

PENSION FUND COMMITTEE – 6 DECEMBER 2019

RISK REGISTER

Report by the Director of Finance

RECOMMENDATION

1. **The Committee is RECOMMENDED to note the changes to the risk register and offer any further comments.**

Introduction

2. At their meeting on 11 March 2016, the Committee agreed that the risk register should form a standard item for each quarterly meeting. A copy of the report also goes to each meeting of the Pension Board for their review. Any comments from the Pension Board are included in their report to this meeting.
3. The risk register presented to the March 2016 Committee meeting was the first produced in the new format, which introduced the concept of a target level of risk and the need to identify mitigation action plans to address those risks that were currently not at their target score. This report sets out any progress on the mitigation actions agreed for those risks not yet at target and identifies any changes to the risks which have arisen since the register was last reviewed.
4. A number of the mitigation plans are directly linked to the key service priorities identified in the Annual Business Plan for 2019/20. This report should therefore be considered in conjunction with the business plan report elsewhere on this agenda.

Comments from the Pension Board

5. At their meeting on 25 October 2019, the Pension Board welcomed the changes to the format to include the traffic light summary assessment. They also confirmed that they were content that the risks were being adequately monitored and appropriate action was being taken where required.

Latest Position on Existing Risks

6. As previously reported, the first three risks on the risk register reflect the long-term risks associated with a mismatch of assets and liabilities resulting in a risk of not closing the current funding deficit and having insufficient funds to meet pension liabilities as they fall due. In light of the progress with the 2019 Valuation, the likelihood scores for both risk 1 and 3 have been reduced, reflecting the improved funding level (99%), the new risk-based approach to

setting contribution rates, and the analysis of take up of the 50:50 scheme. The scores on risk 2 have not yet been updated but will be reviewed in March 2020 following further analysis of the liability profile and the setting of the revised asset allocation.

7. We have retained the assessment on Risk 6 as Amber reflecting the increased attention to ESG issues including Climate Change both locally and nationally. Whilst the Committee has held the very well received Climate Change workshop in November, further mitigation of the risk is still to be determined through the development of our Climate Change Policy. The risk scores can be reviewed again in March 2020.
8. Finally, the status of risk 13 has been amended to Green reflecting the decisions of this Committee at its last meeting to adopt a new Training Policy and seek Council approval to amend the Committee's Constitution to mandate compliance with the Policy for all voting members of the Committee. Whilst the Council has not yet considered the issue, it is noted that a number of Committee members have recently attended the LGA Fundamentals Training sessions in line with the proposed mandatory policy.

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