

Committee: Police Pensions Board	Date: 9 October 2020
Subject: The City of London: Police Pension Scheme – Risk Register	Public
Report of: The Chamberlain	For Information
Report author: Graham Newman – Chamberlain’s Department	

Summary

At the Board meeting of Wednesday 12 June 2019, Members requested that the current Police Pension Scheme 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.

When reviewing the risks, the Board should be aware that generic risks are also included in the Local Government Pensions Board risk register. The risks are CHB COLP PSB 02 Legislative Compliances, CHB COLP PSB 04 Pension Scheme Administration, CHB COLP PSB 05 Pension Fraud and CHB COLP PSB 07 Cyber security.

Appendix 1 provides the Risk register and Appendix 2 the Risk Matrix.

Recommendation

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 Scheme Board

Main Report

Background

1. The Police Pension Board instituted a Risk Register to help identify and manage the strategic risks facing the Board in discharging its responsibilities to oversee administration of the Police Pension Scheme. The current Risk Register, as agreed by the Board on 3 February 2020, is included as Appendix 1.
2. The Police 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 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”.

Update on Risks

4. The revised Risk Register is attached at Appendix 1 and the Risk matrix at Appendix 2.

5. At its meeting on the 3 February 2020,
(i) in relation to risk CHB COLP PSB01, the Board asked for this risk to be updated to note that other forces may supply inaccurate actuarial data to the Home Office. This has been included in the Risk Register.

(ii) in relation to CHB COLP PSB02 Legislative Compliance, the Board noted that the likelihood of this risk should be decreased, but the impact increased. This has increased the score from a 3 to a 4.

(iii) in relation to risk CHB COLP PSB03 Pension Scheme Administration (Personnel), Members noted that the likelihood of this risk should be decreased, but the impact increased. This amendment does not affect the overall risk score.

(iv) in relation to risk CHB COLP PSB07 Cyber Security, Members noted that this should be amended to match the same risk rating as is held on the Force’s own risk register for Cyber Security. Upon review, officers determined that the Police’s Cyber Security risk will be very different and designed specifically for their systems and needs. As this risk relates purely to pension administration systems, it is more appropriate to ensure it mirrors the Local Government Pension Scheme Board’s Cyber Security risk. Officers have reviewed this risk and confirm it does match the Local Government Pension Scheme Cyber Security risk.

(v) Members noted that a new risk should be created in respect of the McCloud Judgement. This new risk has been added to the Risk Register as CHB COLP PSB08.

Mitigation of amber and red risks

The risk, CHB COLP PSB08 – McCloud Legal Case, has been given an overall risk score of red 16. The changes to be made to the Police Pension Scheme as a result of the McCloud Judgement are guaranteed which means the likelihood must be recorded at the highest level. The impact of the changes will be potentially very high and is therefore recorded as ‘Major’. It is not possible to reduce the likelihood of this risk, but it may be possible to mitigate the impact.

It is not yet known what specific changes will be made, or the timeframe that will be given for implementation. However, by ensuring awareness of all correspondence and consultation documents that are published and by attending all available seminars/webinars, forums and user groups the Pensions Office will have as much advance knowledge and understanding as possible of the potential changes. This preparedness will mean the impact of the changes may not be as severe as it would have been otherwise.

6. 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 Police Pension Board are primarily of low likelihoods but may represent substantial impact. 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.

Recommendation

Members are requested to review the revised Risk Register at Appendix 1 and provide any comments.

Appendices:

Appendix 1 – Risk Register

Appendix 2 – Risk Matrix

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