

## Lancashire Local Pension Board

Meeting to be held on Tuesday, 20 April 2021

Electoral Division affected:  
(All Divisions);

### Risk Register Review

Contact for further information: Mukhtar Master, 01772 532018, Governance & Risk Officer Mukhtar.Master@lancashire.gov.uk

#### Executive Summary

The Lancashire County Pension Fund risk register is presented to Pension Fund Committee and the Local Pension Board on a six-monthly basis. The current risk register format and structure was one which was adopted after a commissioned piece of work carried out by PricewaterhouseCoopers (PWC) in 2017.

Further to recent feedback from the Local Pension Board, it has been decided to discuss and agree refinements/changes to the risk register to facilitate improved risk management reporting for the Fund.

#### Recommendation

The Board is asked to discuss and agree the potential improvements to the risk register reporting for the Fund as set out in the report.

### Background and Advice

The current format of the risk register was developed in 2017 by PWC. This format has worked adequately, however has proven to be more challenging as time has progressed. The challenges have been as follows:

- The sheer numbers of stakeholders who contribute to the report. This includes Pension Fund Officers, Independent Advisors, Local Pensions Partnership Administration (LPPA), Local Pensions Partnership Investments (LPPI) and others;
- The recent split of Local Pensions Partnership (LPP) to LPPA and LPPI has added an additional complexity to the current risk register, which has yet to be reflected appropriately and effectively;

- Microsoft Excel does not offer the required levels of change control necessary for managing a document which requires input from various parties. This impact:
  - Ease of maintenance of the register;
  - Maintaining auditable records of changes from third parties;
- Ensuring that a complex Fund risk register is communicated to the Pension Fund Committee and Local Pension Board in a way which is easy to understand, relevant and focused.

### Areas for Potential Improvement

Frequency	Quarterly or Six Monthly
Full Risk or Staggered Risk Register	Options: <ul style="list-style-type: none"> <li>• Full Register each quarter;</li> <li>• Full Register every six months with key risk reporting every quarter;</li> <li>• Focus on a different risk area each quarter (for example, Member Risk) together with consideration of specific risks (across all areas) that have materially changed in that quarter.</li> </ul>
Split the register	<ul style="list-style-type: none"> <li>• Fund risks;</li> <li>• LPPA risks;</li> <li>• LPPI risks.</li> </ul>
Change Control and Ease of Maintenance	<ul style="list-style-type: none"> <li>• Separate 'Controls' and 'Actions' from the main register and provide this separately using MS Word which is easier to manage and provides change control for audit purposes;</li> </ul>
Other Improvements	<ul style="list-style-type: none"> <li>• Heat maps for easy visual presentation of risks;</li> <li>• Risk symptom – insight/information monitored to alert us to a change in the risk impact/probability;</li> <li>• Risk status – open or closed status, once closed the risk could be removed from the register presented to the Local Pension Board.</li> </ul>

### Conclusion

This report serves as a reference for discussion regarding possible changes to the risk register which may support the Pension Fund Committee and the Local Pension Board to better understand and manage the risks to the Fund. The potential improvements are not exhaustive, and others may be tabled during the discussion at the meeting.

The timescales for the implementation of these changes can be agreed by the Board. However, it is anticipated that a revised format of the risk register (which incorporates the feedback received from discussion of this paper) could be provided to the Local Pension Board at the July 2021 meeting. Following any feedback from

the July meeting, the final format of the risk register could be brought to the October 2021 meeting.

### **Consultations**

The Head of Fund and the Chair of the Lancashire Local 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 operations.

### **Local Government (Access to Information) Act 1985**

#### **List of Background Papers**

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A