

**SURREY COUNTY COUNCIL****PENSION FUND COMMITTEE****DATE:** 15 SEPTEMBER 2017**LEAD OFFICER:** SHEILA LITTLE, DIRECTOR OF FINANCE**SUBJECT:** RISK REGISTERS: PENSION FUND AND ADMINISTRATION**SUMMARY OF ISSUE:**

Surrey County Council, as administering authority for the Surrey Pension Fund, is responsible for the delivery of benefit promises made to members of the Surrey Pension Fund. It achieves this by setting objectives and goals with varying timeframes. Risks lie in failing to meet the intended goals.

Risks that are established as an issue must be identified and evaluated via a risk register. The risks must be prioritised with existing controls or new controls implemented to mitigate the risks. This should be recorded in a risk register, which should be monitored on a quarterly basis.

**RECOMMENDATIONS:**

It is recommended that:

1. Members assess the Risk Registers in Annex 1 and Annex 2, making any suggestions for amendment/additions as necessary.

**REASON FOR RECOMMENDATIONS:**

A solid framework of risk management is required in order to manage the considerable risk environment surrounding the governance and investment of the pension fund.

**MATERIAL CHANGES FROM THE LAST REPORTING PERIOD**

- 1 The review of the risk register during the preceding quarter has not led to any adjustments to the existing risk ratings or mitigation actions.
- 2 There are two risks included this quarter: the first is the existing pension fund risk register (Annex 1), the second is the new draft pensions administration risk register, relating to pensions administration issues only (Annex 2).

**DETAILS:****Background**

- 3 A review of the current risk register for the Pension Fund will give the Pension Fund Committee the opportunity to influence and drive the Pension Fund risk management process during 2017/18.

- 4 The second risk register for pensions administration flows from the recommendations of the most recent internal audit report on pensions administration.
- 5 Both registers will give the Pension Fund Committee the opportunity to influence and drive the overall risk management process during 2017/18.

### **Risk Management Process**

- 6 The risk management policy of the Surrey Pension Fund is to adopt best practice in the identification, evaluation and control of risks in order to ensure that the risks are recognised, and then either eliminated or reduced to a manageable level. If neither of these options is possible, then means to mitigate the implications of the risks should be established.
- 7 Each of the risk areas in each register has been assessed in terms of its impact on the Fund as a whole, on the fund employers, and on the reputation of the Pension Committee and Surrey County Council as the administering authority. Assessment has also been given as to the likelihood of the risk.
- 8 Each of the three areas of impact identified above is assessed on a scale of one to four, with four implying the highest level of impact. The likelihood of the risk description (between one and five) is then applied to the combined impact score, which produces an overall risk score. Depending on the score, the risks are then identified as Red, Amber or Green.
- 9 To comply with best practice, a scoring process has been implemented, which will reassess the risk scores after the mitigating action taken to control and reduce the risks. The risk register includes a revised impact score and net risk score as a result of those mitigating actions.
- 10 Within the residual red risks, cost ranges are provided on the implications where possible.

### **CONSULTATION:**

- 11 The Chairman of the Pension Fund Committee has been consulted and has offered full support for the quarterly scrutiny process.

### **RISK MANAGEMENT AND IMPLICATIONS:**

- 12 The risk related issues are contained within the report's Annex 1 (Pension Fund) and Annex 2 (Administration).

### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

- 13 There are no expected additional costs from compiling, maintaining and monitoring a risk register.

### **DIRECTOR OF FINANCE COMMENTARY**

- 14 The Director of Finance is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed and that the risk register will provide members and officers with a suitable platform for the monitoring and control of pension fund risks.

**LEGAL IMPLICATIONS – MONITORING OFFICER**

- 15 There are no legal implications or legislative requirements associated with this report.

**EQUALITIES AND DIVERSITY**

- 16 The creation of a risk register will not require an equality analysis, as the initiative is not a major policy, project or function being created or changed.

**OTHER IMPLICATIONS**

- 17 There are no potential implications for council priorities and policy areas.

**WHAT HAPPENS NEXT**

- 18 The following next steps are planned:

- Monitoring by officers and reporting to the Committee every quarter.
- 

**Contact Officer:**

Phil Triggs, Strategic Finance Manager (Pension Fund and Treasury)

**Consulted:**

Pension Fund Committee Chairman

**Annexes:**

Annex 1: Pension Fund Risk Register

Annex 2: Pensions Administration Risk Register

**Sources/background papers:**

None

---

This page is intentionally left blank