



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 10

10th September 2025

Risk Register Update

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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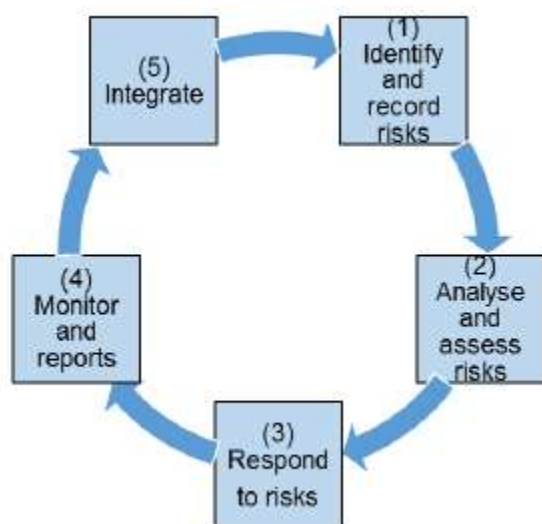
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1 Background

In March 2025, 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.

2 Risk Management Process

The risk management process is illustrated as follows.



3 Risk Register

As a key part of the 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 July 2025 is summarised as follows.

Total Risks	Very High Risks	High Risks
36	1	2

Changes since last review (31 March 2025)

New	Closed	Increased	Decreased	Static
0	0	1	1	34

4.2 Changes

There have been 2 changes since the last review:

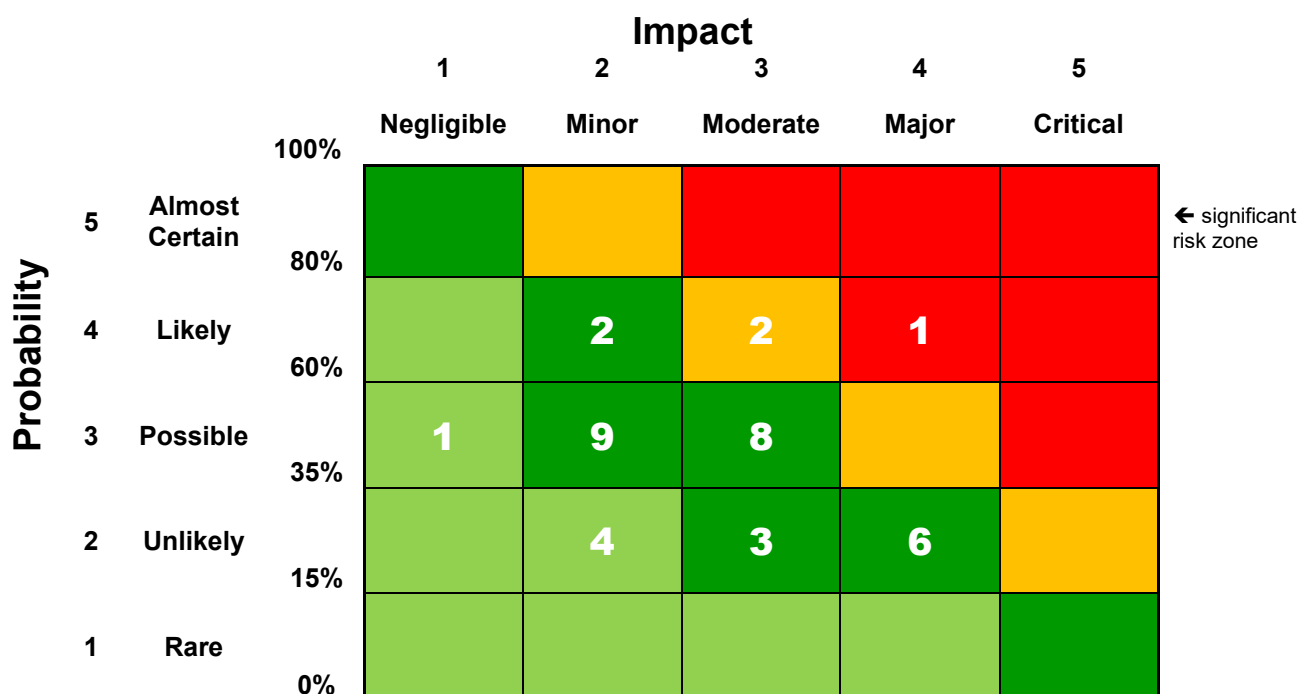
Risk 0391 – System Failure has been increased from a residual score of 12

(impact 4 x probability 3) to a 16 (4x4). As it has increasingly automated and digitised its service, SPF, like all modern businesses, has become increasingly reliant on its systems. At the same time systems have become more complex, and system security has been increasingly threatened by cyber criminals. SPF has proved very resilient to date – able to carry on business largely as usual in recent weeks in spite of a cyber security issue, an office power cut, and a separate loss of office internet connectivity. The probability of similar incidents in future is assessed as having increased. Hence the increased risk score.

Risk 0393 – Scheme Regulation Changes has been reduced from a residual score of 12 (impact 3 x probability 4) to a 9 (3x3). Regulation changes introduced in order to implement the McCloud Remedy are extremely complex. SPF has not yet fully implemented the remedy but has made very good progress. Similarly, changes to implement the Pensions Dashboard are not yet complete, but good progress has been made. There will be more changes in future – Scottish Government has indicated its intention to consult on further changes later in 2025. However, SPF's ability to manage these changes is assessed as having improved, so compliance failure is less likely and the risk score has reduced.

4.3 Distribution

Current distribution of risks is summarised as follows.



4.4 Risks and Mitigations

The most significant risks are summarised at **Appendix A**.

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 policy/proposal will help address socio-economic disadvantage. N/a.

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 No.
data protection impacts
as a result of this report
Y/N

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





6 Recommendations



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

Appendix A

Risks as at 31st October 2024

Ref		Title	Description	Mitigation / Control	Residual Impact	Residual Probability	Residual Score	Movement since last Assessment
FIN	0391	System Failure	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.	Access controls, firewalls and other system security measures. Robust system maintenance routines. Internal and external systems support. Back-up procedures. Disaster Recovery Plan. Business continuity plan.	4	4	16	↑
FIN	0403	Data Breach	RISK: Theft or loss/misuse of personal data. CAUSE: Cyber attack, human error, process failure. EFFECT: Breach of data protection legislation including GDPR, financial loss and/or penalties, audit criticism, legal challenge, reputational damage.	SPF compliance with GCC GDPR procedures; system security; secure data transfer; data sharing agreements (these are in place with larger employers and many but not all of the smaller ones, leaving some residual risk which is tolerated); staff awareness.	3	4	12	—
FIN	0415	Breach of statutory reporting guidelines	RISK: Breach of statutory reporting guidelines. CAUSE: Failure to produce compliant accounts by deadline. Failure of audit process. EFFECT: Regulatory criticism, business disruption and reputational damage.	Rigorous planning and project management within SPFO; support from Corporate Finance.	3	4	12	—
FIN	0393	Scheme regulation change	RISK: Failure to comply with changes to scheme regulations and other pensions legislation. CAUSE: Political or legislative EFFECT: inability to manage administrative complexity, communications challenges, potential issues with the Pensions Regulator, potential incorrect information or payments to members, impact on liabilities.	The Administering Authority is alert to scheme developments. Officers participate in various scheme and industry groups (SPLG, IGG, SAB, CIPFA, PLSA, etc.) SPFO is a test site for software upgrades to reflect regulation changes.	3	3	9	↓

FIN	0388	Inflation Impact	RISK: Pay and price inflation significantly more or less than anticipated for a protracted period. CAUSE: Macroeconomic. EFFECT: Increase in liabilities; increase in asset price volatility; potential underfunding; potential increase in employer contribution rates	Actuarial valuation; inter-valuation monitoring; asset liability modelling; some inflation protection in assets.	3	3	9	
FIN	0389	Scheme employer Statutory Function Failure	RISK: Scheme 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.	Regular communication with employers and their staff including Pensions in Partnership, Technical Bulletins, Employers Forum, Pension Board, scheme guide, liaison officers, dedicated employer area on SPFO website. Employers' HR and payroll controls. SPFO check individual records at points of significant transaction. Periodic bulk data checking by actuary. Member Records team within SPFO. Administration Strategy. Data improvement plan. I Connect. Employer Self Service.	3	3	9	
FIN	0392	Pensioner Mortality	RISK: Pensioners living longer than anticipated in actuarial valuation. CAUSE: Social economic EFFECT: Increase in liabilities; underfunding; potential increase in employer contribution rates.	Set mortality assumptions with some allowance for future increases in life expectancy. Fund participates in Club Vita to monitor mortality experience. Cost cap introduced in LGPS 2015 should limit impact.	3	3	9	
FIN	0394	Resource & Skills	RISK: Failure to recruit, retain and develop appropriate staff. CAUSE: Competitive employment market and scheme complexity. EFFECT: Deterioration of service delivery.	Robust but flexible staffing structure; conditions and staff development in line with Council policies and practice; additional internal training and development.	3	3	9	

FIN	0398	Discount Rate	RISK: Fall in interest rates and risk-free returns on Government bonds. CAUSE: Macro-economic. EFFECT: Rise in value of liabilities; long-term underfunding; potential increase in employer contribution rates.	Performance of both assets and liabilities is monitored quarterly. Full actuarial valuation is carried out every three years. Funding Strategy includes smoothing measures to provide stability of contributions.	3	3	9	
FIN	0416	Cash flow issues	RISK: Cash flow issues. CAUSE: Failure of cashflow monitoring systems. EFFECT: Insufficient cash available to pay pensions or meet investment commitments.	Cash flow projections and regular monitoring of bank account, financial ledger, pensions administration system. Global custody arrangements.	3	3	9	
FIN	2183	Gearing Effect	RISK: Fund liabilities grow more quickly than employer payrolls. CAUSE: different drivers of growth affecting Fund (inflation, longevity, maturity, investment returns) and employers (public sector financing, budgetary constraints). EFFECT: Increased volatility; any underfunding may require increase in employer contribution rates disproportionate to payrolls.	Funding Strategy; actuarial valuations; inter-valuation monitoring; asset liability modelling: funding surplus.	3	3	9	