

Scheme Advisory Board

HYBRID MEETING – 21 JULY 2025

ITEM 8 – PAPER F

UPDATE OF THE BOARD RISK REGISTER

General

1. The Scheme Advisory 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 2024.

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

2. This was previously judged to be a low risk, but the recent Ministerial decisions have caused us to increase the likelihood of this risk materialising, both before and after possible mitigation. The reasons for this are set out in [the Chair's letter to the Minister](#) following the emergency Board meeting on 9 May 2025.
3. The change in risk rating relates to the scale and pace of the decision to wind up the ACCESS and Brunel pooling arrangements. In the case of ACCESS, that relates more to difficulties in managing the exit from contractual arrangements with their provider, and in the case of Brunel around the winding up of the pooling company which the partner funds have created. In both cases, there are also substantial transitional risks and difficulties in disentangling collective arrangements should partner funds want to move their assets to different pools.
4. There is also a slight increase in the perceived risk in relation to the “surviving” pools, given the precedent which the recent decision creates and the further powers contained in the Pension Schemes Bill. The provision of the Bill would give powers to direct funds to leave a pool or join a new pool at the direction of the Secretary of State.
5. As the time of this report, there is nothing in the Bill which gives reassurances as to the purpose which would be served by such a direction or procedural constraints as to the circumstances in which it would be engaged. While much of that detail would be in regulations, it would be prudent to understand the limits of the intended power before the Bill is enacted. Otherwise, it may prove too late or open the door to unwelcome extensions of the powers under another Government.
6. Possible mitigations for this risk would include a meeting with the Minister for Local Government to make the case for decisions only being taken where there was assurance that they are in the best interests of the scheme and its members. This means not allowing the Minister's ambitious timetable to over-ride the proper due diligence and planning that needs to be done in these circumstances. The Secretariat is also working with MHCLG officials, pool officers and partner funds to share information and monitor progress.

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7. The Secretariat will also liaise with the LGA Public Affairs to brief parliamentarians on the Pension Services Bill when the Bill is debated in Parliament, to try to get some assurances, not least as to process, on the record.

Risk 14 – Accessibility of SAB Website

8. This was previously the highest rated risk identified in the risk register but has since been reduced. Because of this, extra budget was sought and approved by the previous Minister to revamp the Board's website. Part of the specification for that work was to ensure that the new version was compliant with accessibility requirements and also more effectively showcased the Board's work and projects. The specification also included a branding refresh and a contents/structure review.
9. Before now, technical maintenance of the Board's website was managed as part of a contract, held across the wider pensions team, with Webdigi. That will continue to be the case after the revamp, but the team will have a more flexible and user-friendly content management system, that should enable us to keep the site up to date more easily.

Risk 15 – Difficulty recruiting and retaining SAB members

10. This is an ongoing risk, and the Secretariat have slightly increased the risk level post-mitigation because of two factors. Firstly, because there have been a number of departures from the Board and Committee in recent months. This is largely due to the second terms of many members coming to an end. This is an artifact of the Board and Committees all having been appointed at the creation of the Board ten years ago. Due to their being changes in membership for other reasons through the course of the past ten years, the significance of this "anniversary effect" will naturally decline over time.
11. Secondly, we have found that the renominations process involving the Minister has been taking much longer than expected. We understand that this is due to new processes being implemented with government, outside of the direct control of the MHCLG team, in relation to all public appointments. Again, it is anticipated that once these processes bed-in, appointments will be able to be dealt with more quickly and with more predictable outcomes.

Recommendation

That the Board note and approve the changes to the Risk Register
