

Pension Fund Risk Register

Item 8

Committee	Pension Committee
Officer Reporting	Tunde Adekoya, Finance
Papers with this report	Pension Fund Risk Register Open & Closed Risk Matrix

HEADLINES

The purpose of this report is to identify to the Pension Committee the main risks to the Pension Fund and to enable them to monitor and review risks going forward (see appendices).

RECOMMENDATIONS

It is recommended that Pensions Committee:

- Consider and agree the Risk Register in terms of the approach, the specific risks identified, and the measures being taken to mitigate those current risks.
- Note the revised format agreeing the retired risks and those which remain open

SUPPORTING INFORMATION

Following the introduction of the Council's new risk management software, JCAD, all 14 risks are now classified into two categories, open and closed risks.

Furthermore, as noted at the September meeting, the software allows risks that are being managed as, day-to-day, business as usual items, to be retired but maintained in the background as a record. In the event the risk requires active management it can then easily be re-introduced.

Attached are two reports covering open and retired/closed risks:

Closed risks being managed as business as usual or tolerated include:

- PEN 1 - Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation
- PEN 2 - Inappropriate long-term investment strategy
- PEN 3 - Active investment manager under-performance relative to benchmark
- PEN 4 - Inflation - Pay and price inflation significantly more than anticipated
- PEN 5 - Pensioners living longer
- PEN 6 - Poor Performance of Outsourced Administrator

- PEN 7 - Cyber Security
- PEN 8 - ESG - Risk of financial loss through the negative impact of ESG matters
- PEN 11 - Failure of the pool in management of funds / access to funds

Risks which remain open, and which are actively being managed Include:

- PEN 9 - Liquidity on asset management - risk of failure to liquidate assets or meet drawdown calls
- Pen 10 - Liquidity on members dealings - risk that the fund is unable to settle member payments
- PEN 12 - Failure of the Fund's governance to comply with statutory requirements
- PEN 13 - Key officer risk
- PEN 14 - Failure of employers to deliver accurate and timely employee administration information

Two of the five open risks (Pen 9 & 10) have been reintroduced as open at the request of committee at the September meeting due to their importance, in view of the fund's current cashflow position. The other three remain static from the previous quarter.

The significance of risks is measured by interaction of the likelihood of occurrence (likelihood) and by the potential damage that might be caused by an occurrence (impact). The risks are also RAG rated to identify level. Scoring is included in the attached Risk Matrix.

FINANCIAL IMPLICATIONS

The financial implications are contained in the risk register attached.

LEGAL IMPLICATIONS

The legal implications are contained in the risk register attached.