

PENSION FUND COMMITTEE – 10 OCTOBER 2022

RISK REGISTER

Report by the Director of Finance

RECOMMENDATION

1. **The Committee is RECOMMENDED to note the latest risk register and accept that the risk register covers all key risks to the achievement of their statutory responsibilities, and that the mitigation plans, where required, are appropriate.**

Introduction

2. Previously, the Committee has 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 sets out the current risk scores in terms of impact and likelihood, and a target level of risk and a mitigation action plan to address those risks that are 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. 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 8 July 2022, the Pension Board considered the latest risk register and recommended that the risks scores for Risks 16 and 17 should be increased until such time the Fund had a comprehensive cyber security policy in place.

Latest Position on Existing Risks/New Risks

6. Elsewhere on today's agenda there is a full report on the Fund's approach to cyber security. The main conclusions from this report are that the policy and procedures require to protect the Fund are in place, but that training and monitoring arrangements to ensure that these policies and procedures are fully understood and complied with need improvement.

7. In light of this and the comments from the Pension Board, the risk score for both Risk 16 in respect of system failure (potentially through malware) and Risk 17 in respect of data security breaches, have been increased and shown as Amber. These scores will be returned to target and the Green on completion of the actions outlined in the cyber security report and the development of an annual report to this Committee to provide the assurance that all policies and procedures are being complied with and mitigate as far as possible all known cyber risks.
8. Four other risks on the current risk register remain at Amber. Three of the Amber risks relate to the skills and knowledge of the key groups involved in the administration of the Pension Fund, namely the members of the Committee, members of the Local Pension Board and the Pension Fund Officers.
9. In respect of the Pension Fund Committee and the Pension Board, the next step is the completion of the next National Knowledge Assessment. This will allow us to complete an assessment of the overall skills and knowledge of both bodies, and provide a comparison to both the scores from last year, and to scores of other LGPS Committee's and Boards. Further actions if any will then be agreed at the December meeting of this Committee.
10. The risk of insufficient skills and knowledge amongst the Pension Fund Officers was raised due to the increased demands on Officers from statutory changes to the scheme, and as reflected in the Funds Annual Business Plan for 2022/23. Whilst the Committee has agreed budget provision for additional resources, including the use of staff from 3rd party agencies, as set out in the administration report elsewhere on the agenda, it remains challenging to recruit to all positions.
11. The final amber risk relates to the implementation of the McCloud remedy and whether the Fund will have sufficient resources to undertake the necessary work, and whether all employers will be able to provide the necessary data where not already held by the Fund. Until we receive the amendments to the LGPS Regulations and any appropriate guidance to deliver the remedy it is difficult to assess the full extent of this risk or put in place a full mitigation plan

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