



LOCAL PENSION BOARD – 29 OCTOBER 2025
REPORT OF THE DIRECTOR OF CORPORATE RESOURCES
RISK MANAGEMENT AND INTERNAL CONTROLS

Purpose of the Report

1. The purpose of this report is to inform the Local Pension Board of any changes relating to the risk management and internal controls of the Pension Fund, as stipulated in the Pension Regulator's Code of Practice.

Policy Framework and Previous Decisions

2. The Local Pension Board's Terms of Reference state that the responsibility and role of the Board is to secure compliance with the LGPS Regulations and other legislation relating to the governance and administration of the LGPS, securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator, and such other matters as the LGPS regulations may specify.

Background

3. The Pension Regulator's (TPR) Code of Practice on governance and administration of public service pension schemes requires that administrators need to record, and members be kept aware of, risk management and internal controls. The Code states this should be a standing item on each Local Pension Board and Local Pension Committee agenda.
4. In order to comply with the Code, the risk register and an update on supporting activity is included on each agenda for this Board.

Risk Register

5. The 19 risks are split into six different risk areas. The risk areas are:

- Investment
 - Liability
 - Employer
 - Governance
 - Operational
 - Regulatory
6. Risks are viewed by impact and likelihood and the two numbers multiplied to provide the **current risk score**. Officers then include future actions and additional controls, and the impacts and likelihoods are then rescored. These numbers are multiplied to provide the **residual risk score**.
 7. The current and residual risk scores are tracked on a traffic light system: red (high), amber (medium), green (low).
 8. The latest version of the Fund's risk register was approved by the Local Pension Committee on the 26 September 2025.
 9. Officers meet quarterly to discuss the risk register and there has been a handful of updates to text on four existing risks since the previously approved risk register and no changes to risk scores. These changes are highlighted below.
 10. To meet Fund Governance best practice, the risk register has been shared with Internal Audit, who have considered the register and are satisfied with the current position.
 11. The risk register is attached to the report at Appendix A and Risk Scoring Matrix and Criteria at Appendix B.

Revisions to the Risk Register

Risk 1: Market investment returns are consistently poor, and this causes significant upward pressure onto employer contribution rates

12. The wording has been updated to reflect as part of further actions that the next review of the strategic asset allocation which acts as a control for this risk will take place in January 2026 which will be brought to Committee for consideration.

Risk 2: Market Return are acceptable, but the performance achieved by the Fund is below reasonable expectations

13. Updates have been made to the text for the further actions to reflect consideration as part of the January 2026 strategic asset allocation review which will be used to highlight any areas of concern and whether any additional oversight mechanisms are required following fit for the future changes.

Risk 11: Investment decisions are made without having sufficient expertise to properly assess the risks and potential returns

14. This risk has been updated in additional controls to improve knowledge of everybody involved in decision-making and add reference to the oversight process, given Committee will no longer have control of investment implementation decision making. Reference has also been included to the training needs assessment that will take place, which will inform the 2026 training plan, alongside key areas from the fit for the future proposals and any other key areas. The additional controls also recognise that a internal audit of this risk is underway, action will be taken on any recommendation and reported as appropriate.

Risk 18 Proposed changes as a result of Government propositions relating to regulations, guidance in relation to pooling and local government reorganisation/devolution.

15. The wording of this risk has been updated to include the potential risk from local government reorganisation/devolution, alongside fit for the future proposals which will impact on the Fund and its pooling provider.
16. The cause has also been updated to reflect a risk from the growth required from LGPS Central, which officers continue to monitor closely.
17. As both fit for the future and reorganisation proposals progress Committee and Board will be kept updated on the implications as they become more tangible.

Recommendation

20. The Local Pension Board is asked to note the report.

Equality Implications

21. There are no equality implications arising from the recommendations in this report.

Human Rights Implications

22. There are no human rights implications arising from this report.

Background Papers

None

Appendix

Appendix A – Risk Register
Appendix B – Risk Scoring Matrix and Criteria

Officers to Contact

Simone Hines, Assistant Director Finance, Strategic Property and Commissioning

Tel: 0116 305 7066

Email: Simone.Hines@leics.gov.uk

Ian Howe, Pensions Manager

Tel: 0116 305 6945

Email: Ian.Howe@leics.gov.uk