

<b>Committee:</b> Police Pensions Board	<b>Date:</b> 3 February 2020
<b>Subject:</b> The City of London: Police Pension Scheme – Revision to the Risk Register	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Decision</b>
<b>Report author:</b> Matt Mott – Chamberlain’s Department	

## Summary

At the Board meeting of 12 June 2019, Members requested that the current Police Pension Board Risk Register be converted to the new corporate format which would then be a standing agenda item to be updated/reviewed on a regular basis. The Risk Register was reviewed at the October Board meeting and Members asked for Risks PSB01, PSB02 and OSB03 to be reviewed.

The Risk Register is attached at Appendix 1 with all changes being in bold, and underlined.

## **Recommendations**

Members are asked to:

- review the existing risks and actions present on the Police Pension Board’s Risk Register, and confirm that appropriate control measures are in place; and
- confirm that there are no further risks relating to the pension administration overseen by the Police Pension Board

## **Main Report**

### **Background**

1. The Police Pension Board reviewed the Risk Register at a meeting on 8 October 2019 and asked for further considerations to be made as follows:
  - Risk CHB PSB 01 should be amended to include the risk of incorrect data being submitted to the Home Office by all Police Forces.
  - Risks CHB PSB 02 & 03 should be considered by the Pensions Manager with a view to reducing likelihood and increasing impact

### **Review of Risks**

2. 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 2 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”.
3. The Risk Register to be reviewed is set out in Appendix 1. This contains seven risks as summarised below:
  - PSB01: Actuarial data – overall risk score of Green (1)
  - PSB02: Legislative Compliance – overall risk score of Green (3)

- PSB03: Pension Scheme Administration (Personnel) – overall risk score of Green (4)
- PSB04:Pension Scheme Administration (Systems) – overall risk score of Green (4)
- PSB05:Pension Fraud – overall risk score of Green (4)
- PSB06:Protected Pension Age – overall risk score of Green (1)
- PSB07:Cyber Security – overall risk score of Green (4)

#### Update on risks

4. Each risk in the register has been reappraised by the Pensions Manager. He does not consider that the risk environment has changed materially since the Board last reviewed the register in October 2019. Updates to each risk have been provided where relevant and are in bold and underlined for ease of reference. All the risks have been reviewed and the only risk to have been amended is PSB 01 For this risk the cause has been updated to include inaccurate data supplied to the Home Office by City of London and any other Police Authority. The overall total score remains as Green (1)
5. The Pensions Manager has considered all of the risks and in particular PSB02 and PSB03 and has concluded that their overall scores should not be amended for the following reasons:
  - Risk CHB PSB 02: Consideration has been given to the depth of knowledge and skills within the Pensions Office. The process of achieving legislative compliance has also been considered along with the administration track record of good compliance. Therefore, the likelihood of non-legislative compliance would be “Possible”. In the event this did occur the impact would be “Minor” as the Pensions Office can demonstrate good process, checking and review along with robust reporting. The overall score should remain unchanged at Green (3)
  - Risk CHB PSB 03 : The Pensions Office has a vacancy and recruitment is underway. In addition, a member of staff will commence paternity leave in January and a separate period of parental leave in February for a further 10 weeks. A review of the skills within the Pensions Office indicates that the likelihood of an administration error remains “Unlikely” during this short period. The impact of such an error due to absence could still be considered no higher than “Serious” as the remaining staff members are suitably experienced and knowledgeable. The overall risk score should remain Green (4).

#### **Conclusion**

6. The risks overseen by the Police Pension Board are primarily of low likelihoods but represent a serious impact, particularly with regards to financial loss due to possible enforcement of sanction or compensation due to maladministration and reputational damage. The Board is requested to 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 – Risk Register
- Appendix 2 – Risk Matrix

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