

SURREY COUNTY COUNCIL

LOCAL PENSION BOARD



DATE: 10 NOVEMBER 2023

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

SUBJECT: RISK REGISTER UPDATE 2023/24 QUARTER 2

SUMMARY OF ISSUE:

This report considers changes made to the Risk Register for the Surrey Pension Team in Quarter 2 of 2023/24.

RECOMMENDATIONS:

The Board is recommended to:

Note the content of this report and the Risk Register (Annexe 1).

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 the means to mitigate the implications of the risks are 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.

Risk scores have changed this quarter

- The risk score for the financial system implementation was originally reduced to reflect lower expectation of severe adverse impacts. Ongoing issues are being experienced – so the score has been reviewed and increased (see para 5 below). Annexe 2 outlines the main risks due primarily to access or configuration issues (especially in relation to payroll interfaces).

Top risk areas commentary

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

Risk	Skills / knowledge gaps lead to inefficiency and poor performance	Work volume mismatch with operational capacity leading to backlogs	Implementation of new financial systems leads to delayed processing, data integrity issues or financial loss
Risk ID	9	11	16
Score	16	16	16
Comment	This risk remains with some potential single points of failure within the organisational structure.	Legacy issues have been highlighted as a result of recent improvement focus.	Ongoing issues with MySurrey – See Annexe 2
Action	A preliminary review of the organisational structure has been undertaken for resilience and succession planning. A workforce plan is in preparation, with early actions on high priority elements. Preliminary talent development plans are in preparation.	Backlogs across the whole service are receiving priority attention and identified for action in the Business Plan for 2023/24. Steps are underway to address resource requirements in this area and progress reporting is now part of the team dashboard.	Engagement with project team is underway
Residual risk	Remains a risk – pending completion of actions arising from workforce and talent plans.	Remains a risk pending progress on resolution of legacy issues and bedding in of new financial systems.	Remains a risk pending progress on resolution of issues

The following minor changes have been made to the risk register:

- The following changes were made to Risk ID 8 and 10C.

Risk ID	Area	Changes
8	Investment	The likelihood increased to 2 for an overall score of 4.
10C	Service Delivery	The need to develop an interface between Altair and MySurrey for daily Immediate Payments. Risk score remains unchanged.

CONSULTATION:

7. The Chair of the Local Pension Board has been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

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

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

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

DIRECTOR OF FINANCE, CORPORATE AND COMMERCIAL COMMENTARY

10. 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

11. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

12. There are no equality or diversity issues.

OTHER IMPLICATIONS

13. There are no other implications.

WHAT HAPPENS NEXT

14. The risks will be regularly monitored and reporting to the Board will be undertaken.

Contact Officers:

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Consulted:

Local Pension Board Chair

Annexes:

Risk Register (October 2023) – Annexe 1
Financial System Update – Annexe 2

Sources/background papers:

None.

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