

Committee:	Date:
Local Government Pensions Board	5 October 2020
Subject: The City of London Local Government Pension Scheme – Risk Register	Public
Report of: The Chamberlain	For Decision
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Summary

The Pension Board, at their meeting on 7 October 2019, requested that the Risk Register should be included separately as a standing agenda item to be updated/reviewed at each meeting.

When reviewing the risks, the Board should be aware that generic risks are also included in the City of London Police Pension Scheme Pension Board risk register. These risks are CHB LGPS 03 Legislative Compliances, 04 Pension Scheme Administration, 05 Fraud and 07 Cyber security.

Appendix A (i) provides the Risk Register and Appendix A (ii) the Risk Matrix.

Recommendation

Members are asked to:

- review the existing risks and actions present on the Local Government 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 Local Government Pension Scheme Board

Main Report

Background

1. The Local Government Pension Board instituted a Risk Register on 20 October 2016 to help identify and manage the strategic risks facing the Board in discharging its responsibilities to oversee the City’s Pension Fund. The current Risk Register, as agreed by the Board on 4 February 2020, is included as Appendix A (i).
2. The Local Government Pension Board should review the register three times per year. Officers review the register more frequently and report any material changes between reviews on an exceptions basis to the Board. This is in line with standard risk review procedures across the rest of the City of London Corporation.

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 A (ii) 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”.

Update on Risks

4. The revised Risk Register is attached at Appendix A(i) and the Risk Matrix at Appendix A (ii).
5. At its meeting on the 4 February 2020,
 - (i) in relation to risk CHB LGPS 001a, the Board proposed a resolution be passed to the Financial Investment Board seeking an annual summation of investment activity in relation to the Pension Fund be provided. This is a separate item on today's agenda.
 - (ii) in relation to risk CHB LGPS 006 (Employer insolvency), the Chairman noted an amber six rating for the City Corporation being abolished or becoming insolvent and suggested this risk was unlikely and proposed dropping the rating to green 4. This has been reflected in the current risk register.
6. With the exception of risk CHB LGPS 006, the scores for the other risks have been maintained at their previous levels, although these risks have each been reviewed and updated where necessary in the Register itself. Updates to the Risk Register are underlined throughout with deletions being struck through.
7. Officers have also considered whether any new risks have emerged since the last review. Although the Board's operating environment continually changes officers have determined that the existing Register captures the material risks facing the Board and enables the Board to concentrate on the most prescient risks.
8. 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 Board, 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.

Conclusion

9. The risks overseen by the Local Government Pension Board are primarily of low likelihoods but represent substantial impact, particularly with regards to financial loss 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 A (i)– Risk Register
Appendix A (ii) - Risk Matrix

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