



Pension Board
3 September 2024

**Report from the Corporate Director,
Finance and Resources**

Brent Risk Register

Wards Affected:	N/A
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
List of Appendices:	Two: Appendix 1: Risk Register Appendix 2: Risk Strategy
Background Papers:	None
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1.0 Executive Summary

1.1 This report presents the revised Risk Strategy and updated Risk Register for the Brent Pension Fund Pensions Administration Service.

2.0 Recommendation(s)

2.1 The board is asked to agree the updated Risk Strategy.

2.2 The board is asked to note the overall report including the key changes set out in section 3.2.8.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

3.1.1 The work of the Pension Fund is critical in ensuring that it undertakes statutory functions on behalf of the Local Government Pension Scheme and complying with legislation and best practice. Efficient and effective performance and service delivery of the Pension Fund underpins all Borough Plan priorities.

3.2 Background

3.2.1 Effective risk management is the foundation of sound corporate governance and the focus should be on all aspects of the pension scheme's operation, not just investment matters. Having a strategy and register in place is a way for the scheme manager to identify and manage scheme risks and it is considered good practice to have a strategy and register in place alongside established reporting mechanisms.

3.2.2 It is recognised that risk management works well when the administering authority, the Pension Board and employers work together. All parties then understand each other's capacity and appetite for risk. Key elements of this strategy were discussed at a working party set up with the scheme manager, administrator and select employers for feedback and comment.

3.2.3 The risk strategy was due for review and the pensions team have updated the document to reflect changes in the LGPS and wider environment.

3.2.4 The revised Risk Strategy is attached in Appendix 2. The main revisions include:

- Update section 7 of the strategy to develop key principles of risk management.
- Section 10, risk analysis has been updated to adjust the scoring of impact and likelihood to a five point scale. The descriptions have been brought into line with the Council's risk strategy.

3.2.5 The revised risk strategy scores impact across financial impact, service impact and reputational impact. All three elements of each risk will then be bundled and weighed to arrive at a composite score for impact. The impact scoring criteria below has been set for evaluating risks:

Impact Scoring Criteria			
Score	Descriptor		
	Financial	Service Delivery	Reputation
5	Major Financial loss (above £2m)	Major disruption to a number of critical services	Long term damage – e.g. adverse national publicity.
4	Significant Financial loss (above £1m)	Major disruption to a critical service.	Medium to long term damage – e.g. adverse local publicity.
3	Moderate Financial Loss (less than £1m)	Moderate disruption to a critical service	Medium term damage
2	Small Financial loss (less than £500k)	Moderate disruption to an important service.	Short term damage
1	Minor financial loss (less than £100k)	Brief disruption to important service	Some damage to specific functions

3.2.6 The following criteria is used to determine the likelihood - the probability of a risk occurring:

Likelihood Scoring Criteria		
Score	Level	Descriptor
5	Very Likely	<i>This event is expected to occur in most circumstances.</i>
4	Likely	<i>There is a strong possibility this event will occur.</i>
3	Possible	<i>This event might occur at some point and/or there is history of occurrence of this risk at this and/or other Councils.</i>
2	Unlikely	<i>Not expected, but there's a slight possibility it may occur at some point.</i>
1	Rare	<i>Highly unlikely, but it may occur in exceptional circumstances. It could happen, but probably never will.</i>

3.2.7 It has been agreed in previous Board meetings that the Risk Register would become a standing agenda item at these meetings, with new risks and any changes to classifications of risks being reported to the Board.

3.2.8 Key changes to the Risk Register attached in Appendix 1:

- All risks have been re-scored in line with the updating scoring descriptions in the risk strategy.
- The risk register has been completely refreshed. Some similar risks have been consolidated to avoid unnecessary duplication.
- Item 3.5 – a new risk has been added to cover the transfer of Brent's Pensions Payroll to LPPA.

3.2.9 There have been other changes made to the Risk Register to keep the document up to date. These changes are highlighted in blue.

3.2.10 The Board is asked to notify the scheme manager if it disagrees with any of these classifications and present any new risks that they would like to be considered.

3.2.11 The revised Risk Register is attached at Appendix 1 and it is proposed to present any changes or updates to this document to the Pension Board at every meeting.

4.0 Stakeholder and ward member consultation and engagement

5.1 This is not applicable for this report.

5.0 Financial Considerations

6.1 There are no specific financial implications relating to this report.

6.0 Legal Considerations

7.1 There are no specific legal implications relating to this report.

7.0 Equality, Diversity & Inclusion (EDI) Considerations

8.1 There are none directly arising from this report.

8.0 Climate Change and Environmental Considerations

9.1 There are none directly arising from this report.

9.0 Human Resources/Property Considerations (if appropriate)

10.1 There are none arising directly from this report.

10.0 Communication Considerations

11.1 This is not applicable to this report.

Report sign off:

Minesh Patel

Corporate Director, Finance and Resources