

Report to: Pension Board

Date of meeting: 13 February 2025

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 meeting 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 There have been two amendments to the Risk Register since the last Board meeting. A new risk has been added, Risk I5, which focuses on the changes that will be required to Investment Pooling in relation to the "Fit for the Future" government consultation proposals. The risk here is around the government's proposals and/or the arrangements of ACCESS being insufficient for the needs of ESPF, which could cause a reduction in funding level among other negative impacts. Until the proposals are finalised, the risk score is high, although is mitigated slightly to a moderate risk by ESPF continuing to engage with and

shape the proposals. Further detail can be found in agenda item 6 and a verbal update will be provided by the Head of the Fund.

3.2 Risk G1, key person risk, has also been reduced. The Fund now has in place an Acting Head of Pensions and has extended the contract of the Interim Deputy Head of Pensions, ensuring the continuation of service.

3.3 There is still one outstanding question from the Pension Committee meeting on 25 September 2024 regarding whether system back-ups were immutable and assessment of third-party provider backs up. The Fund are in liaison with Information Security team on the query about back-ups and will continue to assess Risk G3 – Cyber Security. We understand the Information Security team will provide an update ahead of the Pension Committee meeting date. At this time the risk has not been amended.

4 Risk Register Workshop

4.1 Officers will be holding a Risk Register workshop towards the end of March. This will focus on reviewing the Risk Register and adding, removing or amending risks as is deemed necessary.

4.2 Invites for the workshop will be sent to Board members shortly.

5 Conclusion

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

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