

Agenda Item 10

Pension Committee

16 June 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 continue to 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						

Agenda Item 10

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 the new risk register format that has been adopted by the Fund, will provide a dashboard (heatmap) overview of the risks in the following 3 categories:

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

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 was completed in March 2022 and reviewed the existing risk register and mapped these risks across to the new format.

As part of the ongoing 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 March 2022. The following risks remain above their target and will remain to be tracked through the dashboard:

Highlighted Risks

- **Governance**
 - Risk 2 - elevated until the successful deployment of the training strategy/plan has been delivered and the assessment of knowledge repeated.
 - Risk 3 – elevated as per risk 2 above.
- **Funding & Investment**
 - Risk 6 – risk remains elevated and 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 – increased until the valuation process has been concluded and the potential impact reconsidered in the overall Fund context.
- **Operational**

Agenda Item 10

- Risk 2, 3 & 6 – remain at an elevated level as the recruitment plan for the agreed team resources is still ongoing.
- Risk 1 – remains a specific risk in relation to working practices adopted as a result of the pandemic until the embedding of agile working and the review on processes has been undertaken.

New Risks

- **Operational**
 - Risk 8 – added at the request of the LPB to specifically acknowledge the risks around the expiration of the current pensions administration software contract in June 2023, to enable the risk and project to be appropriately monitored.

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. The next version of the risk register will be brought to Committee in September 2022.

Recommendation

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

Contact Officer

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