

Report to: Pension Board

Date of meeting: 07 November 2024

By: Chief Finance Officer

Title: Pension Fund Risk Register

Purpose: To consider the Pension Fund Risk Register

RECOMMENDATIONS

The Pension Board is recommended to review and note the Pension Fund Risk Register.

1 Background

1.1 Risk management is the practice of identifying, analysing and controlling in the most effective manner all threats to the achievement of the strategic objectives and operational activities of the Pension Fund. It is not a process for avoiding or eliminating risks. A certain level of risk is inevitable in achieving the Fund objectives, but it must be controlled.

1.2 Effective risk management is an essential part of any governance framework as it identifies risks and actions required to mitigate their potential impact. For a pension fund, those risks will come from a range of sources, including the funding position, Local Government Pension Scheme (LGPS) Pooling, General Data Protection Regulation (GDPR), investment performance, membership changes, benefits administration, costs, communications and financial systems. Good information is important to help ensure the complete and effective identification of significant risks and the ability to monitor those risks.

1.3 Since the last meetings of the Pension Board and Pension Committee, officers have continued to review the Risk Register to ensure all appropriate risks and mitigations have been identified.

1.4 It is accepted that whilst mitigations are put in place for identified risks, it will not always be possible for all risk to be eliminated. In these cases, a level of risk is tolerated and kept under review.

2 Supporting Information

2.1 The Risk Register is included at Appendix 1.

3 Changes to the Risk Register

3.1 Given the relatively short time between this meeting and the previous Board meeting, there have been minimal amendments to the risk register. However, regarding Risk G1, it is important to highlight that since the last meeting, the Fund has successfully recruited an Interim Deputy Head of Pensions, and an offer has been made for the permanent Deputy Head of Pensions role. While these developments could have potentially reduced the key person risk, the risk score has been maintained at its current elevated level due to the recent resignation of the Head of Pensions. The two new appointees are experienced and once settled into their respective roles, the risk will be reviewed.

3.2 At the Pension Committee meeting on 25 September 2024 two questions were raised around risk G3 - Cyber Security. These were whether system back-ups were immutable and assessment of third-party provider backs up. The other question was relating to legacy systems being decommissioned, as it had been highlighted as a serious issue to other organisations. The Fund can confirm that the legacy Pensions Administration systems have been fully decommissioned. The Fund are in liaison with the Information Security team on the query about back-ups and will continue to assess the risk. At this time the risk has not been amended.

4 Conclusion

4.1 The Pension Board is recommended to review and note the Pension Fund Risk Register.

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