

Croydon Council

REPORT TO:	Local Pension Board 17 October 2019
SUBJECT:	Review of Risk Register
LEAD OFFICER:	Nigel Cook Head of Pensions and Treasury

1. RECOMMENDATION

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

2. EXECUTIVE SUMMARY

- 2.1 It is recommended best practice for the Pension Committee to maintain a risk register. This report presents the current register (Appendix A) for the Board's consideration.

3. DETAIL

- 3.1 Best practice recommends that a risk register is maintained by the Fund recording relevant risk scenarios, together with an assessment of their likelihood and impact and appropriate mitigations. This report discusses risks relating to governance, funding, assets and liabilities and operational matters. Appendix A details those risks considered significant enough to merit careful, consistent scrutiny.
- 3.2 The Board is invited to comment on whether it considers this list sufficiently exhaustive, whether the assessment of each risk matches its perception and on the adequacy of existing and future controls.
- 3.3 The risk register is reviewed periodically and brought back to the Board for its consideration twice each annual cycle of meetings – it was most recently reviewed in March 2019.
- 3.4 Risks are rated on a scale of 1 to 5 on the likelihood of the risk occurring and its impact if it does. This allows a range of potential scores of between 1 and 25. The register shows that there are 9 significant risks for the Fund (i.e. scored 12 or higher). The portion of the register that lists those risks which scored 12 or higher is attached as Appendix A to this report.
- 3.5 Members should note that since the March 2019 review two risks have changed significantly: these risks relate to Brexit and to the London Collective Investment Vehicle (CIV).

- 3.6 As at the time of writing negotiations and discussions on the terms of the UK leaving the European Union, Single Market and Customs Union continue without a clear indication of the ultimate point of resolution. This presents three challenges for the administrators of the Croydon LGPS. Firstly, in respect of staff who are non-UK EU citizens. Secondly, relating to potential changes to financial regulatory frameworks, and thirdly, how it impacts on the performance of investments.
- 3.7 The second significant challenge relates to the London CIV. Since the last review there have been three incidents of note: the Emerging Market sub-fund has suffered the loss of key personnel requiring a transfer of investments to another fund manager; Ares, the fund manager expected to run the private debt mandate has withdrawn from the process; and CQS, who manage a fixed income mandate, have been put on watch. In addition there have been a loss of key staff in senior roles, most recently the Chief Investment Officer.

4 DATA PROTECTION IMPLICATIONS

- 4.1 Will the subject of the Report involve the processing of “personal data?”

No

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BACKGROUND DOCUMENTS:

None.

Appendix A
Risk Register.