

PENSIONS COMMITTEE
Thursday, 13 February 2025

Note of the inquorate 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 Committee 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

Chairman

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