

**Report to:** Pension Board

**Date of meeting:** 15 November 2022

**By:** Chief Finance Officer

**Title:** Pension Fund Risk Register

**Purpose:** To consider the Pension Fund Risk Register

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## **RECOMMENDATIONS:**

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

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### **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 the 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 At the Pension Committee meeting in June 2022 the format of the Fund's risk register was discussed and it was agreed that officers would review the current layout and consider alignment with the new the format used by the ESCC Audit Committee, with the aim to improve readability whilst not losing important information required for effective oversight.

3.2 The revised format allows for an effective audit trail showing where risks previously identified have been removed from the register and when the risk rating changes over time. It is of note that where a risk remains but is no longer included on the risk register, this does not mean that no consideration will be given to that risk by Officers.

3.3 Officers have revised the risk scoring for risk A3, the Production of Statutory Returns. This is because the Fund has had significant challenges obtaining correct, usable data from some employers to produce Annual Benefit Statements and Annual Allowance Pension Saving Statements leading to a

reportable breach. Further information is available in the Breaches report in the exempt section of this meeting.

3.4 Officers have revised risk G6, Fraud, down from a likelihood of 3 to 2, this has resulted from this risk rising in probability in June 2022 due to the delay in contract negotiations for mortality and address tracing services. This contract is now in place and work is progressing to identify mortality, reducing this increased risk of fraud.

3.5 Other minor changes have been made to update the mitigating actions.

#### **4. Conclusion**

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

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