

Committee: Police Pensions Board	Date: 8 June 2023
Subject: CoL: Police Pension Scheme – Risk Register	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	n/a
Does this proposal require extra revenue and/or capital spending?	n/a
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: 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 some similar/generic risks are also included in the Local Government Pensions Committee risk register. The risks are CHB COLP PSB 02 Legislative Compliances, CHB COLP PSB 05 Pension Fraud, CHB COLP PSB 07 Cyber security and CHB COLP PSB 08 McCloud Legal Case.

Officers have conducted a preliminary review of the Risk Register and are not recommending any changes to the current scores.

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 exception 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 7 June 2022, 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 exception 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".
4. The Risk Register to be reviewed is attached at **Appendix 1**

Table 1: Risk Summary

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator
CHB COLP PSB 08	McCloud legal Case	16	
CHB COLP PSB 02	Legislative Compliance	4	
CHB COLP PSB 03	Pension Scheme Admin (Personnel)	4	
CHB COLP PSB 04	Pension Scheme Admin (Systems)	4	
CHB COLP PSB 05	Pension Fraud	4	
CHB COLP PSB 07	Cyber Security	4	
CHB COLP PSB 01	Actuarial Data	2	
CHB COLP PSB 06	Protected Pension Age	1	

5. The Risk Register contains eight 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 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.
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 has 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

Mitigation of amber and red risks

8. 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.
9. On 10 March 2022 the Public Service Pension and Judicial Offices Act 2022 (the Act) received Royal Assent. The main purpose of the Act was to support the implementation of the McCloud remedy in the public service pension schemes and is to be implemented in two phases.
10. Phase one took effect from 1 April 2022 and moved all remaining active members of the 'legacy' pension schemes (the Police Pension Schemes 1987 and 2006) into the new scheme (the Police Pension Scheme 2015).
11. Phase two will be in respect of the implementation of the deferred choice underpin and will give eligible members the choice between legacy scheme and new scheme membership for the period 1 April 2015 and 31 March 2022.
12. The Act confirms that Phase two must be implemented by 1 October 2023 at the latest, but the implementation of the regulatory changes are required to allow this to happen.
13. 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 changes. This preparedness will mean the impact of the changes may not be as severe as it would have been otherwise.

Conclusion

14. The risks overseen by the Police Pension Board are primarily of low likelihoods but may represent substantial impact. There is one red risk around the McCloud remedy (CHB Pensions 08). 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 Police Pension Scheme. Once this guidance and legislation is issued, the risk rating and score is expected to decrease substantially.
15. 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 1 – Risk Register
- Appendix 2 – Risk Matrix

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