



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 8

27th November 2019

Risk Register

Purpose of Report:

To present an updated summary of the Strathclyde Pension Fund Risk Register.

Recommendations:

The Committee is asked **to NOTE** the current risk register.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes No consulted: Yes No

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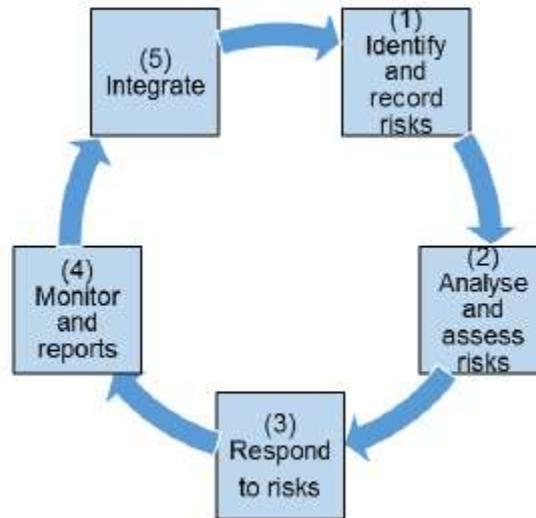
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1 Background

In March 2019, the Committee approved a Risk Policy and Strategy Statement. Unlike the Fund's other policy documents, this is not a requirement of the regulations but is considered a matter of best practice. The Statement sets out a common basis for risk management across the Fund's other policies and strategies. The Fund's policy documents are available on its website at: www.spfo.org.uk

2 Risk Management Process

The risk management process is illustrated as follows.



3 Risk Register

As a key part of the Fund's risk strategy, a detailed risk register has been established and is maintained for the Strathclyde Pension Fund (SPF) and the Strathclyde Pension Fund Office (SPFO). The format is consistent with the corporate and departmental registers. The register provides a simple, systematic and consistent basis for recording, analysis, understanding, communication, management, monitoring and reporting of risks.

4 Monitoring and Review

The risk register is monitored on an ongoing basis by officers. The complete register is reviewed annually by the Committee. The principal risks, in terms of their residual ranking, are reported more frequently to the Committee.

5 Current Register

The principal risks in the current register and the risk tolerance matrix used to analyse them are summarised in Appendix A.

6 Changes

There have been no changes since the last risk register update report as at 31st March 2019.

7 Policy and Resource Implications

Resource Implications:

Financial: None

Legal: None

Personnel: None

Procurement: None

Council Strategic Plan: Strathclyde Pension Fund aligns with the theme of a well governed city.

Equality and Socio-Economic Impacts :

Does the proposal support the Council's Equality Outcomes 2017-22 Equalities issues are addressed in the Fund's Responsible Investment strategy, in the scheme rules which are the responsibility of Scottish Government and in the Fund's Communications Policy which has been the subject of an Equalities Impact Assessment.

What are the potential equality impacts as a result of this report? No specific equalities impacts.

Please highlight if the policy/proposal will help address socio economic disadvantage.

Sustainability Impacts:

Environmental: ESG (Environmental Social and Governance), and local impacts are addressed in the Fund's Responsible Investment strategy.

Social, including opportunities under Article 20 of the European Public Procurement Directive ESG (Environmental Social and Governance), and local impacts are addressed in the Fund's Responsible Investment strategy.

Economic: ESG (Environmental Social and Governance), and local impacts are addressed in the Fund's Responsible Investment strategy.

Privacy and Data Protection impacts: None.

8 Recommendations

The Committee is asked to **NOTE** the current summary risk register..

Current Risk Register - Summary

RISK		RESIDUAL ASSESSMENT			
Risk Ref No	Risk Title/Risk Description	Residual Probability	Residual Impact	Residual Risk	Movement
SPFO5	RISK: Pay and price inflation significantly more or less than anticipated. CAUSE: Macro economic. EFFECT: Increase in liabilities; increase in asset price volatility; potential underfunding; potential increase in employer contribution rates.	3	4	12	Static
SPFO31	RISK: Employer failure to carry out statutory functions including submission of member data and contributions to SPFO. CAUSE: Under-resourcing/Scheme Complexity. EFFECT: Missing, incomplete and incorrect records on pensions administration system; undermines service delivery and causes difficulties in establishing correct benefits at individual member level, and liabilities at employer and whole of Fund level; potential issues with the Pensions Regulator.	3	4	12	Static
SPFO1	RISK: Fund's investments fail to deliver returns in line with the anticipated returns underpinning valuation of liabilities over the long-term. CAUSE: Macro economic. EFFECT: Long-term underfunding; significant increase in employer contribution rates.	2	5	10	Static
SPFO23	RISK: Issues with pensions administration system and other related systems. CAUSE: Outages, hardware and software failure, cyber attack. EFFECT: Staff downtime, loss of service delivery, data loss, and potential failure to pay pensions.	3	3	9	Static
SPFO7	RISK: Pensioners living longer than anticipated in actuarial valuation. CAUSE: Socio economic EFFECT: Increase in liabilities; underfunding; potential increase in employer contribution rates.	3	3	9	Static
SPFO9	RISK: Changes to scheme regulations and other pensions legislation. CAUSE: Political or legislative EFFECT: Increasing administrative complexity, communications challenges. Potential issues with the Pensions Regulator. Increase in liabilities.	3	3	9	Static

Current Risk Register - Summary

<p>SPFO30</p>	<p>RISK: Failure to recruit, retain and develop appropriate staff. CAUSE: Employment Market changes. EFFECT: Loss or failure of service delivery.</p>	<p>3</p>	<p>3</p>	<p>9</p>	<p>Static</p>
<p>SPFO57</p>	<p>RISK: Failure to complete GMP reconciliation exercise. CAUSE: DWP withdrawal of service. EFFECT: Over/underpayment of pensions. Liability for any net cost. Reputational damage. Action by the Pensions Regulator.</p>	<p>3</p>	<p>3</p>	<p>9</p>	<p>Static</p>

Risk Tolerance Matrix

