



Purpose: For approval

Committee report

Committee	LOCAL PENSION BOARD
Date	15 JUNE 2022
Title	PENSION FUND RISK REGISTER
Report of	PENSION FUND MANAGER

EXECUTIVE SUMMARY

1. This report provides the pension board with an update on the development of pension fund risk register since their last meeting. It provides the board the opportunity to review the current position with regard to the pension fund's risks.

RECOMMENDATION

2. That the Board agree the updated risk register and confirm reporting to pension fund committee.

BACKGROUND

3. The fund's Risk Management Policy was adopted by the pension fund committee at its meeting on 24 November 2021. At that meeting it was agreed that the risk register would be created and presented in due course for adoption.
4. At the pension fund committee meeting on 25 May 2022, the committee adopted the Isle of Wight Council Pension Fund risk register and agreed that the Local Pension Board be asked to maintain oversight of the risk management framework and risk register, to be reported to the committee at each future meeting.
5. Risk scoring has been reviewed by officers, in line with the previously agreed risk scoring matrix, set out in table 1 below. Further explanation of how scores are calculated can be seen in Appendix 5.

Table 1: Risk scoring matrix

Likelihood / Probability	4 V. Likely	7 Medium	11 Medium	14 High	16 VERY HIGH
	3 Likely	4 Low	8 Medium	12 High	15 VERY HIGH
	2 Unlikely	2 Low	5 Low	9 Medium	13 High
	1 Remote	1 Low	3 Low	6 Low	10 Medium
		1 Low	2 Medium	3 High	4 Major
		Impact / Severity			

15-16	Red	Very High Risk
12-14	Red	High Risk
7-11	Amber	Medium Risk
1-6	Green	Low Risk

RISK REGISTER UPDATE

6. The current draft of the risk register, presented in summary at Appendix 1 to this report, contains 48 risks covering all aspects of the fund’s operation.
7. Since the board’s meeting in April 2022, the following changes have been made to the risk register:
 - (a) One new red risk has been introduced (see paragraph 7 below).
 - (b) The scores of two previous red risks have been reduced; one to amber and the other to green.
 - (c) The scores of two previous amber risks have both been reduced to green.

New risks

8. The current risk register includes one new risk since the last board meeting, in respect of the pension fund’s ability to respond to the forthcoming consultation from the Department for Levelling Up, Housing and Communities (DLUHC), which will be discussed in more detail in a separate item on this meeting’s agenda.
9. The details of this risk, including mitigating actions, is presented at Appendix 2. This risk is a high rated (RED) risk, particularly around the timing of the launch of the consultation, and the fund’s capacity to respond to both the consultation itself and the requirements within it.

Red rated risks

10. There are currently 9 risks rated red, with one of those having a “very high” risk score – the key person risk.
11. Each of these risks and their associated mitigation actions is presented in detail at Appendix 3.
12. Other than the introduction of the new risk detailed above, none of the scores for the current red risks have changed since the last report.

Changed scores

13. Appendix 4 sets out the current scores and updated mitigation actions for those risks where the score has reduced since the last report.
14. Following confirmation of the award of the new pension administration software contract to the incumbent supplier, the potential impact of breaches in the administration software integrity and the likelihood of incorrect assessment of benefits have been reduced, as there will be minimal changes to our existing processes. These risks will continue to be assessed as the implementation period for the enhancements to our current system progresses.
15. The probability of an employer exiting without sufficient funding has been reduced, due to ongoing work with employers as part of the year end and valuation processes.
16. The likelihood of failing to stop pension benefits on the death of a scheme member has reduced following progress with improved communications with the council’s registrars’ team and subscription to a wills and probate reporting service.
17. The score in respect of the pandemic risk has been significantly reduced, due to the success of remote working and the improvements in electronic communications with members.

APPENDICES ATTACHED

18. Appendix 1 – Summary risk register at 31 May 2022.
19. Appendix 2 – Detailed risk report: new risks.
20. Appendix 3 – Detailed risk register: red risks.
21. Appendix 4 – Detailed risk register: risks with changed scores since last report.
22. Appendix 5 – Risk scoring profile.

BACKGROUND PAPERS

23. Isle of Wight Council Pension Fund Risk Management Policy
<https://iow.moderngov.co.uk/documents/s6260/ITEM%208%20Appendix%201%20-%20IWCPF%20Risk%20Management%20Policy%202021%20v2.1.pdf>

Contact Point: Joanna Thistlewood, Pension Fund Manager, ☎ 821000
e-mail jo.thistlewood@iow.gov.uk