

Committee: Police Pensions Board	Date: 8 February 2021
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

This report reviews the Risk Register for Police Pensions Board. The Risk Register details the key risks that the Board has identified alongside a risk score which indicates the likelihood of a risk being realised together with the potential impact and the appropriate mitigations.

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.

Officers have conducted a preliminary review of the Risk Register and with the exception of risk CHB COLP PSB 01, are not recommending any changes to the current scores. At the October Board meeting Members ask for amendments to three risks as follows:

- CHB COLP PSB01 (Actuarial Data): the score has been increased from 1 to 2 to reflect that the Board cannot influence the risk of other forces providing inaccurate actuarial data to the Home Office.
- CHB COLP PSB03 (Pension Scheme (Administration): this risk has been updated to incorporate the potential need for manual calculation. The overall score remains the same.
- CHB COLP PSB08 (McCloud Legal case): this risk has been updated to reflect the involvement of Police HR. The overall risk remains the same.

The Risk Register is included at Appendix 1 with risk updates underlined throughout. The Risk Register is reviewed at each meeting by the Police Pensions Board and more frequently by officers, who report any material changes or new risks identified in between reviews on an exceptions basis

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
- consider whether there are any 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 9 October 2020, is included as Appendix 1.
2. The Board reviews the Risk Register at each meeting. 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 9 October 2020, the Board asked for some amendments to three risks:
 - (i) in relation to risk CHB COLP PSB01, the Board asked for this risk to be amended to better reflect the potential impact given that the Board cannot influence the risk of other forces providing inaccurate actuarial data to the Home Office. The likelihood of this risk remains the same, but the impact has increased. This has increased the score from a 1 to a 2.
 - (ii) in relation to CHB COLP PSB03 Pension Scheme Administration (Personnel), Members noted that the risk should be updated to incorporate the potential need for manual calculations and the additional time this adds to processing – with particular reference to the production of the annual Pensions Savings Statements within the statutory deadline. This amendment has been made to the Risk and action PSB03e has been added. It does not affect the overall risk score.
 - (iii) in relation to risk CHB COLP PSB08 McCloud Legal Case, Members noted that that action PSB08c should be updated to reflect that Force HR are actively involved in the planning and preparation for the potential changes to the schemes.

Mitigation of amber and red risks

6. 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'. At this stage Officers consider that it is

not possible to reduce the likelihood of this risk, but it may be possible to mitigate the impact.

7. It is not yet known what specific changes will be made, or the timeframe that will be given for implementation of any changes. 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.
8. With the exception of risk PSB01 (mentioned previously), 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.
9. 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.
10. 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

11. 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

Contact:

Graham Newman
Email: graham.newman@cityoflondon.gov.uk