

PENSIONS COMMITTEE
Tuesday, 17 September 2024

Minutes of the meeting of the Pensions Committee held at Committee Room 3 - 2nd Floor West Wing, Guildhall on Tuesday, 17 September 2024 at 2.00 pm

Present

Deputy Timothy Butcher (Chairman)
David Sales (Deputy Chairman)
Deputy Madush Gupta
Clare James
Timothy James McNally
Alderman & Sheriff Gregory Jones KC

Officers:

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

In attendance:

Peter Lisley – Deputy Chair of the Local Government Pensions Board
Steve Turner – Mercer

1. APOLOGIES

Apologies were received from Deputy Christopher Boden and Deputy Henry Pollard.

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

There were no declarations.

3. MINUTES

RESOLVED: That: -

- The public minutes and non-public summary of the Pensions Committee meeting on 18 June 2024 were approved as an accurate record.
- The public minutes and non-public summary of the Local Government Pensions Board meeting on 18 July 2024 be received.

4. WORK PROGRAMME

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

The Chamberlain suggested that an invitation be made to the Actuary from Barnett Waddingham, to attend the Pensions Committee meeting due to be held on 3 December 2024, for an actuarial valuation discussion, ahead of the

triannual valuation on the 31 March 2025. The discussion would take place in the non-public session. Members unanimously agreed.

RESOLVED: That Members: -

- Received the report and noted its content.

5. **CITY FUND AND PENSION FUND - AUDIT FINDINGS UPDATE**

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

The Chamberlain introduced the item highlighting the success of the audit, noting only minor outstanding actions which needed to be addressed before the audit was finalised. Members noted that the paper had been circulated as a late supplementary item, due to ongoing work on the City Fund audit, which would be presented at the next meeting of the Audit and Risk Committee in September. Officers confirmed that the Pension Fund accounts would be signed off by the statutory deadline on the 30 September 2024.

The Chairman commended officers for their efforts in putting together this piece of work, and suggested that in the spirit of good governance, that any outstanding audit recommendations be reviewed by the Committee in six months' time to address any unresolved issues.

A Member raised a query relating to the Section 37 Virgin Media case, querying whether the Auditor had mentioned this issue or if they planned to investigate in more detail next year. The Chamberlain confirmed that the Auditor had considered this and that they were happy with the response that the Pension Fund had provided.

RESOLVED: That Members: -

- Considered the Audit Findings Report for the Pension Fund 2023-24 as set out in Appendix 3.
- Agreed to review the recommendations in the audit findings report in 6 months' time.

6. **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 Committee meeting.

A Member observed that the scheme record keeping, involved measuring data once a year, including both common and conditional data, and asked what the score was, to understand if there were any gaps. Officers confirmed that this information would be circulated to Members outside of the meeting in an email.

The Member also sought clarification with regards to time scales relating to the payment of lump sum death grants as outlined in Appendix D of the report, as the two figures differed. Officers explained this was a typographical error which would be addressed.

The Deputy Chairman of the Local Government Pensions Board raised a question regarding the self-service portal, enquiring whether this would affect target measurements and speed up responses. Officers explained that the portal would enable members to use the retirement planner which would provide an estimate figure, however, for those nearing their retirement, the expectation would be that they contact the team for a personalised figure. It was noted that the portal may reduce the number of estimate requests being made of the team, but those that still make contact can expect an answer within the stated turnaround time.

The Deputy Chairman of the Pensions Committee congratulated the team on the roll out of the portal and on the favourable response they had received from scheme members.

RESOLVED: That Members: -

- Received the report and noted its content.

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

The Committee 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 Chamberlain informed Members that the Section 13 summary report was produced after every triennial evaluation to compare LGPS funds on a like for like basis. It was noted that The City of London Corporation Pension Fund had met all the criteria of the Section 13 report, receiving green flags for all aspects except 'asset shock' where a white flag was raised. Officers noted that the asset shock measure looked at the change in average employer pensions costs as a percentage of 'core spending' if there was a fall in markets and the fund's "growth" assets fell by 15% and never recovered. In addition, there were three recommendations for the Scheme Advisory Board which would be discussed prior to the next valuation.

The Chairman inquired about the Corporation's previous valuation, and the Chamberlain confirmed that an amber flag had been noted for the asset shock measure. However, this was not considered a major concern at the time.

Members acknowledged the recommendation concerning long-term cost efficiency for advisory boards and praised the Corporation's robust 20-year plan, which was meticulously followed in each valuation, leading to significant progress.

RESOLVED: That Members: -

- Received the report and noted its content.

8. **RISK REGISTER**

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

A Member raised a question on high-risk cybersecurity threats and the need to increase the risk level on the register. Officers noted that although the Corporation has strong defences in place, it did not stop the likelihood of targeted attacks. A supplementary question was asked on whether the City of London has a cybersecurity policy and an incident response plan that includes the pension scheme data. Officers confirmed the Corporation has a cyber security plan and understood that storing data in the cloud reduces risk, which the corporation adheres to. Given the recent Transport for London cyber-attack, Officers agreed to investigate what the overall risk was for cyber security for the Corporation and look to re-word the risk on the Pensions Committee risk register to reflect the concerns raised.

A Member confirmed that the Town Clerk was looking into the issue of cyber security in relation to the organisation and its risk and was paying this issue considerable attention. Consequently, the Committee decided that Officers should reassess the current cyber rating, factoring in the Committee's concerns and contemplating an elevation of the risk level.

RESOLVED: That Members: -

- reviewed the existing risks and actions present on the Pensions Committee's Risk Register,
- agreed to a review of the cyber security risk
- confirmed that appropriate control measures are in place all other risks; and
- confirmed that there are no further risks relating to the services overseen by the Pensions Committee

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

There were no questions.

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

There was no urgent business.

11. **EXCLUSION OF THE PUBLIC**

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

12. **MINUTES**

The Pensions Committee considered agenda items 12-14 together.

RESOLVED: That Members: -

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

15. **PERFORMANCE MONITORING**

The Committee received a presentation from Mercer concerning the Pension Fund Quarterly Monitoring Report for Q2 2024 and a report of the Chamberlain relating to the Investment Performance of the Pension Fund as at 31 July 2024.

16. **OPEN ENDED INFRASTRUCTURE FUND**

The Committee considered a report from the Chamberlain concerning three Open Ended Infrastructure funds, following the Committee's in-depth discussion at the June Committee meeting.

17. **HARRIS & LCIV EQUITY VALUE MANAGER REVIEW**

The Committee considered a joint report of the Chamberlain and Mercer which provided Members of the Committee with a comparative report between the Fund's current value manager Harris and the LCIV Global Equity Value Fund (managed by Wellington).

18. **VERITAS & LCIV GLOBAL EQUITY QUALITY MANAGER**

The Committee considered a joint report of the Chamberlain and Mercer, concerning a comparative review between the Fund's current quality manager, Veritas, and the London CIV (LCIV) Global Equity Quality Fund (managed by Morgan Stanley).

19. **LCIV UPDATE**

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

20. **CASHFLOW**

The Committee received a report from the Chamberlain concerning the cashflow for the Pension Fund for the four-year period 2024/25 to 2027/28.

21. **PENSION FUND - DRAFT ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2024**

The Committee received a report from the Chamberlain concerning the draft Pension Fund Annual Report for 2023/24, which included the Pension Fund accounts ended 31 March 2024.

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

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

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

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

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

There were no questions.

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

There were two items raised.

At this point in the meeting, in accordance with Standing Order No. 40, a decision was taken to extend the length of the meeting.

The meeting ended at 16:15

Chairman

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