

**SURREY COUNTY COUNCIL**

**SURREY LOCAL PENSION BOARD**

**DATE: 16 FEBRUARY 2024**

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

**SUBJECT: RISK REGISTER UPDATE 2023/24 QUARTER 3**



**SUMMARY OF ISSUE:**

This report considers changes made to the Risk Register for the Surrey Pension Team during Quarter 3 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.

## Changes to risk scores in this quarter

- Following review, the risk scores have not changed from quarter 2. However, mitigating actions in the sections relating to Investment & Stewardship have been updated. Additionally, the ongoing issues previously reported relating to Unit4/MySurrey financial system implemented in June 2023 remain largely unchanged – primarily access or configuration issues (especially in relation to payroll interfaces). Hence the score of 16 remains (see para 5 below).

## 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
Action	<p>A preliminary review of the organisational structure has been undertaken for resilience and succession planning.</p> <p>A workforce plan is in preparation, with early actions on high priority elements.</p> <p>Preliminary talent development plans are in preparation.</p> <p>Further work is planned on organisational structure.</p>	<p>Backlogs across the whole service are receiving priority attention and identified for action in the Business Plan.</p> <p>Progress reporting is now part of the team dashboard.</p>	<p>Engagement with project team continues.</p> <p>Reporting issues have shown further progress – but some standard reports remain outstanding.</p> <p>Intercompany transactions generated within the system remain an issue.</p> <p>Consequential issues from ongoing payroll interface challenges continue.</p>
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.	Remains a risk pending progress on resolution of issues

#### **CONSULTATION:**

6. The Chair 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 FINANCE, CORPORATE AND COMMERCIAL 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.

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#### **Contact Officers:**

Siva Sanmugarajah  
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Risk & Compliance Manager  
Head of Accounting and Governance

#### **Consulted:**

Local Pension Board Chair

#### **Annexes:**

Risk Register (January 2024) – Annexe 1

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

None.

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