



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 11

24th November 2021

## 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

### PLEASE NOTE THE FOLLOWING:

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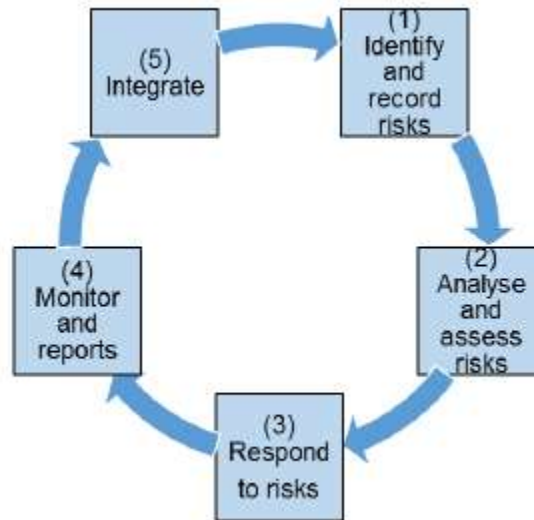
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## 1 Background

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](http://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

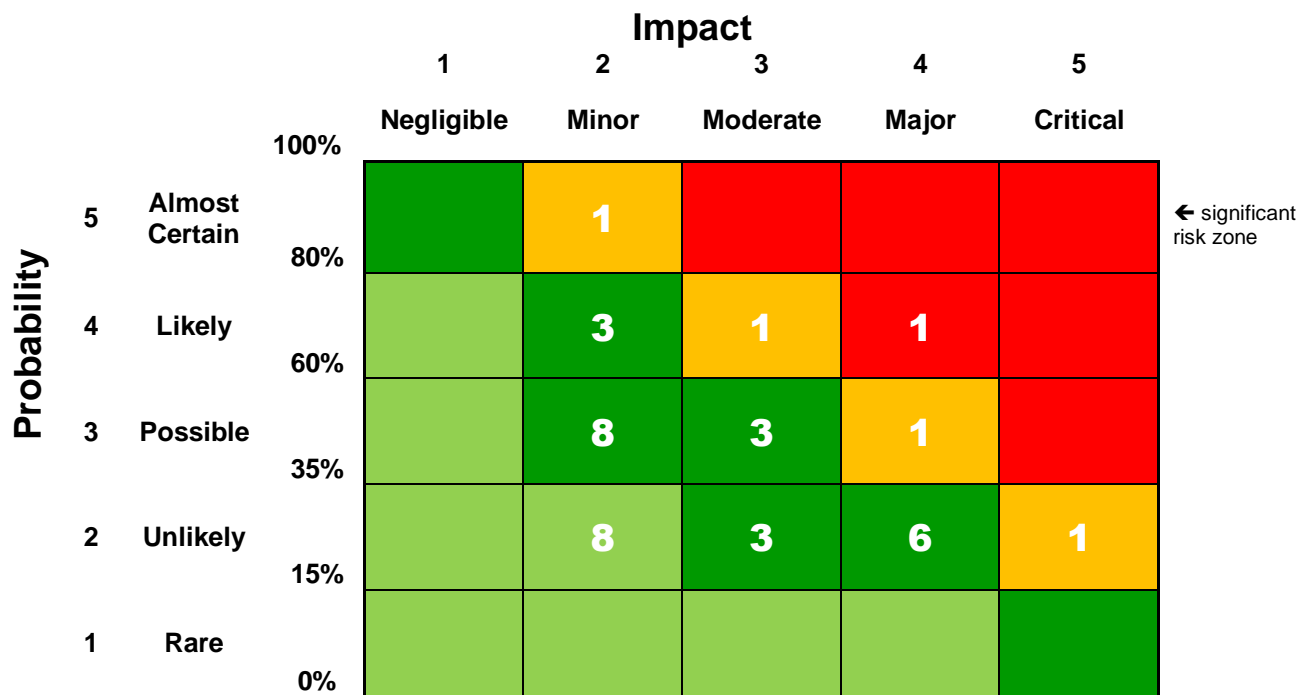
The risk register as at 30<sup>th</sup> September 2021 is summarised as follows.

<b>Total Risks</b> <b>36</b>	<b>Very High Risks</b> <b>1</b>	<b>High Risks</b> <b>4</b>
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#### Changes since last review (30 June 2021)

<b>New</b> <b>0</b>	<b>Closed</b> <b>0</b>	<b>Increased</b> <b>4</b>	<b>Decreased</b> <b>0</b>	<b>Static</b> <b>32</b>
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## 4.2 Distribution



## 4.3 Principal Risks

The principal risks are summarised in Appendix A.

## 4.4 Changes

There have been 2 changes this quarter:

- **Inflation Impact** – the residual risk score has increased from 12 to 16. A period of higher inflation seems likely, and whilst this may be short-lived there is a possibility that it may be sustained for a longer period.
- **System Failure** - the residual risk score has increased from 9 to 12. New hardware and more flexible working arrangements introduced during COVID have improved SPFO's resilience to a number of risks, but have increased reliance on systems and therefore increased the risk from a sustained system failure.

## 5 Policy and Resource Implications

### Resource Implications:

<i>Financial:</i>	None
<i>Legal:</i>	None
<i>Personnel:</i>	None
<i>Procurement:</i>	None

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

### Equality and Socio-Economic Impacts :

<i>Does the proposal support the Council's Equality</i>	Equalities issues are addressed in the Fund's Responsible Investment strategy, in the scheme rules which are the responsibility of Scottish
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*Outcomes 2017-22* 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.*

### **Climate Impacts:**

*Does the proposal support any Climate Plan actions? Please specify:* N/A.  
Monitoring report.  
Strathclyde Pension Fund's Climate Change strategy is being developed in line with Item 34 of the Council's Climate Action Plan.

*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:** None.

## **6 Recommendations**

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

Risks as at 30<sup>th</sup> June 2021

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. 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	4	3	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	