

Local Members Interest	
Nil	

PENSIONS COMMITTEE – 7 JULY 2017

Report of the Director of Finance & Resources

RISK REGISTER

Recommendations of the Chairman

1. That the Pensions Committee notes the contents of the Pension Fund Risk Register including both high level and emerging risks, as presented in Appendices 2 and 3 respectively.
2. That the Pensions Committee formally asks the Local Pensions Board to undertake a more detailed review of the Pension Fund Risk Register and report back to the Pensions Committee on any issues or areas of concern arising from the review.

Background

3. CIPFA Guidance recommends the production and monitoring of a Risk Register for Local Government Pension Scheme (LGPS) funds. Risk management is being increasingly recognised as an element of good corporate governance and it is widely considered best practice to maintain and regularly review a Risk Register for the Pension Fund. The Fund's previous Risk Register needed a complete refresh and Fund Officers have taken the opportunity to revise the format in line with considered best practice and the County Council's own Corporate Risk Register.
4. At their meeting in October 2015, the Pensions Committee agreed a set of objectives. These were focussed on 4 key areas of activity for the Fund: Governance, Funding, Administration and Investment. And, these have formed the basis for Officers to develop a comprehensive set of risks.

Risk Register

5. Risk management is central to the management of the Pension Fund, as reflected by the coverage of risk in key documents such as the Funding Strategy Statement and the Investment Strategy Statement. The Risk Register brings together all of the Fund's risks in a single document.
6. The detailed risk register matches high level risks, under each of the 4 areas of activity, to the Funds high level objectives. Each of the detailed risks has been given an impact score and a likelihood score before any controls are applied. These have then been combined to give an overall pre-control risk score, which has been assigned a Red – Amber - Green (RAG) rating.

7. Controls that are currently in place to mitigate risks and additional sources of assurance are then taken into account to give a post control impact and likelihood score. Again, these have been combined to give an overall post control risk score which has been assigned a RAG rating. All risks are given a review date, risk owner and any future actions to be taken are noted.

Summary and review of high level risks

8. A summary of the high level risks associated with the objectives is attached at Appendix 2. This summarises the highest score of the detailed risks associated with each of the high level risks, and provides a summary of the controls and sources of assurance currently in place. This is intended to give the Committee an overview of the main risks the Pension Fund needs to consider and the controls in place to mitigate them.
9. The Committee is asked to consider the process for reviewing the Risk Register going forward. It is proposed that the risk register becomes a standing item on the Local Pensions Board (LPB) agenda with one of the 4 key areas of activity being reviewed by the LPB, in detail at each of their meetings. The LPB can work with Officers in the interim, as required, to drill down into the detailed risks and gain an understanding of the controls in place and the various sources of assurance. Any areas of concern will be brought to the attention of the Committee at their next meeting. An annual review of the high level risks, as is being considered today, should be undertaken by the Pensions Committee, irrespective of the work of the LPB.

Emerging risks

10. It is important to recognise that some of the greatest risks faced by the Pension Fund arise from change. A number of transitional areas are reflected in Appendix 3; this provides more detail on the emerging risks perceived to be faced by the Pension Fund. The same scoring process and assignment of RAG ratings has been applied. The consideration of Emerging risks will also form part of the Pensions Committee's annual review.

Risk Management Policy

11. Additionally, the Pension Regulator's Code of Practice recommends that a Pension Fund has a Risk Management Policy in place. The County Council's own Risk Management Policy is currently being reviewed and it is proposed that the Pension Fund's Risk Management Policy is worked on alongside this. The final policy document will be presented to the Pensions Committee for approval in due course.

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Background Documents:

CIPFA-Managing Risk in the Local Government Pension Scheme,
The Pensions Regulator Code of Practice,
Staffordshire Pension Fund Investment Strategy Statement [ISS](#),
Staffordshire Pension Fund Funding Strategy Statement [FSS](#).

Appendix 1

Equalities implications: There are no direct implications arising from this report.

Legal implications: The legal implications are considered in the body of his report.

Resource and Value for money implications: The main resource implications have not been explicitly assessed but arise directly from either any mitigating actions or from the impact of the risk identified.

Risk implications: The main topic of this report is risk assessment.

Climate Change implications: There are no direct implications arising from this report.

Health impact assessment screening: There are no direct implications arising from this report.