

| PENSION BOARD | | | |
|----------------------|------------------------------------|-----------------|-----------------|
| REPORT TITLE | Pension Fund Risk Register 2018/19 | | |
| KEY DECISION | No | Item No: | 7 |
| WARD | N/A | | |
| CONTRIBUTORS | Head of Corporate Resources | | |
| CLASS | Part 1 | Date: | 23 October 2018 |

1. PURPOSE

- 1.1. This paper sets out the Fund's risk register for the financial year 2018/19.

2. RECOMMENDATIONS

- 2.1. Members are asked to agree to the following recommendations:
- To review and note the risk register policy in its entirety as attached; and
 - To agree on an ongoing approach for review of the register.

3. BACKGROUND

- 3.1. Pension Board members must be conversant with the scheme rules and documented administration policies currently in force for their scheme, as per The Pension Regulator's Code of Practice. 'Risk assessments/management and risk register policies for the scheme' is an area considered by the regulator as particularly pertinent and one in which Board members should be particularly conversant.
- 3.2. The Fund's risk register sets out the nature of the individual risks to the Fund, with an assessment of the level of risk, and the controls and procedures in place to mitigate those risks. It is the responsibility of the Pensions Investment Committee (PIC) to review the register periodically to ensure risks are updated and the relevant mitigations in place are adequate. The Pensions Board can add value by carrying out additional reviews, either considering a separate area of the register at each meeting, looking at new risks as they arise, or focusing on the highest risks.

4. RISK REGISTER

- 4.1. The risk register is attached at Appendix 1; its design is based on a template provided by The Pensions Regulator. It is a live document to be updated and amended as necessary by officers, in conjunction with the Pension Board, and is taken to PIC annually for approval. Risk ratings fall into four categories:

| RISK CATEGORY | HOW THE RISK SHOULD BE MANAGED | NUMBER OF RISKS |
|--------------------------|---|------------------------|
| Red (16-25) | Immediate action required, senior management involved | 0 |
| Amber/Red (10-15) | Senior management attention needed and management responsibility specified | 4 |
| Amber/Green (5-9) | Manage by specific monitoring or response procedures | 5 |
| Green (1-4) | Manage by routine procedures, unlikely to need specific or significant application of resources | 3 |

- 4.2. No risks have been recognised as requiring immediate remedial action; four risks have been identified as requiring senior management attention, as per the following table:

| Ref | Risk | Risk Rating |
|------------|--|--------------------|
| G01 | New Members lack of knowledge/ understanding of their roles and responsibilities; Members lack sufficient investment knowledge/ expertise to make decisions. | 12 |
| G02 | Inappropriate Investment Strategy is adopted. | 10 |
| O01 | Failure to comply with pension fund accounting requirements. | 10 |
| F01 | Financial mismatch - Fund assets are not sufficient to meet its obligations and liabilities in the medium/ long term. | 15 |

- 4.3. Current controls and risk mitigating processes are outlined in the register, together with previous scores and risk owners.

- 4.4. Officers will continue to monitor and update the risk register as necessary, making the Board aware of any changes or new risks as they arise.

5. FINANCIAL IMPLICATIONS

- 5.1. There are no direct financial implications arising from this report.

6. LEGAL IMPLICATIONS

- 6.1. Members must comply with the requirements of the relevant legislation in fulfilling their roles on the Board.

7. CRIME AND DISORDER IMPLICATIONS

- 7.1. There are no crime and disorder implications directly arising from this report.

8. EQUALITIES IMPLICATIONS

- 8.1. There are no equalities implications directly arising from this report.

9. ENVIRONMENTAL IMPLICATIONS

- 9.1. There are no environmental implications directly arising from this report.

APPENDICES

Appendix 1 – Risk Register 2018/19

FURTHER INFORMATION

If there are any queries on this report or you require further information, please contact either:

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