

Agenda Item 6

**Pension Board
18 January 2023**

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				

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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 the risk register will provide a dashboard (heatmap) overview of the risks in the following 3 categories:

- Governance
- Funding & Investment (includes accounting & audit)
- Operational

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

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 September 2022. There are additional comments added to a number of risks in the further action column to advise current activities.

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. Although this risk remains within its overall risk status.
- **Operational (Administration & Communication)**
 - Risk 2, 3 & 6 – remain at an elevated level as the recruitment plan for the agreed team resources is still ongoing.
 - Risk 1 – remains elevated in relation to the potential impact of Covid 19.

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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.

Pensions Committee review

The Committee noted the Risk Register and the current elevated risks, as outlined in this report.

Recommendation

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

Contact Officer

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