



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 6

22nd November 2023

Risk Register

Purpose of Report:

To present a summary of the current Strathclyde Pension Fund Risk Register.

Recommendations:

The Committee is asked **to NOTE** the contents of this report.

Ward No(s):

Citywide:

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

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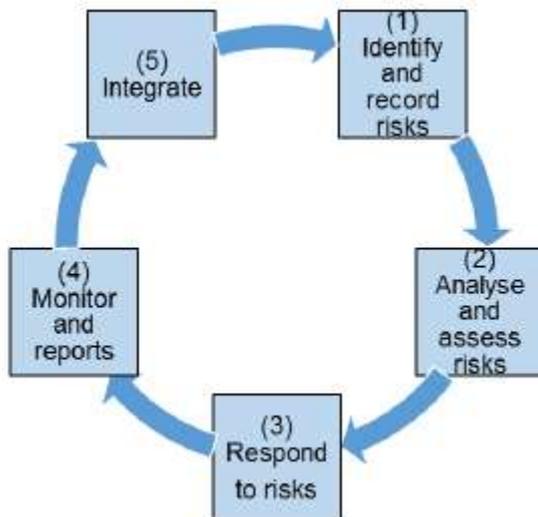
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1 Background

In March 2019, the Committee approved a revised 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 Current Register

4.1 Summary

The risk register as at 31st October 2023 is summarised as follows.

Total Risks 36	Very High Risks 1	High Risks 6
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Changes since last review (30 June 2023)

New 0	Closed 0	Increased 3	Decreased 1	Static 32
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4.2 Changes

There have been 4 changes since the last review.

Risk 0415 - Breach of statutory reporting guidelines – increased from a residual risk score of **4** (impact 2 x probability 2) to **12** (impact 3 x probability 4) as a result of delays in EY completing the statutory audit of the 2023/24 annual accounts.

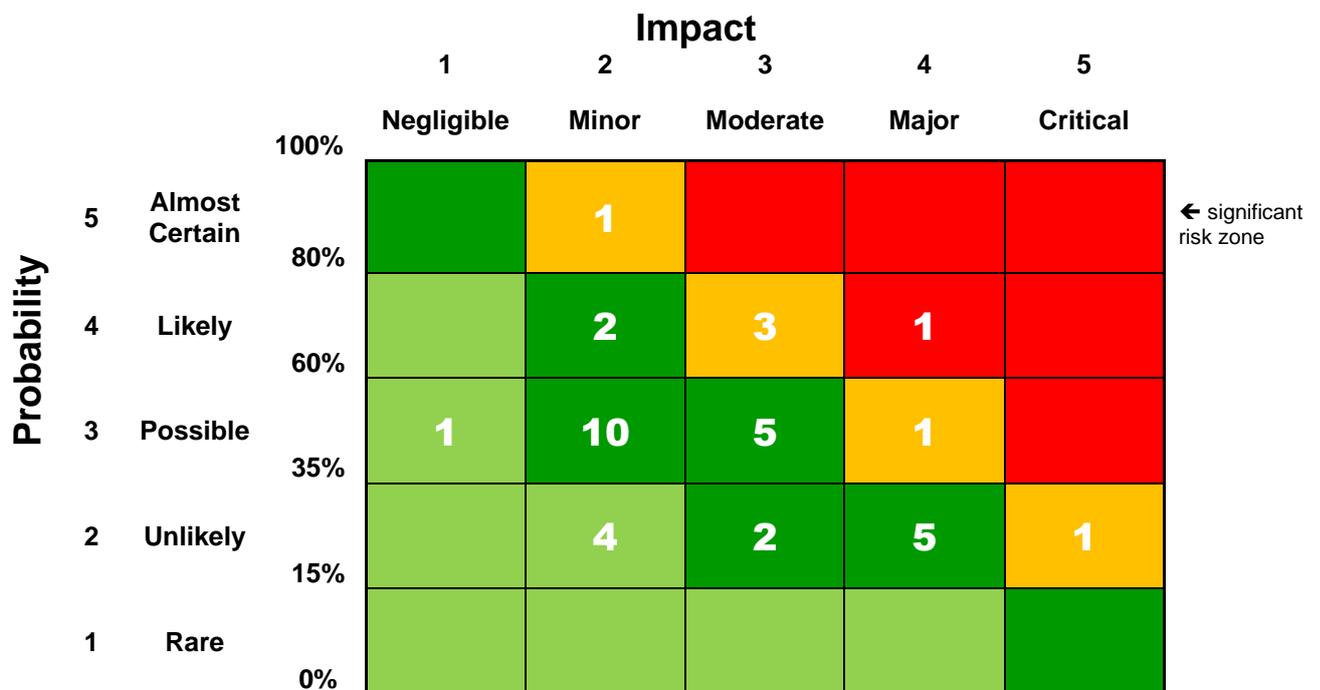
Risk 0416- Cash flow issues increased from a **6** (impact 2 x probability 3) to a **9** (3 x 3) as a result of a significant reduction in expected income from employer contributions for the next 2 years as a consequence of the 2023 actuarial valuation and funding strategy.

Risk 0420 – Fraud/ Theft/ Negligence/ Bribery – increased from a **4** (impact 2 x probability 2) to a **6** (2 x 3) as a result of re-assessment of the risk in light of the increasing prevalence of cyber crime and online fraud – though SPFO has had no reported incidence of this.

Risk 0400 – Employer Default – reduced from a **6** (impact 2 x probability 3) to a **3** (1 x 3) as a result of the significantly improved funding position reported at the 2023 actuarial valuation.

4.3 Distribution

Current distribution of risks is summarised as follows.



4.4 Risks and Mitigations

A summary of the current risk register is included at Appendix A.

4.5 Emerging Risks

There are some emerging issues which are currently being monitored and which may lead to changes in the near future. These include:

National Care Service. This could have significant implications for pension arrangements and for SPF. These include significant changes in membership numbers, cash flows, and maturity. Proposals are not sufficiently developed to allow a proper assessment of the associated risks. The risk is largely captured by Risk 1584 – structural reform of LGPS funds.

Succession Planning. The risk rating was increased from 9 to 12 in October 2022 to recognise difficulties experienced by SPFO and other departments in recruiting suitable candidates, particularly at entry grades. Recent experience suggests that the situation is vastly improved in relation to administration posts. However, there are 2 vacant investment posts and recruitment to those may remain problematic.

Actuarial Valuation 2023. Two of the changes described above result from the 2023 actuarial valuation. A number of other risks will be re-assessed once the valuation and associated asset-liability modelling and investment strategy review are complete.

5 Policy and Resource Implications

Resource Implications:

Financial: None

Legal: None

Personnel: None

Procurement: None

Council Strategic Plan: SPF supports all Missions within the Grand Challenge of: ***Enable staff to deliver essential services in a sustainable, innovative and efficient way for our communities.*** The LGPS is one of the key benefits which enables the Council to recruit and retain staff.

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2021-25? Please specify. N/a.
Monitoring report.

What are the potential equality impacts as a result of this report? No significant impact.

Please highlight if the N/a.

policy/proposal will help address socio-economic disadvantage.

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify: N/a.
Monitoring report.

What are the potential climate impacts as a result of this proposal? N/a.

Will the proposal contribute to Glasgow's net zero carbon target? N/a.

Privacy and Data Protection Impacts:

Are there any potential data protection impacts as a result of this report
Y/N No.

If Yes, please confirm that a Data Protection Impact Assessment (DPIA) has been carried out N/a.

6 Recommendations

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