

Agenda Item 13

Pension Committee

15 June 2023

Risk Register

Report of the Head of Pensions

Summary

In accordance with the Risk Management policy, 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.

All risks have been reviewed and the following have been amended:

- **Funding & Investment**
 - Risk 6 – risk has returned to target as the inflation and interest rate environment risk exposure of the Fund has been reviewed, as part of the valuation and strategy review process.
 - Risk 8 – risk has returned to target as the valuation process has been concluded and the potential impact has been reconsidered in the overall Fund context.

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.
- **Operational (Administration & Communication)**
 - Risk 2, 3 & 6 – remain at an elevated level as the recruitment plan for the agreed team resources is still ongoing.

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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.

Recommendation

That the Committee notes the Risk Register and the current elevated risks and the risk that have moved back to target, as outlined in this report.

Contact Officer

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