

Agenda Item 8

Pension Committee
3 March 2022

Risk Register

Report of the Head of Pensions

Summary

In accordance with the Risk Management policy agreed by Committee on 3 December 2021, progress and activity in managing risks will be monitored and recorded on a risk register and key information will be provided on a quarterly basis to the Pension Committee and the Pension Board as part of the regular update reports on governance, investments and funding, and administration and communications. The reporting information will include as a minimum:

- a summarised version of the risk register
- a summary of the main changes since the previous report
- the Fund's risk dashboard showing the score of all existing risks and any changes as part of that dashboard.

Risk Evaluation

The evaluation of risks is based on the Gloucestershire County Council Risk Scoring Matrix customized to the needs of the Fund. The assessment matrix and interpretation of risk exposure is detailed below. These elements are fully defined in the Risk Management Policy of the Fund, and for completeness I attach at appendix 1 to this report the full details

Assessment of risk:

Impact (consequences)	Insignificant	Low	Low	Low	Low	Low
	Minor	Medium	Medium	Low	Low	Low
	Moderate	High	Medium	Medium	Low	Low
	Major	High	High	Medium	Medium	Low
	Critical	High	High	High	Medium	Low
		Almost certain >90%	Highly likely 76%-90%	Probable 41% - 75%	Possible 10% - 40%	Rare <10%
Likelihood (probability) of risk happening						

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Interpretation of risk exposure

Level of risk	Level of concern	Action required
High	Very concerned, major consequences and high likelihood of happening	Unacceptable level of risk exposure which requires immediate corrective action to be taken. Regular monitoring required; at least monthly
Medium	Concerned, moderate consequences and possible occurrence	Acceptable level of risk exposure subject to regular active monitoring measures, at least quarterly.
Green	Content, insignificant consequences	Acceptable level of risk exposure subject to regular active monitoring measures, at least annually.

Risk Register Review

As part of the agreed risk management policy was a new risk register format to be adopted by the Fund, which will provide a dashboard (heatmap) overview of the risks in the following 3 categories:

- Governance
- Funding & Investment Risks
- Administration & Communication Risks (Operational)

Included on the dashboard, at the request of Committee, is a summary of the total number of identified risks across all three categories per risk exposure referenced between target and actual.

The newly formatted risk register including the dashboard is attached as appendix 2 to this report.

The first stage of the move to the new risk register format has been to review the existing risk register and map these risks across to the new format. Included in this first version of the new risk register at the beginning of the risk overview is the reference of the risk from the previous risk register. As part of the first stage analysis previous risks F/D3, F/D4 and F/D5 have been amalgamated into risk 11 under funding and investment risks.

As part of the exercise the risks have been reviewed against previous rating and there are no material changes to risk levels since the Committee considered the risk register at its last meeting in December 2021. The following risks remain above their target and will now be tracked through the dashboard at future meetings:

Highlighted Risks

- **Governance**
 - Risk 2 - previously G7 risk elevated until the successful deployment of the training strategy/plan has been delivered and the assessment of knowledge repeated.
 - Risk 3 – previously G5 risk elevated as per risk 2 above.

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- **Funding & Investment**
 - Risk 6 – previously F6 remains at an elevated level at this time. This risk will be reviewed once the inflation and interest rate risk exposure of the Fund has been reviewed, as part of the valuation and strategy review process.
 - Risk 8 – previously F8 increased until the valuation process has been concluded and the potential impact reconsidered in the overall Fund context.

- **Operational**
 - Risk 2, 3 & 6 – previously A/R 1.1, A/R 1.2 & A/R4 remain at an elevated level as the recruitment plan for the agreed team resources is still ongoing.
 - Risk 1 – previously A/R4 remains a specific risk in relation to working practices adopted as a result of the pandemic. As we move into agile working the review on processes will determine the direction of this particular risk.

Future development

The risk register is a live document and will continue to evolve and be reviewed by Committee and Board each quarter. As part of the valuation process and as part of the proposed future development of the risk register, we will consider the way we evaluate and report the Funds risks to you.

We currently report them by considering the action that leads to the risk first, and then linking to that we get the potential negative outcomes relating to that action. In the next iteration of the risk register we will consider the potential negative outcomes first and then consider all the actions that might lead to that outcome. This different approach should result in a more concise and representative risk register for the Fund. It is anticipated that we will look to develop this for the next meeting in June 2022.

Recommendation

That the Committee notes the Risk Register and the current elevated risks, as outlined in this report.

Contact Officer

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