

## Pension Fund Committee

Meeting to be held on Friday, 1 December 2017

Electoral Division affected: (All Divisions);
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## Lancashire County Pension Fund Risk Register

(Appendices 'A' and 'B' refer)

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### Executive Summary

The risk register was updated and presented to the Pension Fund Committee at its meeting on 30th June 2017.

Since that meeting the register has been reviewed by County Council officers in consultation with colleagues from the Local Pensions Partnership (LPP), and has also been reviewed by the Pension Board. The risk register will continue to be reviewed and updated on a 6 monthly basis.

### Recommendation

The Committee are asked to note the updated Risk Register, together with the LCPF Risk Summary document as set out in the attached Appendix 'A' and Appendix 'B' respectively.

### Background and Advice

Risk management is the practice of identifying, analysing and controlling, in the most effective manner, all threats to the achievement of the strategic objectives and operational activities of the organisation. Risk management does not necessarily avoid or eliminate the risk, however, mitigating actions can reduce the likelihood and impact of the risks.

The risk register attached as **Appendix 'A'** covers the following areas:

- Investment & Funding Risk;
- Member Risk;
- Operational Risk;
- Transition Risk.

The impact and likelihood has then been scored on a scale of one to four (one being low risk, four being high risk) in order to assess whether the overall risk level is low, medium or high. The risk owners then assessed whether there are any mitigating factors in place which could reduce the level of risk and the risk score was adjusted accordingly. The Head of Fund, together with the Governance & Risk Officer, have worked with LPP to review the current Pension Fund risk register. A copy of the updated risk register is attached in **Appendix 'A'** which incorporates the following changes:

- Based on the mitigating controls, the risk ratings for O3 (Risk Management) and T5 (External Drivers) were reduced;
- The risk rating for O7 (Data Protection & Cyber Security) was increased, taking the risk to a high risk. Despite increased resources for Information Governance at LPP, it was deemed that transitional IT arrangements and the relatively short deadline for the implementation of the new GDPR regulation, warranted the increase;
- The risk rating for I5 (Cash-Flow Management) has remained the same at a rating of medium (4). The Investment Panel with the support of LPP have reviewed the Investment Strategy with specific measures to mitigate this risk.

The current 'high' risks are as follows:

- Investment & Funding Risk – I2, and I3;
- Member Risk – none;
- Operational Risk – O2, O4 and O7;
- Transition Risk – T1, T2, T3, T4 and T5

As can be seen summarised in **Appendix 'B'**:

- The two 'Transition' risks T1 and T2 remain the highest risks for the fund;
- Only one risk has increased in its rating – the 'Operational ' risk O7;
- The two risks – 'Operational' O3 and 'Transition' T5 have reduced since the last review in June;
- Finally, the 'Transition' group of risks remain the highest risk as compared to the other three groups.

The Risk Register will continue to be reviewed on a regular basis.

## **Consultations**

Consultation took place with LPP and with the Lancashire County Pension Board.

## **Implications:**

This item has the following implications, as indicated:

## **Risk management**

The Lancashire Local Pension Board provide scrutiny and support to the Pension Fund Committee, in relation to their responsibility to ensure there is effective risk management over the Pension Fund's operations.

**Local Government (Access to Information) Act 1985**  
**List of Background Papers**

Paper	Date	Contact/Tel
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Reason for inclusion in Part II, if appropriate