

Report Title:	<b>Risk Reporting</b>
Contains Confidential or Exempt Information	No - Part I
Lead Member:	Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 19 September 2022
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None

## **REPORT SUMMARY**

On 6 December 2021, the Pension Fund Committee adopted an updated risk management process based on the 2018 CIPFA framework “Managing risk in the Local Government Pension Scheme”.

A risk register is now brought to the Pension Fund Committee quarterly for consideration of all known risks and their respective controls/mitigations, this report deals with the regular reporting of the revised risk register to the Committee.

### **1. DETAILS OF RECOMMENDATION(S)**

**RECOMMENDATION:** That the Pension Fund Committee notes the report and;

- i) **Approves the updated risk register including any changes since the last approval date, putting forward any suggested amendments as may be necessary;**
- ii) **Approves publication of the updated risk register on the Pension Fund website;**

### **2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED**

- 2.1. The Scheme Manager (The Royal Borough of Windsor and Maidenhead as the Administering Authority for the Fund) has a legal duty to establish and operate internal controls. Failure to implement an adequate and appropriate risk assessment policy and risk register could lead to breaches of law. Where the effect and wider implications of not having in place adequate internal controls are likely to be materially significant, the Pension Regulator (tPR) must be notified in accordance with the Scheme Manager’s policy on reporting breaches of the law.
- 2.2. As a live document, this risk register is kept under constant review and shall be presented to the Committee (appended to this report) quarterly, however, key changes from the last Committee meeting to this one (additions, removals,

significant changes to mitigations and/or risk scores) shall be brought to the Committee's attention and are summarised as follows (noting that minor re-wording has not been included in the summary below):

- 2.2.1. PEN001 – Moved from trending sideways to trending up as future expected returns particularly in the short run are becoming more uncertain amid increasing economic uncertainty.
- 2.2.2. PEN003 – Moved from trending down to trending sideways as COVID-19 cases are increasing globally and various countries are dealing with this in different ways.
- 2.2.3. PEN004 – Moved from trending sideways to trending up as recent issues have surfaced particularly around trade with Northern Ireland.
- 2.2.4. PEN006 – Moved from trending sideways to trending up as there is expected to a change in government leadership and an increased risk of change in government at the next general election.
- 2.2.5. PEN014 – Moved from trending sideways to trending up as inflation (therefore long term pay expectations) looks higher for longer than in prior reporting periods.
- 2.2.6. PEN018 – Moved from trending sideways to trending down as better cash management processes have been implemented to offset the reduction in cash values.
- 2.2.7. PEN025 – New risk added to reflect the risks associated with the failure to adequately plan for increased employer contributions.
- 2.2.8. PEN036 – Moved from trending sideways to trending up as a result of an observable increase in cyber-attacks across the asset management industry generally.

2.3. The RCBPF's updated risk management policy was last approved by the Pension Fund Committee on 4 July 2022, and this risk register along with its contents are consistent with the risk management policy.

### **3. KEY IMPLICATIONS**

- 3.1. Failure to maintain and keep under review the Pension Fund's key risks could lead to a loss in confidence and sanctions being imposed by the Pensions Regulator where failings are deemed to be materially significant for the Pension Fund and its stakeholders.

#### **4. FINANCIAL DETAILS / VALUE FOR MONEY**

- 4.1. Failure to monitor identified risks and to implement appropriate strategies to counteract those risks could lead to an increased Fund deficit resulting in employers having to pay more.

#### **5. LEGAL IMPLICATIONS**

- 5.1. The Administering Authority is required to govern and administer the Pension Scheme in accordance with the Public Service Pensions Act 2013 and associated Local Government Pension Scheme Regulations. Failure to do so could lead to challenge.

#### **6. RISK MANAGEMENT**

- 6.1. The risk register is attached at Appendix 1 to this report, it is reviewed quarterly by the Pension Board and the Pension Fund Committee and updated regularly by officers to ensure all risks are appropriately documented and mitigated where possible.

#### **7. POTENTIAL IMPACTS**

- 7.1. Failure to comply with pension legislation could result in the Administering Authority being reported to the Pensions Regulator where failure is deemed to be of a material significance.
- 7.2. Equalities: Equality Impact Assessments are published on the council's website: There are no EQIA impacts as a result of taking this decision. A completed EQIA has been attached at Appendix 3 to this report
- 7.3. Climate change/sustainability: N/A
- 7.4. Data Protection/GDPR. GDPR compliance is included as a specific risk on the register in regard to processing and handling personal data, this is dealt with in the appendix along with the relevant mitigations.

#### **8. CONSULTATION**

- 8.1. No specific consultation since the date of last review, however Committee members and Pension Board members undertook a detailed annual review session in January 2022 followed by a risk appetite statement review and training session on 21 April 2022 during the development of the Risk Management Policy approved on 4 July 2022, which the appended risk register is consistent with.

#### **9. TIMETABLE FOR IMPLEMENTATION**

- 9.1. Ongoing.

## 10. APPENDICES

10.1. This report is supported by 2 Appendices:

- Appendix 1 – Risk Register
- Appendix 2 - EQIA

## 11. BACKGROUND DOCUMENTS

11.1. This report is supported by 0 background documents:

## 12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory: Statutory Officers (or deputy)</i>			
Adele Taylor	Executive Director of Resources/S151 Officer	18/08/2022	
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	18/08/2022	
<i>Deputies:</i>			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	18/08/2022	
Elaine Browne	Head of Law (Deputy Monitoring Officer)	18/08/2022	
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	18/08/2022	
<i>Other consultees:</i>			
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee	18/08/2022	

## 13. REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Pension Fund Committee decision	Yes/No	Yes/No

Report Author: Damien Pantling, Head of Pension Fund