

SURREY COUNTY COUNCIL

LOCAL PENSION BOARD



DATE: 11 NOVEMBER 2022

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

SUBJECT: RISK REGISTER UPDATE 2022/23 QUARTER 2

SUMMARY OF ISSUE:

This report considers changes made to the risk register for the Surrey Pension Team in Quarter 2 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.

Key risks

4. Commentary is provided below on the three risk areas in the risk register with the highest combined likelihood and impact scores.

Risk	Implementation of new financial systems leads to delayed processing, data integrity issues or financial loss	Skills / knowledge gaps lead to inefficiency and poor performance	Funding requirements higher due to actuarial assumptions materially different to experience
Risk ID	16	9	3
Score	20	16	16
Comment	The change from SAP to Unit 4 is still in the planning stage.	This risk manifested itself with the resignation of the Funding Manager in summer 2022.	Uncertainty in markets has led to some volatility and prospective headwinds.
Action	The Change team is coordinating efforts to understand the transition.	Swift backfilling with temporary resource was undertaken. Recruitment for full-time replacements in a number of posts is ongoing.	In addition to using latest market outlook data, the Actuary has also undertaken sensitivity analysis to evaluate resilience of preliminary calculations.
Residual risk	Remains a significant risk pending experience of implementation.	Remains a risk – particularly in relation to knowledge no longer with the organisation. There may be consequential issues with e.g. progress of external audit process.	Actions address a degree of near term risk but uncertainty remains and will be monitored.

Changes to risks in the Risk Register

5. No changes are proposed to the risk register this quarter.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

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

DIRECTOR OF CORPORATE FINANCE COMMENTARY

9. 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

10. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

11. There are no equality or diversity issues.

OTHER IMPLICATIONS

12. There are no other implications.

WHAT HAPPENS NEXT

13. 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.

Contact Officers:

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Risk & Compliance Manager
Head of Accounting and Governance

Consulted:

Local Pension Board Chairman

Annexes:

Annex 1: Risk Register (September 2022)

Sources/background papers:

None.

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