LOCAL PENSION BOARD – 29 JULY 2026

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 (LPB) 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 LPB'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 LPB and Local Pension Committee (LPC) 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 LPC on the 3 July 2026.

9. There has been no material change to the risk register this quarter. Officers are maintaining review of ongoing developments and working through the implications from Government's final guidance in relation to 'Fit for the Future'. This is considered in more detail in a report elsewhere on the agenda.

10. Consideration around the outcome of Government's local government reorganisation decision is also to be reviewed. This will be set out in a report later in the year, building on the report considered by the Local Pension Committee in December 2025.

11. 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.

12. The risk register is attached to the report at Appendix A and Risk Scoring Matrix and Criteria at Appendix B.

Recommendation

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

Equality Implications

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

Human Rights Implications

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

Background Papers

Local Pension Committee – 5 December 2025 - Local Government Reorganisation
https://democracy.leics.gov.uk/documents/s193520/LGR%20Report%205%20December%202025.pdf

Appendix

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

Officers to Contact

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