

**SURREY COUNTY COUNCIL**

**LOCAL PENSION BOARD**

**DATE: 29 JULY 2022**

**LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL**

**SUBJECT: Risk Register update 2022/23 Quarter 1**



#### **SUMMARY OF ISSUE:**

This report considers changes made to the risk register for the Surrey Pension Team in Quarter 1 of 2022/23.

#### **RECOMMENDATIONS:**

The Board is recommended to:

- a. **Note** the content of this report and the Risk Register (Annexe 1).
- b. **Make** recommendations to the Pension Fund Committee if required.

#### **REASON FOR RECOMMENDATIONS:**

The Public Sector Pensions Act 2013 requires Local Pension Boards to assist the Scheme Manager in securing compliance with the Local Government Pension Scheme (LGPS) Regulations and requirements imposed by the Pensions Regulator. This report provides the Board with insight into the activities of the Surrey pension function and furthers the successful collaboration of the Committee and Board in managing risk and compliance and promoting effective governance.

#### **DETAILS:**

##### **Background**

1. A quarterly assessment of the Pension risk register gives the Board the opportunity to influence and drive the risk management process.
2. The risk management policy of the Surrey Pension Team 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.
3. Risk areas have been assessed in terms of their 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 made of the likelihood of the risk.

## Revisions to the Risk Register

4. As previously noted, the register is undergoing a transition with respect to the presentation of risks. As a reminder, this process has three steps:
  - a. Step 1 is to combine the existing separate registers and cluster similar risks
  - b. Step 2 is to use these clusters to refine the risk list
  - c. Step 3 is to produce a heat map of the risk list
5. Steps 1, 2 and 3 are now complete
6. The risk clusters from the first step have been used to define the risk list – these are presented as the final eight pages of the register. Likelihood and impact scores are now assigned only to the ‘main’ risk – in general these have taken the highest likelihood and impact scores from the original extended list.
7. The risks have been summarised on a ‘heat map’ and a risk list sorted by overall score has been produced – these are the first two pages of the register.

## Changes to risks in the Risk Register

8. A few key changes have been made to the risks in the revised presentation:

Risk ID	Status	Changes
2	New sub-risk	A more general cause of the risk of employers delaying payments has been included.
5	Score update	The likelihood score for risks associated with investment strategy has been raised to ‘possible’.
9	Score update	The likelihood and impact scores for issues with team knowledge have been raised – primarily due to the potential implications of people leaving the team.
10	Sub-risk deletion	Risk 10C to be deleted.
13	New sub-risk	A sub-risk arising from the introduction of pensions dashboards has been included.
16	New	A separate risk of issues arising from the implementation of the new accounting system has been included.

9. Other small changes and correction of typos have also been made. With the overall revision to the presentation approach complete, it is the intention to undertake a thorough review of all risk register entries and regularly monitor each one to ensure they reflect the current risk position.

#### **CONSULTATION:**

10. The Chairman of the Local Pension Board has been consulted on this report.

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

11. Any relevant risk related implications have been considered and are contained within the report.

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

12. Any relevant financial and value for money implications have been considered and are contained within the report.

#### **DIRECTOR OF CORPORATE FINANCE COMMENTARY**

13. The Director of Finance, Corporate and Commercial is satisfied that relevant, material financial and business issues and possibility of risks have been considered and addressed.

#### **LEGAL IMPLICATIONS – MONITORING OFFICER**

14. There are no legal implications or legislative requirements.

#### **EQUALITIES AND DIVERSITY**

15. There are no equality or diversity issues.

#### **OTHER IMPLICATIONS**

16. There are no other implications.

#### **WHAT HAPPENS NEXT**

17. The risks will be regularly monitored and reporting to the Board will be undertaken. All risks in the risk register will be reviewed at least quarterly with the risk owners.

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#### **Contact Officers:**

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Head of Accounting and Governance

#### **Consulted:**

Local Pension Board Chairman

#### **Annexes:**

- Risk Register (June 2022)

#### **Sources/background papers:**

- None.
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