Division(s):N/A

PENSION FUND COMMITTEE – 2 DECEMBER 2016

RISK REGISTER

Report by Chief Finance Officer

Introduction

1. At the meeting on 11 March 2016, the Committee received a copy of the latest risk register for the Fund, and agreed that it should form a standard item for each quarterly meeting. This report therefore sets out any progress on the mitigation actions agreed for those risks not yet at target, and identifies new risks which have arisen since the initial register was produced.

Progress since Last Committee

2. The March risk register 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. Many of the action plans were focused on long term improvements, and were dependent on the information to be produced following the 2016 Valuation Exercise. As such, no significant movement has been completed in the last quarter for these risks. Review dates have been amended to March 2017 to reflect when the data from the Actuary will be available.

3. The only risk where the risk score has moved significantly from the September report is risk 10 in respect of insufficient resources to deliver our responsibilities under the Regulations. This risk was initially focussed on the potential loss of skilled and experienced staff following relocation from Unipart House. The team have temporarily been relocated to Speedwell House, and whilst this has caused some operational difficulties, staff are happy with their proposed permanent location which should be available early next year, and have remained with us.

4. However, the recent issue with the delays in sending out the Annual Benefit Statements by the statutory deadlines has highlighted the resourcing issues associated with the backlog of work. This backlog has built up as staff have struggled to cope with incomplete, inaccurate and/or late data from employers, the complexity of the changing regulations and the growth in the number of employers. This backlog means many tasks are delayed as the scheme member records have not always been fully updated, and staff have to search through the data waiting to be checked, corrected and loaded to find what they need to complete a calculation. It is also the case that outstanding queries become harder to resolve the longer they are left.

5. Elsewhere on the agenda, proposals to address this risk and the on-going workload pressures are addressed.

6. A new risk has been added to the register at Risk 18. This covers the governance risk that the Committee could lose skills, knowledge and experience following the May elections. Whilst this can be mitigated to an extent by the induction programme developed for any new Committee members, 2017/18 will be a key year for the Committee with the detailed work to implement the pooling arrangements and to develop more robust arrangements for monitoring performance and risks.

7. Both the impact and likelihood scores for risk 13 were increased for the September report following concerns that the pension payroll file will not be compatible with the software used to transfer money to the accounts of the individual pensioners. As reported at the September meeting, the software suppliers did finally apply the right updates and ensure the compatibility of our files. Lessons learnt from this episode mean we believe we can reduce the likelihood score back down to unlikely.

RECOMMENDATION

8. **The Committee is RECOMMENDED to note the current risk register.**

Lorna Baxter
Chief Finance Officer

Background Documents: Nil

Contact Officer: Sean Collins, Service Manager, Pensions, Tel: 07554 103465

November 2016