

Committee:	Date:
Local Government Pensions Board	20 October 2021
Subject: The City of London: Local Government Pension Scheme – Risk Register	Public
Report of: The Chamberlain	For Decision
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Summary

This report reviews the Risk Register for the Local Government 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 City of London Police Pension Scheme Pension Board risk register. The risks are CHB LGPS 03 Legislative Compliances, 04 Pension Scheme Administration, 05 Fraud and 07 Cyber security.

Officers have conducted a preliminary review of the Risk Register and with the exception of risk CHB008 (Pensions Administration Software), are not recommending any changes to the current scores. In addition, and as requested by the Board at its October meeting a new risk around McCloud has been included.

The Risk Register is included at Appendix A(i) with risk updates underlined throughout. The Risk Register is reviewed at each meeting by the Local Government 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 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 5 October 2020, is included as Appendix A (i).
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 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 (ii).
5. At its meeting on 8 June 2021 the Board requested a new risk to be added to the Risk Register concerning the proposed remedy by MHCLG (now DLUHC) to remove age discrimination from the LGPS. This is known as the McCloud ruling or McCloud. Risk CHB LGPS 009 McCloud Remedy, identifies the risks associated with the proposed changes to scheme regulations including development of the pension administration system, Altair, changes to existing processes and calculations, communication of the remedy to scheme members and stakeholders which will enable CoL to continue to meet its statutory obligation as an Adminstrating Authoring of LGPS. The likelihood of being unable to implement the remedy is currently dependant on changes to pension legislation, scheme regulation and development of Altair. If the necessary changes were not delivered, the City of London Pension Fund (and all other LGPS Funds) would not be able to implement the remedy. Until then risk CHB LGPS 009, remains scored as 16 and is red.
6. The risk CHB 008 Pension Administration Software has reduced from Red 16 to Green 4 as the contract has now been formally signed, with a commencement date of 14 October 2021. At the meeting on 8 June 2021 the Chairman commented the target for this risk was Amber 8 and that on completion of the contract the target should actually be recorded as green. The target risk for Risk CHB 008 has been amended to Green 4.

7. The scores for 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.
8. Officers have also considered whether in addition to risk CHB LGPS 009, any new further 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.
9. 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

10. With the exception of the new risk for McCloud, 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 (iii) - Risk Matrix

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