

Paper B: Update to Board Risk Register

Key points to note

The Board has a risk register which is reviewed periodically. The latest version is at Annex A. There are three significant changes in the risk profile from the last time this was reviewed by the Board in July 2025.

Recommendation

That the Board notes and approves the changes to the Risk Register.

Summary

Risk 1: Administration Software and suppliers

Following on from the comments made by George Graham at the previous Board meeting, the secretariat has reviewed and increased slightly the post-mitigation risk. This reflects the fact that there are currently no obvious mitigations in place, beyond simply monitoring the situation.

We understand that MHCLG officials have started a wider operational review of the administration processes for both the Fire Pensions Scheme and LGPS. They have said that their first task will be to carry out mapping of the current operational arrangements for the administration of pensions in both schemes.

We note that the Pensions Minister, Torsten Bell MP, has also expressed concern over capacity and quality in the pensions administration sector (no doubt informed by recent performance issues with the civil service pension scheme) and DWP have said that they are considering extending the remit of the Pensions Regulator to include third-party administrators.

Risk 8: Failure or closure of pool company or operating company

The risks here are believed to have diminished since the July meeting, as a great deal of work has been done to successfully manage the transition (for which all involved deserve great credit). However, given the scale of the transfer required, it has not been completed yet and so the risk has not entirely been removed.

Risk 18: Transition to new Fit for the Future arrangements

In the Board's response to the Fit for the Future closed consultation on guidance, we expressed concern that so many changes are being made at the same time across almost every aspect of the scheme (covering member benefits, fund governance and pooling arrangements). All while funds are trying to address significant administrative challenges such as McCloud implementation, anticipating other member benefit changes with two consultations issued in 2025, preparations for dashboards and the need to recruit and retain a highly skilled and dedicated workforce.

We have re-drafted Risk 18 to reflect the following scheme risks we see here:

- a) Insufficient attention to thinking through the process and timescale for transition, including the most effective sequencing of the different changes that AAs are being asked to implement,
- b) So many changes happening at the same time creates a risk that each is given the necessary attention for the most effective delivery of it
- c) It also seems that the detailed policy intent in some areas is still unclear or ambiguous and the rushed delivery of regulations to meet the 1 April timetable and statutory guidance with a timetable spanning the Christmas period exacerbating this.

Our preferred mitigation would be to work with MHCLG on a detailed, deliverable "roadmap" that brings together the multiple strands of change required locally but that has yet to happen.