



The Surrey Local Pension Board 17 January 2019

Risk Registers 2018/19 Quarter 3

Recommendations:

The Board is asked to **note** the content of this report and the Fund Risk Register (shown as Annex 1) and Administration Risk Register (shown as Annex 2) and **make recommendations** to the Pension Fund Committee (Committee) if required.

Background

1. A quarterly assessment of the Pension Fund and Pensions Administration risk registers will give the Board the opportunity to influence and drive the risk management process during 2018/19.
2. In a meeting of 9 February 2018 the Committee determined that future risk registers be initially reviewed by the Board and contained within the quarterly Board Report to the Committee.

The Risk Management Process

3. 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.
4. 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 Fund Committee and Surrey County Council as the administering authority. Assessment has also been given as to the likelihood of the risk.
5. 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.

6. 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.
7. Within the residual red risks, cost ranges are provided on the implications where possible.
8. In a meeting of 9 February 2018 the Pension Fund Committee requested that the Board add to their forward plan consideration of how the risks are measured and whether the weighting is appropriate. A further paper on the risk methodology adopted by Surrey County Council is included as Annex 3.

Changes to existing risks

9. The Fund Risk register has been updated, both the updated and the previous risk register are shown in Annex 1.
10. The Administration Risk Register has also been updated, updates are shown in Annex 2.
11. Paragraph 1.6 and 1.7 are removed from Annex 3.

Additional risks

12. The Local Pensions Board should recommend to the Pension Fund Committee, the addition of the following risk:
 - Transition of assets to BCPP be included as risk number 29, with a total risk of 8 (Green) and net risk of 8 (Green) in Annex 1.
 - The HM Treasury and Scheme Advisory Board cost management process has an implied increase in employer contributions be included as risk number 30, with a total risk of 12 (Green) and net risk of 9 (Green) in Annex 1.
 - Impact of the Pension Services Manager leaving the council be included as risk of F17, with total inherent risk of 21 (Amber) and Residual risk of 7 (Green) in Annex 2.

Next steps

13. The Board is asked to **note** the content of this report, the Fund Risk Register (shown as Annex 1, the Administration Risk Register (shown as Annex 2), and the Risk Methodology Report (Annex 3) and **make recommendations** to the Committee if required as part of the quarterly Board Report to the Committee.

Report contacts: John Smith (Senior Advisor) / Ayaz Malik (Advisor/Accountant)

Contact details: T: 020 8213 2700 E: john.smith@surreycc.gov.uk
T: 020 8541 9705 E: ayaz.malik@surreycc.gov.uk

Sources/background papers:

Annexes:

1. 2018/19 Quarter 3 Fund Risk Register
2. 2018/19 Quarter 3 Administration Risk Register
3. 2018/19 Risk Register Report

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