



## Local Government Pensions Board

**Date:** MONDAY, 21 JULY 2025

**Time:** 1.45 pm

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

**Members:**

Peter Lisley, Scheme Member Representative	Mark Wheatley, Scheme Manager Representative
Christina McLellan, Scheme Member Representative	Paul Wilkinson, Scheme Manager Representative
David Pearson, Scheme Member Representative	

**Enquiries:** Ben Dunleavy  
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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. **ORDER OF THE COURT**

To receive the Order of the Court of Common Council dated 25 April 2025, appointing the Board and setting its Terms of Reference.

**For Information**  
(Pages 7 - 8)

4. **ELECTION OF CHAIR**

To elect a Chair in accordance with Standing Order 28.

**For Decision**

5. **ELECTION OF DEPUTY CHAIR**

To elect a Deputy Chair in accordance with Standing Order 29.

**For Decision**

6. **MINUTES**

- a) To agree the public minutes and non-public summary of the Local Government Pensions Board meeting on 17 January 2025.

**For Decision**  
(Pages 9 - 14)

- b) To receive the public note and non-public summary of the inquorate Pensions Committee meeting on 13 February 2025.

**For Information**  
(Pages 15 - 20)

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

Report of the Chamberlain.

**For Information**  
(Pages 21 - 24)

8. **PENSIONS SCHEME - ADMINISTRATOR'S UPDATE**  
Report of the Chamberlain.  
**For Information**  
(Pages 25 - 34)
9. **RISK REGISTER FOR THE PENSIONS COMMITTEE**  
Report of the Chamberlain.  
**For Information**  
(Pages 35 - 64)
10. **STATEMENT OF ACCOUNTS UPDATE FOR CITY FUND, PENSION FUND, AND CITY'S ESTATE**  
Report of the Chamberlain.  
**For Information**  
(Pages 65 - 138)
11. **LOCAL GOVERNMENT PENSION SCHEME - ADMINISTRATION STRATEGY**  
Report of the Chamberlain.  
**For Information**  
(Pages 139 - 150)
12. **CITY OF LONDON PENSION FUND TRAINING POLICY**  
Report of the Chamberlain.  
**For Information**  
(Pages 151 - 160)
13. **LOCAL GOVERNMENT PENSION SCHEME – COMMUNICATION POLICY**  
Report of the Chamberlain.  
**For Information**  
(Pages 161 - 166)
14. **CITY OF LONDON PENSION FUND BREACHES OF LAW POLICY**  
Report of the Chamberlain.  
**For Information**  
(Pages 167 - 182)
15. **ACCESS AND FAIRNESS CONSULTATION**  
Report of the Chamberlain.  
**For Information**  
(Pages 183 - 188)

16. **GOVERNMENT RESPONSE - FIT FOR THE FUTURE CONSULTATION**

Report of the Chamberlain.

**For Information**  
(Pages 189 - 194)

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

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

19. **EXCLUSION OF THE PUBLIC**

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

**For Decision**

**Part 2 - Non-Public Agenda**

20. **MINUTES**

- a) To agree the non-public minutes of the Local Government Pensions Board meeting on 17 January 2025.

**For Decision**  
(Pages 195 - 200)

- b) To receive the non-public note of the inquorate Pensions Committee meeting on 13 February 2025.

**For Information**  
(Pages 201 - 204)

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

Report of the Chamberlain.

**For Information**  
(Pages 205 - 210)

22. **INVESTMENT PERFORMANCE MONITORING TO 31 MARCH 2025**

Report of the Chamberlain.

**For Information**  
(Pages 211 - 248)

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

Report of the Chamberlain.

**For Information**  
(Pages 249 - 262)

24. **TRANSITION OF ASSETS TO THE LONDON CIV**

Report of the Chamberlain.

**For Information**  
(Pages 263 - 270)

25. **NON-PUBLIC APPENDICES - ADMINISTRATORS UPDATE**

Report of the Chamberlain.

**For Information**  
(Pages 271 - 274)

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

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

**Part 3 - Confidential Agenda**

28. **CONFIDENTIAL MINUTES**

To agree the confidential minutes of the Local Government Pensions Board meeting on 17 January 2025.

**For Decision**

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KING, Mayor	<b>RESOLVED:</b> That the Court of Common Council holden in the Guildhall of the City of London on Friday 25 <sup>th</sup> April 2025, doth hereby appoint the following Committee until the first meeting of the Court in April, 2026.
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## LOCAL GOVERNMENT PENSIONS BOARD

### 1. **Constitution**

A non-Ward Committee consisting of,

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

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

### 2. **Quorum**

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

### 3. **Membership 2025/26**

#### **Three Employer Representatives**

Mark Raymond Peter Henry Delano Wheatley

Vacancy

Paul Wilkinson

#### **Three Member Representatives**

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

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

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

together with the co-opted Member referred to in paragraph 1 above, if required, and one Member to be appointed this day.

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

Board Members must be satisfied that they:

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

### 4. **Terms of Reference**

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

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

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

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

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

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

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

### 5. **Chairmanship**

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

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## **LOCAL GOVERNMENT PENSIONS BOARD**

**Friday, 17 January 2025**

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

### **Present**

#### **Members:**

Christina McLellan  
Lisley (Deputy Chairman)

Paul Wilkinson  
Mark Wheatley (Chairman)

#### **Officers:**

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

#### **1. APOLOGIES**

Apologies were received from Alderman Prem Goyal and David Pearson.

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

There were no declarations of interests.

#### **3. MINUTES**

##### **RESOLVED:-**

- That the public minutes and non-public summary of the Local Government Pensions Board meeting on 18 July 2024 be approved as an accurate record.
- That the public minutes and non-public summaries of the Pensions Committee Meetings on 18 June 2024 and 17 September 2024 be received and their contents noted.

#### **4. ANNUAL REVIEW OF THE BOARD'S TERMS OF REFERENCE**

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

**RESOLVED:** That:- the terms of reference of the Board be approved for submission to the Court in April 2025, and that any further changes required in the lead up to the Court's appointment of Committees be delegated to the Town Clerk in consultation with the Chairman and Deputy Chairman.

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

The Committee received a report of the Chamberlain concerning a summary of general information around a range of topics in relation to the administration of the Scheme since the last Local Government Pensions Board meeting on the 18 July 2024.

The Chamberlain highlighted that:

- The online member portal was available to all deferred and pensioner members, but not yet advertised to them.
- The administration office currently has a vacancy for the systems role, whose responsibilities would include handling portal sign-up queries. This role was being advertised and would hopefully be filled soon. There was currently a reluctance to advertise the portal due to resourcing issues and anticipated high volume of queries, following the experience of rollout to active scheme members.
- It was noted that most queries from active scheme members were simple, mainly about logging into the system. However, there were concerns about the computer skills of some scheme members and the potential volume of queries this could result in.

**RESOLVED:** – that the report was received, and its content noted.

6. **LGPS COMMUNICATIONS ISSUED TO SCHEME MEMBERS**

The Board received a report of the Chamberlain which provided Members with copies of the communications issued to Scheme Members at the request of the Board at its meeting on the 18 July 2024.

During the discussion of this item the following points were noted:

- The Deputy Chairman noted that there were missing letters regarding death benefits, for example, the initial letter to survivors was included but not any of the follow-up letters. Officers would issue the missing letters to the Board after the meeting.
- The Deputy Chairman also noted that there was a broken hyperlink found in the letters, and stressed the importance of regular checks on hyperlinks to ensure these were working.
- The portal rollout to retired members and its potential use for communication was discussed.
- Members suggested that an update on the portal was provided in six months' time. Officers suggested that a report on the portal's status be brought to the Board's next meeting. This was unanimously agreed.
- Officers welcomed further feedback from Board Members offline.

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

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

The Board received a report of the Chamberlain which summarised the reports and decisions made by the Pensions Committee on the public agenda at their meetings on 17 September and 3 December 2024.

The Chamberlain provided the following updates:

- The Pension Fund annual report for 2023/24 was published on time after the City Fund and Pension Fund accounts were signed by the external auditors.
- The Pensions Committee had a discussion on the Autumn Budget, Mansion House speech and the Fit for the Future consultation; however this took place in the non-public side of the meeting.
- The Fit for the Future consultation response had been submitted to MHCLG, and the response would be circulated to the Pensions Committee and Board Members next week.

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

8. **COL PENSION FUND: GAD SECTION 13 SUMMARY REPORT**

The Board received a report of the Chamberlain concerning the Government Actuary's Department (GAD) publication of their third Section 13 Report following the 2022 actuarial valuation of the Pension Fund in August 2024. The report provided a review of the Local Government Pension Scheme and was mandated under Section 13 of the Public Services Pensions Act 2013.

The Board noted the following points:

- GAD (Government Actuary's Department) collects and reviews actuarial valuations from all local government pension schemes after each triennial valuation.
- The City Corporation had received all green flags except for one white flag related to asset shock. This was measured differently due to the City's small council tax base, but this was not a concern.
- Recommendations were made for the Scheme Advisory Board (SAB), which links administering authorities and government, and they would issue updates as needed.

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

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

The Board received a report of the Chamberlain concerning the Risk Register for the Pensions Committee. The Risk Register is reviewed twice a year and Officers had reviewed the risks and there had been no changes since this was last reported to the Pensions Committee in March 2024.

During the discussion of this item the following points were noted:

- The risk register is reviewed twice a year by the Pensions Committee, with the latest review having taken place at their September 2024 meeting.
- At the Pensions Committee, a Member raised a question on the high-risk cybersecurity threats and the need to increase the risk level on the register. Questions were raised about the City's cybersecurity policy and incident response plan, including pension scheme data. The Corporation has strong defences but cannot eliminate the likelihood of a targeted attack. Therefore, it was agreed that Officers would look into this issue and report back to the Committee.

- The Pensions Committee was otherwise content with the risk register.

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

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

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

The Chamberlain provided the following updates:

- Barnett Waddingham had reviewed how current policies aligned with tPR's General Code of Practice Compliance.
- Not all modules under the new tPR's General Code of Practice were relevant to the LGPS.
- The review identified three red flags and four amber flags, which would require new/updated policies.
- It was agreed that at the February 2025 Pensions Committee meeting a Training Policy, process for monitoring, reviewing, and protecting scheme data document, a revised Administration Strategy, and an updated Risk Register to include more detail on scams, would be presented to the Committee.
- Future policy reviews would cover IT systems processes, transfers in and out, and monitoring contributions.
- Governance was a key focus for Pension Funds and therefore policies would be kept up to date.
- Updates would be presented to the Pensions Committee and to the Board in due course.

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

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

There were no questions.

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

There was no other business.

13. **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.

14. **MINUTES**

**RESOLVED –**

- That the non-public minutes of the Local Government Pensions Board meeting on 18 July 2024 were approved as an accurate record.

- That the non-public minutes of the Pensions Committee Meetings on 18 June 2024 and 17 September 2024 were received.

There was one item raised under matters arising.

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

The Board received a report of the Chamberlain which summarised the reports and decisions made by the Pensions Committee on the non-public agenda at their meetings on 17 September and 3 December 2024.

16. **INVESTMENT PERFORMANCE MONITORING TO 30 SEPTEMBER 2024**

The Board received a report of the Chamberlain relating to the Investment Performance of the Pension Fund as at 30 September 2024.

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

The Committee received a report of the Chamberlain providing an update on London CIV.

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

The Board 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.

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

The Board 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.

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

There were no non-public questions.

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

Members noted two non-public appendices.

22. **CHAMBERLAIN'S UPDATE**

Members received a confidential update from the Chamberlain.

**The meeting closed at 15.45**

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Chairman

**Contact Officer: Raquel Pinto**  
**[raquel.pinto@cityoflondon.gov.uk](mailto:raquel.pinto@cityoflondon.gov.uk)**

## **PENSIONS COMMITTEE** **Thursday, 13 February 2025**

Note of the **informal** meeting of the Pensions Committee held at Committee Room - 2nd Floor West Wing, Guildhall on Thursday, 13 February 2025 at 10.00 am

### **Present**

Deputy Timothy Butcher  
David Sales  
Clare James  
Alderman & Sheriff Gregory Jones KC

### **Officers:**

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

### **In Attendance:**

Deputy Henry Pollard  
Deputy Christopher Boden  
Steve Turner – Mercer

*The Town Clerk noted that a quorum had not been achieved within five minutes of the scheduled start of the Committee and as result, in accordance with Standing Order 36 (2), the formal meeting was dissolved. Members present agreed to informally consider the items on the agenda with a note of points. Any items requiring decision would be submitted to the next Board meeting or dealt with using urgency procedures.*

*Alderman Gregory Jones arrived once the Committee had moved into the informal session.*

### **1. APOLOGIES**

Deputy Christopher Boden, Deputy Madush Gupta, Tim McNally and Deputy Henry Pollard.

It was noted however that both Deputy Christopher Boden and Deputy Henry Pollard had joined the meeting online.

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

There were no declarations.

### **3. MINUTES**

Members requested that the public minutes and non-public summary of the meeting held on 3 December 2024 be submitted to the Town Clerk to be approved under urgency procedures.

### **4. WORK PROGRAMME**

Members received the Committee's work plan and noted that following the review of the Pension Fund against the Pensions Regulator's General Code of Practice, a number of policies in various different areas would need to be incorporated into the work programme in due course and a rolling programme of reviewing those policies would be undertaken. The Chairman requested for the Auditors recommendations to be brought back to the September meeting to ensure these were considered and to ensure compliance.

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

Members noted 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.

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

Members received a report of the Chamberlain which reviewed the Risk Register for the Pensions Committee. The Risk Register detailed the key risks that have been identified alongside a risk score which indicated the likelihood of a risk being realised together with the potential impact to the organisation and the appropriate mitigations.

During the discussion the following points were noted:

- At the September Pensions Committee, Members had asked Officers to review the cyber security risk, which led to an increase in the score of the risk on the register.
- Scams and mitigation processes had been reassessed and more detail was added following Barnett Waddingham's compliance review against the General Code of Practice.
- Members noted a specific McCloud risk on the risk register, this being an example of a generic risk of benefits not aligning with administration. A suggestion was made on the potential incorporation of a generic execution risk onto the risk register to reflect issues such as the Section 37 Virgin Media case.
- The McCloud risk covered all public sectors, including the police and non-funded schemes. Current retirees were considered, however there was a backdated backlog to address. Officers expected for the McCloud risk to eventually disappear from the risk register or be incorporated into another risk. It was noted that the McCloud risk should therefore remain isolated for now.
- Officers agreed to consider the issues around the Section 37 Virgin Media case and determine whether this should be considered a new risk in its own right or if it could be incorporated into an existing risk.
- A Member raised that there was no reflection in the risk register on the narrative of the triannual review and how this may affect the City Corporation's position. Officers would look to incorporate wording to reflect the actuary evaluation.

Members requested that the Town Clerk consider approving the risk register using urgency procedures.

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

Members received a report from the Chamberlain which updated 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.

During the discussion the following points were raised:

- A Member highlighted the difficulty in subjectivity in these performance assessments, noting that Members may lack the experience and breadth of knowledge to compare their funds to others, and questioned the added value of relying on subjective assessments by Officers.
- The Chair noted the difficulty for Members to comment and emphasised that Members should set strategic direction rather than micro-manage.
- A Member suggested that having other external members with greater experience could add value. It was suggested that this be looked into after the Election period.

Members requested that the Town Clerk consider approving the Investment Consultant Review for 2024 and delegate authority to the Chamberlain to sign the Compliance Statement using urgency procedures.

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

Members noted a report of the Chamberlain which updated the Pensions Committee 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.

Members noted that at the September Pensions Committee, the Committee received the draft audit findings for the year ended 31 of March 2024. The auditors identified two best practice recommendations, and Members requested a follow-up in six months to address these. One recommendation related to updating the pension software system processes and controls documentation, this had been brought to this Committee in a separate agenda item. The second recommendation concerned the journal authorisation process, which was a corporate-wide issue. This was currently in the test phase by the corporate finance team, with plans to roll it out in the upcoming financial year.

The Chairman expressed gratitude to the Officers on getting the audit report agreed on a timely basis as well as acknowledging the significant work involved. The auditors' points were largely minimal; however, these were added to the work program for review to ensure the recommendations were effectively carried out before next year's audit.

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

Members received a report of the Chamberlain following a previous 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 followed up on the recommendation made at the previous Pensions Committee to draft a Training Policy for Members of the City of London Pension Fund.

Members requested that the Town Clerk consider approving the City of London Pension Fund Training Policy using urgency procedures.

10. **LOCAL GOVERNMENT PENSION SCHEME - ADMINISTRATION STRATEGY**  
Members received a report of the Chamberlain on the City of London's Local Government Pension Scheme Administration Strategy, following an initial report taken to the Pensions Committee on the 3 December 2024. This report presents Members with draft documents/policies to be reviewed and agreed.  
  
Members requested that the Town Clerk consider approving The City of London's Local Government Pension Scheme Administration Strategy using urgency procedures.
11. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**  
There were none.
12. **ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT**  
There was no urgent business.
13. **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 of business on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.
14. **NON-PUBLIC MINUTES**  
Members noted that the non-public minutes of the meeting held on 3 December 2024 and asked that these be submitted to the Town Clerk to be approved under urgency procedures.
15. **INVESTMENT PERFORMANCE MONITORING TO 30 NOVEMBER 2024**  
Members received a report of the Chamberlain providing information on the investment performance of the Pension Fund and of the various investment managers as at 30 November 2024.
16. **LONDON COLLECTIVE INVESTMENT VEHICLE (LCIV) UPDATE**  
Members received a report of the Chamberlain with an update on the London CIV (LCIV), the asset pool operator for London LGPS Funds and in which the Pension Fund is invested in.
17. **PENSION FUND CASHFLOW FORECAST 2024/25 TO 2027/28**  
Members noted a report of the Chamberlain which detailed the cashflow for the Pension Fund for the four-year period 2024/25 to 2027/28, which forecasts that the Fund will remain cashflow positive across all years up to and including 2027/28.
18. **PRI 2024 ASSESSMENT RESULTS**  
Members noted a report of the Chamberlain which introduced the Principles for Responsible Investment (PRI) Assessment Report for 2024.
19. **NON-PUBLIC REPORT OF ACTION TAKEN**  
Members noted the report of the Town Clerk relating to action taken by the Town Clerk in consultation with the Chairman and Deputy Chairman, in accordance with Standing Order Nos. 41(a) and 41(b) since the last meeting.

20. **NON-PUBLIC APPENDICES**

Members noted the non-public appendix relating to item 5. An issue relating to Members access to the training material was raised, with the Chamberlain advising Members to get in touch with Officers to ensure this is resolved.

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

There were no questions.

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

The Chairman wanted to extend his and the Pensions Committee's thanks to Deputy Henry Pollard who was stepping down from the Pensions Committee in the municipal year, with this being his last meeting. The Chairman noted Deputy Pollard's significant contribution to this Committee and expressed his thanks for all the hard work, experience and expertise in guiding investments on the Pension Fund.

The Chairman also wanted to place his and the Committee's thanks to Deputy Madush Gupta, who was also stepping down from the Pensions Committee. The Chairman wanted to place on record his and the Committee's thanks for Deputy Gupta's contributions to the debate on the Pension Fund.

The Chairman noted this was the last meeting of Pensions Committee for this municipal year, and wished to put on record his thanks to the Officers for undertaking what has been the difficult tasks of responding to the Governments' consultation and ensuring the administration of the Pension Fund was carried out in a timely manner.

Alderman & Sheriff Gregory Jones KC also wanted to thank the Chairman, Deputy Chairman and Members of the Committee on the outstanding work carried out as well as commending the level of expertise in what is an important subject.

Finally, the Chairman also extended his thanks to the Deputy Chairman for his continued help and support.

**The meeting ended at 11:01**

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Chairman

**Contact Officer: Raquel Pinto**  
**[raquel.pinto@cityoflondon.gov.uk](mailto:raquel.pinto@cityoflondon.gov.uk)**

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## City of London Corporation Committee Report

<b>Committee(s):</b> Local Government Pensions Board	<b>Dated:</b> 21 July 2025
<b>Subject:</b> Pensions Committee Update Report (Public)	<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>	No
<b>Report of:</b>	The Chamberlain
<b>Report author:</b>	Amanda Luk

### Summary

The Local Government Pensions Board has responsibility for assisting the Pensions Committee to ensure the effective and efficient governance and administration of the scheme. The role is one of providing oversight of assurance in the governance of the scheme administration and not in decision making. This report summarises the reports and decisions made by the Pensions Committee on the public agenda at their meetings on 13 February and 7 July 2025.

### Recommendation

Members are asked to note the report.

### Main Report

#### Background

1. This report summarises the reports and decisions made by the Pensions Committee on the public agenda at their meetings on 13 February and 7 July 2025.
2. Since your last meeting, two Members of the Pensions Committee have stepped down (Deputy Henry Pollard and Deputy Madush Gupta) and one new Member was appointed (Alderman Simon Pryke on 26 June 2025).
3. At their meeting on 7 July, the Pensions Committee re-elected Deputy Tim Butcher as Chairman and David Sales as Deputy Chair of the Committee.

## **Administration**

4. At each meeting the Pensions Committee receives the Administrators Update and there is a separate report covering this on today's agenda.

## **Risk Register**

5. The Risk Register for the Pensions Committee is reviewed twice a year and was last reviewed by the Pensions Committee at their meeting on 13 February. This is a separate item on today's agenda.

## **Investment Consultant Strategic Objectives Annual Review**

6. At their February meeting, the Committee approved the Investment Consultant review for 2024 and delegated authority to the Chamberlain to sign the Compliance statement. This is undertaken on an annual basis and is required under best practice in line with 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). The report can be found [here](#).

## **Pension Fund Audit Findings follow up**

7. At its February meeting, the Pensions Committee received a report updating Members with the progress that had been made in relation to the 'best practice' recommendations per the external audit. The report can be found [here](#) in addition to the final audit recommendations in [Appendix 1](#) of the report.

## **Statement of Accounts Update for City Fund, Pension Fund and City's Estate**

8. At their July meeting the Committee received a report providing an update on the 2024/25 Statement of Accounts and planning for the City Fund, Pension Fund and City's Estate audit. The report was for information and had been to both the Audit & Risk Committee (12 May) and Finance Committee (4 June). The report is a separate item on today's agenda.

## **Local Government Pension Scheme - Administration Policy**

9. In December 2024, the Pensions Committee received a report covering Barnett Waddingham's (BW) review of the Pension Regulator's (tPR) general code of practice, at their February meeting, the Pensions Committee received the revised Administration Strategy following up with the recommendations in BW's report to include details of third-party providers and expectations for these providers and to highlight roles and responsibilities in relation to Scheme return. This is a separate item on today's agenda.

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

10. At their February meeting, the Pensions Committee received a report containing a newly created training policy for the City of London Pension Fund in line with best practice of tPR's General Code of Practice. The report is a separate item on today's agenda.

## **Local Government Pension Scheme - Communication Policy**

11. Following BW's review of the tPR general code of practice, the Pensions Committee received a report, at their July meeting, updating the Communication

policy in line with best practice to include reference to benefit statements in relation to AVCs being provided by AVC providers. The report is a separate item on today's agenda.

### **City of London Pension Fund Breaches of Law Policy**

12. At their meeting on 7 July, the Pensions Committee received a report on the 'Reporting Breaches of Law' policy following the recommendation made at the December Committee meeting to formally review the policy. The policy has been updated to include reference to tPR's general code of practice and is a separate item on today's agenda.

### **Access and Fairness Consultation**

13. The Pensions Committee received a report at their July meeting, providing a summary of the '*Local Government Pension Scheme in England and Wales: Access and fairness*' consultation. The consultation is open for 12 weeks from 14 May to 7 August 2025 and Officers are currently reviewing the Consultation. This report has been included as a separate item on today's agenda.

### **Government Response – Fit for the Future Consultation**

14. At the July meeting, the Pensions Committee received a report which provided a summary of the Government's response to the '*Local Government Pension Scheme (England and Wales): Fit for Future*' consultation. A copy of the report is included as a separate item on today's agenda.

### **Conclusion**

15. The Pensions Committee met on 13 February and 7 July 2025. This report is a summary of the reports and decisions made under the public side of the Pensions Committee agenda.

### **Amanda Luk**

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## City of London Corporation Committee Report

<b>Committee(s):</b> Local Government Pensions Board	<b>Dated:</b> 21 July 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 17 January 2025. 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)	<p>Since the last Board meeting, there have been 2 Stage One and 3 Stage Two IDRP applications received.</p> <p>A breakdown of the IDRP applications is included at <b>Appendix B</b> on the non-public agenda.</p>
Public Service Pensions - Reporting Breaches of Pension Law	None to report
Any audit reports relating to the administration of the Scheme	None to report.
Any reports relating to the administration of the Pension Scheme which have been considered by other Committees	None to report.
Pension Administration System	<p>The Pensions Office has rolled out the Online Member Portal which allows scheme 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.</p> <p>The portal was used for providing the 2024 annual benefit statements and provides a potential platform for future bulk mailings.</p> <p>The system has been rolled out to all active scheme members and is now also available to retired and deferred scheme members so that access to the portal can continue as active members leave the organisation. However, the availability of the portal has not yet been advertised to those that had already retired or left the organisation.</p> <p>It was hoped that this service would have already been advertised to existing City Pensioners, but developments regarding the City's new payroll provider and the options that may be made available to pensioners have caused a pause in this process.</p> <p>One of the main facilities that was expected to be added to the portal was the ability to upload pensioner payslips and P60s and make these available to the scheme members. This facility would require an additional cost to be added to the Online Member Portal.</p>

	<p>However the new payroll system that is being created and is due to go live in December may be able to provide this facility as standard. The Pensions Office is awaiting further information before beginning the advertising campaign to pensioner members as we are aware that this facility will be of great interest.</p>
Public Sector Pensions Legal Challenge	<p><u>Lord Chancellor and Secretary of State for Justice v McCloud and others</u></p> <p>With effect from April 2015 (April 2014 for the LGPS) all public sector pension schemes were subjected to reforms that changed the way benefits were accrued and the date from which they would become payable.</p> <p>However, the legality of these reforms was successfully challenged, and they were found to be discriminatory on the grounds of age. This challenge came to be referred to as 'McCloud'.</p> <p>The government consulted on what method of 'Remedy' should be used to remove the discrimination and on 10 March 2022 the Public Service Pensions and Judicial Offices Act 2022 received Royal Assent.</p> <p>The main purpose of the Act was to set out the intention of the 'McCloud Remedy' and implement it in the public service pension schemes.</p> <p>Further consultation determined the form the Remedy would take in respect of the LGPS, and the regulations were formally laid and then implemented with effect from 1 October 2023.</p> <p>For active scheme members retiring after the implementation date, their McCloud eligibility will be assessed by the Pensions Office and if appropriate their benefits will be based upon the terms of the Remedy. In addition, from September 2025 onwards, all Annual Benefit Statements issued to active and deferred members must include details in respect of the Remedy and how it affects their individual benefits.</p> <p>With regards to retired members, all retirements since the introduction of the career average scheme in April 2014 will need to be assessed for eligibility for the McCloud Remedy. For those deemed to be eligible, their benefits in payment will need to be recalculated under the terms of the Remedy and any appropriate adjustments made and arrears paid. This process will also apply for the pensions being paid to the survivors/dependants of an eligible member who passed away before the Remedy was implemented.</p> <p>The Pensions Office has implemented the Remedy in respect of active scheme members and all retirements that</p>

	<p>have occurred since the implementation date (i.e. 1 October 2023) have been processed on this basis.</p> <p>The Pensions Office is currently working on the 2025 Annual Benefit Statements (ABS), which for eligible active and deferred scheme members must be provided by 31 August 2025 and reflect the estimated underpin protection as provided for by the McCloud Remedy.</p> <p>Updates regarding the implementation of the McCloud Remedy will continue to be brought to each Board meeting.</p>
Pension Committee Training	<p>All Members of the Board 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 and to provide details of modules passed to the Pensions Manager.</p>
Pensions Office Key Performance Indicators	<p><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 multiple sources in one place. The intention is to support better planning for retirement, and help individuals reconnect with any pension pots they may have lost over time.</p> <p>In respect of Public Sector Pension Schemes, the initial expectation was that schemes would be required to</p>

	<p>connect to the online dashboard infrastructure by 30 September 2024.</p> <p>However, a written Ministerial Statement made on 2 March 2023 stated that delays setting up the dashboard programme has meant that the original timetables have been re-considered.</p> <p>A revised staging timetable has been set out in guidance with all schemes in scope given a single connection deadline of 31 October 2026, by which time they are legally required to be connected to the pensions dashboard ecosystem and be ready to respond to requests for pensions information.</p> <p>However, the guidance also sets out a staging timetable which provides a recommended connection date based upon scheme size and type – the connection date for public sector pension schemes is 31 October 2025.</p> <p>The Pensions Regulator (TPR) updated its ‘Failing to comply with dashboards duties’ guidance in June 2023: (<a href="https://www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/dashboards-guidance/failing-to-comply-with-pensions-dashboards-duties">https://www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/dashboards-guidance/failing-to-comply-with-pensions-dashboards-duties</a>). The purpose of the guidance is to outline what schemes will need to do to demonstrate that they have had regard to the staging timetable that will be set out in the connection guidance.</p> <p>TPR expectations of schemes to show they ‘have regards to the connection guidance’ includes:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Although the timelines in the guidance are not mandatory, schemes will be expected to demonstrate how they have had regard to the guidance.</li> <li>• A phased approach to staging enables a controlled and well-planned connection, reduces the risk of provider capacity constraints and means savers can realise the benefits of dashboards as early as possible.</li> <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</p>
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	<p>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>The Pensions Office is currently in discussions with an ISP with regards to appointing them to provide this service for both the Local Government and Police Pension Scheme as administered by the City of London.</p> <p>At the point of writing discussions were ongoing, but the City has a notional implementation date agreed with the provider of early July. Implementation is expected to take approximately 10 weeks, and it is therefore expected that the service will be in place in September.</p> <p>While the City of London is expected to connect to the Pensions Dashboard staging date of 31 October 2025, the service will not be released to the general public until a later date. Schemes will be given at least 6 months' notice before the public go-live date.</p> <p>Updates regarding the progress being made in respect of the Dashboards project will be brought to each Board meeting.</p>
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### **Recommendation**

The Board 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

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

<b>Date Due</b>	<b>Event</b>	<b>Completed</b>
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)	30 January 2025
1 April 2025	Employee Contribution band review/implementation.	1 April 2025
6 April 2025	Revaluation of CARE benefits.	6 April 2025
1 Monday in April following Tax Year End	Pensions Increase (PI) – Annual Inflation increase.	7 April 2025
May 2025	Tax return for Quarter 4 (to 31/3/2025)	19 May 2025
31 May 2025	Pensioner P60s distributed	31 May 2025
30 June 2025	Publish draft City Fund Accounts 2024/25 (including the Pension Fund Accounts)	30 June 2025
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.	
30 September 2025	Employee Contribution Band review	
5 October 2025	Issue of Annual Allowance (AA) Saving Statements deadline	
November 2025 (TBC)	Scheme Return to the Pensions Regulator	
November 2024	Tax return for Quarter 2 (to 30/09/2024)	
1 December 2025	Publication of 2024/25 Pension Fund Accounts and Annual Report	
February 2026	Tax Return for Quarter 3 (to 31/12/2025)	

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

Task	Target (Working Days)	Result 2023/24	Result 2022/23	Result 2021/22
Initial payment of retirement benefits	5 days*	94.32%	97.35 %	98.61 %
Process refund and make payment	5 days	95.79%	94.85 %	98.44 %
Statement notifying estimate of retirement benefits	20 days	96.57%	97.04 %	96.17 %
Statement detailing transfer-in credit	20 days	100.00%	100.00 %	100.00 %
Transfers-out payments	20 days	100.00%	100.00 %	100.00 %
Answering general correspondence:	10 days	94.99%	96.50 %	96.83 %
Payment of lump sum death grants:	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	Quarter 4 01/01/2025 – 31/03/2025	Number of cases in Quarter 4	Total for the year 01/04/2024 – 31/03/2025	Total number of cases for the year
Initial payment of retirement benefits	10 days*	95.35%	93.48%	97.44%	98.39%	62	96.32%	190
Process refunds and make payments	5 days	90.91%	91.67%	93.33%	86.67%	15	90.57%	53
Statement notifying estimate of retirement benefits	20 days	94.92%	97.56%	100%	96.55%	29	96.69%	151
Statement detailing transfer-in credit	20 days	96.55%	97.92%	100%	100%	34	98.46%	130
Transfers-out payments	20 days	100%	100%	100%	n/a	0	100%	56
Answering general correspondence	10 days	96.06%	97.50%	100%	97.78%	180	97.73%	573
Payment of lump sum death grants	14 days	100%	100%	100%	100%	1	100%	18
Letters to dependant's in respect of benefits due	5 days	100%	100%	94.12%	96.00%	25	97.14%	70

\* At the June 2024 LG Pensions 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 – For Decisions Local Government Pensions Board – For Information	<b>Dated:</b> 13 February 2025 21 July 2025
<b>Subject:</b> Risk Register for the Pensions Committee	<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>	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

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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		Impact			
	X	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
Page 4 <b>NHB Pensions 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>		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><del>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.</del></p> <p>In February 2021 HM Treasury published its response to the</p>		4	31-Aug-2025	

11-Aug-2022

consultation document and set out its preferred remedy choice.

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.

On 10 March 2022 the Public Services and Judicial Offices Act 2022 received Royal Assent.

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.

The finalised LGPS (Amendment) (No.3) Regulations 2023 came into force from 1 October 2023 and amended the LGPS Regulations 2013 accordingly.

Since this date, all new retirements have been calculated with reference to the Remedy.

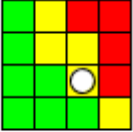
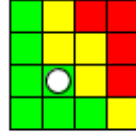

From August 2025 onwards, Annual Benefit Statements (ABS) should include information in respect of the McCloud Remedy for all affected members.

24 Jan 2025

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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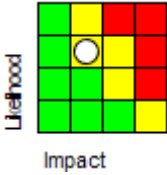
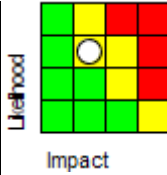

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>CHB Pensions 001 Insufficient Assets</b>  <div style="position: absolute; left: -60px; top: 50%; transform: translateY(-50%); font-weight: bold;">Page 45</div>	<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>		<b>8</b>	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 <u>30 November 2024</u> , 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.  <b>24 Jan 2025</b>		<b>4</b>	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.	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. <u>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.</u>	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

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB Pensions 007a	Pensions administration staff to be aware of the corporate policy regarding cyber security and to follow the guidelines given <u>integrating cyber security into risk management processes.</u>	Corporate online training regarding cyber-security to be carried out by all staff and reviewed as required <u>integrating cyber security into risk management processes.</u>	Graham Newman	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

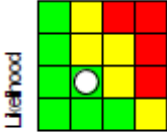
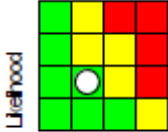

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB Pensions 007b Targeted returns Page 48	<p><b>Cause:</b> Fund managers (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>	 <p>Liability Impact</p>	6	<p>The performance of fund managers and their aggregate performance is reported against target to the Pensions Committee. The Pensions Committee will set a diversified investment strategy to mitigate volatility and as such it expects different parts of the strategy to outperform at different times. <a href="#">The Strategic Asset Allocation was revised in September 2023.</a></p> <p>Following the revised Strategic Asset Allocation, which agreed investment into three new asset classes including Corporate Bonds in September 2023, the Pension Fund invested into the LCIV Buy and Maintain funds (Corporate bonds) in December 2023. 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</p>	 <p>Liability Impact</p>	6	31-Mar-2025	



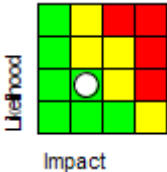
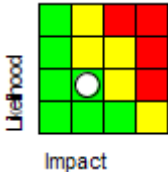
<p>Page 49</p> <p>17-Aug-2022</p> <p>Caroline Al-Beyerty</p>			<p>investment was moved under pool management. Therefore 43% (including commitments) of CoL PF assets are now under Pool management.</p> <p>The London CIV is a pooling vehicle for which the City of London Pension Fund is a shareholder. CoL PF assets under management are held in <del>six</del> <u>eight</u> funds – Global Alpha Growth Fund (managed by Baillie Gifford), Alternative Credit Fund (managed by CQS), Buy and Maintain Fund – Short duration and Buy and Maintain Fund – Long duration (managed by Insight), Renewable Infrastructure Fund (multiple managers), <u>Global Equity Value (managed by Wellington), Global Equity Quality (managed by Morgan Stanley)</u> and the M&amp;G UK Residential Fund. <u>The Pension Fund is currently 61% pooled (including commitments).</u></p> <p>24 Jan 2025</p>				Constant

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>31 July 2024</del> , <u>30 November 2024</u> , along with the Investment Consultant's quarterly report (to <del>June 2024</del> ) is reported to the Pensions Committee on <del>17 September 2024</del> , <u>13 February 2025</u> .	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
CHB Pensions 003 Short term Cash flows  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	 Impact	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>	 Impact	4	31-Mar-2025	 Constant

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

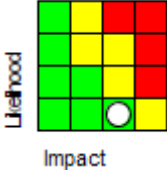
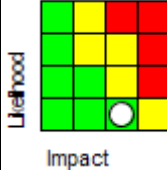

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
CHB Pensions 004a	Pensions administration staff to be aware of the corporate policy regarding data security and to follow the guidelines given.	Corporate online training regarding data-security to be carried out by all 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

[illegible]

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

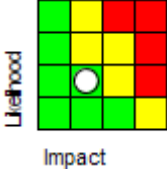
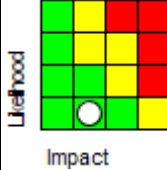
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CHB Pensions 008a	Job descriptions used at recruitment to attract candidates with skills and experience related to LGPS administration. The appraisals process to monitor progress and assess training needs.	Ensuring that candidates with the necessary 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.		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>		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
CHB Pensions 012 Governance/Legislative Compliance  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.  24 Jan 2025		2	31-Mar-2025	Constant

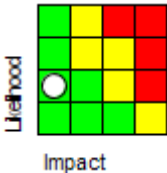
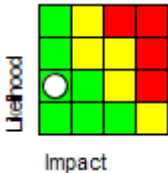

Action no	Action description	Latest Note		Action owner	Latest Note Date	Due Date
CHB Pensions 012a	Training provided to Committee Members on a range of investment topics and asset classes on a needs basis. Continued Professional Development (CPD) records maintained and updated annually.	A review will 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
CHB Pensions <b>013 Responsible investment duties</b>	<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>	 <div>Likelihood</div> <div>Impact</div>	4	<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 will be undertaken during 2024/25 to better understand the latest risks and opportunities associated with the City’s Financial investments.</p>	 <div>Likelihood</div> <div>Impact</div>	4	31-Mar-2025	Constant
17-Aug-2022 Kate Limna				24 Jan 2025				

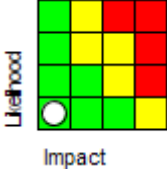
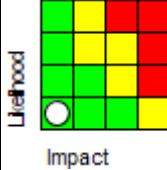

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
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CHB Pensions 013a	Reporting on responsible investment activities to the Principles for Responsible Investment is completed on an annual basis. The Committee (along with 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></p> <p><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>  Aug-2022 Kate Limna	<b>Cause:</b> (i) Not notified of death. (ii) Staff acting inappropriately (iii) Pension transfer scams  <b>Event:</b> (i) Fraudulent claim of pension benefits (ii) pension benefits transferred to an inappropriate / unauthorised body.  <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		2	If the death of a LGPS beneficiary is not reported, their pension may continue to be paid when there is no longer an entitlement.  This may be a deliberate failure to report the death or may be where there is no fraudulent intention, but in either case it will lead to benefit overpayment and a potential financial loss.  Scammers design attractive offers to persuade members to transfer their pension pot to them or to release funds from it. It is then invested in unusual and high-risk investments or simply stolen outright.  <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 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>  28-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

CHB Pensions 002c	Checking for errors or inconsistencies in valuation extract report before submission to the Actuary.	Officers review data quality prior to submission to the actuary. Additionally, scheme member data is submitted separately from employer level cash flow data, which are held on two distinct management information systems. As a result, errors are more easily identified during the valuation process itself. For example, if the scheme member data demonstrates that a given number of scheme members belonging to a single employer retired during the valuation period then this should also be evident from the benefit payments reported in the cash flow data.	Kate Limna; Graham Newman	24-Jan- 2025	31-Mar- 2025
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<b>Committee(s):</b> Audit and Risk Management Committee – For decision Finance Committee – For information Pensions Committee – For information Local Government Pensions Board – For information	<b>Dated:</b> 12 May 2025 04 June 2025 07 July 2025 21 July 2025
<b>Subject:</b> Statement of Accounts Update for City Fund, Pension Fund, and City's Estate	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>N/A</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of:</b> The Chamberlain	<b>For Information</b>
<b>Report author:</b> Iain Jenkins, Chief Accountant	

## Summary

This report provides an update on the production of the 2024-25 Statement of Accounts and planning for the 2024-25 audit of the City Fund, Pension Fund, and City's Estate accounts.

The attached External Auditor's reports outline Grant Thornton's work plan for undertaking the audit of the City Fund and Pension Fund Accounts for 2024-25. In addition, the reports outline the work they will undertake to reach a Value for Money conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness in the use of resources. The report also identifies specific risks and includes a statement of their fees.

Crowe's Audit Plan for the audit of the City's Estate group, and other charity accounts is also attached. This also identifies specific risks and includes a statement of their fees.

## Recommendation(s)

The **Audit and Risk Management** Committee is asked to:

- **Note** the Indicative City Fund Audit Plan for 2024-25 as set out in Appendix 1
- **Note** the Indicative Pension Fund Audit Plan for 2024-25 as set out in Appendix 2
- **Approve** the responses from Management for both the City Fund and Pension Fund as per Appendix 3 and Appendix 4
- **Note** the Indicative City's Estate Audit Plan for 2024-25 as set out in Appendix 5

The **Finance Committee** is asked to:

- **Note** the responses from Management for the City Fund as per Appendix 3

The **Pensions Committee** and **Local Government Pensions Board** are asked to:

- **Note** the indicative Pension Fund Audit Plan for 2024-25 as set out in Appendix 2
- **Note** the responses from Management for the Pension Fund as per Appendix 4

### **Main Report**

#### **Background and current position – City Fund and Pension Fund**

1. The Audit and Risk Management Committee oversees the City of London Corporation's systems of internal control and makes recommendations to the Finance Committee relating to the approval of the City Fund Annual Statement of Accounts – this includes the Pension Fund accounts.
2. The Authority will publish its draft accounts for the City Fund for the 2024-25 financial year prior to the statutory deadline of 30 June 2025, adhering to the previous deadline of 31<sup>st</sup> May.
3. Grant Thornton will be carrying out the external audit of the City Fund and Pension Fund accounts for 2024-25. The audit for City Fund is due to commence in June 2025, the Pension Fund audit will begin in July 2025 and both are scheduled to run through to September 2025. It is considered good practice and part of the assurance framework for the External Auditor to report to the Audit and Risk Management Committee at regular intervals.
4. Grant Thornton will report the findings arising from their work on the 2024-25 audit to this Committee at the 15<sup>th</sup> September meeting, following the conclusion of the audit. The statutory deadline for the City Fund Accounts (including the Pension Fund Accounts) to be approved is 30<sup>th</sup> September 2025.
5. As the Pension Fund accounts form part of the City Fund accounts as a whole, the Audit and Risk Management Committee retain ultimate responsibility for receiving and considering audit plans as well as receiving any reports arising from the audit. The Pension Fund Audit Plan for 2024-25 is included in Appendix 2; the audit plan and any reports arising from the audit will also be reported to the Pensions Committee and Local Government Pensions Board (for information).
6. As part of their audit planning procedures, the auditors have engaged in a series of inquiries with the management regarding various aspects such as fraud and compliance with laws and regulations. The responses to these inquiries are presented in Appendices 3 and 4 (for the City Fund and the Pension Fund respectively) for review by the Committee. Members are encouraged to take note of these responses and provide any additional comments for further consideration.

#### **Background and current position – City's Estate group and other charities**

7. Unlike the City Fund accounts, there is no statutory deadline for the publication and audit of the City's Estate Group accounts. However, there are requirements of the private placement loans which have been taken out which require signed off accounts to be provided by 23<sup>rd</sup> December following the end of each financial year.

Some individual entities, charities and trusts have their own specific deadlines for reporting and submission to the Charity Commission and Companies House.

8. The filing deadline for annual returns to the Charity Commission is ten months after financial year end for each entity. For the majority of the charities and trusts this deadline is 31<sup>st</sup> January 2026, with the exception of Almshouses (30<sup>th</sup> September 2025), the Charities Pool (30<sup>th</sup> November 2025) and the Girls School Bursary Fund (30<sup>th</sup> November 2025).
9. The deadline from the Office for Students for GSMD to submit their annual financial return is five months after financial year end (31<sup>st</sup> August 2025).
10. The filing deadline for Companies House (which would be applicable to the accounts for the Lord Mayor's Show, Barking Power Limited and Thames Power Limited) is nine months after financial year end. For Barking Power Limited and Thames Power Limited the filing deadline is 31<sup>st</sup> December 2025. For the Lord Mayor's Show the filing deadline is 28<sup>th</sup> February 2026, as those accounts are prepared based upon a year end of 31<sup>st</sup> May.
11. To meet these deadlines, Crowe have set out their timetable which would see their final report return to Audit and Risk Committee on 17<sup>th</sup> November 2025.
12. The planning report (Appendix 5) sets out the areas identified as significant audit risks, materiality levels as well as the staffing resources fees and timetable to be followed.

### **Corporate & Strategic Implications**

13. Strategic implications – There are no specific links to the Corporate Plan. However, the accounts assist the City Corporation in maintaining a clear and transparent dialogue regarding its activities with residents and other stakeholders.
14. Financial implications – The fees for the audits are included within the appendices and can be met from the existing Finance Committee budget provision.
15. Legal implications – The recommendations of the report request the Audit and Risk Management Committee to note indicative Audit Plans for 2024-25, which outlines the auditors' planning and approach to the audit, including the audit timetable. The Committee is not requested to make any decision and there are no significant legal implications arising from the content of this report.

### **Conclusion**

16. The attached External Auditor's report outlines Grant Thornton's work plan for undertaking the audit of the City Fund and Pension Fund Accounts for 2024-25, and Crowe's work plan for undertaking the audit of the City's Estate group accounts and charities accounts for 2024-25. The reports also identify specific risks and includes a statement of the auditors' fees which have been reviewed and queried by officers as appropriate.

17. In addition, the report also outlines the work that Grant Thornton will undertake to reach a Value for Money conclusion on the Corporation's arrangements to secure economy, efficiency and effectiveness in the use of resources.

### **Appendices**

- Appendix 1 - City Corporation City Fund Audit Plan 2024-25 (Not included for Local Government Pensions Board)
- Appendix 2 - City Corporation Pension Fund Audit Plan 2024-25
- Appendix 3 - City Corporation City Fund Informing the audit risk assessment 2024-25 (Not included for Local Government Pensions Board)
- Appendix 4 - City Corporation Pension Fund Informing the audit risk assessment 2024-25
- Appendix 5 - City Corporation City's Estate Audit Plan 2024-25 (Not included for Local Government Pensions Board)

### **Background Papers**

None

### **Iain Jenkins**

Chief Accountant

E: [iain.jenkins@cityoflondon.gov.uk](mailto:iain.jenkins@cityoflondon.gov.uk)

# **The Audit Plan for City of London Corporation Pension Fund**

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Year ending 31 March 2025

April 2025



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# 01 Key developments impacting our audit approach

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# Local Audit Reform

## External factors

### Proposals for an overhaul of the local audit system

On 18 December 2024, the Minister of State for Local Government and English Devolution, Jim McMahon OBE, wrote to local authority leaders and local audit firms to announce the launch of a strategy to overhaul the local audit system in England. The proposals were also laid in Parliament via a Written Ministerial Statement.

- The government’s strategy paper sets out its intention to streamline and simplify the local audit system, bringing as many audit functions as possible into one place and also offering insights drawn from audits. A new Local Audit Office will be established, with responsibilities for:
  - Coordinating the system – including leading the local audit system and championing auditors’ statutory reporting powers;
  - Contract management, procurement, commissioning and appointment of auditors to all eligible bodies;
  - Setting the Code of Audit Practice;
  - Oversight of the quality regulatory framework (inspection, enforcement and supervision) and professional bodies;
- Reporting, insights and guidance including the collation of reports made by auditors, national insights of local audit issues and guidance on the eligibility of auditors.

The Minister also advised that, building on the recommendations of Redmond, Kingman and others, the government will ensure the core underpinnings of the local audit system are fit for purpose. The strategy therefore includes a range of other measures, including:

- setting out the vision and key principles for the local audit system;
- committing to a review of the purpose and users of local accounts and audit and ensuring local accounts are fit for purpose, proportionate and relevant to account users;
- enhancing capacity and capability in the sector;
- strengthening relationships at all levels between local bodies and auditors to aid early warning system; and
- increased focus on the support auditors and local bodies need to rebuild assurance following the clearing of the local audit backlog.

### Our Response

Grant Thornton welcomes the proposals, which we believe are much needed, and are essential to restore trust and credibility to the sector. For our part, we are proud to have signed 83% of our 2022/23 local government audit opinions without having to apply the local authority backstop. This compares with an average of less than 30% sign off for other firms in the market. We will be keen to work with the Ministry of Housing, Communities and Local Government (MHCLG), with existing sector leaders and with the Local Audit Office as it is established to support a smooth transition to the new arrangements.

Locally, we completed all prior year pension fund audits ahead of backstop deadlines with unqualified opinions for City of London Corporation Pension Fund.



# Key developments impacting our audit approach

## National Context

### Administration and Governance

The total membership of the LGPS was 6.7 million people. Of this number around one third are active employees who still contribute to the scheme. 71.1% (4.8 million) of all the members of the LGPS are covered by local authorities and other connected bodies, though local authorities and connected bodies represent only 16.5% of employers (with 3,478 employers). In total, there were 21,131 employers covered by the Local Government Pension Scheme at the end of March 2024.

In respect of administration and governance some key matters impacting 2024/25:

The Pension Regulator’s (TPR) General Code of Practice came into effect on 28 March 2024. It replaces Code of Practice 14 for public service pension schemes and brings together ten previous codes into one. The Code provides an opportunity for funds to review current practices but also presents challenges during what is already a busy time for the LGPS.

The Pensions Dashboards Regulations 2022 set out in law the connection to the ecosystem and that maintenance of connection is a legal requirement, it also sets out that schemes must connect to the ecosystem by the ‘connection deadline’ 31 October 2026. To avoid placing undue strain on all parties facilitating connection, the Department for Work & Pensions (DWP) published guidance confirming that public service pension schemes should ‘connect by’ 31 October 2025.

- The regulations implementing the McCloud remedy took effect from 1 October 2023. Statutory Guidance was published in June 2024 and pension funds have, for most members, the period up until a fund’s annual benefit statements for 2024/25 are issued to complete implementation i.e. by the end of August 2025.

In planning our audit, we have taken account of this national context in designing a local audit programme which is tailored to your risks and circumstances.

## Local Context

The total membership of the City of London Corporation Pension Fund (the ‘Fund’) was c. 15,500 people as at the end of March 2024. Of this number around one third are active employees who still contribute to the scheme. In total, there were 11 active employers covered by City of London Corporation Pension Fund at the end of March 2024.

In respect of administration and governance some key matters impacting 2024/25 include:

- The City’s Actuary, Barnett Waddingham (BW), have analysed the TPR’s General Code of Practice to identify if there are any gaps or improvements required in current arrangements. This was reported to the Pensions Committee (in February) and Local Government Pensions Board, and improvements identified are being addressed by the Fund
- The Fund has continued to work through the processes for connecting to the Pensions Dashboard ecosystem and is on track to meet the October 2025 deadline. The rollout was acknowledged in the December 2024 Pensions Scheme – Administrator’s Update. Further updates are scheduled to be made at upcoming committee meetings
- The Fund has continued to implement the McCloud remedy. No significant issues have been encountered. 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. The Pensions Office, in conjunction with each individual Scheme employer, is currently compiling the details of all retirements since April 2014 to assess eligibility and begin the process of re-calculating benefits where appropriate. Active and deferred scheme members must be provided with details by 31 August 2025 and it is expected that all retired scheme member will have been contacted by then

# Key developments impacting our audit approach (continued)

## National and International Context

### Investments and Funding

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Triennial valuations for local government pension funds as at 31 March 2022 (the 2022 valuation) were published in March 2023. These valuations, provide updated information regarding the funding position of local government pension funds and set employer contribution rates for the period 2023/24 – 2025/26. In August 2024 the Government Actuary’s Department (GAD) published its Section 13 report analysing the outcomes of the valuations. GAD noted that funding levels have improved since 2019, however not all funds were in a surplus after the 2022 valuation, with 26 out of 87 being in deficit. In addition, there continues to be considerable variation between funds, with the highest funding level at 154% and the lowest funding level at 67%. This is a wider range than previously reported in the 2019 valuation. The average primary contribution rate to cover future benefit accruals has increased from 18.6% to 19.8% following the 2022 valuations.

At the end of March 2024, the market value of LGPS funds was £391.5 billion, an increase of 9.0% compared to the end of March 2023. Total LGPS income in England and Wales in 2023-24 was £20.7 billion with expenditure of £17.1 billion.

The Fund will be entering the 2025 valuation (as at 31 March 2025) process this calendar year. The valuation will set employer contribution rates for 1 April 2026 through to 31 March 2029. The national and international economic context continue to present challenges for pension funds with a consequential impact on the investments held by pension funds but investment performance and setting stable, affordable contributions for employers will be key factors.

In July 2024 the government launched a Pensions Review of workplace defined contribution pensions schemes and the Local Government Pension Scheme in England and Wales (LGPS). The focus of the review for the LGPS is to look at how tackling fragmentation and inefficiency can unlock the investment potential of the scheme, including through further consolidation. This review, Fit for the Future, is being led by the Ministry of Housing, Communities and Local Government (MHCLG). Consultation on the Government’s proposals sought views in three key areas; reforming the LGPS asset pools, boosting LGPS investment in their localities and regions in the UK, and strengthening the governance of both LGPS administering authorities (AAs) and LGPS pools. The consultation closed in January 2025 and outcomes from it are now awaited although we understand that the London CIV has had its proposals for pooling its remaining assets by March next year approved.

In planning our audit, we have taken account of this national and international context in designing a local audit programme which is tailored to your risks and circumstances.

## Local Context

The net assets of the City of London Corporation Pension Fund as at the end of March 2024 amounted to £1,495.8m (31 March 2023: £1,375.4m).

- In respect of Investments and Funding some key matters impacting 2024/25 include:
- For City of London Corporation Pension Fund (the ‘Fund’), the 2022 triennial valuation was undertaken by Barnett Waddingham, and showed that the Fund had assets sufficient to cover 98% of the accrued liabilities as at 31 March 2022, which had increased from 90% at the 2019 valuation.
  - Following each triennial valuation, the Government Actuary’s Department (GAD) publish a Section 13 report. This report provides a review or health check of the Local Government Pension Scheme and is mandated under Section 13 of the Public Services Pensions Act 2013. This report went to the September meeting of the Pensions Committee. The City of London Corporation Pension Fund has met all the criteria of the Section 13 valuation although one white flag was raised. The key aim of the review was to ensure that the contributions are set at a suitable level to target 100% funding, over an appropriate period, using suitable assumptions for the fund. There is no requirement to take any action as a result of the white flag, however the Fund may want to think about how it can minimise the risk of any flags being raised following completion of the 2025 valuation.
  - We expect requests to be received from employer body auditors to undertake work on the accuracy and completeness of the information provided to the actuary as part of the 2025 valuation process.
  - During 2024/25 the Fund continued to move assets into London CIV Pool. As at 2024/25 year end, there are 3 new Investments, 2 of which were through the London CIV (level 2) and one Infrastructure Manager (level 3).
  - There is an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to ongoing financial pressures. We are required to identify a significant risk in relation to management override of controls.

# Key developments impacting our audit approach (continued)

## Our commitments

- As a firm, we are absolutely committed to audit quality and financial reporting in local government and local government pension schemes. Our proposed work and fee, as set out further in this Audit Plan, has been agreed with the Chamberlain.
- To ensure close work with audited bodies and an efficient audit process, our preference as a firm is either for our UK based staff to work on site with you and your staff or to develop a hybrid approach of on-site and remote working. Please confirm in writing if this is acceptable to you, and that your staff will make themselves available to our audit team.

We would like to offer a formal meeting with the Corporate Treasurer and with the Chamberlain/Corporate Treasurer quarterly as part of our commitment to keep you fully informed on the progress of the audit.

At an appropriate point within the audit, we would also like to:

- meet informally with the Chair of your Audit and Risk Management Committee, to brief them on the status and progress of the audit work to date, and
  - In line with best practice, offer to meet in private with the full Audit and Risk Management Committee.
- We will continue to provide you and your Audit and Risk Management Committee with sector updates providing our insight on issues from a range of sources and other sector commentators via our Audit and Risk Management Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other clients to support consistent and accurate financial reporting across the sector.



# 02 Introduction and Headlines

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# Introduction and headlines



## Purpose

- This document provides an overview of the planned scope and timing of the statutory audit of City of London Corporation Pension Fund (the ‘Fund’) for those charged with governance.

## Respective responsibilities

- The National Audit Office (‘the NAO’) has issued the Code of Audit Practice (‘the Code’). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Deed signed on 1 November 2022, which includes our engagement letter.

## Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Fund’s financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Risk Management Committee); and we consider whether there are sufficient arrangements in place at the Fund.

The audit of the financial statements does not relieve management or the Audit and Risk Management Committee of their responsibilities. It is the responsibility of the Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Fund is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Fund’s business and is risk based.

# Introduction and headlines (continued)



## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of Level 3 investments

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £29m (PY £25m) for the Pension Fund, which equates to 2% of your gross investment assets as at 31 March 2024.

We have determined a lower specific planning materiality for the Fund Account of £7.2m (PY £6.4m), which equates to 10% of prior year gross expenditure on the fund account.

We are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. Clearly trivial has been set at £1.45m (PY £1.25m).

## Audit logistics

Our interim visit took place in February and April 2025 and our final visit will take place in July–September. Our key deliverables are this Audit Plan, Auditor’s Report and our Audit Findings Report.

Our proposed fee for the audit is £95,000 (PY: £49,200) for the Fund, subject to the Fund delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

Our understanding is that the Custodian does not independently value the Pension Fund’s Investments, meaning we are not able to triangulate valuations included in the financial statements to investment manager and custodian confirmations for these investments. As a result, we carry out further audit procedures to gain assurance over the valuations of these investments.

The fund holds no Level 1 investments.

For Level 2 investments we will agree these to available market information where available and we will supplement this with other information (e.g. the financial statements for pooled property funds) where market information is not readily available.

See page 14 for further details regarding our approach to auditing the valuation of Level 3 Investments.

We have complied with the Financial Reporting Council’s Ethical Standard (revised 2024) 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.

# 03 Identified risks

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# Significant risks identified

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.

Significant risk	Risk relates to	Audit team’s assessment	Planned audit procedures
Management override of controls <div>Significant</div>	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	We will: <ul style="list-style-type: none"><li>• Review of accounting estimates, judgements and decisions made by management</li><li>• Testing of journals entries</li><li>• Review of unusual significant transactions</li><li>• Incorporate an element of unpredictability into our audit procedures</li></ul>

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“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management’s assumptions and request evidence to support those assumptions.



# Significant risks identified (continued)

Significant risk	Risk relates to	Audit team’s assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue	<p>We have identified and completed a risk assessment of all revenue streams for the Fund. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams, because:</p> <ul style="list-style-type: none"><li>• there is little incentive to manipulate revenue recognition;</li><li>• opportunities to manipulate revenue recognition are very limited; and</li><li>• the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable.</li></ul> <p>Therefore, we do not consider this to be a significant risk for the Pension Fund.</p>	We do not consider this to be a significant risk for the Fund and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.
The expenditure cycle includes fraudulent transactions	Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.	<p>We have identified and completed a risk assessment of all expenditure streams for the Fund. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk, because:</p> <ul style="list-style-type: none"><li>• there is little incentive to manipulate expenditure recognition;</li><li>• opportunities to manipulate expenditure recognition are very limited; and</li><li>• the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable.</li></ul> <p>Therefore, we do not consider this to be a significant risk for the Pension Fund.</p>	We do not consider this to be a significant risk for the Fund and standard audit procedures will be carried out. We will keep this consideration under review throughout the audit to ensure this judgement remains appropriate.

# Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
<div>Valuation of Level 3 Investments</div> <div>Significant</div> <div>Relevant Assertion(s)</div> <div>Valuation, Existence</div> <div>Applicable Assertion(s)</div> <div>Rights &amp; Obligations, Presentation</div> <div>Planned level of control reliance</div> <div>None</div>	The valuations of level 3 investments are based on unobservable inputs and hence there is a risk of material misstatement due to error and/or fraud.	By their nature Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant accounting estimate by management in the financial statements due to the size of the balance (£221.8m as at 31 March 2024) and the sensitivity of the estimate to changes in key assumptions. We have therefore identified the valuation of Level 3 investments as a significant risk.	<div>We will:</div> <ul style="list-style-type: none"><li>• Evaluate management's processes for valuing Level 3 investments;</li><li>• Obtain and review the audited financial statements of the investment accounts, where these are at a different reporting date to the Fund's financial statements the valuations will be compared accounting for cashflows;</li><li>• Obtain and review the corresponding investment manager report as at the investment accounts and the Fund accounts reporting dates where appropriate;</li><li>• Review purchase and sale transactions of the investment near the reporting date where appropriate;</li><li>• Review the guidelines under which the investment has been valued at the date of the investment accounts and the Fund accounts;</li><li>• Review management's classification of the assets;</li><li>• Obtain and review investment manager service auditor report on design and operating effectiveness of internal controls where appropriate.</li></ul>

# Other risks identified

Other risks are, in the auditor’s judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an ‘other risk’ is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Description	Planned audit procedures
<div>Valuation of Level 2 Investments</div> <div>Significant class of transactions</div> <div>Relevant Assertion(s)</div> <div>Existence, Valuation</div> <div>Applicable Assertion(s)</div> <div>Rights &amp; Obligations, Presentation</div> <div>Planned level of control reliance</div> <div>None</div>	<div>Level 2 investments do not carry the same level of inherent risks associated with level 3 investments, however there is still an element of judgement involved in their valuation as their very nature is such that they cannot be valued directly. These assets represent a class of transaction in the financial statements due to the size of the balance (£1,262m as at 31 March 2024) As a result, the valuation of the Fund’s Level 2 investments have been identified as ‘other risk’ of material misstatement.</div>	<div>We will:</div> <div><ul style="list-style-type: none"><li>• Agree the valuation to the confirmation received from the investment manager;</li><li>• Agree the valuation back to quoted prices at year-end where available;</li><li>• Compare the valuation to purchase and sale transactions near the reporting date (where appropriate);</li><li>• Review the guidelines under which the investment has been valued (where appropriate);</li><li>• Obtain and review a service auditor’s report on internal controls for the investment manager;</li><li>• Review management’s classification in the fair value hierarchy for a sample of level 2 investments;</li><li>• Carry out more detailed testing where the planned procedures do not provide sufficient assurance.</li></ul></div>
<div>Actuarial Present Value of Promised Retirement Benefits disclosure – IAS 26</div> <div>Significant class of transactions</div> <div>Valuation</div> <div>Applicable Assertion(s)</div> <div>Presentation</div> <div>Planned level of control reliance</div> <div>None</div>	<div>The disclosure of the Fund’s Actuarial Present Value of Promised Retirement Benefits is an accounting estimate (net liability of £40.8m as at 31 March 2024) and is sensitive to changes in key assumptions. The Pension Fund engage the services of a qualified actuary to develop an IAS 26 compliant estimate of the disclosure. As a result, the disclosure of the Fund’s Actuarial Present Value of Promised Retirement Benefits have been identified as ‘other risk’ of material misstatement.</div>	<div>We will:</div> <div><ul style="list-style-type: none"><li>• Update 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;</li><li>• Evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary’s work;</li><li>• Assess the competence, capabilities and objectivity of the actuary who carried out the Fund’s valuation;</li><li>• Assess the accuracy and completeness of the information provided by the Fund to the actuary to estimate the liability;</li><li>• Test the consistency of disclosures with the actuarial report from the actuary; and</li><li>• Undertake 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></div>

# Other risks identified (continued)

Other risks are, in the auditor’s judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an ‘other risk’ is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Description	Planned audit procedures
Cash and cash equivalents <div>Significant class of transactions</div> Relevant Assertion(s) Completeness, Existence Applicable Assertion(s) Rights & Obligations, Presentation Planned level of control reliance None	The receipt and payment of cash represents a significant class of transactions occurring throughout the year, culminating in the year-end balance for cash and cash equivalents reported on the Net Asset Statement.	We will: <ul style="list-style-type: none"><li>Obtain direct confirmations for all bank accounts</li><li>Obtain monthly bank reconciliations as at the year-end and for one month post year-end, and</li><li>Where material, reconciling items will be tested to confirm clearance through the bank account after the year-end</li></ul>
Pension benefits payable <div>Significant class of transactions</div> Relevant Assertion(s) Accuracy Applicable Assertion(s) Completeness, Occurrence, Presentation Planned level of control reliance None	Pension benefits payable represents a significant percentage of the Fund’s expenditure.	We will: <ul style="list-style-type: none"><li>evaluate the Fund's accounting policy for recognition of pension benefits expenditure for appropriateness;</li><li>gain an understanding of the Fund's system for accounting for pension benefits expenditure and evaluate the design of the associated controls;</li><li>test a sample of lump sums and associated individual pensions in payment by reference to member files; and</li><li>test relevant member data to gain assurance over management information to support a predictive analytical review with reference to changes in pensioner numbers and increases applied in year to ensure that any unusual trends are satisfactorily explained.</li></ul>
Contributions receivable <div>Significant class of transactions</div> Relevant Assertion(s) Completeness Applicable Assertion(s) Accuracy, Occurrence, Presentation Planned level of control reliance None	Contributions from employers and employees represents a significant percentage of the Fund’s revenue.	We will: <ul style="list-style-type: none"><li>evaluate the Fund's accounting policy for recognition of contributions for appropriateness;</li><li>gain an understanding of the Fund's system for accounting for contribution income and evaluate the design effectiveness of the associated controls;</li><li>test a sample of contributions to source data to gain assurance over their accuracy and occurrence; and</li><li>test 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.</li></ul>

# Other risks identified (continued)

Other risks are, in the auditor’s judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an ‘other risk’ is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Description	Planned audit procedures
Financial instrument disclosures	Financial instrument and associated risk disclosures provide assisting users in understanding and evaluating:	We will:
Significant class of transactions		
Relevant Assertion(s)		
Accuracy		
Applicable Assertion(s)		
Completeness, Presentation		
Planned level of control reliance		
None	<ul style="list-style-type: none"><li>• The significance of financial instruments to the entity’s financial position and performance.</li><li>• The nature and extent of risks from financial instruments during, and at the close of, the reporting period.</li><li>• How the Fund manages these risks.</li></ul>	<ul style="list-style-type: none"><li>• Update our understanding of the processes and controls put in place by management to prepare the financial instrument disclosures</li><li>• Document and evaluate the Fund’s accounting policies for appropriateness and consistency</li><li>• Evaluate the instructions issued by management to their management expert/information provider for these disclosures</li><li>• Test the consistency of disclosures with the actuarial report from the actuary;</li><li>• For all material financial instrument disclosures confirm they are disclosed in accordance with IFRS 7, measured in accordance with IFRS 9 and classified in accordance with CIPFA guidance on IFRS 9 Financial Instruments</li></ul>

# Other matters

## Other work

The Pension Fund is administered by City of London Corporation (the 'Corporation'), and the Pension Fund's accounts form part of the Corporation's financial statements.

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read any other information published alongside the Corporation'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.

We consider our other duties under legislation and the Code, as and when required, including:

- Giving electors the opportunity to raise questions about your 2024/25 financial statements, consider and decide upon any objections received in relation to the 2024/25 financial statements;
- Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State.
- Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
- Issuing an advisory notice under Section 29 of the Act.
- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited Fund accounts.

## Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

# 04 Our approach to materiality

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# 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.

Matter	Description	Planned audit procedures
01	<b>Determination</b> We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Fund, including consideration of factors such as shareholder expectations, industry developments, financial stability and reporting requirements for the financial statements	<ul style="list-style-type: none"><li>We determine planning materiality in order to:<ul style="list-style-type: none"><li>establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements</li><li>assist in establishing the scope of our audit engagement and audit tests</li><li>determine sample sizes and</li><li>assist in evaluating the effect of known and likely misstatements in the financial statements.</li></ul></li></ul>
02	<b>Other factors</b> An item does not necessarily have to be large to be considered to have a material effect on the financial statements	<ul style="list-style-type: none"><li>An item may be considered to be material by nature when it relates to instances where greater precision is required.</li><li>Additionally, there may be items which we feel would benefit from a lower specific materiality for those account balances (e.g. the Fund Account). Details of lower specific materialities applied can be found on the next page.</li></ul>
03	<b>Reassessment of materiality</b> Our assessment of materiality is kept under review throughout the audit process	<ul style="list-style-type: none"><li>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality</li></ul>
04	<b>Matters we will report to the Audit and Risk Management Committee</b> Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Risk Management Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.	<ul style="list-style-type: none"><li>We report to the Audit and Risk Management Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</li><li>In the context of the Fund, we propose that an individual difference is clearly trivial if it is less than £1.45m (PY £1.25m). If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Risk Management Committee to assist it in fulfilling its governance responsibilities.</li></ul>



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)



# 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.

	Amount (£)	Qualitative factors considered
Headline materiality for the Fund’s financial statements	29,000,000	<ul style="list-style-type: none"><li>• The Fund’s portfolio is primarily level 2 assets, for which market data is available for audit purposes. Prior period experience noted limited findings with no adjusted or unadjusted misstatements raised in relation to the net assets statement.</li><li>• Headline Materiality for planning equates to 2% of your gross investment assets as at 31 March 2024.</li></ul>
Specific Materiality for Fund Account The lower specific materiality for the fund account will be applied to the audit of all fund account transactions, except for investment transactions, for which headline materiality will be applied.	7,230,000	<ul style="list-style-type: none"><li>• The contribution and benefit structures of the Fund are not complex as there are only 20 employers in the scheme, of which the corporation itself represents 92% of active members and of beneficiaries receiving a pension.</li><li>• Materiality for the Fund Account for planning equates to 10% of gross expenditure (in the fund account) as at 31 March 2024.</li></ul>



# 05 Progress against prior year audit recommendations

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# Progress against prior year audit recommendations

We identified the following issues in our 2023/24 audit of the Fund’s financial statements, which resulted in three recommendations being reported in our 2023/24 Audit Findings Report. We are pleased to report that management have implemented one our recommendations and that the remaining two recommendations are in progress.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>Journals authorisation</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>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.</p>
Addressed	<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>Risk</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 Administration Policy has been expanded to establish &amp; implement formal policies &amp; procedures to document any changes made to the Pensions Software (Altair) system. This updated policy went to the Pensions Committee as an agenda item in February 2025.</p>
In progress	<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>Risk</p> <p>Timeliness of journals authorisation enables the appropriate detection and correction of errors to be addressed in a timely manner.</p>	<p>As part of the SharePoint journal log referenced above, a check will be undertaken to ensure all authorisations have been actioned in a timely manner.</p>

# 06 IT audit strategy

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# IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

application	Audit area	Planned level IT audit assessment
General Ledger-Oracle E-Business Suite	Financial reporting	ITGC assessment (design and implementation) prepared by our IT Audit team in conjunction with the City of London Corporation's (administering authority) general ledger. Noting that the Oracle E-Business Suite system is hosted by the City of London Corporation's and used by the City of London Corporation Pension Fund.
Pension Administration System - Altair	Member Data	ITGC assessment (design and implementation) prepared by our IT Audit team





# 07 Logistics

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# Logistics

## The audit timeline

### Key Dates

Year end:	Audit and Risk Management Committee:	Pensions Committee:	Audit and Risk Management Committee:	Audit and Risk Management Committee:	Target Sign off:	Pensions Committee:
31 March 2025	12 May 2025	7 July 2025	14 July 2025	15 September 2025	16 September 2025	22 September 2025

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### Audit phases:

Planning –  
February to May 2025

Final –  
July-August 2025

Completion –  
September 2025

#### Key elements

- Planning meeting with management to set audit scope
- Agree timetable and deliverables with management and Audit and Risk Management Committee
- Issue the Audit Plan to management and Audit and Risk Management Committee
- Planning meeting with Audit and Risk Management Committee to discuss the Audit Plan (12 May 2025)
- Planning meeting with Pensions Committee to discuss the Audit Plan (7 July 2025)
- Document design effectiveness of systems and processes

#### Key elements

- Audit teams onsite to complete fieldwork and detailed testing
- Weekly update meetings with management
- Issue Audit progress report and sector update to management and Audit and Risk Management Committee

#### Key elements

- Draft Audit Findings issued to management
- Audit Findings meeting with management
- Draft Audit Findings issued to Audit and Risk Management Committee and Pensions Committee
- Audit Findings presentation to Audit and Risk Management Committee (15 September 2025)
- Audit Findings presentation to Pensions Committee (22 September 2025)
- Finalise and sign financial statements and audit report

# Our team and communications

## Grant Thornton core team

**Grant Patterson**

Engagement Lead/  
Key Audit Partner



**Jasmine Kemp**

Audit Manager



**Ronojit Dasgupta**

Audit Senior / In-charge



- Key contact for senior management and Audit and Risk Management Committee
- Overall quality assurance

- Audit planning
- Resource management
- Performance management reporting

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"><li>• Client Surveys</li></ul>	<ul style="list-style-type: none"><li>• The Audit Plan</li><li>• Audit Progress and Sector Update Reports</li><li>• The Audit Findings</li><li>• Auditor’s Annual Report</li></ul>	<ul style="list-style-type: none"><li>• Audit planning meetings</li><li>• Audit clearance meetings</li><li>• Communication of issues log</li></ul>	<ul style="list-style-type: none"><li>• Technical updates</li></ul>
Informal communications	<ul style="list-style-type: none"><li>• Open channel for discussion</li></ul>		<ul style="list-style-type: none"><li>• Communication of audit issues as they arise</li></ul>	<ul style="list-style-type: none"><li>• Notification of up-coming issues</li></ul>

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.



# 08 Fees and related matters

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# Our fee estimate

Our estimate of the audit fees we will charge is set out in the table below, along with the fees billed in the prior year

### Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC’s [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Description	Audit Fee for 2023/24	Proposed fee for 2024/25
	(£)	(£)
City of London Corporation Pension Fund Audit	39,500	95,000
IAS 19 letters**	2,200	1,100
Other*	7,500	0
<b>Total (Exc. VAT)</b>	<b>49,200</b>	<b>96,100</b>

\*Note that fees for other audit work required as part of the engagement are now subsumed within the main audit fee for 2024/25

\*\*In prior year audit our IAS19 assurance requests were from Museum of London (MoL) and the City Bridge Fund and City Cash auditor (Crowe) requested access to our files through to review the work on co-mingled asset valuations.

Whilst the City of London Corporation Pension Fund audit is outside of the PSAA contract, it is performed under the NAO's Code of Audit Practice. The NAO's Auditor Guidance Notes (AGNs) set out guidance to which local auditors must have regard under Section 20(6) of the Act. The guidance in AGNs supports auditors in meeting their requirements under the Act and the Code of Audit Practice published by the NAO on behalf of the C&AG.

Para 32 of AGN 07 notes “ .... the provision of IAS 19 assurances to auditors of relevant authorities under the Act and in accordance with the protocol should be considered work undertaken under the Code of Audit Practice. Arrangements for provision of assurances to auditors of other admitted bodies should be considered by auditors in accordance with their firm’s policies on such matters.”

In the prior year, our audit fee included £7,500 to support assurances and file sharing for the for the City Bridge Foundation and City’s Estate audit which would therefore be considered audit work under the Code.

As the MoL is not a body audited under the Code and as the IAS 19 work would not be required to support the audit of the Fund itself, it will continue be treated as an audit related non-audit service (£1,100). The £1,100 does not exceed the audit fee.

### Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

### Our fee estimate:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made while preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

### Wider public sector audit market

In preparing our fee estimate, we have evaluated the Funds proposed audit fee againstt benchmarks such as PSAA fees in the wider market and we have evaluated the actual hours required to undertake the audit in 2023/24.

# 09 Independence considerations

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# 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). In this context, we disclose that there are no matters that we are required to report.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. In this context, we disclose that there are no matters that we are required to report.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard

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

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Fund and/or Administering Authority 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 Fund and/or Administering Authority or investments in the Fund and/or Administering Authority 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 Fund/Administering Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	Grant Thornton UK LLP have been appointed as the London CIV 's new auditor. The London CIV are a LGPS asset pool for which the City of London Corporation Pension Fund are one of the 32 Shareholders. We are satisfied that this does not impact upon our independence. Grant Thornton UK LLP will be moving London Offices in 2025/26. The new office will be within the City Of London Corporation boundaries and business rates will be payable. As these are a statutory tax, we are satisfied that there is no impact upon our independence.
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 Fund's and/or Administering Authority'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 at planning 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 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.

Following this consideration, we can confirm that we are independent at planning and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

# Fees and non-audit services

The following tables below sets out the non-audit services charged for 2024/25, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the Fund’s policy on the allotment of non-audit work to your auditor

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

For the purposes of our audit, we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to City of London Corporation Pension Fund. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fee, as detailed below.

Grant Thornton UK LLP also acts as the statutory auditor of the administering authority. The fees for the audit and non-audit services charged for this entity are reported in its Audit Plan. We consider that such services and fees do not impair our independence.

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## Assurance Service Fees

Service	£	Threats Identified	Safeguards applied
Audit Related Assurance			
IAS19 Assurance letters for Admitted Bodies outside of the NAO Code of Audit Practice	1,100 per letter	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the total fee for this work is £1,100 in comparison to the total proposed fee for the audit of £108,250 and in particular relative to Grant Thornton UK LLP’s turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Total	1,100		

This covers all services provided by us and our network to the Fund, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

# **10 Communication of audit matters with those charged with governance**

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# Communication of audit matters with those charged with governance

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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 and Key Audit Matters	●	
Planned use of internal audit	●	
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 matters in relation to going concern	●	●
Views about the qualitative aspects of the Fund's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
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		●

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 Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

## 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.

# 11 Delivering audit quality

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# Delivering audit quality

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## Our quality strategy

We deliver the highest standards of audit quality by focusing our investment on:

### Creating the right environment

Our audit practice is built around the markets it faces. Your audit team are focused on the Public Sector audit market and work with clients like you day in, day out. Their specialism brings experience, efficiency and quality.

### Building our talent, technology and infrastructure

We've invested in digital tools and methodologies that bring insight and efficiency and invested in senior talent that works directly with clients to deploy bespoke digital audit solutions.

### Working with premium clients

We work with great public sector clients that, like you, value audit, value the challenge a robust audit provides, and demonstrate the strongest levels of corporate governance. We're aligned with our clients on what right looks like.

Our objective is to be the best audit firm in the UK for the quality of our work and our client service, because we believe the two are intrinsically linked.

## How our strategy differentiates our service

Our investment in a specialist team, and leading tools and methodologies to deliver their work, has set us apart from our competitors in the quality of what we do.

The FRC highlighted the following as areas of particularly good practice in its recent inspections of our work:

- use of specialists, including at planning phases, to enhance our fraud risk assessment
- effective deployment of data analytical tools, particularly in the audit of journals

## The right people at the right time

We are clear that a focus on quality, effectiveness and efficiency is the foundation of great client service. By doing the right audit work, at the right time, with the right people, we maximise the value of your time and ours, while maintaining our second-to-none quality record.

Bringing you the right people means that we bring our specialists to the table early, resolving the key judgements before they impact the timeline of your financial reporting. The audit partner always retains the final call on the critical decisions; we use our experts when forming our opinions, but we don't hide behind them.

## Digital differentiation

We're a digital-first audit practice, and our investment in data analytics solutions has given our clients better assurance by focusing our work on transactions that carry the most risk. With digital specialists working directly with your teams, we make the most of the data that powers your business when forming our audit strategy.

## Oversight and control

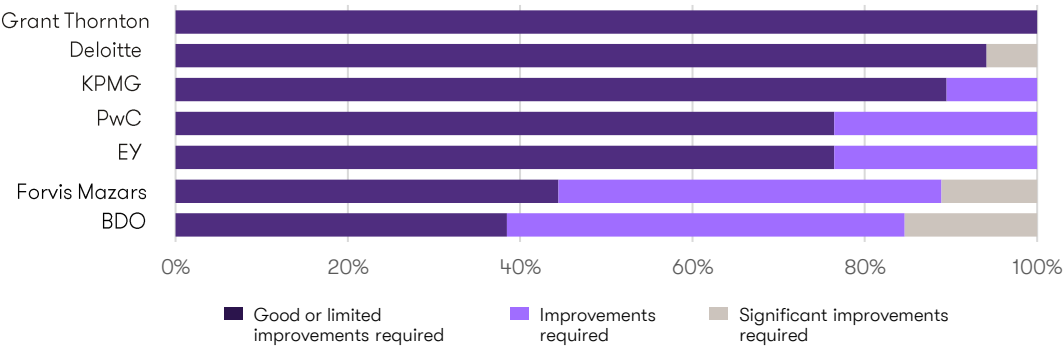
Wherever your audit work is happening, we make sure that its quality meets your exacting requirements, and we emphasise communication to identify and resolve potential challenges early, wherever and however they arise. By getting matters on the table before they become "issues", we give our clients the time and space to deal with them effectively.

Quality underpins everything at Grant Thornton, as our FRC inspection results in the chart below attest to. We're growing our practice sustainably, and that means focusing where we know we can excel without compromising our strong track record or our ability to deliver great audits. It's why we will only commit to auditing clients where we're certain we have the time and resource, but, most importantly, capabilities and specialist expertise to deliver. You're in safe hands with the team; they bring the right blend of experience, energy and enthusiasm to work with you and are fully supported by myself and the rest of our firm.

Wendy Russell  
Partner, UK Head of Audit



FRC's Audit Quality Inspection and Supervision Inspection  
(% of files awarded in each grading, in the most recent report for each firm)



# 12 Appendices

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# Escalation Policy



## The Backstop

The Department for Levelling Up, Housing and Communities have introduced an audit backstop date on a rolling basis to encourage timelier completion of local government audits.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Authority's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the statutory deadline and respond to audit information requests and queries in a timely manner.

## Escalation Process

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

### Step 1 - Initial Communication with Finance Director (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

- We will have a conversation with the Finance Director(s) to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

### Step 2 - Further Reminder (within two weeks of deadline)

- If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

### Step 3 - Escalation to Chief Executive (within one month of deadline)

- If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

### Step 4 - Escalation to the Audit and Risk Management Committee (at next available Audit and Risk Management Committee meeting or in writing to Audit and Risk Management Committee Chair within 6 weeks of deadline)

- If senior management is unable to resolve the delay, we will escalate the issue to the Audit and Risk Management Committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

### Step 5 - Consider use of wider powers (within two months of deadline)

- If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

## Aim

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.

# IFRS reporters New or revised accounting standards that are in effect

## First time adoption of IFRS 16

Lease liability in a sale and leaseback

- IFRS 16 was implemented by LG bodies from 1 April 2024, with early adoption possible from 1 April 2022. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.
- This year will be the first year IFRS 16 is adopted fully within Local Government. It is not expected to have a significant impact on pension fund accounts and auditors.

## IAS 1 amendments

Non-current liabilities with covenants

- These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

## Amendment to IAS 7 and IFRS 7

Supplier finance arrangements

- These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

# IFRS reporters Future financial reporting changes

## IFRS reporters future financial reporting changes

These changes will apply to local government once adopted by the Code of practice on local authority accounting (the Code).

## Amendments to IAS 21 – Lack of exchangeability

IAS 21 has been amended by the IASB to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are expected to be adopted by the Code from 1 April 2025.

## Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, adds guidance on the SPPI criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the Code in future years.

## IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 provides reduced disclosure requirements for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is a voluntary standard for eligible subsidiaries and is expected to be adopted by the Code in future years.

## IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the statement of profit or loss as well as introduce specific disclosure requirements. Some of the key changes are:

- Introducing new defined categories for the presentation of income and expenses in the income statement
- Introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal.
- Disclosure of management defined performance measures
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 is expected to be adopted by the CIPFA Code in future years.

# The Grant Thornton Digital Audit – Inflo

## A suite of tools utilised throughout the audit process

### 01 Collaborate

Information requests are uploaded by the engagement team and directed to the right member of your team, giving a clear place for files and comments to be uploaded and viewed by all parties.

#### What you'll see

- Individual requests for all information required during the audit
- Details regarding who is responsible, what the deadline is, and a description of what is required
- Graphs and charts to give a clear overview of the status of requests on the engagement

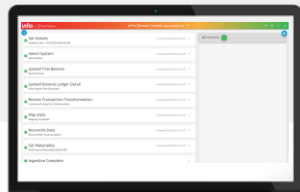


### 02 Ingest

The general ledger and trial balance are uploaded from the finance system directly into Inflo. This enables samples, analytical procedures, and advance data analytics techniques to be performed on the information directly from your accounting records.

#### What you'll see

- A step by step guide regarding what information to upload
- Tailored instructions to ensure the steps follow your finance system

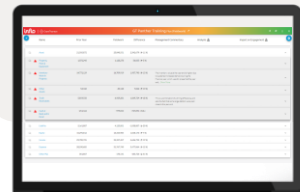


### 03 Detect

Journals interrogation software which puts every transaction in the general ledger through a series of automated tests. From this, transactions are selected which display several potential unusual or higher risk characteristics.

#### What you'll see

- Journals samples selected based on the specific characteristics of your business
- A focussed approach to journals testing, seeking to only test and analyse transactions where there is the potential for risk or misstatement





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# Informing the audit risk assessment for City of London Corporation Pension Fund 2024/25

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## Purpose

The purpose of this report is to contribute towards the effective two-way communication between City of London Corporation Pension Fund's external auditors and City of London Corporation Pension Fund's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Committee under auditing standards.

### Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

### Communication

As part of their risk assessment procedures, the auditors are required to obtain an understanding of management processes and the City of London Corporation Pension Fund's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

## Purpose

This report includes a series of questions on each of these areas asked by the auditors which we the City of London Corporation Pension Fund's management have responded to. The Audit and Risk Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

# General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2024/25?	There have been no key events or issues that have a significant impact on these statements.
2. Have you considered the appropriateness of the accounting policies adopted by City of London Corporation Pension Fund? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	Accounting policies are reviewed as part of the preparation of the accounts. No changes have been made in 2024/25.
3. Is there any use of financial instruments, including derivatives? If so, please explain	The Pension Fund monies are invested with fund managers within different asset classes such as equity, multi asset, corporate bonds, private equity and infrastructure.
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	No

# General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	No
6. Are you aware of any guarantee contracts? If so, please provide further details	No
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	No
8. Other than in house solicitors, can you provide details of those solicitors utilised by City of London Corporation Pension Fund during the year. Please indicate where they are working on open litigation or contingencies from prior years?	No external solicitors are used by the Pension Fund.

## General Enquiries of Management

Question	Management response
9. Have any of the City of London Corporation Pension Fund's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	No
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	The Pension Fund has Mercer as its Investment Consultant. Mercer provide general advice around the investments of the fund, state of the market etc. Barnett Waddingham are the Pension Fund Actuary.
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	Assessment of expected credit losses are made on all non-statutory account debtors as per the requirements. Provision are made based on backward and forward looking factors.

# Fraud

## Matters in relation to fraud

ISA (UK) 240 covers auditor responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit and Risk Committee and management. Management, with the oversight of the Audit and Risk Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit and Risk Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

The City of London Corporation Pension Fund's external auditor, are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. They are required to maintain professional scepticism throughout the audit, consider the potential for management override of controls.

As part of the auditor's audit risk assessment procedures, they are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit and Risk Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

The auditors need to understand how the Audit and Risk Committee oversees the above processes. They are also required to make inquiries of both management and the Audit and Risk Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions together with the City of London Corporation Pension Fund's management responses.



## Fraud risk assessment

Question	Management response
<p>1. Has City of London Corporation Pension Fund assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the City of London Corporation Pension Fund's risk management processes link to financial reporting?</p>	<p>Reliance is placed on the controls in place to prevent fraud e.g. systems/processes/financial monitoring/procurement practice etc and any concerns would be flagged to the Chamberlain and Audit and Risk committee, which would be factored into the financial statements preparation.</p> <p>Any actual or suspected fraud cases are recorded on the INCASE 365 system.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>See response to Question 5 below.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within City of London Corporation Pension Fund as a whole, or within specific departments since 1 April 2023? If so, please provide details</p>	<p>See response to Question 5 below.</p>

# Fraud risk assessment

Question	Management response
4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	<p>Biannual counter fraud and investigation reports delivered to the Audit &amp; Risk Management Committee.</p> <p>Corporate risk report as standard item at each meeting of the Audit &amp; Risk Management Committee.</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within City of London Corporation Pension Fund where fraud is more likely to occur?</p>	<p>Yes – those areas where there is an inherent risk of fraud, despite having a sound control framework, the risks of human fraud or error can still exist</p> <ul style="list-style-type: none"> <li>• Continued payment of pensions following death</li> <li>• Over payment of pensions</li> <li>• Scammers targeting scheme members to persuade them to transfer their benefits to other arrangements that may be unusual or high risk or allow the scammers to steal the funds outright.</li> </ul> <p>No</p>
6. What processes do City of London Corporation Pension Fund have in place to identify and respond to risks of fraud?	<p>Fraud risks are considered as part of each internal audit assignment, with appropriate testing undertaken to assess the scale of the fraud risks in that service.</p> <p>Internal Audit's counter fraud team consider fraud risks as part of corporate fraud investigation activity and these are reported as appropriate to management, with recommendations made as appropriate to improve the control framework.</p>

# Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for City of London Corporation Pension Fund, including:</p> <ul style="list-style-type: none"> <li>the existence of internal controls, including segregation of duties; and</li> <li>the process for reviewing the effectiveness the system of internal control?</li> </ul> <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>Delivery of a programme of Internal Audit work, this incorporates assurance work reviewing controls within key financial systems as well as a risk based programme of activity (the approach to the latter still focusses on the adequacy of the Internal Control environment). Segregation of duties is built into many of our existing processes, often driven/enforced by the design and implementation of our IT systems.</p> <p>The review of the effectiveness of the system of internal control is based upon review and analysis of completed Internal Audit work and other relevant information that the Head of Internal Audit becomes aware of, this is a judgement/opinion based assessment so does not follow a specific process.</p> <p>Refer to Head of Internal Audit Annual Opinion report to Audit and Risk Management Committee to identify risk areas from absent/weak internal controls. Mitigating actions are usually to implement /improve the controls identified as weak.</p> <p>There is always the potential for override or inappropriate influence, some of the City Corporation's financial arrangements are complicated and not necessarily transparent, that said, Internal Audit work has not identified any specific instances.</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>Not to my knowledge.</p>

## Fraud risk assessment

Question	Management response
<p>9. How does City of London Corporation Pension Fund communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>Both the Corporate Anti-Fraud &amp; Corruption Strategy and the Whistleblowing Policy provide confidential routes for staff to report any fraud concerns to the Internal Audit &amp; Counter Fraud division for consideration of further investigation.</p> <p>A mandatory fraud awareness eLearning package is in place to raise staff awareness of fraud risks and acts as a reminder to staff about what risks they need to report. This eLearning is repeated periodically for staff employed in high fraud risk areas, such as housing, benefits, accounts payable etc.</p> <p>Staff are encouraged to report any concerns they may have, these are triaged by the Internal Audit &amp; Counter Fraud division upon receipt with appropriate action taken.</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Posts where there is an inherent risk of fraud through misappropriation of funds or the Pension Fund's assets. These include, pensions administration, cashiers and investments.</p> <p>Staff in high risk posts are required to submit a declaration of interest return on an annual basis to their Chief Officer, any third party interests are considered on the basis of the risks posed and appropriate safeguards put in place.</p> <p>The mandatory fraud awareness eLearning training is repeated periodically for staff employed in high fraud risk posts.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>No</p> <p>Self declaration of conflicts of interests/ third party interests expected to be reported by officers and Members.</p> <p>The City utilises the NFI AppCheck as part of its recruitment checks to see if staff have a third party interest (recorded within NFI data) that may impact their duties at CoL. Scope exists to use AppCheck periodically for high risk posts, but not known if this is being done holistically at present.</p> <p>Testing through the NFI biennial exercise – employees to Companies House data matching, The CoL is signed up to the NFI fraud hub, meaning more regular data matching of staff data to Companies House data.</p>

## Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>The Audit &amp; Risk Management Committee (ARMC) receive an annual counter fraud &amp; investigation report to its July 2025 committee and a half yearly report to its November committee.</p> <p>Regular updates on follow up work and have the power to hold officers to account, through calling management to committee to explain why recs not implemented.</p> <p>Overall arrangement for reporting and responding to recs has been positive and not required further intervention by ARMC.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>No.</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>No.</p>

## Law and regulations

### **Matters in relation to laws and regulations**

ISA (UK) 250 requires the auditors to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit and Risk Committee, is responsible for ensuring that City of London Corporation Pension Fund's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

The auditors are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, auditors' the appropriate legal and regulatory framework. As part of the auditors risk assessment procedures they are required to make inquiries of management and the Audit and Risk Committee as to whether the body is in compliance with laws and regulations. Where they become aware of non-compliance or suspected non-compliance they are required to gain an understanding of the non-compliance and the possible effect on the financial statements.

The auditors risk assessment questions have been set out below together with managements responses.

# Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does City of London Corporation Pension Fund have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the City of London Corporation Pension Fund's regulatory environment that may have a significant impact on the City of London Corporation Pension Fund's financial statements?</p>	<p>Through Management and Committee reporting arrangements.</p> <p>Keep relevant laws and regulations under review – focus on changes in liaison with Comptroller and City Solicitor's department. The Comptroller and City Solicitor, is responsible for providing all legal services required by the City of London. This includes providing legal advice to the Pension Fund.</p> <p>No, the 'McCloud Remedy' regulations were implemented with effect from 1 October 2023, however these have had no noticeable effect on the 2024/25 accounts.</p>
2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?	See corporate risk management procedure.
3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2024 with an on-going impact on the 2024/25 financial statements? If so, please provide details	No.
4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details	No.

## Impact of laws and regulations

Question	Management response
5. What arrangements does City of London Corporation Pension Fund have in place to identify, evaluate and account for litigation or claims?	Management and insurance arrangements - see annual governance statement.
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	No, not that we are aware.



## Related Parties

### Matters in relation to Related Parties

City of London Corporation Pension Fund are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by City of London Corporation Pension Fund;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Authority;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Authority, or of any body that is a related party of the Authority.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Authority's perspective but material from a related party viewpoint then the Authority must disclose it.

ISA (UK) 550 requires the auditors to review managements procedures for identifying related party transactions and obtain an understanding of the controls that we have established to identify such transactions. The auditors will also carry out testing to ensure the related party transaction disclosures we make in the financial statements are complete and accurate.

## Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in City of London Corporation Pension Fund's 2024/25 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> <li>the nature of the relationship between these related parties and City of London Corporation Pension Fund</li> <li>Whether City of London Corporation Pension Fund has entered into or plans to enter into any transactions with these related parties</li> <li>the type and purpose of these transactions</li> </ul>	<p>Members have agreed to disclose all related party transactions of £10k to ensure transparency so our disclosures go above the strict accounting requirement. The disclosure in the accounts makes clear the movements from the previous year.</p>
<p>2. What controls does City of London Corporation Pension Fund have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Members are required to complete these disclosures as part of their role. Related parties linked to roles obtained through the Corporation are included by default.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>The Corporation does not operate single member decision making so all decisions are routed through the committee system. All procurement activity follows procurement rules which would usually result in a tender or approved framework being utilised with a transparent selection process.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>Whilst delegation limits are in place for Officers to action transactions most if not all significant transactions would be routed through a committee process. An audit trail of approvals will be required in order for payments to be processed.</p>

# Going Concern

## Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, 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 body'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.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for public sector bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

# Going Concern

Question	Management response
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by the City of London Corporation Pension Fund will no longer continue?	The Pension Fund undergoes a triennial valuation to set the employer contribution rates for the following three years. Each year an IAS 19 and IAS26 is produced as are FRS102 (for some of the admitted bodies).
2. Are management aware of any factors which may mean for the City of London Corporation Pension Fund that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	No.
3. With regard to the statutory services currently provided by City of London Corporation Pension Fund, does City of London Corporation Pension Fund expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for the City of London Corporation Pension Fund to cease to exist?	The City of London Pension Fund is a local government pension scheme and is governed by regulations. There are no plans for it to “cease to exist”. The administration of the Pension Fund will continue to be provided in house.
4. Are management satisfied that the financial reporting framework permits City of London Corporation Pension Fund to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes.  Yes.

# Accounting estimates

## Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty or require significant judgement.

Specifically do Audit and Risk Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We, management would ask the Audit and Risk Committee to satisfy itself that the arrangements for accounting estimates are adequate.

# Accounting Estimates – General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	These are disclosed in the accounts.
2. How does the City of London Corporation Pension Fund risk management process identify and address risks relating to accounting estimates?	This is disclosed in the accounts under Critical Judgements in apply accounting policies and Assumptions about other major sources of estimation uncertainty.
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	This is mainly driven by technical reporting requirements (IAS19, IAS26 and FRS 102) which are undertaken by the actuary (Barnett Waddingham).
4. How do management review the outcomes of previous accounting estimates?	Many of these areas are constantly evolving and therefore these estimates only reflect a point in time. Previous years values form the starting point against current year estimates will be measured. See also Question 3 above.
5. Were any changes made to the estimation processes in 2024/25 and, if so, what was the reason for these?	No.

# Accounting Estimates – General Enquiries of Management

Question	Management response
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	These are largely focused on the key areas of estimation which are material to the accounts requiring specialist training in making assessment (e.g. property and actuarial valuations) or where access to specialist knowledge provides support and advice when linking into the estimations process (e.g. NNDR provisions) Actuarial valuations must be undertaken by an actuary – for the City of London Pension Fund, the actuary is Barnett Waddingham.
7. How does the City of London Corporation Pension Fund determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	The pension valuations are largely formulaic, but we do ensure that significant movements between years are understood. At the triennial valuation, the draft valuation is subject to review and challenge by officers and a small group of Members.
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	See Question 7 above.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> <li>- Management's process for making significant accounting estimates</li> <li>- The methods and models used</li> <li>- The resultant accounting estimates included in the financial statements.</li> </ul>	See Question 7 above.  Actuary Actuary Accounting policies

## Accounting Estimates – General Enquiries of Management

Question	Management response
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	No.
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	These are established processes which are supported by external advice adhering to professional standards.
12. How is the audit and risk committee provided with assurance that the arrangements for accounting estimates are adequate ?	The Audit & Risk Committee are aware of any prior audit issues raised with accounting and are informed of changes made to address these issues. Briefing sessions are held on the accounts prior to sign off which can enable Members (within and outside of the committee) to challenge the approach to any aspect of the accounts. Member appoint senior staff within Chamberlain's with appropriate skills and qualifications to provide the relevant assurance around the statement of accounts. The Audit & Risk committee also maintains 2 independent members with appropriate skills and experience to provide challenge to all element of the Audit & Risk Committee remit including the approval of the statement of accounts.



## Appendix A – Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Actuarial PV of Retirement Benefits	Estimation of the net liability to pay pensions depend on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.	Underlying data is provided by CoL, estimates are reviewed and challenged once provided by Actuary.	Yes, Barnett Waddingham	There is a degree of uncertainty involved due to the long-term nature of pension liability.	No
Level 2 investments	The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13. For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).	Underlying data provided by Fund Manager and Custodian. CoL challenge any variances between Custodian and Fund Managers values.	Fund Manager/Custodian	Degree of uncertainty is low as market values are provided by Fund Manager/Custodian, potential differences arise from different foreign exchange rates used (i.e. rounding of decimal places) and whether values have been taken as at MID pricing or BID pricing.	No
Level 3 investments	As above for Infrastructure (IFM) and Property. For Private Equity and Infrastructure (DIF), this is determined by using latest available data and calculated using the latest available market values (31 December, in most cases) and adjusted for cash flow and foreign exchange movements occurring during the period.	Underlying data provided by Fund Manager. The adjustments used for cashflows are reconciled on a quarterly basis.	Fund Manager/Custodian	There is a degree of uncertainty involved due to the adjustment for cash flow and foreign exchange movement.	No
Contribution Accruals	Normal contributions, both from members and employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate.	N/A, no estimates used	No	Contributions are as per sent by employers/members per rates and adjustment certificates	No

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## City of London Corporation Committee Report

<b>Committee(s):</b> Pensions Committee – For decision Local Government Pensions Board – For Information	<b>Dated:</b> 13 February 2025 21 July 2025
<b>Subject:</b> Local Government Pension Scheme – Administration Strategy	<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 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 (CoLPPF) within the Chamberlain's Department.

The pensions administration strategy ("the strategy") sets out the key roles and responsibilities of the CoLPPF 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
<p>Maintain a 'breaches of law' register and notify The Pension Regulator (tPR) of any materially significant breaches, which may result from:</p> <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 CoLPPF's policy on banding changes and, as a minimum, in each April payroll thereafter
Inform CoLPPF 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 CoLPPF 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 CoLPPF within 10 days of decision taken to uplift to tier 2 or cease payment of tier 3
Respond to general queries from CoLPPF	As soon as practicable
Respond to errors or missing information identified by CoLPPF	As soon as practicable
Commence the deduction of additional contributions (APCs or AVCs) following an election from the scheme member or instruction from CoLPPF	As soon as practicable
Appoint person for stage 1 of the Internal Dispute Resolutions Procedure (IDRP) and provide full details to CoLPPF	Within 30 days of becoming a scheme employer or following the resignation of the current adjudicator
<b>Scheme members</b>	
Notify CoLPPF 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 CoLPF 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>

## City of London Corporation Committee Report

<b>Committee(s):</b> Pensions Committee – For Decision Local Government Pensions Board – For Information	<b>Dated:</b> 13 February 2025 21 July 2025
<b>Subject:</b> City of London Pension Fund Training Policy	<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>	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

3. 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 – For Decision	<b>Dated:</b> 7 July 2025
Local Government Pensions Board – For Information	21 July 2025
<b>Subject:</b> Local Government Pension Scheme – Communication Policy	<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

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 update the Communications Policy for the City of London Pension Fund.

### Recommendation

Members are asked to approve the City of London Pension Fund Communications 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 the Committee meeting an updated version of the City of London Pension Fund's Communications Policy.

2. The code contains a module on “Communications and disclosure: Information to members” for which the Pension Fund received ‘Green’ ratings which means “The Fund complies with the Code and no further action is required at this time”. Table 1 below summarises the compliance check for this module.

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

Status of Fund against code	Module	tPR's expectations	Suggested/ Required Actions	CoL Comment
Green	Annual pension benefit statements (DC)	Governing bodies of certain schemes must provide annual benefit statements to members	The Fund may wish to update the Communications Policy to highlight that benefit statements are provided by the AVC providers to make this clear to the Fund members	Officers will amend the Communications Policy to include reference to benefit statements in relation to AVCs being provided by AVC providers.

3. In order to comply with best practice, Officers have updated the Communications Policy (attached at Appendix A) with the recommendations made by Barnett Waddingham.
4. It should be noted that the Communications Policy is a working document, and all sections can and will be expanded or amended, as required.

### **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 updated the Communications Policy as per the recommendations. Members are asked to review the policy document and provide any feedback in relation to this.

### **Appendices:**

Appendix A: City of London Pension Fund Communications Policy.

### **Graham Newman**

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# **The City of London Pension Fund Communications Policy**

July 2025

## **Introduction**

Effective communication between the City of London as the Administering Authority and its stakeholders is essential to the delivery of the pensions service. This document sets out the aims and the target audiences of the policy and the method of delivery (application) of the policy. The Pensions Committee and Local Government Pensions Board 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.
- City of London Departmental Personnel and Administration.
- Other Employers Within the Fund
- Corporate Services Committee
- Local Government Pensions Board
- Staff

## **Application**

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

Scheme Guides	Available to all eligible employees via website, direct mail or email.
Forms and leaflets	Available on our 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. <u>Statements in relation to scheme member Additional Voluntary Contributions (AVCs) will be issued by the relevant AVC provider.</u>

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.

#### 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.
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Presentations	Provide Pensions Committee and Local Government Pensions Board with updates where appropriate.
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#### 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.

General Communication

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

If you wish to contact the City of London Pensions Office:

Write: Pensions Manager, City of London, Guildhall, London EC2P 2EJ

Telephone: 07864 959 555

Email: [Pensions@cityoflondon.gov.uk](mailto:Pensions@cityoflondon.gov.uk)

Website: <https://www.cityoflondonpensions.org/>

This Policy Statement Will Be Kept Under Review.

## City of London Corporation Committee Report

<b>Committee(s):</b> Pensions Committee - For Decision Local Government Pensions Board – For Information	<b>Dated:</b> 7 July 2025 21 July 2025
<b>Subject:</b> City of London Pension Fund Breaches of Law Policy	<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>	Amanda Luk

### Summary

In July 2024, Members of the Local Government Pensions Board raised the issue of reporting breaches of law to the Pensions Regulator (tPR) and identifying themes. Members “*suggested that bringing together cases might help in identifying themes and monitoring breaches, as the possibility of a systemic issue was raised and the need for better monitoring was discussed. It was therefore agreed that a summary of breaches was reported to the next meeting and to the Pensions Committee.*” The Pensions Committee received this report in December 2024, and the Local Government Pensions Board in January 2025.

This report follows up on the recommendation made to formally review the ‘*Reporting Breaches of Law*’ policy.

### Recommendation

Members are asked to approve the Reporting Breaches of the Law policy.

### Main Report

#### Background

1. At Pensions Committee on 3 December 2024, Members received a report summarising the breaches of law. This report subsequently went to the Local Government Pensions Board on 17 January 2025. As per the recommendations for the report, Officers agreed to bring the ‘*Reporting Breaches of Law*’ policy (the Policy) for review.

2. The Policy applies to both the Local Government Pension Scheme and the Police Pensions Scheme and was approved by the Local Government Pensions Board and the Police Pensions Board in April 2018 (prior to the formation of the Pensions Committee). The Policy should be reviewed every three years, it was last reviewed by Officers in 2022 to update contact details however was not brought back to Committee.
3. The Policy which can be found at Appendix A, sets out the protocol and procedure for recording and reporting breaches of the law connected to the Public Service Pension Schemes for whom it is Scheme Manager. It describes who has a legal requirement to report breaches, to whom and how they should report and provides processes to follow to assess and consider suspected breaches to ensure that they are reported appropriately. It takes account of tPR's guidance and information issued in the Code of Practice 14 (now replaced by tPR's General Code of Practice) and their Public Service Toolkit. Where updates to the policy have been made due to the new General Code of Practice, these have been highlighted in yellow.

## **Conclusion**

4. The '*Reporting Breaches of Law*' policy sets out the protocol and procedure for recording and reporting breaches of the law connected to the Public Service Pension Schemes for whom it is Scheme Manager. The policy should be reviewed every three years to ensure that it is kept up to date and will next be reviewed in 2028.

## **Appendices**

### **Appendix A – Reporting Breaches of Law Policy**

#### **Amanda Luk**

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## Public Service Pensions

### Reporting Breaches of Law - City of London Policy & Procedure

#### Introduction

This document sets out the policy and procedure within the City of London for recording and reporting breaches of the law connected to the Public Service Pension Schemes for whom it is Scheme Manager.

It describes who has a legal requirement to report breaches, to whom and how they should report and provides processes to follow to assess and consider suspected breaches to ensure that they are reported appropriately.

This policy and procedure was approved by the Local Government Pensions Board and the Police Pensions Board on 17 April 2018. It will be kept under review and reissued should personnel, the law, statutory or other guidance or best practice change. As a minimum, it will be formally reviewed every three years.

This document is published on the City of London website at [www.cityoflondon.gov.uk](http://www.cityoflondon.gov.uk) and the City of London Pensions Website at [www.cityoflondonpensions.org](http://www.cityoflondonpensions.org). It takes account of guidance and information issued by the Pension Regulator (tPR) in [the General Code of Practice](#) and their Public Service Toolkit and includes text from them. Where text has been used, the tPR's copyright applies. The content does not override the requirements of prevailing legislation and statutory guidance, which should be followed at all times.

Any questions about the policy or procedure should be raised with the Corporate Treasurer in the first instance. The contact details are provided on the attached sheet.

All those with a legal duty to report breaches of the law should ensure that they are familiar with this Policy and its operation.

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## 1. The Legal Responsibility to Report Breaches of the Law and to whom it Applies

Legislation requires that where certain people have reasonable cause to believe that:

- a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with
- the failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions

they must report breaches of the law to the Pensions Regulator (tPR).

The people who are subject to the reporting requirement ('reporters') for public service pension schemes are:

- scheme managers
  - For the Local Government Pension Scheme this is the Corporation of London
  - For the Police Pension Scheme this is the Commissioner of Police for the City of London for the members of City of London Police Force and the Common Council for the Commissioner of Police for the City of London
- members of pension boards
  - For the Local Government Pension Scheme this is the members of the Local Government Pensions Board. Details of the members can be found here:  
<http://democracy.cityoflondon.gov.uk/mgCommitteeDetails.aspx?ID=1187>
  - For the Police Pension Scheme this is the members of the Police Pensions Board. Details of the members can be found here:  
<http://democracy.cityoflondon.gov.uk/mgCommitteeDetails.aspx?ID=1206>
- any person who is otherwise involved in the administration of a public service pension scheme
  - For example, the committees, other boards, and officers dealing with the pension schemes
- participating employers whether a breach relates to, or affects, members who are its employees or those of other employers in the scheme
- professional advisers including auditors, actuaries, legal advisers and fund managers, whether required or not to be appointed by the scheme
- any person who is otherwise involved in advising the managers of the scheme in relation to the scheme

**Reporters should not rely on waiting for others to report. They should follow the processes and procedures set out in this document.**

Reports must be made in writing as soon as reasonably practicable. Failure to comply, without reasonable excuse, with the law on reporting breaches of the law is a civil offence and can attract a fine. tPR can also issue improvement notices.

### **Applicable laws and Code of Practice**

Relevant law includes the Pensions Acts 2004 (section 70) and 1995, and the Public Service Pensions Act 2013.

In addition, tPR's **General Code of Practice** sets out the legal requirements and explains the expectations of tPR.

The Code of Practice is not a statement of law. However, when determining whether the legal requirements have been met, a court or tribunal must take any relevant provisions of a code of practice into account. Following the Code will help to ensure compliance with requirements and expectations.

## **2. To whom Breaches of the Law are Reported**

Material breaches of the law must be reported to tPR, i.e. the Pensions Regulator or 'the Regulator'.

**All breaches, and suspected breaches under consideration must be reported immediately to the Comptroller and City Solicitor, the Chamberlain, or the Corporate Treasurer, who will take a decision as to whether the breach or suspected breach is so serious that it requires immediate reporting to tPR.**

The contacts sheet attached gives details of the Corporate Treasurer, the Chamberlain and the Comptroller and City Solicitor, and also includes details of the persons who will act in their absence.

Unless the breach is so serious that it should be reported to tPR immediately, this document provides a process for investigating concerns that the law may have been breached and for facilitating objective consideration of breaches to enable reporters to decide within a reasonable timeframe whether they must report the breach. As noted above, reporters should not rely on waiting for others to report.

The Corporate Treasurer is the person who is responsible for the day to day running of the policy and maintaining the Register. They will alert the Chamberlain that a potential or actual breach is being investigated. They will also keep Members of the appropriate Pensions Board informed.

The Chamberlain is the person who is responsible for this Policy and for making the decision on whether to report a breach to tPR in consultation with the Comptroller and City Solicitor acting as Monitoring Officer.

All actual breaches will be recorded in the Breaches of the Law Register (the Register), along with the decision made as to whether or not to report to tPR and the relevant considerations taken. **All breaches will be reported to the next Pensions Committee/ Local Government Pensions Board for Local Government Pension Scheme breaches and the Police Pensions Board for Police Pension Scheme Breaches.**

Further details are provided below on these aspects.

### **3. Procedure for Assessing and Considering Suspected Breaches**

This section sets out the procedure and processes for assessing and considering suspected breaches of the law and determining whether they should be reported to tPR.

To ensure breaches are reported in a timely manner, each action should be completed within five working days of receipt or notification, including responding to questions raised. Dates of actions and decisions should be recorded on the Register. A final decision to report the breach to the tPR should be taken and the report made by no later than 21 days (3 weeks) after the initial identification of the breach; EXCEPT:

- Where a breach is identified that is so serious that it must always be reported, each stage should be dealt with immediately and the Chamberlain and Comptroller and City Solicitor notified.
- If there is an immediate risk to the scheme, such as if there is an indication of dishonesty, only necessary immediate checks should be made and those that may alert the people implicated, avoided. Reporters should use the quickest possible means to alert tPR.

All breaches must be recorded on the Register along with the details and considerations taken as detailed below whether or not they are reported to tPR.

#### **3.1 Establishing the facts**

Having 'reasonable cause' to believe that a breach has occurred means more than merely having a suspicion that cannot be substantiated.

Reporters should ensure that where a breach is suspected, they carry out checks to establish whether or not a breach has in fact occurred. This will involve establishing the facts and also whether there is another explanation.

For example, a member of a funded pension scheme may allege that there has been a misappropriation of scheme assets where they have seen in the annual accounts that the scheme's assets have fallen. However, the real reason for the apparent loss in value of scheme assets may be due to the behaviour of the stock market over the period. This would mean that there is not reasonable cause to believe that a breach has occurred.

Where the reporter does not know the facts or events around the suspected breach, it will usually be appropriate to check with those in a position to know such as the Director of Finance, or the Pensions Manager to check what has happened.

However, as noted earlier, it would not be appropriate to check in cases of theft, suspected fraud or other serious offences where discussions might alert those implicated or impede the actions of the police or a regulatory authority. Under these circumstances the reporter should alert tPR without delay.

In establishing whether there is reasonable cause to believe that a breach has occurred, it is not necessary for the reporter to gather all the evidence which tPR may require before taking legal action. A delay in reporting may exacerbate or increase the risk of the breach.

Should you have difficulty establishing the facts, please report this to the Corporate Treasurer – *see note on page one*] who will provide further guidance.

### 3.2 Clarification of the law

In determining if a breach has occurred, if the reporter is unclear about the relevant legal provision, they should clarify their understanding of the law to the extent necessary to form a view.

If assistance is required in order to do so, once you have established the facts, you may contact the director of finance, or the pensions manager, or the Corporation of London's legal team for further advice.

Should you encounter any difficulties establishing the law, please report this to the Corporate Treasurer who will provide further guidance.

### 3.3 Considering the material significance

Having clarified the facts and the law and established that a breach has occurred, the next step is to consider whether it is of material significance and should therefore be reported to tPR.

In order to do so, reporters should consider the cause of the breach, the effect of the breach, the reaction to it and its wider implications. These aspects should be considered together and take account of expert or professional advice, where appropriate.

Consideration of previously recorded breaches on the Register, whether reported to tPR or not, can assist with this process. A copy should be obtained from the Corporate Treasurer.

Dialogue may also take place with the Scheme Manager or Pension Board. Reporters may approach the Scheme Manager or members of the Pension Board at any time to discuss matters. In addition, the Register is presented to each meeting of the Pension Board for consideration and discussion with the Scheme Manager's officers.

The General Code of Practice provides guidance on each of the four aspects and this is included below.

#### A. Cause of the breach

The breach is likely to be of material significance to tPR where it was caused by:

- Dishonesty, negligence, or reckless behaviour
- poor governance, ineffective controls resulting in deficient administration, or slow or inappropriate decision-making practices
- incomplete or inaccurate advice, or
- a deliberate act or failure to act.

When deciding whether a breach is of material significance, those responsible should consider other reported and unreported breaches of which they are aware. However, historical information should be considered with care, particularly if changes have been made to address previously identified problems.

Where changes are made, City of London officers should inform the Corporate Treasurer who should record the changes on the Register to assist with future determinations.

tPR notes that a breach will not normally be materially significant if it has arisen from an isolated incident, for example resulting from teething problems with a new system or procedure, or from an unusual or unpredictable

combination of circumstances, but that in such a situation, it is also important to consider other aspects of the breach, such as the effect it has had and to be aware that persistent isolated breaches could be indicative of wider scheme issues.

Action should be taken to put the breach right whether it is of material significance or not.

Reporters should summarise the cause of the breach.

## **B. Effect of the breach**

Reporters need to consider the effects of any breach, but with tPR's role in relation to public service pension schemes and its statutory objectives in mind, the General Code of Practice notes that the following matters in particular should be considered likely to be of material significance to tPR:

- significant proportion of members, or a significant proportion of members of a particular category of membership, are affected by the breach.
- The breach has a significant effect on the benefits being paid, to be paid, or being notified to members.
- The breach, or series of unrelated breaches, have a pattern of recurrence in relation to participating employers, certain members, or groups of members.
- Governing bodies that do not have the appropriate degree of knowledge and understanding, preventing them from fulfilling their roles and resulting in the scheme not being properly governed and administered and/or breaching other legal requirements.
- Unmanaged conflicts of interest within the governing body, making it prejudiced in the way it carries out the role, ineffective governance and scheme administration, and/or breaches of legal requirements.
- Systems of governance (where applicable) and/or internal controls are not established or operated. This leads to schemes not being run in line with their governing documents and other legal requirements.
- Risks are not properly identified and managed and/or the right money is not being paid to or by the scheme at the right time.
- Accurate information about benefits and scheme administration is not being provided to scheme members and others meaning members are unable to effectively plan or make decisions about their retirement.
- Records are not being maintained. This results in member benefits being calculated incorrectly and/or not being paid to the right person at the right time.
- Governing bodies or anyone associated with the scheme misappropriate scheme assets or are likely to do so.
- Trustees of defined benefit schemes not complying with requirements of the Pension Protection Fund during an assessment period.

Reporters need to take care to consider the effects of the breach, including any other breaches occurring as a result of the initial breach and the effects of those resulting breaches.

Reporters should summarise the effect of the breach.

### **C. Reaction to the breach**

Where prompt and effective action is taken to investigate and correct the breach and its causes and, where appropriate, to notify any affected members, tPR will not normally consider this to be materially significant.

A breach is likely to be of concern and material significance to tPR where a breach has been identified and those involved:

- does not receive prompt and effective action to remedy the breach and identify and tackle its cause to minimise risk of recurrence
- is not being given the right priority by the governing body or relevant service providers
- has not been communicated to affected scheme members where it would have been appropriate to do so
- forms part of a series of breaches indicating poor governance
- it was caused by dishonesty, even when action has been taken to resolve the matter quickly and effectively

All reporters should keep records of the actions taken and submit these to the Corporate Treasurer who will record these on the Register.

Reporters should summarise the reaction to the breach.

### **D. Wider implications of the breach**

Reporters should consider the wider implications of a breach when they assess which breaches are likely to be materially significant to tPR.

For example, a breach is likely to be of material significance where the fact that the breach has occurred makes it appear more likely that other breaches will emerge in the future. This may be due to the Scheme Manager or Pension Board members having a lack of appropriate knowledge and understanding to fulfil their responsibilities or where other pension schemes may be affected. For instance, public service pension schemes administered by the same organisation may be detrimentally affected where a system failure has caused the breach to occur.

For this reason, and to enable prompt actions to be taken to prevent or reduce the risk of further breaches, the City of London's policy is to maintain one Breaches of the Law Register covering all the schemes and Scheme Managers detailed on page 3, recording in which scheme the breach occurred.

Reporters should summarise the wider implications of the breach.

## **3.4 Deciding whether to report to the Pensions Regulator**

The reporter should assess their view on whether the breach is of material significance and should be reported to tPR. Once assessed, they should submit their summaries of the breach and their categorisations and reasons for them, to the Corporate Treasurer who will update the Register and submit it all to the Deputy Chamberlain and to the Comptroller and City Solicitor as Monitoring Officer. The Deputy Chamberlain will make the decision whether to report the breach to tPR after liaising with the Comptroller and City Solicitor. They will review the



categorisation and may discuss it or raise questions with the reporter in the first instance, and they will, in turn request the Corporate Treasurer to update the Register with their decision and reason for it.

tPR's traffic light framework should be used to assist in these assessments and decisions.

### **The Pension Regulator's Traffic Light Framework**

tPR provide a traffic light framework which should be used to assist with deciding whether a breach of the law is likely to be of material significance to them and should therefore be reported.

Example breaches of the law and assessment of the cause, effect, reaction and wider implications against the traffic lights are available on tPR's website at [www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/communications-and-reporting-detailed-guidance/complying-with-the-duty-to-report-breaches-of-the-law](http://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/communications-and-reporting-detailed-guidance/complying-with-the-duty-to-report-breaches-of-the-law).

The reporter should consider their summaries of the cause of the breach, the effect of the breach, the reaction to it and its wider implications against the traffic lights and assess a colour category for each.

They should then determine an overall colour category considering all four together and include details of why they have assigned a category such as their considerations and actions in regard to each of the four areas and overall. These should be submitted to the Corporate Treasurer as noted above.

The copy of the current Register should be reviewed in considering the assessments.

The tPR's framework for overall consideration of the breach is summarised below together with an example.

#### **Red breaches**

Where the cause, effect, reaction and wider implications of a breach, when considered together, are likely to be of material significance, the breach is 'red'.

These must be reported to tPR.

#### **Example:**

*Several members' benefits have been calculated incorrectly. The errors have not been recognised and no action has been taken to identify and tackle the cause or to correct the errors.*

#### **Amber breaches**

Where the cause, effect, reaction and wider implications of a breach, when considered together, may be of material significance, the breach is 'amber'. They might consist of several failures of administration that, although not significant in themselves, have a cumulative significance because steps have not been taken to put things right.

Reporters will need to exercise their own judgement to determine whether the breach is likely to be of material significance and should be reported.

#### **Example:**

*Several members' benefits have been calculated incorrectly. The errors have been corrected, with no financial detriment to the members. However, the breach was*

*caused by a system error which may have wider implications for other public service schemes using the same system.*

### Green breaches

Where the cause, effect, reaction and wider implications of a breach, when considered together, are not likely to be of material significance, the breach is 'green'.

These should be recorded but do not need to be reported.

### Example:

*A member's benefits have been calculated incorrectly. This was an isolated incident, which has been promptly identified and corrected, with no financial detriment to the member. Procedures have been put in place to mitigate against this happening again.*

In addition, [pages 168 to 171](#) of the Regulator's [General Code of Practice](#) provides further information about reporting contribution payment failures which are likely to be of material significance to the Regulator. The Code can be found here: [www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/general-code-of-practice.ashx](http://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/general-code-of-practice.ashx)

## 3.5 Determining difficult cases

Where there is a difficult case to determine, reporters should contact the Chamberlain who will discuss the case with them, and if necessary refer the case on to the Corporation of London's legal team, the Pension Board, Members of the Committee, tPR or other officers or advisors for further assistance, before making their determination.

## 4. Reporting to the Pensions Regulator

A final decision to report the breach to the tPR should be taken and the report made by no later than 21 days (3 weeks) after the initial identification of the breach. However, where a case is so urgent that it must immediately be reported to tPR or where it is decided after following the procedure above that a breach should be reported, it should be reported without delay.

The Members of the relevant Pensions Board will be notified of the circumstances of the breach before the report is made to tPR when practicable, or will be notified simultaneously where the breach is so serious that it must be reported immediately. A Special Meeting of the Board may be called subsequently to consider the breach.

Breaches will normally be reported by the Chamberlain.

[Reports should be made in using tPR's online web form, email, or by post.](#)

The report should include:

- [full name of the scheme](#)
- [description of the breach or breaches, including any relevant dates](#)
- [name of the employer \(in the case of an occupational scheme\) or scheme manager \(in the case of public service and personal pension schemes\)](#)
- [name, position, and contact details of the reporter](#)
- [role of the reporter in the scheme](#)

- reason the reporter believes the breach is of material significance to us
- address of the scheme
- type of scheme – whether occupational (defined benefit, defined contribution, or hybrid), personal or public service
- name and contact details of the governing body (if different to the scheme address)
- pension scheme registration (PSR) number if known
- address of the employer

Urgent reports should be clearly marked urgent and attention drawn to matters considered by the reporter to be particularly serious. If is appropriate, the reporter should call tPR before submitting the written report.

As noted earlier, if there is an immediate risk to the scheme, such as if there is an indication of dishonesty, only necessary immediate checks should be made and those that may alert the people implicated, avoided. Reporters should use the quickest possible means to alert tPR.

The reporter should ensure that they receive an acknowledgment from tPR and that this is retained with the other papers and recorded on the Register. Acknowledgements should be received within five working days.

tPR may request further information.

#### **4.1 Whistleblowing protection and confidentiality**

The General Code of Practice notes that:

- the Pensions Act 2004 makes clear that the statutory duty to report overrides any other duties a reporter may have such as confidentiality and that any such duty is not breached by making a report and that tPR understands the potential impact of a report on relationships, for example, between an employee and their employer.
- the statutory duty to report does not, however, override 'legal privilege'. This means that oral and written communications between a professional legal adviser and their client, or a person representing that client, while obtaining legal advice, do not have to be disclosed. Where appropriate a legal adviser will be able to provide further information on this.
- the Employment Rights Act 1996 (ERA) provides protection for employees making a whistleblowing disclosure to tPR. Consequently, where individuals employed by firms or another organisation having a statutory duty to report disagree with a decision not to report to tPR, they may have protection under the ERA if they make an individual report in good faith. tPR expects such individual reports to be rare and confined to the most serious cases.
- We will take all reasonable steps to protect a reporter's identity and maintain confidentiality, when a report is made in confidence. We will not disclose any information except where lawfully allowed to do so.
- In all cases, reporters should act conscientiously and honestly, and to take account of expert or professional advice where appropriate.

## **5. Recording Breaches of the Law**

All breaches of the law must be recorded in the Breaches of the Law Register (the Register) whether or not reported to tPR.

This is to ensure that patterns are identified, to help determine systemic issues and material significance, to identify where procedural change or further education may be required, and to help determine whether future breaches should be reported to tPR.

It also provides a record of action and considerations taken should a breach be reported to tPR by another reporter and investigated by tPR.

### **5.1 Breaches of the law register**

The Breaches of the Law Register is maintained by the Corporate Treasurer. All reporters and others involved in dealing with any breach of the law should submit the information and details as described above in order for them to do so.

The Register covers the Police and LGPS Pension Schemes to enable issues common to all to be identified and appropriate action taken to prevent and reduce the risk of further breaches occurring.

Each action and decision taken should have a date recorded against it to enable monitoring that timescales are being adhered to, and breaches promptly dealt with and reported in a timely manner.

Where changes are subsequently made to address previously identified problems, Officers should submit details to the Corporate Treasurer who will update the Register to record the changes made to assist with future determinations of material significance.

Similarly, the progress of and actions taken to put right a breach should be included on the Register.

A sample Register is provided in Appendix 1. This should be reviewed while in use and additional columns added where helpful.

### **5.2 Reporting to the Pension Board and reviewing the Register**

The Breaches of the Law Register should be presented to each meeting of each Pension Board for review and consideration. This may result in dialogue with the Chamberlain and/or the Scheme Manager over whether items should be considered as materially significant and reported to tPR, or if other actions should be taken to improve compliance or enhance efficiency.

The Pension Board will consider the Register and how they can assist the Scheme Manager, making recommendations as appropriate.

## Appendix 1 – Sample Breaches of the Law Register

Where not specifically noted, dates for all actions and decisions should be recorded in each field.

The reference can be used to match background papers and contact details of those involved.

Fields can be expanded on electronic version. Print on A3 paper

Ref	Date reported	Scheme	Employer / Third Party	EG Late Conts/ABS	Type of Breach	Date of breach & ref no. if occurred before	Cause	Effect	Reaction	Wider implications	Overall category & reporting recommendation	Final category & reporting decision	Reported by /date	tPR ack received	Date breach corrected
											Yes/No	Yes/No			
											Yes/No	Yes/No			
											Yes/No	Yes/No			
											Yes/No	Yes/No			
											Yes/No	Yes/No			
											Yes/No	Yes/No			
											Yes/No	Yes/No			
											Yes/No	Yes/No			
											Yes/No	Yes/No			
											Yes/No	Yes/No			

## Public Service Pensions

### Reporting Breaches of Law - City of London Policy & Procedure

#### Contact details

Officer	Email and Telephone
Corporate Treasurer	<a href="mailto:Kate.Limna@cityoflondon.gov.uk">Kate.Limna@cityoflondon.gov.uk</a> 020 7332 3592
In the absence of the Corporate Treasurer, The Pensions Manager	<a href="mailto:Graham.Newman@cityoflondon.gov.uk">Graham.Newman@cityoflondon.gov.uk</a> 020 4558 2261

The Chamberlain	<a href="mailto:Caroline.Al-Beyerty@cityoflondon.gov.uk">Caroline.Al-Beyerty@cityoflondon.gov.uk</a> 020 7332 1300
In the absence of the Chamberlain, the Financial Services Director	<a href="mailto:Sonia.Virdee@cityoflondon.gov.uk">Sonia.Virdee@cityoflondon.gov.uk</a> 07511 047554

The Comptroller and City Solicitor	<a href="mailto:Michael.Cogher@cityoflondon.gov.uk">Michael.Cogher@cityoflondon.gov.uk</a> 020 73323699
In the absence of the Comptroller, an Assistant City Solicitor as nominated.	Contact via the Comptroller's PA <a href="mailto:Alexandra.Reid@cityoflondon.gov.uk">Alexandra.Reid@cityoflondon.gov.uk</a> 020 7332 3699

## City of London Corporation Committee Report

<b>Committee(s):</b> Pensions Committee Local Government Pensions Board	<b>Dated:</b> 07 July 2025 21 July 2025
<b>Subject:</b> Access and Fairness Consultation	<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>	No
<b>Report of:</b>	The Chamberlain
<b>Report author:</b>	Amanda Luk

### Summary

On 15 May 2025 the Ministry for Housing, Communities and Levelling Up (MHCLG) issued a consultation on the Local Government Pension Scheme (LGPS) entitled '*Local Government Pension Scheme in England and Wales: Access and fairness*'. The Consultation is seeking views on proposals intended to improve fairness in, and access to, the LGPS. The consultation also includes questions on the potential impact on administration and the Government's duty under the Public Sector Equality Duty. The consultation is open for 12 weeks from 14 May to 7 August 2025. Officers are currently reviewing the Consultation.

Alongside the consultation, MHCLG have published a draft statutory instrument, the '*Local Government Pension Scheme (Miscellaneous Amendments) Regulations 2025*'.

The Government believes that through the outcomes of this Consultation they will fundamentally improve fairness in, and access to, the LGPS. They will be addressing "key issues that have been neglected for too long and treating them with the urgency they deserve." The consultation focuses on equality, fairness, integrity, efficiency, accuracy and rewarding hard work reflecting the Government's commitment to making work pay and improving workers' rights.

Some of these changes are definitive answers to long-standing problems, for example ensuring equality of survivor benefit entitlement, whereas some are new introductions such as the proposals on the gender pension gap. The Government believes these

are all key and essential steps in the right direction. The proposals position the LGPS as leading the way across the public sector pensions landscape.

The consultation is seeking views on proposals which include:

- addressing survivor pensions and deaths grants
- addressing the Gender Pension Gap in the LGPS
- collecting data on how many members opt out of the scheme and why
- changes to forfeiture, aiming to tackle long-standing issues with forfeiture in the LGPS
- several technical changes to how the McCloud remedy operates
- a number of other miscellaneous changes, including changes to five-year refunds, pre-2014 Additional Voluntary Contributions and small pot payments.

There are a total of 52 questions and these are set out in Appendix A, the full consultation document can be found [here](#).

### **Recommendation:**

Members are asked to note the report.

### **Appendix**

Appendix A – Consultation Questions: Local Government Pension Scheme in England and Wales: Access and Fairness

#### **Amanda Luk**

Senior Accountant – Pensions

Chamberlains Department

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**Consultation Questions: Local Government Pension Scheme in England and Wales:  
Access and Fairness**

**Chapter 1: Survivor Benefits**

<b>No</b>	<b>Question</b>
1	Do you agree with the government's proposed amendment of survivor benefits rules?
2	Do you have any comments on the intended approach to equalising survivor benefits?
3	Do you have any comments on the administrative impact, particularly in identifying cases where calculations of past benefits would need to be revisited?
4	Do you have any further comments on the proposed changes?
5	Do you agree with the government's proposals to formalise the removal of the nomination requirement?
6	Do you have any comments on the government's proposals to formalise the removal of the nomination requirement?
7	Do you have any comments on the proposed approach to backdating?
8	Do you agree with the proposed amendments to death grants?
9	Do you have any comments on the government's proposals to remove the age 75 cut-off from the LGPS Regulations?
10	Do you have any comments on the proposed approach to backdating?
11	Do you have any comments on the administrative impact, particularly in identifying historic cases where death grants that were not paid would now be paid?
12	Do you agree with the proposal to remove the two-year limit?
13	Do you have any comments on the government's proposal to remove the two-year limit?

**Chapter 2: Gender pension gap**

<b>Qu</b>	<b>Question</b>
14	Do you agree that the LGPS Regulations should be updated so that any unpaid leave under 31 days is pensionable, as a way to address the gender pension gap?
15	Do you agree the government should use the actual lost pay option when calculating contributions, or do you think APP should be the chosen option? Please explain the reasons for your view.
16	Do you agree with the proposal to align the cost of buying back unpaid leave over 30 days with standard member contribution rates?
17	Do you agree with the proposal to change the time-limit for buying back unpaid leave pension absences from 30 days to 1 year?
18	Do you agree with removing the three-year limit on employer contributions in Regulation 15(6)?
19	Do you agree with updating the definition of child-related leave to include all periods of additional maternity, adoption and shared parental leave without pay?
20	Do you agree that gender pension gap reporting should be mandatory in the LGPS?
21	Do you agree that the 2025 valuation (and associated fund annual reports) is preferable?

22	Do you agree with the threshold of 100 employees for defining which employers must report on their gender pension gap?
23	Do you agree with the gender pension gap definition being 'the percentage difference in the pension income for men and women over a typical working life'?
24	Do you agree with the gender pension savings gap being 'the percentage difference in the pension savings accrued over one year for men and women'?

**Chapter 3: Opt-outs**

Qu	Question
25	Do you agree that the annual report is the best method of reporting data on those who choose to opt-out of the scheme?
26	Do you foresee any issues with administering authorities' ability to gather data on opt-outs?
27	When updating the annual report guidance to reflect opt-out data collection, what information would be most useful to include?
28	Do you agree with the proposal to collect additional data about those opting out of the scheme?
29	Are you an employer, part of an administering authority or member of a pensions board?
30	Do you have any comments on the collection of additional information?

**Chapter 4: Forfeiture**

Qu	Question
31	Do you agree that the government should amend regulations 91 and 93 of the 2013 Regulations to remove the requirement that the member must have left employment because of the offence in order for an LGPS employer to be able to make an application for a forfeiture certificate or to recover against a monetary obligation?
32	Do you agree that the three month time limit for an LGPS employer to make an application for a forfeiture certificate should be removed?
33	Do you agree that Regulation 92 of the 2013 Regulations should be revoked?
34	Do you agree that in order to give full effect to the proposed amendments, equivalent modifications should apply to earlier schemes?
35	Do you agree that there should be forfeiture guidance to assist employers in making applications?

**Chapter 5: McCloud remedy**

Qu	Question
36	Do you agree with the government's proposal for pension debits and credits?
37	Do you agree with the government's proposal to cover deaths on 30 September 2023?
38	Do you agree with the government's proposal to clarify if interest applies on Club transfers?
39	Do you agree with the government's proposal to include part 4 tax losses in the 2023 regulations?
40	Do you agree with the government's proposal for transfers from other public service schemes for members over 65 years old?

**Chapter 6: Other regulation changes**

<b>Qu</b>	<b>Question</b>
41	Do you agree with the proposal to omit Regulation 50 and the equivalents to it (to the extent that they have been preserved) in the 1997 and 2008 Regulations?
42	Do you agree with the proposal to omit Regulation 50 and the equivalents to it (to the extent that they have been preserved) in the 1997 and 2008 Regulations?
43	Do you agree with the proposal to amend the definition of Benefit Crystallisation Events in the 2013 Regulations?
44	Do you agree with the proposed approach to Pension Commencement Excess Lump Sums?
45	Do you agree with the proposed approach to issue updated actuarial guidance on the treatment of PCELSs?
46	Do you agree with the proposed amendments to the Regulations?
47	Do you have any comments on the proposals in this chapter?

**Chapter 7: Administrative impact of proposals**

<b>Qu</b>	<b>Question</b>
48	Do you have any comments about the impact the combined proposals in this document will have on administration?
49	Are there any areas where you believe the proposals are significantly more complex and would benefit from a later implementation date?
50	Do you have any comments on the proposed approach to cost?

**Chapter 8: Public Sector Equality Duty**

<b>Qu</b>	<b>Question</b>
51	Do you consider that there are any particular groups with protected characteristics who would either benefit or be disadvantaged by any of the proposals? If so, please provide relevant data or evidence.
52	Do you agree to being contacted regarding your response if further engagement is needed?

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## City of London Corporation Committee Report

<b>Committee(s):</b> Pensions Committee Local Government Pensions Board	<b>Dated:</b> 07 July 2025 21 July 2025
<b>Subject:</b> Government Response - Fit for the Future Consultation	<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>	No
<b>Report of:</b>	The Chamberlain
<b>Report author:</b>	Amanda Luk

### Summary

The Government released the '*Local Government Pension Scheme (England and Wales): Fit for the Future Consultation*' on the 14 November 2024. The consultation sought views on proposals relating to investments of the Local Government Pension Scheme (LGPS) and covered the areas of minimum standards for asset pooling, local and regional investment and governance. The consultation was open for 9 weeks from 14 November 2024 to 16 January 2025 and Officers responded during this period. The Government published their response on 29 May 2025 and this report sets out the proposals to meet the three areas (Pooling, Local Investment and Governance) which were consulted on.

### Recommendations

Members are asked to note this report.

### Main Report

#### Background

1. In July 2024, the government launched a landmark Pensions Review of workplace defined contribution pensions schemes and the LGPS. The Pensions Review's objectives for the LGPS were to consider how tackling fragmentation and inefficiency could unlock the investment potential of the scheme, including through asset consolidation and enhanced governance, while strengthening the focus on local investment.

2. On 14 November 2024 the government launched its consultation on proposals to reform the LGPS and put it on a clearer, firmer trajectory to scale and consolidation.

### **LGPS Consultation: Fit for the Future**

3. At the Pensions Committee held on 3 December 2024, a paper was circulated summarising the consultation and its proposals. Members can find the paper [here](#).
4. As a reminder the Consultation sought views on the following three areas:
  - i. Reforming the LGPS asset pools by mandating certain ‘minimum standards’ deemed necessary for an optimal and consistent model in line with international best practice.
  - ii. Boosting LGPS investment in their localities and regions in the UK.
  - iii. Strengthening the governance of both LGPS Administering Authorities (AAs) and LGPS pools, building on the recommendations of the Scheme Advisory Board (SAB) in their 2021 Good Governance Review.
5. There was a total of 30 questions and the full consultation document can be found [here](#).
6. The response to the consultation was submitted on the 16 January 2025 following liaison with the London CIV and other administering authorities (AAs). The formal response was circulated to Members of the Pensions Committee and Local Government Pensions Board on 20 January 2025.

### **Consultation Response**

7. The Government published their response on 29 May 2025. In total, the Government received 220 responses including from all 86 AAs and 8 pools, as well as scheme members, trade unions, advisors, industry representatives, and campaign groups. The full response can be found [here](#).
8. Following the consultation, the Government will be implementing the proposals as set out below.

#### Area 1: Pooling

- i. Requirement on AAs to delegate the implementation of their investment strategy to their pool. The investment strategy set by AAs may include a high-level strategic asset allocation (SAA) that is no more detailed than the template which government intends to publish in guidance (Appendix 1).
- ii. Requirement on AAs to take their principal investment advice from the pool.
- iii. Requirement for pools to be established as investment management companies authorised and regulated by the FCA, with the expertise and capacity to implement investment strategies.
- iv. Requirement for AAs to transfer all assets to the management of their pool.

#### Area 2: Local Investment

- i. Requirement on AAs to set out their approach to local investment, including a target range for investment, in their Investment Strategy Statement, and

to have regard to local growth plans and local economic priorities in setting their investment strategy.<sup>1</sup>

- ii. Requirement on AAs to work with relevant Strategic Authorities (Combined Authorities, Mayoral Combined Authorities, Combined County Authorities, and the Greater London Authority) or Corporate Joint Committees to identify suitable local investment opportunities.
- iii. Requirement for the pools to develop the capability to carry out due diligence on local investment opportunities, take the final decision on whether to invest and manage those investments.
- iv. Requirement on AAs to include in their Annual Report a report on the extent and impact of their local investments.

### Area 3: Fund Governance

- i. Requirement to appoint a Senior LGPS Officer with overall delegated responsibility for the management and administration of the Scheme.
  - ii. Requirement to prepare and publish an Administration Strategy.
  - iii. Changes to the way in which strategies on governance and training, funding, administration and investments are published.
  - iv. Requirement for pension committee Members, the Senior Officer, and Officers to have the appropriate level of knowledge and understanding for their roles, with requirements for pension committee members and local pension board members aligned.
  - v. Requirement for AAs to set out within their government and Training Strategy how they will ensure that any committee, sub-committee, or officer will meet the new knowledge requirements within a reasonable period from appointment.
  - vi. Requirement for AAs to participate in an independent governance review and, if applicable, produce an improvement plan to address any issues identified.
9. Following the consideration of the consultation responses, the Government has also decided the following.

### Area 1: Pooling

- i. The Government will require that all LGPS investments, listed and unlisted, are transferred to the management of the pool. This means that the pool has full oversight of the assets and will make all investment decisions. It will be the responsibility of the pool to determine how the investment strategies of its partner AAs are implemented.

### Area 2: Local Investment

- i. Pools will be required to report annually on total local investments made on behalf of their AAs and their impact.

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<sup>1</sup> The Government have clarified in their response to the Consultation that 'local investment' should be defined as broadly local or regional to the AA or pool.

### Area 3: Fund Governance

- i. Require an independent governance review to take place once in every three-year period rather than every two years. This will align the reviews with the valuation cycle.
- ii. Require AAs to have an independent advisor without voting rights, rather than an independent Member of the committee.
- iii. Require AAs to prepare strategies on governance, knowledge and training, and administration, and publish these either as separate strategies or as a single document. The knowledge and training strategy will be required to include a conflicts of interest policy.

### **Pension Scheme Bill**

10. On the 5 June 2025, the Government introduced the Pension Scheme Bill. The Bill covers a number of different areas including the implementation of some of the above requirements for the LGPS. Members can find the Bill as it was first introduced [here](#). Officers anticipate the Bill to receive royal assent ahead of the 31 March 2026 deadline for the transition of all LGPS assets to the ‘management’ of the Pool. The Bill defines ‘Management’ as *“buying, selling or holding assets; setting asset allocation; establishing and managing pooled investment vehicles; selecting investments; acting as a responsible investor (including by acting as a shareholder in an investee company); deciding whether to develop or use internal investment management capability or external investment managers; managing cash flow.”*

### **Conclusion**

11. As part of the Government’s landmark Pensions Review of workplace defined contribution pensions schemes and the LGPS, the Government will be putting into legislation reforms for the LGPS to “put it on a clearer, firmer trajectory to scale and consolidation”.

### **Appendices**

- Appendix 1 – MHCLG template Strategic Asset Allocation and AA/ Pools roles and responsibilities

### **Amanda Luk**

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## MHCLG template Strategic Asset Allocation and AA/ Pools roles and responsibilities

### Roles and responsibilities of the Administering Authority vs the Pool

**Figure 1: The division of responsibilities between administering authority and pool**

	Task	Impact on overall investment outcome of the fund	AA Role	Pool role	Definitions
Strategy	Investment objectives	High  Low	Decide	Advise	Return objectives, risk tolerances, investment preferences, constraints and limitations, and the approaches to local investment and responsible investment.
	Strategic asset allocation		Decide (optional)	Advise/ Decide	Long-term, stable allocation based on overall investment objectives and risk tolerance
Implementation	Tactical asset allocation		Monitor	Decide	Adjustments to the asset mix, such as in respect of geographic allocation, consistent with the asset allocation strategy.
	Investment manager selection		Monitor	Decide	Appointment of external (or in-house) managers of specific investment mandates
	Stock selection		Monitor	Decide	Choosing individual investment opportunities based on detailed analysis of the opportunity
	Investment stewardship		Monitor	Decide	Engagement with the invested companies in line with Investment Objectives.
	Cashflow management		Monitor	Decide	Management of the disinvestment (or investment of contributions) in collaboration with administrators and Fund Actuary

### Template Strategic Asset Allocation

**Figure 3: Template SAA to be published in guidance**

Asset class	Strategic asset allocation (%)	Tolerance range (±%)
Listed equity		
Private equity		
Private credit		
Property / Real estate		
Infrastructure		
Other alternatives		
Credit (i)		
UK Government bonds		
Investment cash		

(i) Including credit instruments of investment grade quality, including (but not limited to) corporate bonds and non-UK government bonds.

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