



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 9

13th September 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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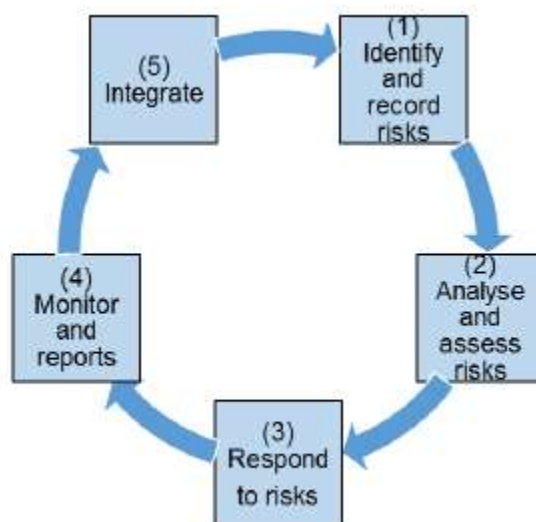
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1 Background

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 July 2023 is summarised as follows.

Total Risks	Very High Risks	High Risks
36	1	5

Changes since last review (31 March 2023)

New	Closed	Increased	Decreased	Static
0	0	0	0	35

4.2 Changes

There have been no changes since the last review. However, there are some emerging issues which are currently being monitored and which may lead to changes in the near future. These include:

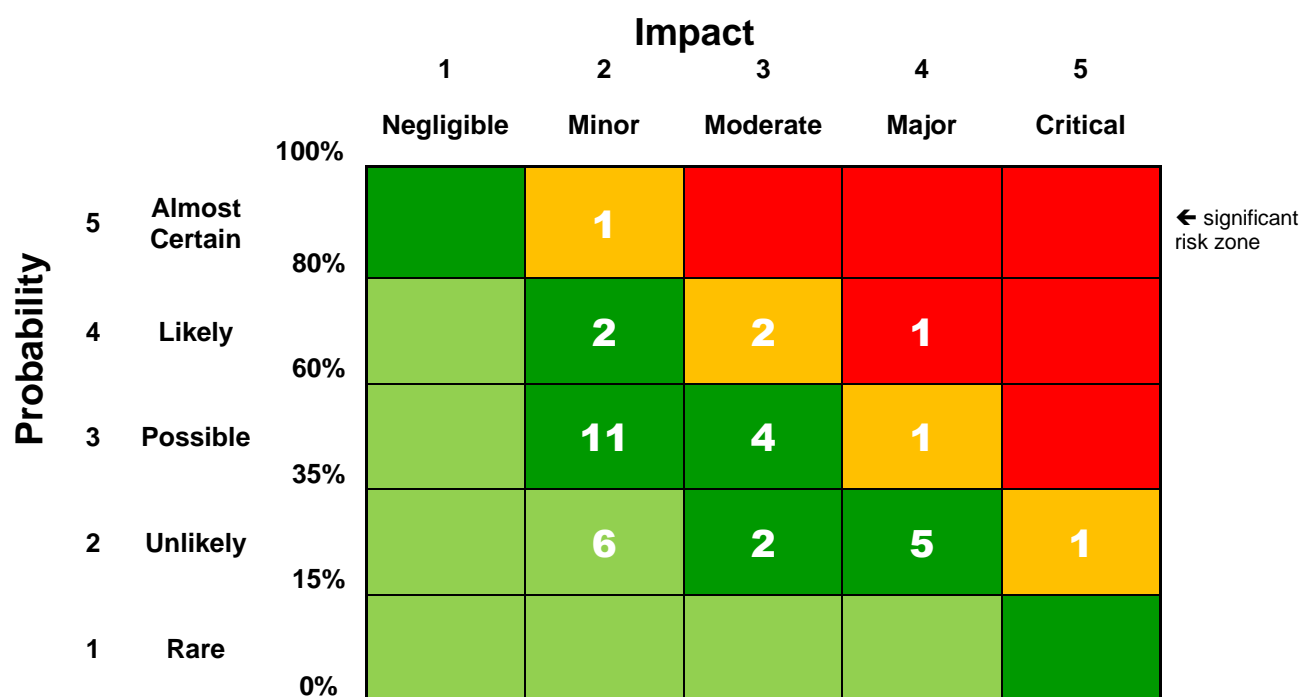
National Care Service. This has the potential to result in very significant transfers of staff across the local government sector in Scotland. This could have significant implications for pension arrangements and for SPF. These include significant changes in membership numbers, cash flows, and maturity. Proposals are not sufficiently developed to allow a proper assessment of the associated risks.

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. This situation has persisted and is now apparent across all grades, and particularly investment posts. The risk rating may need to be increased further.

Actuarial Valuation 2023. A number of funding risks will be re-assessed in light of the results of the triennial actuarial valuation.

4.3 Distribution

Current distribution of risks is summarised as follows.



4.4 Risks

The most significant risks are summarised in 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.

Risks as at 31st July 2023

Ref		Title	Description	Residual Impact	Residual Probability	Residual Score	Movement since last Assessment
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.	4	4	16	
FIN	0403	Data Breach	RISK: Theft or loss/misuse's of personal data. CAUSE: Cyber attack, human error, process failure. EFFECT: Breach of data protection legislation including GDPR, financial loss, audit criticism, legal challenge, reputational damage, financial penalties.	3	4	12	
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.	4	3	12	
FIN	0394	Succession planning	RISK: Failure to recruit, retain and develop appropriate staff. CAUSE: Employment Market changes. EFFECT: Loss or failure of service delivery.	3	4	12	
FIN	0390	Fund Investment Impact	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.	5	2	10	
FIN	0393	Scheme regulation change	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	2	5	10	