

LANCASHIRE COUNTY PENSION FUND

RISK REGISTER

JULY 2014

1. Objectives of the Risk Register

These are to:

- Identify key risks to the achievement of the Fund’s objectives and to the Fund's day to day operations;
- Consider the risks identified;
- Assess the significance of the risks.

2. Risk assessment

Identified risks are assessed separately and for each risk the following is determined:

- The likelihood and impact of the risk materialising without any mitigating controls being applied – 'the gross risk'.
- The likelihood and impact of the risk materialising with mitigating controls being applied – 'the residual risk'.
- Risks are evaluated on a sliding scale of 1 – 4 with the highest value being the most likely to occur/ most severe impact.
- The product of the likelihood and impact scores is the risk score:

Likelihood	4	4 – medium/ low	8- medium/ high	12 - high	16 – high
	3	3 – medium/ low	6 – medium/ high	9 – medium/ high	12 – high
	2	2 – low	4 – medium/ low	6 – medium/ high	8 – medium/ high
	1	1 – low	2 - low	3 – medium/ low	4 – medium/ low
		1	2	3	4
	Impact				

- The register below seeks to assess specific risks and introduce a measure of consistency into the risk assessment process. The risk scores relating to residual risks can then be prioritised.
- Planned actions, timescales, review dates, and direction of travel are noted for each risk, alongside the 'risk owner' responsible for managing it.
- The thick black line indicates a proposed 'risk appetite' or tolerable level, to indicate an aspiration for acceptable risks to be less than 'medium/ high'.

3. Objectives of the Pension Fund

These are to:

- enable employer contribution rates to be kept as nearly constant as possible and (subject to the administering authority not taking undue risks) at reasonable cost to the taxpayers, scheduled, resolution and admitted bodies, whilst achieving and maintaining fund solvency, which should be assessed in light of the risk profile of the fund and the risk appetite of the administering authority and employers alike;
- manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due; and
- seek returns on investment within reasonable risk parameters.

4. Investment objectives of the Pension Fund

The Fund has two objectives in terms of its investment activities:

- To ensure that resources are available to meet the Fund's liabilities through achieving investment performance at least in line with actuarial assumptions.
- To achieve full funding (i.e. no funding deficit) over a period no longer than the current recovery period.