>The National LGPS Framework was set up to provide procurement facilities for all LGPS Funds to allow for an efficient route for sourcing external services by a compliant route.</p> <p>There are several Integrated Service Providers (ISPs) listed on the National LGPS Framework and the Pensions Office has started the process of making contact with these providers as a first step towards ensuring compliance with the staging deadline.</p> <p>It should be noted that this project will be carried out in conjunction with the administration of the Police Pension Scheme and is not 'stand-alone' for the Local Government Pension Scheme.</p> <p>Updates regarding the progress being made in respect of the Dashboards project will be brought to each Committee meeting.</p>
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**Recommendation**

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

**Appendices:**

- Appendix A – Annual Schedule of Events (Administration)
- Appendix B – IDRPs cases received by the Pensions Office (NON PUBLIC)
- Appendix C – Member Training (NON PUBLIC)
- Appendix D – KPI Details

**Graham Newman**

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**Local Government Pension Administration - Schedule of Events 2024/25**

<b>Date Due</b>	<b>Event</b>	<b>Completed</b>
30 September 2023	Employee Contribution Band review	29 September 2023
5 October 2023	Issue of Annual Allowance (AA) Saving Statements deadline	4 October 2023
November 2023	Tax return for Quarter 2 (to 30/09/2023)	18 October 2023
1 December 2023	Publication of 2022/23 Pension Fund Accounts and Annual Report	2022/23 City Fund Accounts formally signed off 26 February 2024.
25 January 2024	Scheme Return to the Pensions Regulator	25 January 2024
31 January 2024	HMRC Event 22 Report – List of Annual Allowance cases exceeding the Previous years' threshold.	31 January 2024
February 2024	Tax Return for Quarter 3 (to 31/12/2023)	31 January 2024
1 April 2024	Employee Contribution band review/implementation.	1 April 2024
6 April 2024	Revaluation of CARE benefits.	6 April 2024
1 Monday in April following Tax Year End	Pensions Increase (PI) – Annual Inflation increase.	8 April 2024
May 2024	Tax return for Quarter 4 (to 31/3/2024)	30 May 2024
31 May 2024	Pensioner P60s distributed	24 May 2024
31 May 2024	Publish draft City Fund Accounts 2023/24 (including the Pension Fund Accounts)	31 May 2024
June/July 2024	Year-end data to the pension fund's actuary	April/May 2024
August 2024	Tax return for Quarter 1 (to 30/06/2024)	13 August 2024
31 August 2024	Issue of Annual Benefit Statements deadline.	31 August 2024
30 September 2024	Employee Contribution Band review	30 September 2024
5 October 2024	Issue of Annual Allowance (AA) Saving Statements deadline	25 September 2024
22 November 2024	Scheme Return to the Pensions Regulator	22 November 2024
November 2024	Tax return for Quarter 2 (to 30/09/2024)	11 November 2024
1 December 2024	Publication of 2023/24 Pension Fund Accounts and Annual Report	28 November 2024
February 2025	Tax Return for Quarter 3 (to 31/12/2024)	

**Appendix A**

1 April 2025	Employee Contribution band review/implementation.	
6 April 2025	Revaluation of CARE benefits.	
1 Monday in April following Tax Year End	Pensions Increase (PI) – Annual Inflation increase.	
May 2025	Tax return for Quarter 4 (to 31/3/2025)	
31 May 2025	Pensioner P60s distributed	
31 May 2025	Publish draft City Fund Accounts 2024/25 (including the Pension Fund Accounts)	
June/July 2025	Year-end data to the pension fund's actuary	
August 2025	Tax return for Quarter 1 (to 30/06/2025)	
31 August 2025	Issue of Annual Benefit Statements deadline.	
31 August 2025	Deadline for providing McCloud Remedy information to the active and deferred membership.	

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

Task	Target (Working Days)	Result 2023/24	Result 2022/23	Result 2021/22
Initial payment of retirement benefits	5 days*	94.32%	97.35 %	98.61 %
Process refund and make payment	5 days	95.79%	94.85 %	98.44 %
Statement notifying estimate of retirement benefits	20 days	96.57%	97.04 %	96.17 %
Statement detailing transfer-in credit	20 days	100.00%	100.00 %	100.00 %
Transfers-out payments	20 days	100.00%	100.00 %	100.00 %
Answering general correspondence:	10 days	94.99%	96.50 %	96.83 %
Payment of lump sum death grants:	14 days	100.00%	92.59 %	100.00 %
Letters to dependants in respect of benefits due:	5 days	94.74%	98.36 %	94.44 %

Task	Target (Working days)	Quarter 1 01/04/2024 – 30/06/2024	Quarter 2 01/07/2024 – 30/09/2024	Quarter 3 01/10/2024 – 31/12/2024	Number of cases in Quarter 3	Running total for the year 01/04/2024 – 31/12/2024
Initial payment of retirement benefits	10 days*	95.35%	93.48%	97.44%	39	95.31%
Process refunds and make payments	5 days	90.91%	91.67%	93.33%	15	92.11%
Statement notifying estimate of retirement benefits	20 days	94.92%	97.56%	100%	22	96.72%
Statement detailing transfer-in credit	20 days	96.55%	97.92%	100%	19	97.92%
Transfers-out payments	20 days	100%	100%	100%	18	100%
Answering general correspondence	10 days	96.06%	97.50%	100%	106	97.71%
Payment of lump sum death grants	14 days	100%	100%	100%	7	100%
Letters to dependant's in respect of benefits due	5 days	100%	100%	94.12%	17	97.78%

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

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## City of London Corporation Committee Report

<b>Committee(s):</b> Pensions Committee	<b>Dated:</b> 13 February 2025
<b>Subject:</b> Risk Register for the Pensions Committee	<b>Public report:</b> For Decision
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• provides statutory duties</li> <li>• provides business enabling functions</li> </ul>	
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	£N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b>	The Chamberlain
<b>Report author:</b>	Amanda Luk

### Summary

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

When reviewing the risks, the Pensions Committee should be aware that some similar/generic risks are also included in the (CoL) Police Pension Board or the Investment Committee (previously Financial Investment Board, prior to its dissolution) Risk Registers: risks CHB Pensions 009 McCloud Remedy, 007 Cyber security and 005 Fraud are on the CoL Police Pensions Board Risk Register and risk CHB Pensions 013 Responsible Investment Duties is on the Investment Committee Risk Register.

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

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

### Recommendations

Members are asked to:

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

## Main Report













### Background

1. The Pensions Committee reviews the Risk Register every 6 months and last reviewed it at the meeting held on 17 September 2024. At that meeting Members reviewed the existing actions and confirmed that appropriate controls were in place and that there were no other risks relating to the services overseen by the Committee. Members did however ask for a review on CHB-Pensions 007 Cyber Security. Officers agreed to investigate what the overall risk for cyber security was for the Corporation and look to re-word the risk on the Pensions Committee risk register to reflect the concerns raised.
2. At the Pensions Committee meeting held on the 3 December 2024, Members received Barnett Waddingham’s General Code of Practice compliance review in which there was a recommendation to update CHB Pensions 005 Fraud to include ‘scams’ and mitigation processes in more detail in line with best practice of the code.

### Review of Risks

3. The method of assessing risk reflects the City of London’s standard approach to risk assessment as set out in its Risk Management Strategy approved by the Audit and Risk Management Committee in May 2014. The City of London Corporation risk matrix, which explains how risks are assessed and scored, is attached at **Appendix 1** of this report. Risk scores range from one, being lowest risk, to the highest risk score of thirty-two. These scores are summarised into 3 broad groups, each with increasing risk, and categorised “green”, “amber” or “red”.
4. The Risk Register to be reviewed is set out in **Appendix 2**.

Table 1: Risk Summary

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator
CHB Pensions 009	McCloud Remedy	12	
CHB Pensions 001	Insufficient assets - Pensions Fund	8	
CHB Pensions 007	Cyber Security	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 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	



Risk code	Risk title	Current Risk Score	Current Risk Score Indicator
CHB Pensions 002	Actuarial Valuation	1	

5. The Risk Register contains thirteen risks which are summarised in table 1 above. In the table, “Current Risk Score indicator” displays the current “RAG” rating for each risk. Each risk presented in the Risk Register is accompanied by one or more “action(s)” which reflect how the risk is managed and mitigated. A “due date” for required completion is set against each action. Due to the nature of the risks overseen by the Committee, in many cases it is impossible to entirely eliminate a risk, and therefore corresponding actions will always remain live. These ongoing actions are necessary in order to maintain the current risk score. Where this is the case the Risk Register includes an annual due date, which will be renewed each year.
6. Officers have reviewed the Risk Register to establish whether the risk environment has changed and whilst all scores have been maintained at their previous levels each has been reviewed and updated where necessary in the Register itself. Updates to the Risk Register are underlined throughout.
7. As requested by Members, Officers have reviewed Cyber Security on the corporate risk register, and reassessed **CHB Pensions 007 Cyber Security** on the Pensions Committee risk register. The risk rating has been increased to an 8 (Amber) from 4 (Green). This has increased the impact of the risk but keeps the likelihood low as the City of London Corporation has a cyber security plan and mitigations in place.
8. Following Barnett Waddingham’s Review of the Pensions Regulator’s General Code of Practice at the last Pensions Committee in December 2024, Officers agreed to include ‘scams’ and mitigation processes in more detail under **CHB Pensions 005 Fraud**. Officers have amended the risk register to ensure that this is covered as per best practice within the general code of practice.

### Conclusion

9. The risks overseen by the Pensions Committee are primarily of low likelihood but represent substantial impact, particularly with regards to financial loss and reputational damage.
10. Officers have amended and updated CHB Pensions 007 Cyber Security as per Members request at the last Committee that the risk register was reviewed and CHB Pensions 005 Fraud in line with the Pension Regulators General Code of Practice.
11. The Pensions Committee is requested to review the risks and confirm that appropriate control measures are in place for these risks and that there are no other risks that should be added to the Risk Register.

### Appendices

- Appendix 1 – City of London Corporation Risk Matrix
- Appendix 2 – Pensions Committee Risk Register

**Amanda Luk**

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## City of London Corporation Risk Matrix (Black and white version)

Note: A risk score is calculated by assessing the risk in terms of likelihood and impact. By using the likelihood and impact criteria below (top left (A) and bottom right (B) respectively) it is possible to calculate a risk score. For example a risk assessed as Unlikely (2) and with an impact of Serious (2) can be plotted on the risk scoring grid, top right (C) to give an overall risk score of a green (4). Using the risk score definitions bottom right (D) below, a green risk is one that just requires actions to maintain that rating.

### (A) Likelihood criteria

	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)
Criteria	Less than 10%	10 – 40%	40 – 75%	More than 75%
Probability	Has happened rarely/never before	Unlikely to occur	Fairly likely to occur	More likely to occur than not
Time period	Unlikely to occur in a 10 year period	Likely to occur within a 10 year period	Likely to occur once within a one year period	Likely to occur once within three months
Numerical	Less than one chance in a hundred thousand (<10-5)	Less than one chance in ten thousand (<10-4)	Less than one chance in a thousand (<10-3)	Less than one chance in a hundred (<10-2)

### (B) Impact criteria

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

### (C) Risk scoring grid

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

### (D) Risk score definitions

<b>RED</b>	Urgent action required to reduce rating
<b>AMBER</b>	Action required to maintain or reduce rating
<b>GREEN</b>	Action required to maintain rating

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

Contact the Corporate Risk Advisor for further information. Ext 1297

October 2015

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# CHB PENSIONS COMMITTEE Detailed risk register EXCLUDING COMPLETED ACTIONS

Report Author: Amanda Luk  
Generated on: 24 January 2025



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
<b>CHB Pensions 009 McCloud Remedy</b>	<p><b>Cause:</b> 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><b>Event:</b> The impact of scheme amendments upon scheme members, Pensions Office and scheme employers due to implementation of the proposed remedy for McCloud.</p> <p><b>Effect:</b> The Pensions Office is unable to adequately comply with legislative and regulatory amendments arising from the proposed McCloud remedy.</p>	<p>Liability Impact</p>	12	<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>Liability Impact</p>	4	31-Aug-2025	

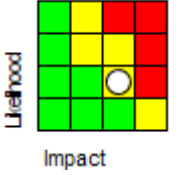
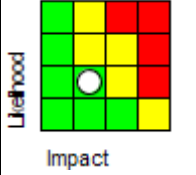

<p>11-Aug-2022</p>			<p>consultation document and set out its preferred remedy choice.</p> <p>Further legislative changes are required before the remedy can be implemented, however, due to the complexity of the proposed remedy pension administrators and pension systems providers have commenced development of systems and processes based on current understandings to enable the remedy to be implemented.</p> <p>On 10 March 2022 the Public Services and Judicial Offices Act 2022 received Royal Assent.</p> <p>The main purpose of the Act was to support the implementation of the McCloud remedy, however further guidance and legislation is required before it can be applied directly to the LGPS.</p> <p><u><a href="#">The finalised LGPS (Amendment) (No.3) Regulations 2023 came into force from 1 October 2023 and amended the LGPS Regulations 2013 accordingly.</a></u></p> <p><u><a href="#">Since this date, all new retirements have been calculated with reference to the Remedy.</a></u></p> <p><u><a href="#">From August 2025 onwards, Annual Benefit Statements (ABS) should include information in respect of the McCloud Remedy for all affected members.</a></u></p> <p>24 Jan 2025</p>				
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Kate Limna								Constant
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 009a	MHCLG has confirmed the proposed remedy and the intention to introduce legislation to the statute books from 1 April 2023 but applied retrospectively to 31 March 2012 and 31 March 2014. The Pensions Office will need to understand what this means, develop processes and calculations to apply the regulations for the amended schemes and should be aware of all relevant correspondence issued by the MHCLG, LGA & HMRC and regularly attend seminars, forums, webinars and user groups.	Continue with membership of working groups including South East Counties Senior Officer Group (SECSOG), 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	24-Jan-2025	31-Aug-2025
CHB Pensions 009b	Identification of eligible scheme members who will qualify for the remedy. All data must be reviewed and if necessary amended. In some cases data may be missing and must be requested from employers and previous pension providers.	Perform data review exercise in bulk and individually to identify scheme members who may qualify and/or identify missing data.  Software provider has developed systems to identify qualifying scheme member on bulk reports.  Any missing information to be obtained and scheme member record update	Graham Newman	24-Jan-2025	31-Aug-2025
CHB Pensions 009c	System Development Calculation/Revaluation	The software has been updated to allow for calculations and recalculations of deferred benefits and those already in payment to identify where the Remedy will affect the benefits already calculated. The calculators are kept under constant review to ensure that they work as intended and regular updates are provided as they are developed by the software supplier.  Development has included bulk calculations and calculations for individuals, and include revised pension amounts, arrears payable/collectible (benefits and contributions) plus interest payable where applicable.	Graham Newman	24-Jan-2025	31-Aug-2025
CHB Pensions 009d	Working in conjunction with LGA to prepare communications and standard responses (FAQs) to be sent to affected scheme members.	It will be essential for communications to be regular, clear and ongoing. Updates in respect of the remedy and delivery of it, including scheme members who may be affected, must be provided as appropriate.  The Pensions Office website carries current information from various sources including MHCLG. Further communications will be added when they are released.	Graham Newman	24-Jan-2025	31-Aug-2025

		<p>The 2023 Annual Benefit Statements (ABS) included a link to a leaflet that was created by the LGA in conjunction with the Scheme Advisory Board (SAB). This leaflet was also already available on the City's Pension Website.</p> <p>The ABS will now need to be amended McCloud data will need to be included for each scheme member.</p> <p>Scheme members who may be affected will need a final communication confirming if benefit values have been amended and if so by how much, including value of arrears and interest if applicable.</p>			
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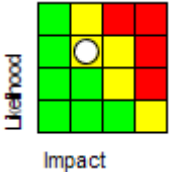
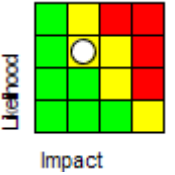

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB Pensions 001 Insufficient Assets          17-Aug-2022 Kate Limna	<p><b>Cause:</b> The asset allocation of the Pension Fund portfolio is unable to fund long term liabilities due to market movements</p> <p><b>Event:</b> There are insufficient assets to meet liabilities</p> <p><b>Effect:</b> 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 <a href="#">30 November 2024</a> <del>31 July 2024</del>, the Fund is outperforming its absolute return target over all time horizons except three years. The Fund has produced a positive return over all time frames. This is largely as a result of global equity markets which have returned positively amid a resilient and generally solid economy, despite markets reacting to evolving monetary policies; major election results; and on-going geo-political tensions.</p> <p><b>24 Jan 2025</b></p>		4	31-Mar-2025	
								Constant

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
CHB Pensions 001a	The Investment strategy of the Pension Fund is reviewed at least every three years following the triennial valuation with proper advice from the Investment Consultant.	<p>The Pension Fund Investment Strategy was reviewed following the completion of the 2022 triennial valuation of the Fund's liabilities, by the Pensions Committee in September 2023. New Investments into Corporate Bonds, Renewable Infrastructure and broad private markets were agreed to ensure that the investment strategy remained appropriate in the context of the Fund's updated liabilities valuation and the current investment environment. <a href="#">Subsequently in September 2024, the allocation to broad private markets was replaced by increasing the allocation to infrastructure which has a similar impact from a total Fund risk/return perspective.</a></p>			Caroline Al-Beyerty; Kate Limna	24-Jan-2025	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	24-Jan-2025	31-Mar-2025



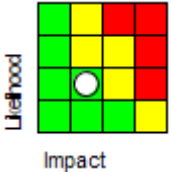
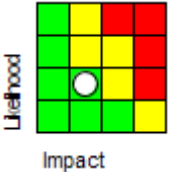

CHB Pensions 007b	Corporate and departmental specific software to be updated as required to ensure the latest and most secure version is being used.	To ensure the most up-to-date software is being used, staff should update their computers as and when prompted.	Graham Newman	24-Jan-2025	31-Mar-2025
CHB 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	24-Jan-2025	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	24-Jan-2025	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
<b>CHB Pensions 010 Targeted returns</b>	<p><b>Cause:</b> Fund managers (including the London CIV) fail to achieve the targeted investment returns because</p> <ul style="list-style-type: none"> <li>• unsuitable fund managers are appointed,</li> <li>• individual fund managers underperform against the benchmarks agreed by the Committee,</li> <li>• aggregate fund manager performance fails to achieve the long-term targets</li> <li>• Number of investors in a fund may diminish below a minimum level causing the fund to close.</li> </ul> <p><b>Event:</b> Failure to be seen to manage the funds responsibly.</p> <p><b>Effect:</b> Supervisory intervention over management of the Funds.</p>		<b>6</b>	<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. <a href="#">The Strategic Asset Allocation was revised in September 2023.</a></p> <p><del>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. In January 2024, the Pension Fund committed £75m to the LCIV Renewable Infrastructure Fund (of which c.£5m has been drawn down as at July 2024) and in July 2024, the M&amp;G UK Residential Fund</del></p>		<b>6</b>	31-Mar-2025	

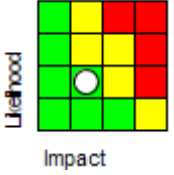
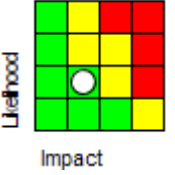
<p>17-Aug-2022 Caroline Al-Beyerty</p>			<p>investment was moved under pool management. Therefore 43% (including commitments) of CoL PF assets are now under Pool management.</p> <p>The London CIV is a pooling vehicle for which the City of London Pension Fund is a shareholder. CoL PF assets under management are held in <del>six</del> <b>eight</b> funds – Global Alpha Growth Fund (managed by Baillie Gifford), Alternative Credit Fund (managed by CQS), Buy and Maintain Fund – Short duration and Buy and Maintain Fund – Long duration (managed by Insight), Renewable Infrastructure Fund (multiple managers), <a href="#">Global Equity Value (managed by Wellington)</a>, <a href="#">Global Equity Quality (managed by Morgan Stanley)</a> and the M&amp;G UK Residential Fund. <a href="#">The Pension Fund is currently 61% pooled (including commitments).</a></p> <p><b>24 Jan 2025</b></p>				<p>Constant</p>
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 010a	Investment managers' performance and their aggregate performance is measured against appropriate benchmarks and will be monitored by the Pensions Committee throughout the year. It is supplemented by market insight from the Corporation's investment consultants which provides peer group comparisons; checks on movement of key officers; and reviews on the incorporation of ESG considerations in implementing their investment strategies.	The performance report for the Pension Fund to <del>30 November 2024</del> <b>31 July 2024</b> , along with the Investment Consultant's quarterly report (to June 2024) is reported to the Pensions Committee on <del>17 September 2024</del> <b>13 February 2025</b> .	Kate Limna; Sarah Port	24-Jan-2025	31-Mar-2025

	Fund managers are invited to meet with Officers and Members to account for their performance as and when deemed necessary/as required.				
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.	<p>At the <del>August</del> <b>November</b> 2024 monthly meeting, the LCIV had <del>one</del> <b>no</b> change to the monitoring status of funds (<del>LCIV Emerging Market Equity Fund which was downgraded</del>) but were keeping a close watch on <del>how</del> Fund Manager performance. <del>The Pension Fund is not invested in this fund.</del></p> <p>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.</p>	Kate Limna; Sarah Port	24-Jan-2025	31-Mar-2025

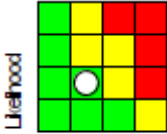
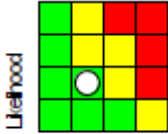

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>CHB Pensions 003 Short term Cash flows</b> 16-Jan-2023	<b>Cause:</b> Inadequate cash flow planning and monitoring. <b>Event:</b> Delayed settling of benefits/ assets disinvested at an opportune time <b>Effects:</b> 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. <b>24 Jan 2025</b>		4	31-Mar-2025	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 003a	The Pension Fund asset allocation is established to ensure appropriate exposure to asset classes.	The Pension fund asset allocation remains within tolerance of control ranges established by Pensions Committee under the revised Strategic Asset allocation as agreed by Committee in September 2023.	Kate Limna; Sarah Port	24-Jan-2025	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	24-Jan-2025	31-Mar-2025
CHB Pensions 003c	Cash flow forecasting to ensure adequate monitoring and planning.	A Cash flow forecast has been created to ensure the Pension Fund is able to meet any obligations required of it. This is reported to Committee on a half yearly basis.	Kate Limna; Sarah Port	24-Jan-2025	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	<b>Cause:</b> (i) Ineffective procedures. (ii) Inadequately trained staff. (iii) Data Accuracy. (iv) Lack of resources. <b>Event:</b> Scheme members' personal data is released to an unauthorised third party. <b>Effect:</b> (i) Breach of GDPR / Data Protection regulations. (ii) Financial penalties/ sanctions. (iii) Reputational damage	 Likelihood Impact	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.  <b>24 Jan 2025</b>	 Likelihood Impact	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	24-Jan-2025	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	24-Jan-2025	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	24-Jan-2025	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	24-Jan-2025	31-Mar-2025

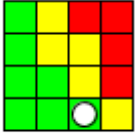
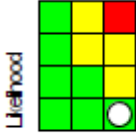



Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB Pensions 006 Employer Insolvency               17-Aug-2022 Kate Limna	<b>Cause:</b> Processes not in place to capture or review covenant of individual employers. <b>Event:</b> Employer becomes insolvent or is abolished with insufficient funding to meet liabilities. <b>Effect:</b> Fund would pick up the liabilities potentially leading to increased contribution rates for other employers.	 Likelihood Impact	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.  <b>24 Jan 2025</b>	 Likelihood Impact	4	31-Mar-2025	              Constant

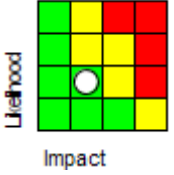
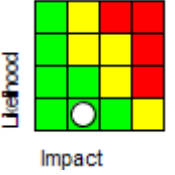

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 006a	Bond indemnity/guarantee required for admitted bodies and incorporated into admission agreements where appropriate.	Recent admissions to the scheme have provided a bond.	Graham Newman	24-Jan-2025	31-Mar-2025



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.	Graham Newman	24-Jan-2025	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	24-Jan-2025	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	24-Jan-2025	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	24-Jan-2025	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	24-Jan-2025	31-Mar-2025

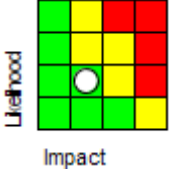
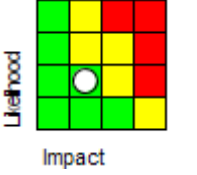
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>CHB Pensions 011 Service provider failure</b>  17-Aug-2022 Kate Limna	<b>Cause:</b> Corporate, financial, economic or cybersecurity threats result in service provision withdrawal or liquidation of partner organisations. <b>Event:</b> Failure of fund manager, investment consultant or other service provider without notice. <b>Effect:</b> Pension Fund asset valuations at risk or a period of time without service provision.	 Likelihood Impact	4	Officers meet regularly with fund managers, investment consultants and other service providers. Officers write to all counterparties requesting latest internal control report from fund managers and custodian ahead of the closure of accounts.  <b>24 Jan 2025</b>	 Likelihood Impact	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. 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	24-Jan-2025	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	24-Jan-2025	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	24-Jan-2025	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
<b>CHB Pensions 012 Governance/Legislative Compliance</b>  17-Aug-2022 Kate Limna	<p><b>Cause:</b> 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><b>Event:</b> 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><b>Effect:</b> Inappropriate decisions are made leading to a financial impact or a breach of legislation or service not provided in line with best practice and legal requirements. Potential regulatory fines. The financial value of the Pension Fund's assets is impaired.</p>		4	Officers will produce a comprehensive training plan incorporating best practice to ensure committee members have access to acquiring the appropriate levels of knowledge and understanding.  <b>24 Jan 2025</b>		2	31-Mar-2025	  Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 012a	Training provided to Committee Members on a range of investment topics and asset classes on a needs basis. Continued Professional Development (CPD) records maintained and updated annually.	A review will be undertaken of the skills set of the Members of the new 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. Members of the Committee are also expected to complete the new Enlighten! Training provided by Barnett Waddingham (Actuary).	Kate Limna; Sarah Port	24-Jan-2025	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.	Caroline Al-Beyerty; Kate Limna	24-Jan-2025	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;	24-Jan-2025	31-Mar-2025

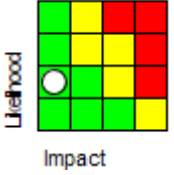
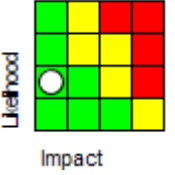

			Kate Limna		
CHB Pensions 012d	External professional advice sought where required.	The investment consultant attends each meeting of the Pensions Committee providing advice on investment matters.	Kate Limna; Sarah Port	24-Jan-2025	31-Mar-2025
CHB Pensions 012e	The Committee maintains regular oversight 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	24-Jan-2025	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><b>CHB Pensions 013 Responsible investment duties</b></p> <p>17-Aug-2022 Kate Limna</p>	<p><b>Cause:</b> Insufficient attention is paid to the environmental, social and governance (ESG) dimensions of the Corporation's financial investments.</p> <p><b>Event:</b> The Corporations' financial investments include an underappreciated exposure to negative ESG risks and the means to effectively manage such risks is not understood.</p> <p><b>Effect:</b> The Corporation suffers reputational or financial damage.</p>		<p>4</p>	<p>The Pensions Committee inherited an advanced approach to responsible investment and asset stewardship. The Corporation (via the then Financial Investment Board) has formally recognised its asset stewardship role and the need to manage ESG risks through its Responsible Investment Policy which also outlines the Corporation's approach in this area. The City of London Corporation (as a whole) is a signatory to the Principles for Responsible Investment.</p> <p>The then Financial Investment Board undertook an in depth review of its climate risk exposure (including the use of scenario analysis) in 2021 resulting in a commitment to achieve net zero carbon emissions by 2040 together with the development of interim goals via a transition pathway.</p> <p>The Corporation second scenario analysis <del>will be</del> <b>is being</b> undertaken during 2024/25 to better understand the latest risks and opportunities associated with the City's Financial investments.</p> <p><b>24 Jan 2025</b></p>		<p>4</p>	<p>31-Mar-2025</p>	<p>Constant</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date

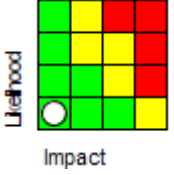
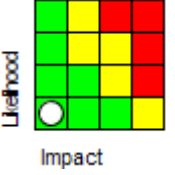

CHB Pensions 013a	Reporting on responsible investment activities to the Principles for Responsible Investment is completed on an annual basis. The Committee (along with other relevant Committees/Boards) will receive an annual Transparency Report from the PRI from which it can evaluate progress against responsible investment goals.	<p>The PRI 2024 reporting period opened May 2024 and the Corporation placed its submission by the 26 July 2024 deadline.</p> <p><del>The PRI have not confirmed when they will release the results at this stage.</del>  <u>The full 2023/24 PRI results were released in November 2024, and the results are being presented under separate cover to this February Pensions Committee.</u></p> <p><u>The PRI have stated that the reporting period for 2025 is expected to be broadly aligned with that of the 2024 assessment (May to July). The PRI have not commented when the results will be published.</u></p>	Kate Limna; Sarah Port	24-Jan-2025	31-Mar-2025
CHB Pensions 013b	As part of the regular management and monitoring of investment mandates, the Pensions Committee and responsible officers challenge investment managers on ESG issues arising in the portfolio. The Investment Consultant will report to the Committee on its monitoring of ESG risks on a quarterly basis.	The Committee will receive regular updates on ESG standings amongst its appointed investment managers from the Investment Consultant on a quarterly basis. As part of the City's Climate Action Strategy, new climate risk expectations for existing and potential investment managers have been established and these form part of the regular ongoing monitoring of managers' performance.	Kate Limna; Sarah Port	24-Jan-2025	31-Mar-2025
CHB Pensions 013c	There is a general commitment by the City Corporation to meeting the standards of the new 2020 UK Stewardship Code and needs to ensure compliance is developed. The Committee (reviews asset stewardship across its investment mandates on an annual basis and uses the exercise to encourage better ESG outcomes amongst its existing managers (this will need to be done in conjunction with other committees which now have investment oversight responsibilities).	All of the Pension Fund's UK-based pooled fund managers (i.e. excluding the alternative assets portfolio) are signatories to the Stewardship Code.	Kate Limna; Sarah Port	24-Jan-2025	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. The Corporation second scenario analysis <del>will be</del> <u>is being</u> undertaken during 2024/25 to better understand the latest risks and opportunities associated with the City's Financial investments.	Kate Limna; Sarah Port	24-Jan-2025	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
<b>CHB Pensions 005 Fraud</b>           17-Aug-2022 Kate Limna	<p><b>Cause:</b> (i) Not notified of death. (ii) Staff acting inappropriately (iii) Pension transfer scams</p> <p><b>Event:</b> (i) Fraudulent claim of pension benefits (ii) pension benefits transferred to an inappropriate / unauthorised body.</p> <p><b>Effect:</b> (i) Continued payment of pensions following death. (ii) Overpaid pensions. (iii) Financial loss for the Fund (iv) Financial loss for the scheme member (v) Financial penalties / sanctions (vi) Reputational damage</p>		2	<p>If the death of a LGPS beneficiary is not reported, their pension may continue to be paid when there is no longer an entitlement.</p> <p>This may be a deliberate failure to report the death or may be where there is no fraudulent intention, but in either case it will lead to benefit overpayment and a potential financial loss.</p> <p>Scammers design attractive offers to persuade members to transfer their pension pot to them or to release funds from it. It is then invested in unusual and high-risk investments or simply stolen outright.</p> <p><b>24 Jan 2025</b></p>		2	31-Mar-2025	           Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 005a	Robust fraud protection/detection processes	Use of Mortality Screening Service and Tell Us Once Service [Government initiative that allows us to be notified of a death when registered]. Participation in the National Fraud Initiative. Annually sending Life Certificates to Overseas Pensioners.	Graham Newman	24-Jan-2025	31-Mar-2025
CHB Pensions 005b	Ensuring all members that are considering transferring their benefits out of the scheme are made aware of the potential for transfer scams.	All correspondence sent to scheme members considering a transfer-out of the scheme must contain warnings in respect of transfer scams. In addition, website links to appropriate bodies such as the Money Helpline and the Pensions Regulator are included as well as any advisory literature provided by these and similar bodies.	Graham Newman	24-Jan-2025	31-Mar-2025

CHB Pensions 005c	Ensuring all staff are aware of the guidance / instructions provided by the LGA and the Pensions Regulator in respect of transfers-out of the scheme.	All staff dealing with transfers should be proficient with the guidance / instructions that have been provided in respect of transfers-out of the scheme <u>including being aware of the warning signs of a scam</u> . 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	24-Jan-2025	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	24-Jan-2025	31-Mar-2025
<u>CHB Pensions 005e</u>	<u>Due diligence</u>	<u>Once a legitimate and verified transfer-out discharge form has been received, staff dealing with the transfer should carry out necessary due diligence in respect of the potential receiving scheme to ensure that the transfer can be legally paid.</u>	<u>Graham Newman</u>	<u>24-Jan-2025</u>	<u>31-Mar-2025</u>

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
<b>CHB Pensions 002 Actuarial valuation</b>  17-Aug-2022 Kate Limna	<b>Cause:</b> Inappropriate assumptions used by the Actuary/ Inaccurate data supplied to the Actuary for the triennial valuation.  <b>Event:</b> Unsuitable triennial actuarial valuation.  <b>Effects:</b> Employer contribution rates insufficient to maintain long term cost efficiency & solvency.		1	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. <u>The next actuarial valuation will commence this year, as at 31 March 2025.</u>  <b>24 Jan 2025</b>		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	24-Jan-2025	31-Mar-2025
CHB Pensions 002b	Robust Year End procedures and updates.	The Pension Fund Statement of Accounts for the year ending 31 March 2024 were published in draft format within the City Fund Accounts on the 31 May 2024 <u>and were signed off by the External Auditors. The Pension Fund annual report was uploaded to the website in November 2024, ahead of the statutory deadline, and are currently being audited by the external Auditors.</u>	Kate Limna; Graham Newman	24-Jan-2025	31-Mar-2025

<p>CHB Pensions 002c</p>	<p>Checking for errors or inconsistencies in valuation extract report before submission to the Actuary.</p>	<p>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.</p>	<p>Kate Limna; Graham Newman</p>	<p>24-Jan- 2025</p>	<p>31-Mar- 2025</p>
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## City of London Corporation Committee Report

<b>Committee(s):</b> Pensions Committee	<b>Dated:</b> 13 February 2025
<b>Subject:</b> Investment Consultant Strategic Objectives - Annual Review	<b>Public report:</b> For Decision
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• provides statutory duties</li> <li>• provides business enabling functions</li> </ul>	
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	£N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	N/A
<b>Report of:</b>	The Chamberlain
<b>Report author:</b>	Amanda Luk

### Summary

This report updates the Pensions Committee on the performance of the Fund’s Consultant, Mercer Ltd (Mercer) against the aims and objectives set and approved at the Financial Investment Board (FIB) (prior to the establishment of the Pensions Committee) and which forms part of the Investment Consultant contract.

### Recommendation

Members are asked to approve the Investment Consultant Review for 2024 and delegate authority to the Chamberlain to sign the Compliance Statement.

### Main Report

#### Background

1. In November 2019, FIB (prior to the establishment of the Pensions Committee) received a report on the implications of the Competition and Market Authority’s (CMA) *Investment Consultancy and Fiduciary Management Market Investigation Order 2019 (the “Order”)*. The Order came into force on 10 December 2019. Whilst the Local Government Pension Scheme (LGPS) was largely out of scope for much of the Order, following clarification from the Government and the Scheme Advisory Board (SAB), it was established that one obligation – “Part 7” did apply. This required administrative authorities of the LGPS, such as the City of London Corporation, to set strategic objectives for its Investment Consultants.
2. Members agreed eight strategic objectives noting that these applied to the investment consultancy services delivered in respect of the City of London Pension Fund. The objectives agreed by FIB are set out in Appendix 1.

3. 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).

### **Performance**

4. In line with best practice, the performance of the investment consultant against the objectives should be reviewed on an annual basis and, if appropriate, revise the objectives to ensure they remain suitable at least every three years or where there has been a material change in the investment approach.
5. Appendix 2 details the objectives and aims for the investment consultant, Mercer, against which the consultant's performance has been assessed and reviewed for the year to 31 December 2024. Each objective has been assigned a rating.
6. The review of Mercer's performance over the last year was undertaken by Officers in conjunction with Mercer on 22 January 2025. Mercer have performed well over the past year and all aims and objectives have been rated green (in accordance with a RAG rating). Officers are very pleased with the work produced by the consultant.

### **Compliance Statement**

7. The CMA order previously included a requirement for LGPS funds to submit an annual compliance statement confirming compliance with "Part 7". Under the scheme administration regulations, this is no longer a requirement, however compliance should be documented as a matter of good practice. A draft compliance statement is set out in Appendix 3.

### **Conclusion**

8. Officers, in conjunction with Mercer, completed the review of Mercer's performance against the aims and objectives set and approved at the Financial Investment Board (FIB) (prior to the establishment of the Pensions Committee) and which forms part of the Investment Consultant contract to the year ending 31 December 2024. Mercer have performed well over the past year and Officers are pleased with the work produced by the consultant.

### **Appendices**

**Appendix 1** - Strategic Objectives for Investment Consultancy Services: City of London Corporation Pension Fund

**Appendix 2** - Investment Consultant Performance Review

**Appendix 3** - Draft Compliance Statement

### **Background Papers**

**FIB: 29 November 2019:** Investment Consultant Strategic Objectives (LGPS only)

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## **Strategic Objectives for Investment Consultancy Services: City of London Corporation Pension Fund (the “Fund”)**

### **Overall objective**

The overall objective of the Fund is to:

- achieve and maintain a funding level at or close to 100% of the Fund’s estimated liabilities;
- and in conjunction with the funding strategy, to minimise the cost and variability of cost to employers. (The “Overall Objective”).

The Pensions Committee has concluded that, subject to being consistent with the agreed investment consultancy services to be provided by the Investment Consultant (IC) Provider, the following objectives for the IC Provider will, if well executed, contribute towards achieving the Fund’s Overall Objective:

#### **1. Alignment of services with Overall Objective**

The IC Provider should take into account the Overall Objective above and, in doing so, will give due consideration to relevant circumstances of the Fund. Those relevant circumstances include, but are not limited to, the employers’ contributions policy, perceived strength of covenant, mortality and longevity experience, developments in the funding level of the Fund from whatever cause, the tolerance for investment risk of the Fund and the employers, economic and market conditions and outlook, and ancillary objectives and requirements.

#### **2. Consideration of responsible investment requirements**

The IC Provider will give due consideration to the responsibilities of the Fund to consider environmental, social and governance (ESG) factors (including climate change) and stewardship risks.

#### **3. Investment strategy objective**

The IC Provider should guide the Fund in determining appropriate investment objectives, appropriate levels of investment risk, and an appropriate and diversified investment strategy. In addition, the IC Provider should advise the Fund on new investment opportunities and emerging risks and periodically propose amendments to the investment strategy where appropriate. Investment Strategy advice should contribute to the Overall Objective by way of either improved performance and/or of management of investment risk over the long term.

#### **4. Investment manager selection objective**

Under the Government’s pooling agenda it is expected that the IC Provider will have less input into manager selection advice going forward but, where appropriate, the

IC Provider should make recommendations on the appointment and retention of appropriate investment managers and on portfolio construction with those managers' strategies and funds, consistent with the overall investment objectives and the chosen investment strategy. The IC Provider should recommend investment managers that the IC Provider believes have a high degree of confidence in achieving the objective set for the investment manager after fees over a market cycle. Manager selection therefore, should contribute to implementing the investment strategy of the Fund by way of either managing risk and/or achieving the long-term return expected.

#### **5. Implementation objective**

Where appropriate, the IC Provider should assist with achieving timely and cost-effective implementation of the Fund's investment decisions.

#### **6. Investment Strategy Statement**

The IC Provider should provide guidance on any matters in respect of which the Fund is required by law to seek advice in relation to the preparation or revision of the Fund's Investment Strategy Statement.

#### **7. Monitoring objective**

The IC Provider should assist with measuring the success of the Fund's chosen investment strategy and investment manager structure against the Overall Objective.

#### **8. Manager Fees**

The IC will review the fees paid by the Fund and through size and market knowledge negotiate more competitive manager fees



**Investment Consultant Performance Review to year ended 31 December 2024**

Rating	Key
Red	R
Amber	A
Green	G

Objective Number	Objective	Officer Commentary	Rating
1	Alignment of services with Overall Objective	<p>Building on the Investment Strategy review that Mercer completed in 2023, Mercer put forward a report on alternatives for the 'Broad private market' allocation. When drafting this report, they were cognisant of the desire to maintain the expected return and the increased interest in investing in options that could be managed by the LCIV.</p> <p>As with all of Mercer's advice over the year, they have strived to be collaborative, very clear and succinct. The 'Broad private markets alternatives' were a good example of this.</p>	G
2	Consideration of responsible investment requirements	<p>On a quarterly basis, Mercer provide a monitoring report which provides a review and update on the investment manager's ESG ratings. Mercer highlight where there are any changes to the ESG rating of the managers and the rationale for these.</p> <p>Mercer have also included thoughts on managers' ESG integration during the reviews of the equity managers and have provided key metrics of these managers and the LCIV equivalents (where applicable). Mercer also provided key metrics in the open-ended infrastructure manager search.</p>	G
3	Investment Strategy	<p>During Mercer's review of the assumptions used in the 'Broad private markets' allocation, they were confident that at allocation to open-ended infrastructure would have a similar impact from a total Fund risk/return perspective. Mercer also believed this addition to the strategy was in line with the objectives of the Fund and would be additive, given its consistent returns and yield, which would help to meet cashflow requirements over time.</p> <p>Mercer have also provided advice in relation to raising funds to meet the open-ended infrastructure subscription payment, which took into account the Fund's actual asset allocation at the time and how best to disinvest to bring the asset allocation back in line with the strategic asset allocation.</p>	G

4	Investment manager selection	<p>Given the direction of travel towards pooling, Mercer's clear advice and provision of clear options on LCIV alternatives has helped the Fund to pool more assets.</p> <p>For the appointment of the open-ended infrastructure manager, Mercer provided clear confirmation of other London boroughs that are already invested in the fund, which should make future "lift and shifts" by the LCIV easier.</p>	G
5	Implementation	<p>Mercer assisted where possible in the implementation of the new open-ended infrastructure mandate and assisted with queries in a timely fashion. They were able to work with the new manager to achieve good outcomes for the Fund, with up-to-date commitment timelines and help with some elements of the documentation. Overall, Mercer helped to ensure the appointment from selection to cash being transferred went smoothly.</p>	G
6	Investment Strategy Statement (ISS)	<p>Mercer reviewed the ISS over the year and Officers were happy with the input Mercer made to the document, noting that the updates were relatively minor this year.</p>	G
7	Monitoring	<p>Mercer reviews the Fund's investment portfolio on a quarterly basis, completing both a high-level review of the Fund's assets and performance, as well as any developments of the underlying investment managers. This ensures that the Fund's investment managers are performing in line with objectives and highlights and areas for further review.</p> <p>Mercer have tried to bring a clear point of view to the quarterly reports and have been more assertive when manager performance has fallen short of expectations.</p> <p>Mercer have also broadened the scope of their quarterly reporting to include monitoring of the two corporate bond funds, to monitor the split between them and other key metrics.</p>	G
8	Manager Fees	<p>A value for money paper has not been produced since 2021. Mercer could complete a value for money paper given the implementation of the new strategic asset allocation is near completion. However, with the direction of travel towards pooling it may be of limited use.</p> <p>Mercer assisted in conversations with two equity managers which resulted in a material reduction in the size of transaction costs that could have been levied following the decision to redeem these holdings and transfer the proceeds to strategies on the London CIV.</p> <p>Mercer also reviewed the equity and multi-asset manager fees when producing their manager deep dives. In the open-ended infrastructure manager selection paper, Mercer reviewed the fees of all the shortlisted managers and the fees of the current infrastructure manager.</p>	G

**Draft Compliance Statement**

I {insert name}, confirm on behalf of the City of London Pension Fund that during the year to 31 December 2024, the City of London Pension Fund has complied with Part 6, Chapter 3 of The Occupational Pension Schemes (Scheme Administration) regulations 1996 (the scheme administration regulations).

This Compliance Statement has been prepared in accordance with the good practice as per The Occupational Pension Schemes (Scheme Administration) regulations 1996 (the scheme administration regulations).

For the period to which this Compliance Statement relates, the City of London Pension Fund have complied in all material respects with the requirements of Part 6, Chapter 3 of the scheme administration regulations and reasonably expect to do so.

For and on behalf of the City of London Pension Fund.

Signature.....

Name:.....

Title:.....

Date:.....

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## City of London Corporation Committee Report

<b>Committee(s):</b> Pensions Committee	<b>Dated:</b> 13 February 2025
<b>Subject:</b> Pension Fund Audit Findings Follow Up	<b>Public report:</b> For Discussion/ Information
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• provides statutory duties</li> <li>• provides business enabling functions</li> </ul>	
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	£N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b>	The Chamberlain
<b>Report author:</b>	Amanda Luk

### Summary

This report provides the Pensions Committee with an update on the Pension Fund Audit Findings for the year ended 31 March 2024 and the progress that has been made in relation to the 'best practice' recommendations.

### Recommendation

Members are asked to note this report.

### Main Report

1. At Pensions Committee on 17 September 2024, Members received a report on the draft audit findings for the year ended 31 March 2024. The report and appendix can be found [here](#). At the meeting, Members agreed to '*review the recommendations in the audit findings report in 6 months' time*'. This report provides an update on those recommendations.
2. The Pension Fund accounts were signed by the external auditors (Grant Thornton UK LLP) on 17 October 2024 and the Pension Fund Annual Report was signed on 11 November 2024. The final version of the Audit Findings report is attached as an Appendix, and Members should note that no new recommendations were made in the final report.
3. During the course of the audit, Grant Thornton identified two best practice recommendations. Table 1 shows the issue and risk identified, the external auditors' recommendations, and the Pension Fund's Management response.

**Table 1: External Audit Best Practice Recommendations**

Assessment	Issue and Risk	Recommendations
<p>Low – Best Practice</p>	<p>Lack of formal documentation in Altair user access provisioning processes During the audit, we noted that the Altair user access request required notification to and approval by the Pension Manager. However, the process was not documented.</p> <p><b>Risk</b> Documentation provides accountability by establishing a clear trail of who requested access, who approved it, and when it was granted. Without this documentation, accountability and transparency in access management processes are compromised. User access may not be appropriately aligned to job role requirements which may lead to inappropriate access within the application or underlying data.</p>	<p>The Authority should establish formal policies and procedures for all user access requests and retain relevant documentation. This includes details of the required user access rights, approver authorization, and the effective date for any access changes or removals. These policies and procedures should be communicated to all staff to ensure that activities are consistently performed, logged, and monitored.</p> <p><b>Management response</b> As recommended by the auditors, the Pensions Office will look to establish &amp; implement formal policies &amp; procedures to document any changes made to the system.</p>
<p>Low – Best Practice</p>	<p>Journal authorisation timeliness During the audit, we noted that there is no defined timeline for sending follow-up emails for approvals or for receiving formal approval of journal entries.</p> <p><b>Risk</b> Timeliness of journals authorisation enables the appropriate detection and correction of errors to be addressed in a timely manner.</p>	<p>We recommend that a check on authorisations being undertaken is established.</p> <p><b>Management response</b> Work is underway by the Corporate Finance team to create a centralised log of all journals which will incorporate the approval workflow. This will demonstrate that all journals with individual lines &gt; £100k will require review and approval, and a check will be undertaken to ensure all authorisations have been actioned in a timely manner.”</p>

4. Following the above audit recommendations, progress around both areas has been made by officers. The Administration Policy has been expanded to establish & implement formal policies & procedures to document any changes made to the Pensions Software (Altair) system. This updated policy is being brought to this Committee as a separate Agenda item.
5. In relation to the recommendation on journal authorisation for all journals where individual lines are over £100k, the Strategic Finance Team have developed a Sharepoint journal log with an approval workflow. The log requires the preparer of the journal to add information in relation to the journal and attach working papers as evidence for the values. This process is currently in its test phase and the aim is for this to be rolled out to all journal preparers/ approvers for the 2025/26 financial year.

### **Conclusion**

6. The Pension Fund Accounts were signed by the External Auditors, Grant Thornton UK LLP, on 17 October 2024. Two recommendations, in line with best practice, were made in relation to formal documentation regarding the Pensions system 'Altair' and journal authorisation. Officers are currently implementing documents and processes to ensure that the Pension Fund is operating in line with best practice.

### **Appendices**

#### **Appendix – Audit Findings for the City of London Corporation Pension Fund**

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# The Interim Audit Findings (ISA260) Report for City of London Corporation Pension Fund

Year ended 31 March 2024

7 October 2024





City of London Corporation Pension Fund  
Pensions Office  
Chamberlain's Department  
Guildhall  
London EC2P 2EJ

7 October 2024

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Grant Thornton UK LLP  
30 Finsbury Square  
London EC2A 1AG  
[www.grantthornton.co.uk](http://www.grantthornton.co.uk)

Dear Alderman Prem Goyal OBE,

## Audit Findings for City of London Corporation Pension Fund for the 31 March 2024

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with management and the Audit and Risk Management Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2023.pdf \(grantthornton.co.uk\)](#).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

*Grant Patterson*

Grant Patterson

Director  
For Grant Thornton UK LLP

# Contents



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## Section

1. <a href="#">Headlines</a>	4
2. <a href="#">Financial statements</a>	5
3. <a href="#">Independence and ethics</a>	18

## Appendices

A. <a href="#">Communication of audit matters to those charged with governance</a>	20
B. <a href="#">Action plan – Audit of Financial Statements</a>	21
C. <a href="#">Follow up of prior year recommendations</a>	22
D. <a href="#">Audit Adjustments</a>	23
E. <a href="#">Fees and non-audit services</a>	26
F. <a href="#">National context</a>	27

## Related items shared with management

- I. Management Letter of Representation
- II. Audit opinion
- III. Consistency opinion

**This Final Audit Findings Report (AFR) presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and the Audit and Risk Management (A&RM) Committee.**

*Grant Patterson*

Grant Patterson

For Grant Thornton UK LLP

Date: 7 October 2024

## Page

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Pension Fund or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# 1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of City of London Corporation Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2024 for the attention of those charged with governance.

## Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Pension Fund's financial statements give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2024 and of the amount and disposition at that date of the fund's assets and liabilities, other than liabilities to pay promised retirement benefits after the end of the fund year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

Our audit work was completed in a hybrid approach during July-September. Our findings are summarised on pages 9 – 14.

We have identified no adjustments to the financial statements which have resulted in adjustment to the key statements and the reported net assets for the year ending 31 March 2024. We have identified nine disclosure adjustments in the course of our audit procedures, these have been detailed in Appendix D.

We have identified one unadjusted misstatement that we are required to report to you. However, this matter pertains to an uncertainty rather than a factual misstatement, this has been detailed in Appendix D.

We have raised three best practice recommendation for management as a result of our 2023/24 audit work, as highlighted in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix C.

Our work is complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters outlined on pages 5 and 6.

We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated opinion on the financial statements will be unmodified.

Once our work on the Pension Fund financial statements is complete, we will be unable to issue our final audit opinion on the Pension Fund financial statements until the audit of the Administering Authority is complete.

We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. The statutory deadline requires that the Pension Fund Annual Report is published by 1 December 2024. We have received a draft of the Annual Report from the Pension Fund and are completing our work upon it. We are therefore not yet in a position to give this separate 'consistency' opinion at this time. We anticipate being able to issue our 'consistency' opinion in the forthcoming weeks and ahead of the 1 December Annual Report deadline.

We do note that whilst an opinion on the administering authority's financial statements can be issued by their auditor the formal certificate confirming completion of the audit of the administering authority cannot be given until their work on Whole of Government Accounts and our work on the Annual Report has been completed.

## 2. Financial Statements

### Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents will be discussed with management and the Audit and Risk Management Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

For City of London Corporation Pension Fund, the Audit and Risk Management Committee fulfil the role of those charged with governance. We note that there is a separate Pension Committee which considers the draft financial statements and is part of the overall member oversight process.

### Audit approach

Our audit approach was based on a thorough understanding of the Pension Fund's business and is risk based, and in particular included:

- An evaluation of the Pension Fund's internal controls environment, including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

### Conclusion

We have completed our audit of your financial statements and, subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit and Risk Management Committee meeting on 23 September 2024 and finalisation of the administering authority audit.

Our draft Letter of Representation and draft unqualified audit opinion were shared with management ahead of the Audit & Risk Management Committee. The Letter of Representation will be signed under delegated authority.

## 2. Financial Statements: Materiality



### Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

We have revised the performance materiality due to the actual gross investment assets changing significantly from that anticipated at the planning stage resulting in a review of the appropriateness of the materiality figure.

We set out in this table our determination of materiality for the Pension Fund.

	Pension Fund Amount (£)	Qualitative factors considered
Materiality for the financial statements	£28,000k	This benchmark is determined as a percentage of the Fund's investment assets which has been set at approximately 1.9%. Our materiality has increased from the £25m reported at planning (which was based on audited asset values at 31 March 2023) as a result of our risk assessment not changing and the increase of asset valuations at 31 March 2024.
Performance materiality	£19,600k	Performance Materiality is based on a percentage (70%) of the overall materiality.
Trivial matters	£1,400k	Triviality is based on a percentage (5%) of the overall materiality.
Specific materiality for fund account	£7,200k	This benchmark is determined as a percentage of the fund expenditure which has been determined as 10%. Our materiality has increased from the £6.4m reported at planning (based upon audited expenditure at 31 March 2023) as a result of our risk assessment not changing and the increase in the reported fund account expenditure (mainly as a result of the 10.1% pensions increase) at 31 March 2024.
Specific performance materiality for fund account	£5,040k	Performance Materiality is based on a percentage (70%) of the overall materiality of the fund account.



## 2. Financial Statements: Overview of audit risks

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Significant classes of transactions, account balances, and disclosures, are associated with risks of material misstatement but are not always significant risks.

Material financial statement line items not associated with risks of material misstatement.

Other audit risks are accounts that are not associated with any SCOT + or with a material only financial statement line item or disclosure.

In the graph below, we have presented the significant risks, SCOT+ and material only and other risks relevant to the audit.



## 2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
<b>The revenue cycle includes fraudulent transactions - Rebutted</b>	There have been no changes to our assessment reported in the audit plan. Having considered the risk factors set out in ISA 240, and the nature of the revenue streams of the pension fund, we have determined that it is likely that the presumed risk of material misstatement due to improper recognition of revenue (and expenditure under PN 10) can be rebutted.
<b>Management over-ride of controls</b>	<p>In response to this risk, we have:</p> <ul style="list-style-type: none"> <li>evaluated the design and implementation of management controls over journals</li> <li>analysed the journals listing and determined the criteria for selecting high risk unusual journals</li> <li>identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration</li> <li>gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness.</li> </ul> <p>We have not identified changes to the accounting policies or the estimation process for 2023/24.</p> <p><b>Our work has determined that a prior year control deficiency identified in has not yet been addressed, as highlighted in Appendix C.</b></p> <p><b>We have also identified two new best practice recommendations from our audit procedures, as highlighted in Appendix B.</b></p> <p><b>We are satisfied from our work performed that there has been no intentional management override of controls that would result in a material misstatement of the financial statements.</b></p>
<b>Valuation of Level 3 investments</b>	<p>In response to this risk, we have:</p> <ul style="list-style-type: none"> <li>evaluated the design and implementation effectiveness of management's processes and controls for valuing Level 3 investments, including gaining an understanding over the role of the custodian in the valuation process;</li> <li>reviewed the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met;</li> <li>independently requested year-end confirmations from investment managers and the custodian for all investments held;</li> <li>for the private equity and infrastructure funds, obtained audited financial statements for the investments as at 31 December 2023 and we have reconciled any cash movements between the intervening period to 31 March 2024, for all accounts.</li> <li>where appropriate, performed additional testing for the pooled property investments by using indices obtained externally to benchmark against those used by the Fund Manager. The indices reports we have used are from the GT Real Estates Team.</li> <li>evaluated the competence, capabilities and objectivity of the valuation expert; and</li> <li>reviewed investment manager service auditor report on design and operating effectiveness of internal controls.</li> </ul> <p><b>Our audit work has not identified any issues in respect of the valuation of Level 3 investments.</b></p>



## 2. Financial Statements: Other risks

### Risks identified

### Commentary

#### Valuation of Level 2 investments

In response to this risk, we have:

- Gained an understanding of the Fund's process for valuing Level 2 investments;
- Reviewed the nature and basis of estimated values and consider the assurance management has over the year end valuations provided for these types of investments;
- Independently requested year-end confirmations from investment managers and custodian;
- Reviewed the reconciliation of information provided by the individual fund manager's custodian and the Pension Scheme's own records. No variances noted;
- Tested a sample of the underlying investments to quoted prices; and
- Reviewed the investment manager service auditor report on design effectiveness of internal controls.

**Our audit work has not identified any issues in respect of the valuation of Level 2 investments.**

#### Contributions

In response to this risk, we have:

- Evaluated the Fund's accounting policy for recognition of contributions for appropriateness;
- Gained an understanding of the Fund's system for accounting for contribution income;
- Tested a sample of contributions to source data to gain assurance over their accuracy and occurrence; and
- Tested relevant member data to gain assurance over management information to support a predictive analytical review with reference to changes in member body payrolls and the number of contributing employees to ensure that any unusual trends are satisfactorily explained.

**Our audit work has not identified any issues in respect of Contributions.**

## 2. Financial Statements: Other risks

Risks identified	Commentary
<b>Benefits Payable</b>	<p>In response to this risk, we have:</p> <ul style="list-style-type: none"> <li>• Evaluated the Fund's accounting policy for recognition of pension benefits expenditure for appropriateness;</li> <li>• Gained an understanding of the Fund's system for accounting for pension benefits expenditure;</li> <li>• Tested a sample of lump sums and associated individual pensions in payment by reference to member files; and</li> <li>• Tested relevant member data to gain assurance over management information to support our predictive analytical review. Including reference to changes in pensioner numbers and increases applied in year to ensure that any unusual trends are satisfactorily explained.</li> </ul> <p>Within our Benefits Payable testing we identified one widower in payment for which the eligibility evidence was not digitally stored or available for access in the city's archives. Therefore, it was not available for audit to formally verify. In respect of eligibility the auditor understands the lack of availability of supporting records is a result of both the retirement and death occurring prior to the digitalisation of records in 2010.</p> <p>We have re-performed the benefits calculation based upon the information held upon the administration system and based upon this, are satisfied the benefit paid has been accurately calculated.</p> <p>As the lack of supporting eligibility evidence is in respect of payments to widowers, and the circumstances are also applicable to dependant payments, we have projected risk across those audited sub-populations. The result of this exercise was a projected uncertainty of the worked with the fund to identify all payments made to this sub-population. The full value of £1,598,365.41, which is below our materiality and performance materiality levels for the Fund account. We are therefore satisfied there cannot be a material error within the financial statements. Also see Appendix D.</p> <p><b>Our audit work has not identified any other issues in respect of Benefits Payable.</b></p>
<b>Actuarial Present Value of Promised Retirement Benefits</b>	<p>In response to this risk, we have:</p> <ul style="list-style-type: none"> <li>• Documented our understanding of the processes and controls put in place by management to ensure that the Fund's Actuarial Present Value of Promised Retirement Benefits is not materially misstated and evaluate the design of the associated controls;</li> <li>• Evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;</li> <li>• Assessed the competence, capabilities and objectivity of the actuary who carried out the Fund's valuation;</li> <li>• Assessed the accuracy and completeness of the information provided by the Fund to the actuary to estimate the liability;</li> <li>• Tested the consistency of disclosures with the actuarial report from the actuary; and</li> <li>• Undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.</li> </ul> <p><b>Our audit work has not identified any issues in respect of Actuarial Present Value of Promised Retirement Benefits.</b></p>

## 2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate

Summary of management's approach

Audit Comments

Assessment

### Level 3 Investments – £221.6m

The Pension Fund has investments in the following:

- Infrastructure funds that in total are valued on the balance sheet as at 31 March 2024 at £78.2m;
- Private equity funds that in total are valued on the balance sheet as at 31 March 2024 at £24.4m; and
- Pooled property investments that in total are valued on the balance sheet as at 31 March 2024 at £119m;

Management have reviewed the year end valuations provided by the Fund Managers and have treated them as management experts. These investments are not traded on an open exchange/market and the valuation of the investment is highly subjective due to a lack of observable inputs.

The values of pooled property investments are based on valuations provided by the fund managers which in turn represent estimates by independent professional valuers of the open market value of those investment as at the reporting date.

The values of the investment in private equity and infrastructure funds are based on valuations provided by the general partners to the private equity funds in which City of London Pension Fund has invested.

The Pension Fund uses a custodian to obtain the valuations provided by fund managers/general partners. Service auditor reports (for investment managers and custodians) are obtained and considered by the Pension Fund .

The value of the investment has increased by £8.6m in 2023/24, largely due to a new Pooled property investments during 2023/24.

From the procedures undertaken:

- Obtain an understanding of the management processes for valuing Level 3 investments and evaluate the design and implementation effectiveness of the associated controls
- We have obtained audited accounts for all Infrastructure and Private Equity funds and are satisfied that the movements between 31 December 2023 and 31 March 2024 are reconciled to appropriate and known movements in the intervening period.
- We have performed additional testing for pooled property investments by using indices obtained externally to benchmark against those used by the Fund Manager.
- We are satisfied that the method, data and assumptions used by management to derive the accounting estimate is appropriate.
- We are satisfied that the disclosure of the estimate in the Fund's financial statements is sufficient.
- We have reviewed the accounting policies and valuation techniques stipulated within the financial statements and these are in line with expectations.

During our challenge procedures, we compared the investment manager confirmation as of 31 March 2024 with the draft financial statement and found a discrepancy of £742k (PY £5m), which falls below our trivial level. We also conducted an analysis of the latest financial statements of the fund manager versus the valuation of the assets held. We observed slightly different figures, but they were within our tolerable difference. We are therefore satisfied with management's estimation processes.

In the course of our audit procedures, we were unable to obtain one set of audited financial statements from the fund manager. The associated investment represents £40.7m of the level 3 investments balance. We have undertaken alternate procedures which identify a possible estimation uncertainty of £1.1m. This is within our tolerable difference and we are therefore satisfied with management's estimation processes based upon the work conducted to date.

**Our audit work has therefore not identified any issues in respect of the valuation of Level 3 investments.**








Green

#### Assessment





- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- {Amber} We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

## 2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas. For further detail of the IT audit scope and findings please see separate 'IT Audit Findings' report shared with management.

IT application	Level of assessment performed	ITGC control area rating				Related significant risks/other risks	Additional procedures carried out to address risks arising from our findings
		Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure		
<b>Oracle (Finance System)</b>	ITGC assessment (design and implementation effectiveness only)	 Amber	 Green	 Green	 Amber	All significant and other risks utilise the oracle software within their process	The non-significant deficiency related to there being a lack of formal documentation for batch job changes. This is detailed further in our separate 'IT Audit Findings' report which has been shared with management. There was no direct impact on the planned financial audit approach of the Fund. We have also provided suggestions for improving password controls.
<b>Altair (Pension Administration System)</b>	ITGC assessment (design, implementation and operating effectiveness)	 Green	 Green	 Green	 Green	Contributions and benefits payable utilise the Altair software within their process	N/A

### Assessment

-  [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  [Amber] Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  [Grey] Not in scope for testing

## 2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
<b>Matters in relation to fraud</b>	We have previously discussed the risk of fraud with the Audit and Risk Management Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
<b>Matters in relation to related parties</b>	We are not aware of any related parties or related party transactions which have not been disclosed.
<b>Matters in relation to laws and regulations</b>	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
<b>Written representations</b>	A letter of representation has been requested from the Pension Fund. This was shared with management and the Audit & Risk Management Committee informed at its meeting that there were no specific representations requested beyond those normally sought, which is appended within this document.  This will be signed alongside the final draft of the financial statements in advance of the conclusion of the audit.
<b>Audit evidence and explanations</b>	All information and explanations requested from management was provided.
<b>Confirmation requests from third parties</b>	We requested from management permission to send (a) confirmation request(s) to your custodian, fund managers and banks. This permission was granted, and the requests were sent. These requests were returned with positive confirmation, with the exception of one fund manager that was unable to provide audited financial statements due to the timing of our request. We have undertaken alternate procedures but will also revisit our approach should their audited accounts become available before our opinion is issued. The associated investment represents £40.7m of the Level 3 investments balance.  We requested management to send letters to those internal legal counsel who worked with the Pension Fund during the year. All responses have been received with no issues noted.
<b>Accounting practices</b>	We have evaluated the appropriateness of the Pension Fund's accounting policies, accounting estimates and financial statement disclosures. Our review found two disclosure adjustments which have been documented within Appendix D

## 2. Financial Statements: other communication requirements



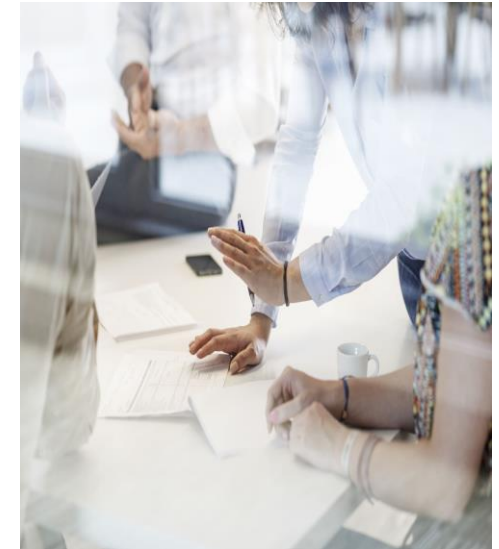
### Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> <li>the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities</li> <li>for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting.</li> </ul> <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Pension Fund meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> <li>the nature of the Pension Fund and the environment in which it operates</li> <li>the Pension Fund's financial reporting framework</li> <li>the Pension Fund's system of internal control for identifying events or conditions relevant to going concern</li> <li>management's going concern assessment.</li> </ul> <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> <li>a material uncertainty related to going concern has not been identified</li> <li>management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> </ul>

## 2. Financial Statements: other responsibilities under the Code

Issue	Commentary
<b>Other information</b>	<p>The Pension Fund is administered by City of London Corporation (the 'Authority'), and the Pension Fund's accounts form part of the Authority's financial statements. We are required to read any other information published alongside the Authority's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to our draft unqualified audit opinion is tabled as a separate agenda item.</p>
<b>Matters on which we report by exception</b>	<p>We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. The statutory deadline requires that the Pension Fund Annual Report is published by 1 December 2024. We have received a draft of the Annual Report from the Pension Fund and are completing our work upon it. We are therefore not yet in a position to give this separate 'consistency' opinion at this time. We anticipate being able to issue our 'consistency' opinion in the forthcoming weeks and ahead of the 1 December Annual Report deadline.</p> <p>We do note that whilst an opinion on the administering authority's financial statements can be issued by their auditor the formal certificate confirming completion of the audit of the administering authority cannot be given until their work on Whole of Government Accounts and our work on the Annual Report has been completed.</p> <p>We are required to report if we have applied any of our statutory powers or duties as outlined in the Code. We have nothing to report on these matters.</p>



# 3. Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms).

In this context, we confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in 7 September 2022 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix F.

## Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).



# 3. Independence considerations

## Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Pension Fund. No non-audit services were identified which were charged from the beginning of the financial year to September 2024.

Note that fees for IAS 19 letters for employer body auditors were classed as non-audit fees prior to 2022/23. The National Audit Office have confirmed that the provision of IAS 19 assurances to auditors of local government and NHS bodies should be considered work undertaken under the Code of Audit Practice for 2022/23 onwards.

Service	Fees £	Threats identified	Safeguards
<b>Audit related</b>			
IAS 19 Assurances (requested by Crowe and BDO)	£9,500	Self-Interest & Advocacy	Self-Interest – Work is awarded as part of the audit contract; additional fees are not significant compared to the audit of the financial statements and is fixed based on the number of admitted bodies.  Advocacy - Work is subject to internal review by qualified accountants. Template letters and methodology are created centrally to support the teams in wording communications objectively.
<b>Non-audit related</b>			
None noted			

These services are consistent with the Pension Fund's policy on the allotment of non-audit work to your auditors. All services have been approved within the External Audit Services Agreement.

None of the services provided are subject to contingent fees.

We confirm that the non-audit fees pertain to IAS19 assurances for admitted bodies of the pension fund. As these costs are passed onto those admitted bodies, the fund are effectively acting as an agent and therefore there will be no fees in PF account.

# 3. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Pension Fund that may reasonably be thought to bear on our integrity, independence and objectivity
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Pension Fund held by individuals
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Pension Fund as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Pension Fund
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Pension Fund's board, senior management or staff [that would exceed the threshold set in the Ethical Standard]

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person [and network firms] have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

# Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Follow up of prior year recommendations
- D. Audit Adjustments
- E. Fees and non-audit services
- F. Auditing developments

# A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

## Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

## B. Action Plan – Audit of Financial Statements

We have identified two best practice recommendations for the Pension Fund during the course of our audit.

Assessment	Issue and risk	Recommendations
<p>● Low</p>	<p>Lack of formal documentation in Altair user access provisioning processes</p> <p>During the audit, we noted that the Altair user access request required notification to and approval by the Pension Manager. However, the process was not documented.</p> <p><b>Risk</b></p> <p>Documentation provides accountability by establishing a clear trail of who requested access, who approved it, and when it was granted. Without this documentation, accountability and transparency in access management processes are compromised.</p> <p>User access may not be appropriately aligned to job role requirements which may lead to inappropriate access within the application or underlying data.</p>	<p>The Authority should establish formal policies and procedures for all user access requests and retain relevant documentation. This includes details of the required user access rights, approver authorization, and the effective date for any access changes or removals. These policies and procedures should be communicated to all staff to ensure that activities are consistently performed, logged, and monitored.</p> <p><b>Management response</b></p> <p>As recommended by the auditors, the Pensions Office will look to establish &amp; implement formal policies &amp; procedures to document any changes made to the system.</p>
<p>● Low</p>	<p>Journal authorisation timeliness</p> <p>During the audit, we noted that there is no defined timeline for sending follow-up emails for approvals or for receiving formal approval of journal entries.</p> <p><b>Risk</b></p> <p>Timeliness of journals authorisation enables the appropriate detection and correction of errors to be addressed in a timely manner.</p>	<p>We recommend that a check on authorisations being undertaken is established.</p> <p><b>Management response</b></p> <p>Work is underway by the Corporate Finance team to create a centralised log of all journals which will incorporate the approval workflow. This will demonstrate that all journals with individual lines &gt; £100k will require review and approval, and a check will be undertaken to ensure all authorisations have been actioned in a timely manner.”</p>

### Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

## C. Follow up of prior year recommendations

We identified the following issues in the audit of City of London Corporation Pension Fund's 2022/23 financial statements, which resulted in one recommendations being reported in our 2022/23 Audit Findings Report. We have followed up on the implementation of our recommendations and the item is still yet to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p><b>Journals authorisation</b></p> <p>The predecessor auditor identified that there is no evidence retained in management's review of the journals. For all journals where individual lines are over £100k, this is flagged retrospectively by the system provider and shared with the approver automatically via email for their approval.</p> <p>As of 2023/24, we were still unable able to obtain documentation to confirm the implementation of this control where the approver has confirmed their authorisation of the journal lines. We recommend that this control is documented by the approver for a clear audit trail.</p> <p>This audit finding for the pension fund is consistent with the City of London Corporation.</p>	<p><b>Management response</b></p> <p>Work is underway to create a centralised log of all journals which will incorporate the approval workflow. This will demonstrate that journals that are &gt;100k will require review and approval when posting on the ledger. Additionally, evidence and other relevant documents can be attached to the log to ensure that all journals have supporting documents. Training on how to use the log and approval will be rolled out to all finance teams.</p>

### Assessment

- ✓ Action completed
- X Not yet addressed

# D. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

We have identified no adjustments to the financial statements which have resulted in adjustment to the key statements and the reported net assets for the year ending 31 March 2024

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Note 10 Management expenses The audit fee disclosure was not in line with the audit plan.	Update the audit fee disclosure to be in line with the audit plan. <b>Management response</b> Management have agreed to update the disclosure to reflect the audit plan.	✓
Accounting Policies The following material balances/disclosures did not have corresponding accounting policies: - Cash and Cash Equivalents - Contingent Assets, Contingent Liabilities, and Contractual Commitments - Actuarial Present Value of Promised Retirement Benefits	Accounting policies should be prepared for all material balances/disclosures <b>Management response</b> Management have agreed to update the accounting policies to reflect the this	✓

# D. Audit Adjustments

## Misclassification and disclosure changes (continued)

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
<p>Accounting Policies</p> <p>The accounting policy for changes in market value did not provide sufficient detail on how it is accounted for or recognised. e.g. as income</p>	<p>Accounting policies should communicate the accounting treatment to users of the financial statements</p> <p><b>Management response</b></p> <p>Management have agreed to update the accounting policy to reflect the this</p>	✓
<p>Note 4 Critical judgements in applying accounting policies</p> <p>Under IAS 1.122 it is confirmed that assumptions about the future are not critical judgements, which would include the net pension fund liability</p>	<p>Critical judgements should reflect significant judgements taken by management in the course of preparing the financial statements</p> <p><b>Management response</b></p> <p>Management have agreed to update Note 4 Critical judgements to state that the fund were not required to make any critical judgements when applying its accounting policies.</p>	✓
<p>Note 5 Assumptions made about the future and other major sources of estimation uncertainty</p> <p>The effect of the sensitivity analysis for Private Equity investments, Infrastructure, and pooled property investments did not clearly show the impact of the uncertainty in value.</p>	<p>This disclosure should include percentages and the corresponding value change resulting from the sensitivity analysis to provide a more comprehensive and informative disclosure</p> <p><b>Management response</b></p> <p>Management have agreed to provide a clear cross reference to Note 13 where they have undertaken a sensitivity analysis demonstrating the impact of a change in assumptions</p>	✓
<p>Note 14b Net (Gains) and Losses on Financial Instruments</p> <p>The CIPFA Code states that the market value of the assets under the management of fund managers and the proportion managed by each manager must be disclosed. Note 14b in the accounts only discloses the market values and does not include the proportion (%) managed by each fund manager.</p>	<p>Note 14b should be updated to include the proportion (%) managed by each fund manager.</p> <p><b>Management response</b></p> <p>Management have agreed to amend the narrative to reflect the proportion (%) managed by each fund manager.</p>	✓
<p>Note 13b Reconciliation of fair value measurements within level 3</p> <p>The draft financial statements omitted the prior period comparator of this note</p>	<p>Note 13b should be updated to include a prior period comparator</p> <p><b>Management response</b></p> <p>Management have agreed to amend Note 13b to include a prior period comparator</p>	✓



# D. Audit Adjustments

## Misclassification and disclosure changes (continued)

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
<p>Note 16. Market risks</p> <p>The presentation of Note 16 Market risks included Credit risk, which is not strictly a Market risk.</p>	<p>The Fund should consider consolidating Note 15 and Note 16, aligning with the "CIPFA LGPS Accounts Example Fund."</p> <p><b>Management response</b></p> <p>Management have agreed to amend the narrative to consolidate Note 15 and Note 16, in line with the CIPFA LGPS Accounts Example.</p>	✓
<p>Note 16. Market risks</p> <p>The descriptors used for the asset types in the Price risk sensitivity analysis differ from those used in Note 11, 12, 13, and 14.</p>	<p>Note 16 should be presented in a format in which readers can easily reconcile the asset type to those listed elsewhere in the financial statements</p> <p><b>Management response</b></p> <p>Management have agreed to update the presentation of Note 16 to aid comparability.</p>	✓
<p>Note 13. Fair value - basis for valuation</p> <p>The reference to 'highest and best price' should be clarified to users of the financial statements</p>	<p>Additional narrative should be provided within Note 13</p> <p><b>Management response</b></p> <p>Management have agreed to update the narrative of Note 13.</p>	✓

# D. Audit Adjustments

## Impact of unadjusted misstatements

We have identified no unadjusted adjustments which would result in changes to the reported figures in the key financial statements and the reported net assets of the Fund for the year ending 31 March 2024.

Detail	Pension Fund Account £'000	Net Asset Statement £'000	Impact on total net assets £'000	Reason for not adjusting
<p>Within our Benefits Payable testing we identified one widower in payment for which the eligibility evidence was not digitally stored or available for access in the city's archives. Therefore, it was not available for audit to formally verify.</p> <p>In respect of eligibility the auditor understands the lack of availability of supporting records is a result of both the retirement and death occurring prior to the digitalisation of records in 2010.</p> <p>We have understood the processes in place to put new widowers into payment and have deemed them to be appropriate parameters with which the pension team could corroborate the eligibility of a Widowers claim. We also understand that widower claims commenced prior to 2010 would have followed similar processes to check claims for eligibility.</p> <p>We have re-performed the benefits calculation based upon the information held upon the administration system and based upon this, are satisfied the benefit paid has been accurately calculated.</p> <p>As the lack of supporting eligibility evidence is in respect of payments to widowers, and the circumstances are also applicable to dependant payments, we have projected risk across those audited sub-populations. The result of this exercise was a projected uncertainty of the worked with the fund to identify all payments made to this sub-population. The full value of £1,598,365.41, which is below our materiality and performance materiality levels for the Fund account. We are therefore satisfied there cannot be a material error within the financial statements.</p>	1,598	-	-	This is a projection of potential misstatement rather than a factual misstatement
<b>Overall impact</b>	<b>1,598</b>	<b>-</b>	<b>-</b>	

# E. Fees and non-audit services

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

	Final fee 2023/24*
City of London Corporation Pension Fund tendered Audit fee	£35,000
ISA 315 – same as prior year	£4,500
<b>Sub-total</b>	<b>£39,500</b>
<b>Assurances Provided to Other Auditors</b>	
Core Audit Work to Support Pension Fund Letters requested by other auditors	£6,000
IAS 19 letters requested by BDO – assumed to be the same as prior year	£1,100
IAS 19 letters requested by Crowe – assumed to be the same as prior year	£1,100
Additional file sharing requested by Crowe – assumed to be the same as prior year	£1,500
<b>Sub-total</b>	<b>£9,700</b>
<b>Total audit fees (excluding VAT)</b>	<b>£49,200</b>

\*No changes have been made since the proposal of our fee in the audit plan

\*\*Note that fees for IAS 19 letters for employer body auditors were classed as non-audit fees prior to 2022/23. The National Audit Office have confirmed that the provision of IAS 19 assurances to auditors of local government and NHS bodies should be considered work undertaken under the Code of Audit Practice for 2022/23 onwards. Provision of IAS 19 assurances to auditors of any other type of entity remains non-Code work.

I confirmed that the non-audit fees pertain to IAS19 assurances for admitted bodies of the pension fund. As these costs are passed onto those admitted bodies, the fund are effectively acting as an agent and therefore there will be no fees in PF account.

None of the above services were provided on a contingent fee basis.

# F. National context

## National context – audit backlog

### Consultation

The Ministry for Housing, Communities and Local Government (MHCLG), working with the FRC, as incoming shadow system leader, and other system partners, has put forward proposals to address the delay in local audit. The proposals consist of three phases:

Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 30 September 2024.

Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.

Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

The consultation ran until 7 March 2024. Full details of the consultation can be seen on the following pages:

- [Consultations on measures to address local audit delays \(frc.org.uk\)](https://www.frc.org.uk/consultations/consultations-on-measures-to-address-local-audit-delays)
- [Addressing the local audit backlog in England: Consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/addressing-the-local-audit-backlog-in-england)
- [Code of Audit Practice Consultation - National Audit Office \(NAO\)](https://www.nao.org.uk/consultations/code-of-audit-practice-consultation)

### Our response to the consultation

Grant Thornton responded to the consultation on 5 March 2024. In summary, we recognise the need for change, and support the proposals for the introduction of a backstop date of 30 September 2024. The proposals are necessarily complex and involved. We believe that all stakeholders would benefit from guidance from system leaders in respect of:

- the appropriate form of reporting for a backstopped opinion
- the level of audit work required to support a disclaimer of opinion
- how to rebuild assurance in terms of opening balances when previous years have been disclaimed.

We believe that both auditor and local authority efforts will be best served by focusing on rebuilding assurance from 2023/24 onwards. This means looking forwards as far as possible, and not spending 2023/24 undertaking audit work which was not carried out in previous years. We look for guidance from systems leaders to this effect. The timing of the general election has delayed the implementation of these proposals. Once we have a further understanding of the new government's intentions, and its priorities across the sector we will discuss this with you.

### Impact on Pension Funds

Pension fund accounts fall within the scope of the outlined backstop legislation. Where an Administering Authority accounts may be required to be backstopped this would not automatically apply to the Pension Fund accounts. We expect to be able to issue a separate opinion on the Fund accounts where the Pension Fund audit can be completed.

### Update

Following the general election the Minister of State for Housing, Communities and Local Government has proposed backstop legislation which will revise the date of the first backstop for financial years up to and including 2022-23 to December 13 2024.

## National context – Triennial Valuation

Triennial valuations for local government pension funds have been published. These valuations, which are as at 31 March 2022, provide updated information regarding the funding position of the Pension Fund and set employer contribution rates for the period 2023/24 – 2025/26. For the Pension Fund, the valuation was undertaken by Barnett Waddingham LLP, and showed that the Pension Fund's funding position had improved to 98% (from 90% as at 31 March 2019). The results of the latest triennial valuation are reflected in note 17 to the financial statements. These valuations also provide updated information for the calculation of the net pension liability on employer balance sheets.



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## City of London Corporation Committee Report

<b>Committee(s):</b> Pensions Committee	<b>Dated:</b> 13 February 2025
<b>Subject:</b> City of London Pension Fund Training Policy	<b>Public report:</b> For Decision
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• provides statutory duties</li> <li>• provides business enabling functions</li> </ul>	
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	£N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	N/A
<b>Report of:</b>	The Chamberlain
<b>Report author:</b>	Amanda Luk

### Summary

In December 2024, the Pensions Committee received a report on Barnett Waddingham’s General Code of Practice Compliance Review which checked the City of London Pension Fund’s compliance with the Pension Regulators General Code of Practice. This report follows up on the recommendation made at that Committee to draft a Training Policy for the City of London Pension Fund.

### Recommendation

Members are asked to approve the City of London Pension Fund Training Policy.

### Main Report

#### Background

1. At Pensions Committee on 3 December 2024, Members received a report on Barnett Waddingham’s General Code of Practice Compliance Review which checked the City of London Pension Fund’s compliance the Pension Regulators (tPR) General Code of Practice (the Code). As per the recommendations for the report, Officers agreed to bring to this Committee meeting “*a training policy which will address the tPR’s expectations*”.
2. The code contains a module on ‘*Knowledge and Understanding*’ and ‘*Governance of knowledge and understanding*’ for which the Pension Fund received ‘Amber’ ratings which means ‘*the expectation does not apply to the LGPS but the Fund may wish to comply with this expectation as a matter of good practice*’. Table 1 below summarises the compliance check for both modules.

**Table 1: General Code of Practice Compliance Recommendations**

Status of Fund against code	Module	tPR's expectations	Suggested/ Required Actions	CoL Comment
Amber	Knowledge and Understanding	This module sets out the expectations that trustees should follow including having a list of matters they need to be familiar with and to audit and review the skills of the governing body to identify gaps. There is a list of topics that anyone with a requirement for knowledge and understanding should have a working knowledge of.	<p>The Fund may wish to make any Training Policy a publicly available document. If there is not a policy in place the Fund should adopt one.</p> <p>The Policy should ensure that it covers the expected requirements of members and other key stakeholders.</p>	Officers are preparing a Training Policy which will address the tPR's expectations. The Training Policy will be brought to the Pensions Committee and Local Government Pensions Board for review.
Amber	Governance of knowledge and understanding	This module sets out expectations for governing bodies to maintain, develop and show knowledge and understanding. There are several lists setting out how the governing body should operate to use and retain knowledge and understanding, invest time to develop knowledge and keep records to assess gaps and overall compliance with knowledge and understanding.	As above	As above

- In order to comply with best practice, Officers have drafted a Training Policy (attached at Appendix A) which includes a knowledge and skills self-assessment to ensure that



Members of the Pensions Committee and the Local Government Pensions Board (LGPB) have the necessary skills and knowledge to effectively discharge their responsibilities.

4. Officers will circulate to Members the knowledge and skills self-assessment form once a year for completion, which will be used to form the basis of the Committee/LGPB training for the forthcoming year and to report compliance with the Training Policy in the Pension Fund Annual Report. The first self-assessment form will be circulated in July 2025 following the Pensions Committee and LGPB's next scheduled meetings.

### **Conclusion**

5. Following Barnett Waddingham's review of the City of London Pension Fund's compliance with the Pension Regulators General Code of Practice, Officers have drafted a Training Policy to ensure the Pension Fund is remaining compliant with the code and Members are meeting the set training expectations.

### **Appendices**

#### **Appendix A – Draft City of London Pension Fund Training Policy**

#### **Amanda Luk**

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### **City of London Pension Fund Training Policy**

#### **Introduction**

1. The City of London (CoL) is committed to providing training to those involved in the governance of the CoL Pension Fund and to ensure that the Pensions Committee and the Local Government Pensions Board (LGPB) Members have the necessary skills and knowledge to effectively discharge their responsibilities.
2. In accordance with the terms of reference, the Pensions Committee is responsible for undertaking statutory functions on behalf of the Local Government Pension Scheme (LGPS) and ensuring compliance with the Local Government Pensions Scheme Regulations (“the Regulations”), relevant legislation, and best practice as advised by the Pensions Regulator.
3. The Local Government Pension Board has oversight and provides scrutiny of the Pensions Committee in order to 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.
4. The objectives of this policy are to:
  - Ensure that the Fund is managed, and its services delivered, by Members and officers with the appropriate knowledge and expertise to demonstrate competence in their role.
  - Provide those with responsibility for governing the Fund with the necessary skills to evaluate the information that they receive and feel confident in being able to challenge where appropriate.
  - Support effective and robust decision making, ensuring that decisions comply with prevailing regulatory requirements or guidance from the Pensions Regulator, the Scheme Advisory Board (SAB) and the Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG).
  - Ensure an understanding of the operation and administration of the CoL Pension Fund.
5. It is important that Members of both the Pensions Committee and the LGPB commit to participating in training to ensure that they have the necessary skills required to support them in their role.

#### **Local Government Pensions Board**

6. In accordance with Section 248 of the Pensions Act 2004, every Member of the CoL LGPB must be conversant with:
  - The rules of the Local Government Pension Scheme (LGPS), for example, Investment Regulations.

- Any document recording policy about the administration of the CoL Pension Fund.
7. LGPB Members should also have knowledge and understanding of:
- The law relating to pensions.
  - Any other matter that may be prescribed.
8. The Pensions Regulator has developed a specific Public Sector online training Toolkit to help LGPB Members meet the minimum level of knowledge and understanding introduced in the Pensions Act 2004.

### **Pensions Committee**

9. There is currently no legal requirement for Pensions Committee Members to demonstrate their knowledge and skills in pensions, however the CIPFA '*Code of Practice on LGPS Knowledge and Skills*' recommends it as good practice.
10. As per the terms of reference, Members of the Pensions Committee are responsible for developing and maintaining the appropriate level of knowledge and understanding to carry out their duties effectively (including completion of the Pensions Regulator's Public Service toolkit).

### **Induction Training**

11. On joining the Pensions Committee or LGPB, all new Members will receive an induction email which includes links to the Pension Regulator (tPR) Public Service Toolkit and the current Actuary's (Barnett Waddingham) 'Enlighten!' online training.
12. All Members of both the Pensions Committee and LGPB are expected to complete the induction training within twelve months of joining.

### **The Pensions Regulator Toolkit**

13. The tPR Public service toolkit provides a guide to understand the Governance and administration requirement in public service schemes. The toolkit includes seven compulsory online learning modules that must be completed successfully.
14. Toolkit compulsory modules test Members knowledge in the following key areas:
- Conflicts of interest
  - Managing risk and external controls
  - Maintaining accurate member data
  - Maintaining member contributions
  - Providing information to members and others
  - Resolving internal disputes
  - Reporting breaches of the law
15. Both Pensions Committee and LGPB Members are required to recomplete the toolkit every 3 years to ensure they remain up to date in their knowledge and skills on Pensions.

16. The Pension Regulator trustee toolkit can be found here: [Public Service toolkit online learning | The Pensions Regulator](#)

### **Barnett Waddingham's Enlighten**

17. Barnett Waddingham's online training 'Enlighten!' is specifically directed at Local Government Pension Scheme Committees, Local Government Pension Boards and Officers. The online training currently covers five different topics; each course contains several bitesize videos, followed by a quiz.
18. Over time, Barnett Waddingham introduces new courses to keep the training up to date per the latest developments and to ensure the training moves with the ever-changing landscape.
19. The following areas are currently covered by the Barnett Waddingham 'Enlighten!' training:
- Background to the LGPS
  - Information about employers
  - Actuarial Information
  - LGPS Governance
  - Triennial Valuations
20. Barnett Waddingham's online training 'Enlighten!' can be found here. [Enlighten: Log in to the site](#)

### **CIPFA Knowledge and skills framework**

21. There are eight core technical key areas of knowledge and skills that have been identified by CIPFA as the core requirements for working in the LGPS:
- Pensions legislative and governance
  - Pensions governance
  - Funding strategy and actuarial methods
  - Pensions administration and communications
  - Pensions financial strategy, management, accounting, reporting and audit standards
  - Investment strategy, asset allocation, pooling, performance and risk management
  - Financial markets and products
  - Pension services procurement, contract management and relationship management
22. The Pensions Committee and LGPB Members are expected to have a collective understanding of these areas of knowledge and skills which will be reviewed using the self-assessment form (see paragraph 24).

### **Monitoring and Reporting**

23. Pensions Committee and LGPB Members must ensure that they have appropriate degrees of knowledge and understanding to carry out their stewardship role. Therefore, Members should invest sufficient time in their

learning and development alongside their responsibilities and duties. This time spent is inclusive of any training that a Member may undertake in their external job.

24. To ensure that PC and LGP Board Members have sufficient breadth of knowledge and understanding, they must undertake an annual review of their knowledge and skills to identify any gaps or weaknesses. The self-assessment form is attached as an Appendix to this policy.
25. The annual review of knowledge and skills will be used to form the basis of the Committee training for the forthcoming year. Training can take place through a variety of mediums, including but not limited to:
  - Provision of reading material provided by Officers or directions to online sources of information such as resources provided by the Pensions Regulator
  - Briefings or training sessions run by Officers
  - Briefings or training sessions run by one of the Fund's advisers
  - External courses, seminars or conferences
26. Officers will maintain a record of training which includes training sessions that have taken place during Pensions Committee/LGPB meetings and training which Members have notified Officers of.
27. The Pension Fund Annual Report will report on the compliance of Pension Committee and LGPB Members with the training policy based on the records maintained.
28. Where a Member has not completed the required training in the timeframes set out in this policy, and there are no mitigating factors, this will be reported to the chairs of the Pensions Committee and LGPB for action.
29. Should any Member of the Pensions Committee or LGPB no longer be able to demonstrate their capacity to attend and prepare for meetings, or to participate in required training or otherwise to carry out the requirements of the role, their membership may be reviewed.

Annual Pensions Committee and Local Government Pensions Board  
Knowledge and Skills self-assessment

Name: .....

*Please review the areas below and indicate where you have had training and/or you have experience through your external job responsibilities.*

*If there is any areas where you would benefit from additional training, please include this in your response.*

<b>Pensions legislation and guidance</b>	<b>Y / N</b>
If yes, please provide details of your experience:	
<b>Pensions governance</b>	<b>Y / N</b>
If yes, please provide details of your experience:	
<b>Funding strategy and actuarial methods</b>	<b>Y / N</b>
If yes, please provide details of your experience:	
<b>Pensions administration and communications</b>	<b>Y / N</b>
If yes, please provide details of your experience:	
<b>Pensions financial strategy, management, accounting, report and audit standards</b>	<b>Y / N</b>
If yes, please provide details of your experience:	

<b>Investment strategy, asset allocation, pooling, performance and risk management</b>	Y / N
If yes, please provide details of your experience:	
<b>Financial markets and products</b>	Y / N
If yes, please provide details of your experience:	
<b>Pension services procurement, contract management and relationship management.</b>	Y / N
If yes, please provide details of your experience:	

Signed:.....

Date:.....

Once complete, please return to: [amandaluk@cityoflondon.gov.uk](mailto:amandaluk@cityoflondon.gov.uk)



## City of London Corporation Committee Report

<b>Committee(s):</b> Pensions Committee	<b>Dated:</b> 13 February 2025
<b>Subject:</b> Local Government Pension Scheme – Administration Strategy	<b>Public report:</b> For Decision
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• provides statutory duties</li> <li>• provides business enabling functions</li> </ul>	
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	n/a
<b>What is the source of Funding?</b>	n/a
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	n/a
<b>Report of:</b>	The Chamberlain
<b>Report author:</b>	Graham Newman – Chamberlain’s Department

### Summary

The City of London’s Local Government Pension Scheme Administration Strategy was created in February 2023 as part of the Pension Committee Work programme for that year.

The Pensions Regulator released its General Code of Practice in March 2024 and the City subsequently commissioned Barnett Waddingham to review the City of London Pension Fund’s compliance with the code.

Barnett Waddingham’s findings were brought to the Committee for the 3 December 2024 meeting together with their suggested additions to be made to the Administration Strategy document.

Based upon this report, it was agreed that documents/policies would be drafted on the following areas which had been flagged red or amber and be brought back to the February 2025 Committee meeting:

- i. A Training Policy which will address the tPR’s expectations;
- ii. A document setting out the processes for monitoring, reviewing and protecting scheme data;

- iii. A revised Administration Strategy to include details of third-party providers and expectations for these providers and to highlight roles and responsibilities in relation to Scheme returns; and
- iv. An updated Pensions Committee Risk Register to include 'Scams' and mitigation processes in more detail under Fraud (CHB Pensions 005)

Item (i) is a separate item on today's agenda and item (iv) is included within the Risk Register which is also a separate item on today's agenda. Items (ii) and (iii) have been included within the revised Administration Strategy which is attached at Appendix A. For ease of reference, all amendments to the Administration Strategy have been underlined .

It should be noted that the Administration Strategy is a working document, and all sections can and will be expanded or amended, as required.

The updated strategy document is attached at Appendix A.

### **Recommendation**

Members are asked to review the strategy document and provide any feedback in relation to this.

#### **Appendices:**

Appendix A: City of London Pension Fund Administration Strategy.

#### **Graham Newman**

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# **The City of London Pension Fund Administration Strategy**

**Pensions Committee – 13 February 2025**

## **Introduction**

The role of administering authority for the City of London Corporation (the City) is discharged by the City of London Pension Fund (CoLPF) within the Chamberlain's Department.

The pensions administration strategy ("the strategy") sets out the key roles and responsibilities of the CoLPF and its scheme employers in administering the Local Government Pension Scheme (LGPS).

The strategy has been created with regards to regulation 59 of the Local Government Pension Scheme Regulations 2013 and shall be reviewed at least every three years.

There are currently five sections of the strategy:

- Roles and Deadlines of all parties
- Performance standards
- Communications
- Maintenance of IT Systems
- Third-party providers

## **Roles and Deadlines**

Each of the parties to the LGPS has specific roles and responsibilities. It is important that this is clear to ensure they are discharged accurately.

<b>Role</b>	<b>Deadline</b>
<b>The City of London Pension Fund – The Administering Authority</b>	
Appoint a fund actuary, investment advisors, custodians and fund managers	As required
Lead and publish the triennial valuation (as at 31st March 2022 and every three years thereafter) and annual summary valuation	Every three years and annually
Publish the audited pension fund annual accounts	Annually
Publish a pension fund annual report	Annually
Publish a funding strategy statement	At least every three years
Publish an investment strategy statement	At least every three years
Publish a governance compliance statement	At least every three years
Maintain the fund risk register	As required
Manage fund cash and bank accounts	As required
Monitor fund investments and performance reporting	At least quarterly

Complete the SF3 and other investment returns	Annually and as required
Complete the quarterly Office for National Statistics Financial Survey of Pension Schemes	Quarterly
Monitor the financial position of scheme employers	Annually
Sign off admission agreement terms regarding the financial arrangements between the parties	As required
Set up and amend admission agreements for admitted bodies	As soon as practicable
Publish annual benefit statements to all active and deferred members	31st August
Publish pensions saving statements to scheme members that may have breached their annual and/or lifetime allowances	6th October
Manage the internal dispute resolution procedure	In accordance with the procedure
Provide information and manage the production of admission, cessation and FRS 102 / IAS19 / IAS26 (financial statement) reports via the fund actuary and share those reports with scheme employers	As required
Maintain a 'breaches of law' register and notify The Pension Regulator (tPR) of any materially significant breaches, which may result from: <ul style="list-style-type: none"> <li>● A failure to issue annual benefit statements or pension savings statements in time</li> <li>● Errors and omissions identified by the internal dispute resolution procedure</li> <li>● Scheme employers failing to pay contributions on time or accurately</li> <li>● Other breaches of a legal requirement</li> </ul>	As soon as practicable
Support the Pensions Committee/ and the Local Government Pension Board	As required
Maintain a membership database	Not applicable

Undertake an annual data review and complete The Pension Regulator (tPR) scheme return notice	As directed by The Pension Regulator (tPR)
Process tasks in accordance with the performance standards	Not applicable
Pay pensioners their monthly LGPS benefits	Last working day of the month
Apply the annual pensions increase as directed by HM Treasury	April pensioner payroll cut-off
Issue pension payslips in March and if the net monthly pension changes by £2 or more	Issued on the relevant pay date
Submit a quarterly tax return to HM Treasury and pay the required tax charges	14th day of the second month following the end of the relevant period
<b>Scheme employers</b>	
Submit the monthly contributions return in the required format	19th day of the month after which the deductions are made
Pay the monthly contributions to the fund pursuant to the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014	Payment received by 19th day of the month after which the deductions are made
Submit an annual return in the required format	7th May
Calculate and pay redundancy and/or severance payments	As soon as practicable
Provide the data required for FRS102 / IAS19 / IAS26 (retirement benefits) calculations if requested	20 working days prior to the accounting date
Provide any additional data required for interim and/or cessation valuations	As soon as practicable
Publish a statement of policy about the exercise of discretionary function	Within six months of becoming a scheme employer
Calculate pensionable pay and determine a scheme member's final pay, when required	As required
Admit its employees into the LGPS	By their starting date or auto enrolment / re-enrolment date

Ensure the correct scheme member contribution rate is applied	Immediately on commencing scheme membership and in line with the CoLPF's policy on banding changes and, as a minimum, in each April payroll thereafter
Inform CoLPF about new scheme members, members leaving the scheme, or changes to employment (working hours, unpaid leave, unauthorised absences, reductions in pay and 50/50 scheme elections) using the required form or template	20 working days after their starting date, leaving date or date of the change
Notify CoLPF of any material changes in scheme members' circumstances (e.g. marital or civil partnership status) using the method stipulated by the Fund	As soon as practicable
Give notice of a scheme member's intention to retire	20 working days prior to the intended retirement date
Make the first instance decision about an ill-health retirement following receipt of the independent registered medical practitioner's report	As soon as practicable
Review tier 3 ill-health pension at 18 months and, if required at the third year after payment commenced	In line with regulations and advice of independent registered medical practitioner (IRMP). Notify CoLPF within 10 days of decision taken to uplift to tier 2 or cease payment of tier 3
Respond to general queries from CoLPF	As soon as practicable
Respond to errors or missing information identified by CoLPF	As soon as practicable
Commence the deduction of additional contributions (APCs or AVCs) following an election from the scheme member or instruction from CoLPF	As soon as practicable
Appoint person for stage 1 of the Internal Dispute Resolutions Procedure (IDRP) and provide full details to CoLPF	Within 30 days of becoming a scheme employer or following the resignation of the current adjudicator
<b>Scheme members</b>	
Notify CoLPF of any changes to personal details	As soon as possible
Complete an expression of wish form for any potential death grant payment	Not applicable

Give notice to their scheme employer of an intention to retire	As soon as practicable based upon their contractual notice periods
When joining, complete a previous service form to notify CoLPPF about any existing LGPS pension benefits	1 year from date of joining
<b>Fund Actuary</b>	
Undertake the triennial valuation (including the recommended contribution schedules) and annual summary valuations	Every 3 years and annually
Produce admission, cessation, conversion and FRS 102 (financial statement) reports	As required

### **Performance standards for processing tasks**

The targets have been set after taking account of any legal requirements and to achieve a suitable service level for scheme members.

<b>Task</b>	<b>Target</b>	<b>Legal Requirement</b>
Send a notification of joining the LGPS to a scheme member	2 months from the date of joining the scheme	2 months from the date of joining the scheme
Notify the amount of final retirement benefits	<u>10</u> days	One month from date of retirement if on or after normal pension age or two months from date of retirement if before normal pension age
Initial payment of retirement benefits	<u>10</u> days	Not applicable*
Inform a member who left the scheme of their calculated benefits (refund and/or deferred)	30 days	As soon as practicable and no more than two months from date of initial notification (from employer or from scheme member)
Process refunds and make payments for early leavers with a refund entitlement	5 days	Not applicable*
Provide a retirement estimate (limited to 1 every 12 months)	20 days	No more than 2 months from date of request, unless an estimate has been made within the last 12 months
Obtain transfer details for transfer in, and calculate and provide quotation to member	20 days	Two months from the date of request
Statement detailing transfer-in credit	20 days	Not applicable
Provide details of transfer value for transfer out or divorce proceedings, on request	20 days	Three months from date of request



Transfer-out payments to a new pension provider	20 days	Six months from the guarantee date provided in the transfer value quotation
Answering general correspondence	10 days	Not applicable
Letters to dependants in respect of benefits due	5 days	As soon as possible but in any event no more than two months from date of becoming aware of death, or from date of request by a third party (e.g. personal representative)

\* Several targets do not have a legal requirement, but may be subject to interest charges if payment is not made within a set number of days.

### **Communications**

Effective communication between the CoLPF and its stakeholders is essential to the delivery of the pensions service. This statement sets out the aims and the target audiences of the communications policy and the method of delivery of the policy. The Pensions Committee reviews all communications with scheme members on an on-going basis.

### **Aims**

Accuracy & Timeliness	Information needs to be compliant with legislation and supplied at an appropriate time.
Effective Information	Messages need to be clear and understood by target audience.
Accessible	Communication should be available to all and should meet the needs of a wide range of recipients.

### **Audiences**

- Scheme Members and Potential Members
- Pensioners and Deferred Members
- Corporate HR
- Other Employers within the Fund
- Pensions Committee
- Local Government Pensions Board
- CoLPF Staff

### **Method of Delivery**

#### **Scheme Members and Potential Members**

Scheme Guides	Available to all eligible employees via website, direct mail or email.
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Forms and leaflets	Available on the CoLPF website and appropriate forms supplied to all new employees and leavers via personnel/administration officers.
Newsletters	Produced as appropriate and in particular as scheme changes occur.
Annual Benefit Statements	Pension Statements supplied to those scheme members who are active at year end (31 <sup>st</sup> March) as soon as possible after year end.
Presentations	One-off seminars, regular pension “top-up” sessions, insight lunches and pre-retirement courses.
Induction	Supply support to the Employers Induction courses as appropriate.
Intranet & Internet	Provide news on scheme changes, develop and maintain internet with links to relevant sites. Publicise website updates and newsletters via the Intranet.

#### *Pensioners and Deferred Pensioners*

Pensioners should be supplied with monthly payslips as appropriate; Newsletters; and annual pensions increase letters. Deferred Pensions will be provided with an annual benefit statement. Both will be supplied with information on scheme changes as they affect the appropriate category of ex-scheme member.

#### *City of London Personnel and Payroll*

Guides on technical, legislative and general day-to-day administration requirements and responsibilities issued as and when required and as scheme changes affect procedures, including links to centrally produced guides.

Presentations	Personnel Group meeting updates and individual departmental sessions as appropriate.
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#### *Other Employers within the fund*

Guides on technical, legislative and general day-to-day administration requirements and responsibilities issued as and when required and as scheme changes affect procedures, including links to centrally produced guides.

Presentations for appropriate personnel staff, committees & groups of employees.

### Pensions Committee and Local Government Pensions Board

Reports	Update Pensions Committee and Local Government Pensions Board on scheme changes and developments and provide reports in a clear and accurate manner in order that appropriate responses and actions follow.
Presentations	Provide the Pensions Committee and Local Government Pensions Board with updates where appropriate.

### CoLPF Staff

Provide updates and information on scheme and legislative changes.

Team Meetings	Maintain staff's awareness and knowledge via monthly meetings and one-off sessions as appropriate.
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### General Communication

Letters, emails and phone calls answered clearly, accurately and timely.

### **Maintenance of IT Systems**

Internal control processes should ensure that IT systems are able to meet the scheme's current needs and legal requirements.

The Pensions Office administration system is currently 'Altair', provided by Heywood Ltd. The Altair system provides a full pension scheme administration package for the Local Government Pension Scheme that provides record keeping and calculation functions for the pension of records of active, deferred and pensioner members. In addition to this, the system also provides an Online Member Portal that allows members to access their pension records, view their annual benefit statements, update some of the personal information held and calculate estimates of future pension benefits.

#### Standards for maintaining IT systems

- All planned and potential future upgrades to the system to be managed, with records of all decisions and plans kept.
- Scheme and member data to be backed up regularly.
- Disaster recovery processes to be tested over appropriate periods.
- Ensure that adequate and sufficient hardware and personnel resources are available, together with the appropriate functionality and that the necessary skills exist to carry out the required work.
- Cyber security measures and procedures should be in place and working.

### Third-party providers

To be able to carry out the administration function of the Local Government Pension Scheme, the City of London uses the services of several third-party companies to facilitate certain functions.

<b>Third-party provider</b>	<b>Function / Responsibility</b>
<u>Heywood Ltd</u>	<u>Heywood Ltd provide the administration software, Altair that is used for the majority of all calculations carried out by the Pensions Office.</u> <u>In addition to calculations, the system provides a reporting capability which is utilised by the Pensions Office to meet its reporting requirements, such as the annual Scheme Return, triennial valuation, annual actuarial report.</u>
<u>MHR</u>	<u>MHR provide the Payroll system used by the Pensions Office to provide the Pensions Payroll function.</u>
<u>Barnett Waddingham</u>	<u>Barnett Waddingham provide actuarial services to the City of London Local Government Pension Fund. These services include the annual report, triennial valuation and determining employer contribution rates.</u>
<u>Hymans Robertson</u>	<u>Hymans Robertson provide a hosted website function to the Pensions Office. The website is populated by the City of London, but maintained by Hymans Robertson</u>
<u>APS Group</u>	<u>APS Group provide a printing function for the Pensions Office, including annual statements, newsletters and other bulk mailings. Pensioner payslips are printed 'in-house', but use stationery provided by APS Group.</u>

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