

PENSION FUND COMMITTEE – 2 DECEMBER 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 21 October 2022, the Pension Board considered the latest risk register and there were no comments to feedback.

Latest Position on Existing Risks/New Risks

6. Risk 15 is in relation to Fund officers having sufficient skills and knowledge to carry out their roles effectively. Unfortunately, the Fund are struggling to ensure that posts are adequately graded and are consistent with other LGPS funds. The consequence of this is that it is negatively affecting the recruitment and retention of good staff. The Fund are working closely with HR, however are constrained by local authority practices. This problem is an industry-wide issue, which will require a particular focus, due to Central Governments requirement for Funds to produce a Workforce Strategy as part of the 'Good Governance'

Project, sometime during 2023. The risk rating has increased from an Amber 6, to a high risk Red 12.

7. The only other risk where the risk rating has been amended is with regards to Risk 23 – ‘Loss of strategic direction’. This has been reduced to target with the recruitment of the Governance & Communications Manager.
8. Five other risks on the current risk register remain at Amber. Two of the Amber risks relate to the skills and knowledge of the Pension Fund Committee and the Local Pension Board. Both the Committee and Board members have completed the National Knowledge Assessment and the results are presented on another paper to this Committee meeting. It is proposed that a training plan is presented to the next Pension Fund Committee meeting in the new year.
9. Actions are set out in the risk register for the other three risks which are still assessed as Amber, namely:
 - a. Risk 16 – Key system Failure.
 - b. Risk 17 – Breach of Data Security.
 - c. Risk 21 - Insufficient Resource and/or Data to comply with consequences of McCloud Judgement

Future Development of the Fund Risk Register

10. Effective risk management is vitally important for any pension fund, particularly at time where there is much political, financial and economic uncertainty. As a consequence, the following is being recommended to enhance the risk management processes and reporting:
 - a. Develop a Risk Management Framework for the Fund;
 - b. Report on ‘Emerging Risks’, which can then subsequently drop off the register if deemed unnecessary or be incorporated as an inherent risk to the Fund;
 - c. Develop a ‘heat-map’ which visually and easily show all risks for the fund and their impact rating;
11. It is proposed that the above is developed and presented to the Committee during the course of 2023.

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