

Committee(s): Local Government Pensions Board	Dated: 18 July 2024
Subject: Pensions Committee Update Report (Public)	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N/A
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Chamberlain	For Information
Report author: Kate Limna – Chamberlain's Department	

Summary

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

Recommendation

Members are asked to note the report.

Main Report

Background

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

Administration

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














City Fund and Pension Fund Statement of Accounts Update

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

Risk Register

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

Table 1: Risk Summary

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator
CHB Pensions 009	McCloud Remedy	12	
CHB Pensions 001	Insufficient assets - Pensions Fund	8	
CHB Pensions 010	Targeted returns – Pension Fund	6	
CHB Pensions 003	Short term Cash flow	4	
CHB Pensions 004	Breach of GDPR/Data Protection regulations	4	
CHB Pensions 006	Employer Insolvency	4	
CHB Pensions 007	Cyber Security	4	
CHB Pensions 008	Pension Scheme Administration	4	
CHB Pensions 011	Service provider failure	4	
CHB Pensions 012	Governance/Legislative Compliance	4	
CHB Pensions 013	Failure to discharge responsible investment duties	4	
CHB Pensions 005	Fraud	2	
CHB Pensions 002	Actuarial Valuation	1	

Investment Consultant Strategic Objectives - Annual Review

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

Government Response – DLUHC Consultation on LGPS

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

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

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

Conclusion

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

Appendices

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

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