Committee: Pensions Committee	Dated: 27 September 2022
Subject: Risk Register for the Pensions Committee	**Public**
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	**All**
Does this proposal require extra revenue and/or capital spending?	**No**
If so, how much?	**N/A**
What is the source of Funding?	**N/A**
Has this Funding Source been agreed with the Chamberlain's Department?	**N/A**
Report of: The Chamberlain	**For Decision**
Report author: Amanda Luk – Chamberlain's Department	

Summary

At the first meeting of the Pensions Committee on 11 July 2022, Members determined they wished to review the Risk Register at each meeting for the coming year.

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

The risks are an amalgamation of the risks that were on the Local Government Pensions Board Risk Register and relevant risks that were on the Financial Investment Board Risk Register. When reviewing the risks, the Pensions Committee should be aware that some similar/generic risks are also included in the (CoL) Police Pension Board or the Financial Investment Board (FIB) Risk Registers: risks CHB Pensions 009 McCloud Remedy, 007 Cyber security and 005 Fraud are on the CoL Police Pensions Board Risk Register and risk CHB Pensions 013 (Responsible Investment Duties) is on the FIB Risk Register.

The narrative "risk update" and "latest note" on associated actions has been amended where necessary.

The Risk Register is included at Appendix 2 and Members of the Committee are asked to review the risks and actions and confirm that appropriate measures are in place.

Recommendations

Members are asked to:

- review the existing risks and actions present on the Pensions Committee's Risk Register, and confirm that appropriate control measures are in place; and

- confirm that there are no further risks relating to the services overseen by the Pensions Committee.

Main Report

Background

1. Prior to the formation of the Pensions Committee, responsibility for the CoL Corporation Pension Fund fell to a number of different Committees, most notably the Financial Investment Board (FIB) around investments. In addition to this, the Local Government Pensions Board (LGP Board), which scrutinises/oversees the operation of the Pension Fund, instigated its own Risk Register.

2. Now that the Pensions Committee has been established and is responsible for all matters relating to pensions, it is logical that the LGP Board's Risk Register forms the basis of the Pensions Committee Risk Register with relevant investment risks moving across from the FIB Risk Register. At the first meeting of the Pensions Committee on 11 July 2022, Members determined they wished to review the Risk Register at each meeting for the coming year.

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 1** 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".

4. The Risk Register to be reviewed is set out in **Appendix 2**.

Table 1: Risk Summary

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator
CHB Pensions 009	McCloud Remedy	16	🛑
CHB Pensions 001	Insufficient assets - Pensions Fund	8	⚠️
CHB Pensions 010	Targeted returns – Pension Fund	6	⚠️
CHB Pensions 006	Employer Insolvency	4	✅
CHB Pensions 007	Cyber Security	4	✅
CHB Pensions 011	Service provider failure	4	✅
CHB Pensions 012	Governance/Legislative Compliance	4	✅
CHB Pensions 013	Failure to discharge responsible investment duties	4	✅
CHB Pensions 005	Fraud	2	✅
CHB Pensions 002	Actuarial Valuation	1	✅

5. The Risk Register contains ten risks which are summarised above. In the table, "Current Risk Score indicator" displays the current "RAG" rating for each risk. 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 Committee, 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.

6. Officers have reviewed the Risk Register to establish whether the risk environment has changed and whilst all scores have been maintained at their previous levels each been reviewed and updated where necessary in the Register itself. Updates to the Risk Register are underlined throughout.

7. Officers have also considered whether any new risks have emerged since the last review. Although the Committee's operating environment continually changes, officers have determined that the existing Register captures the material risks facing the Committee.

Conclusion

8. The risks overseen by the Pensions Committee are primarily of low likelihood but represent substantial impact, particularly with regards to financial loss and reputational damage. There is one red risk around the McCloud remedy (CHB Pensions 009). Whilst the Public Services and Judicial Offices Act 2022 has received Royal Assent, its main purpose is to support the implementation of the McCloud remedy, however further guidance and legislation is required before it can be applied to the Local Government Pension Scheme. Once this guidance and legislation is issued, the risk rating and score is expected to decrease substantially.

9. The Pensions Committee 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 – City of London Corporation Risk Matrix
- Appendix 2 – Pensions Committee Risk Register

Amanda Luk
Senior Accountant – Pensions
Chamberlains Department
T: 020 7332 1372
E: amanda.luk@cityoflondon.gov.uk