

Report Title:	Risk Reporting
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 – 5 December 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”. This updated process is detailed in the Fund’s revised risk management policy last approved by the Pension Fund Committee on 4 July 2022.

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 Pension Fund Committee.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee notes the report;

- i) Approves the updated risk register including any changes since the last approval date, putting forward any suggested amendments as may be necessary; and,**
- 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 (attached at Appendix 1) is kept under 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 risk increasing to trending sideways as longer-term asset valuations are becoming more attractive following recent sell-off.
- 2.2.2. PEN001 – Moved from risk increasing to trending sideways as global economic volatility is reducing as central banks are expected to be nearing the top of their tightening cycles.
- 2.2.3. PEN003 – Moved from trending sideways to risk reducing as China are reported to be dropping “zero-COVID” policies.
- 2.2.4. PEN004 – Moved from risk increasing to trending sideways as volatility is observed to be reducing with new government.
- 2.2.5. PEN005 – No change to risk scoring or trends but updated wording to reflect revised RI policy approved in October 2022.
- 2.2.6. PREVIOUSLY PEN008 – Removed risk from register, instead referencing custodian failure in the general third-party failure risks PEN007
- 2.2.7. PEN011 – Moved from trending sideways to risk increasing as mortality rates are reducing based on triennial valuation data.
- 2.2.8. PEN013 – Moved from risk increasing to trending sideways as employers are expected to struggle to pay significant pay awards due to general affordability constraints.
- 2.2.9. PEN016 – Moved from trending sideways to risk reducing based on contribution increases being less than previously communicated and planned for. Also added “tolerate” measure based on contribution increases being lower than forecast.
- 2.2.10. PEN017 – Moved risk reducing to risk increasing as cash-flow constraints are becoming a more prominent issue across the LGPS and investment markets in general as seen by the recent GILT crisis. Generally this is less of a direct risk for us because of our lack of derivative exposure but we may experience the wider asset price impacts of a global liquidity crunch.
- 2.2.11. PEN021 – Moved from trending sideways to risk reducing as there is no present indication of a change in LGPS structure from DB to DC.
- 2.2.12. PEN028 – Reduced risk impact scoring for Employers, as this is an administrative burden for the Fund but from an average employer perspective the financial impact is not likely to be material. The administrative impact will still be large but impact should be judged

overall considering all factors. Changing this scoring reduces the residual risk score from red to amber.

2.2.13. PEN053 – Moved from trending sideways to risk reducing now that all key procurements are complete for the Fund.

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 updated 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 2 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:</i>			
<i>Statutory Officers (or deputy)</i>			
Adele Taylor	Executive Director of Resources/S151 Officer	11/11/2022	
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	11/11/2022	
<i>Deputies:</i>			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	11/11/2022	
Elaine Browne	Head of Law (Deputy Monitoring Officer)	11/11/2022	
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	11/11/2022	
<i>Other consultees:</i>			
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee	11/11/2022	

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
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