

# Croydon Council

<b>REPORT TO:</b>	<b>Local Pension Board 18 October 2018</b>
<b>AGENDA ITEM:</b>	<b>9</b>
<b>SUBJECT:</b>	<b>Review of Risk Register</b>
<b>LEAD OFFICER:</b>	<b>Nigel Cook, Head of Pensions and Treasury</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b> <b>Sound Financial Management:</b> This report forms an important component of the governance arrangements for the stewardship of the Pension Fund.	
<b>FINANCIAL SUMMARY:</b> Financial risks relating to the Pension Fund are substantial and can impact on the General Fund of the Council.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.:</b> N/A	

## 1 RECOMMENDATIONS

- 1.1 The Board is asked to note the contents of the Pension Fund's Risk Register and to comment as appropriate.

## 2 EXECUTIVE SUMMARY

- 2.1 It is recommended best practice to maintain a risk register. This report presents the current risk register for the Board's consideration.

## 3 DETAIL

- 3.1 Best practice recommends that a risk register is maintained by the Pension Committee recording all relevant risk scenarios, together with an assessment of their likelihood and impact and the appropriate mitigations. This report provides the Board with a report covering risks relating to governance, funding, assets and liabilities, and operational risks. The Risk Register was most recently considered by the Pensions Committee at its 5<sup>th</sup> June 2018 meeting.
- 3.2 The Board is invited to comment upon whether it considers this list sufficiently exhaustive, whether the assessment of each risk matches its perception and to comment on the adequacy of future and existing controls. Any comments can be referred back to the Committee for consideration.
- 3.3 The risk register is reviewed periodically and considered by the Pensions Committee twice each year. The Council maintains a corporate risk register: this Pension Fund risk register is distinct from that document and an innovation in that previously the

Council has not had the opportunity to formally track risks relating to the Fund and Scheme in such a comprehensive manner.

3.4 As a result of a review of risks, no new risks with a risk level of 12 or above have been identified but five risks have been de-escalated:

- Academies are much better at reporting on their staff;
- Acknowledging the governance review;
- Recognising the London CIV is now firmly established;
- Reflecting the S.13 GAD report; and
- The MiFID II exercise has been completed.

3.5 The register shows that the most significant risks for the Scheme relate to cessation valuation debts not being paid; academies not paying contributions; and investments under-performing. Brexit is addressed by the Corporate Risk Register. The register is appended to this report – it shows only those risks that are scored 12 or higher in the current year; risks are rated on a scale of 1 to 5 on likelihood and impact giving a range of potential scores between 1 and 25. Where a risk has been down-graded to below 12 it will be taken off this report. Similarly, new risks that are scored lower than the threshold noted above, do not feature on the register.

## **4 CONSULTATION**

4.1 Officers have fully consulted with the Pension Fund's advisers in preparing this report.

## **5 FINANCIAL CONSIDERATIONS**

5.1 The Board ensures effective and efficient governance and administration of the LGPS for the Pension Fund. This ensures that costs to the authority are effectively managed.

## **7 FREEDOM OF INFORMATION/DATA PROTECTION CONSIDERATIONS**

7.1 This report does not contain any information which will not be made publically available by being published on the Council's Pension Fund website.

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### **CONTACT OFFICER:**

Nigel Cook – Head of Pensions and Treasury  
Finance, Investment and Risk ext. 62552.