

---

## **RISK REGISTER UPDATE**

**Report by Chief Financial Officer**

---

### **JOINT MEETING OF PENSION FUND COMMITTEE AND PENSION BOARD**

**30 November 2018**

---

#### **1 PURPOSE AND SUMMARY**

- 1.1 **This report forms part of the risk review requirements and provides the Members of the Pension Fund Committee and Pension Board with an update of the progress of the actions taken by management to mitigate these risks, a review of any new risks and highlights changes to any of the risks contained in the risk register.**
- 1.2 Identifying and managing risk is a corner stone of effective management and is required under the Council's Risk Management Policy and process guide and CIPFA's guidance "Delivering Governance in Local Government Framework 2007". It is further reflected and enhanced in the "Local Government Pension Scheme" published by CIPFA.
- 1.3 A full risk review was undertaken on 1 May 2018 and the revised risk register was approved by the Joint Pension Fund Committee and Pension Fund Board on 14 June 2018 with an update of the actions undertaken on 13 September.
- 1.4 Appendix 1 details the risks within the approved risk register which have been identified management, actions and the progress of these actions to date.

#### **2 RECOMMENDATIONS**

- 2.1 **It is recommended that the Committee and Board:**
  - (a) **Note the management actions progress as contained in Appendix 1;**
  - (b) **Notes no new quantifiable risks have been identified since the last review; and**
  - (c) **Agrees to a key risk review being undertaken in March 2019 and reporting of progress on the risk management actions.**

### 3 BACKGROUND

- 3.1 Identifying and managing risk is a corner stone of effective management and is required under the CIPFA guidance "Delivering Governance in Local Government Framework 2007". It is further reflected and enhanced in the "Local Government Pension Scheme" published by CIPFA.
- 3.2 The Risk Register has been developed in line with the Council's approach to risk management as set out in the "Risk Management process guide" and assesses risks using a risk score based on likelihood and impact. It has been further refined to reflect best practice "Managing Risk in the Local Government Pension Scheme" published by CIPFA.
- 3.3 The Pension Fund's Business Plan 2018/19 – 2020/21 was approved on 14 June 2018, setting out the aims and objectives of the Pension Fund. These aims and objectives recognised in the formation and approval of the Pension Funds risk register.
- 3.4 The Council's revised Risk Management process guide uses the following risk scoring:

Level of risk	Risk score
<b>RED</b>	High – Risk Score Range 15-25
<b>AMBER</b>	Medium – Risk Score Range 6 – 12
<b>GREEN</b>	Low – Risk Score Range 1 - 5

- 3.5 To comply with the Council's revised policy of risk management and best practice, a Risk Management reporting cycle was developed around the performance and business plan reporting of the Pension Fund. As a result the following cycle of reporting was adopted:

- |             |   |
|-------------|---|
| Quarterly   | <ul style="list-style-type: none"><li>• Quarterly Investment Performance Report;</li><li>• Key risks, escalation of any risks that are perceived to have changed adversely and any new risks need to be considered by the Committee;</li><li>• Update on progress of risk management action delivery.</li></ul>   |
| Bi-Annually | <ul style="list-style-type: none"><li>• Mid-Year Progress report on Business Plan Actions;</li><li>• Key risks, escalation of any risks that are perceived to have changed adversely and any new risks need to be considered by the Committee;</li><li>• Update on progress of risk management action delivery.</li></ul>   |
| Annually    | <ul style="list-style-type: none"><li>• Annual Governance Meeting with Annual Report and Policy/Strategy Performance Reports;</li><li>• Annual reporting on progress with Business Plan and approval of updated Business Plan;</li><li>• Annual reporting on progress with Risk Management Actions and approval of fully reviewed Risk Register including consideration of any new risks.</li></ul> |

### 4 RISK REGISTER UPDATE

- 4.1 A full risk workshop was undertaken on 1 May 2018 by Officers in order to ensure that the risk register's contents were still relevant and up-to-date. The outcome of the workshop was then considered and approved at the

Committee/Board meeting on 14 June 2018. The first update on the actions was reported to Committee/Board on 13 September.

- 4.2 The progress of the individual management actions identified in the current risk register is detailed in Appendix 1.
- 4.3 The actions required for risk 7.6 will be complete following approval of the ESG policy and future monitoring arrangements which is contained elsewhere on the agenda. The risk however of the Pension fund not fulfilling its fiduciary duties will not be mitigated by these actions sufficiently to be able to amend the score given.
- 4.4 No new risks have been identified during the period.
- 4.5 A separate report on the progress of the actions within the Business plan is also contained on the agenda.

## **5 IMPLICATIONS**

### **5.1 Financial**

There are no direct financial implications of this report.

### **5.2 Risk and Mitigations**

The purpose of providing the update to the Committee and Board is to improve the risk management framework for the Pension Fund and demonstrate that the Members of the Pension Fund Committee and the Pension Board understand the risks faced and how it is proposed to manage, mitigate or tolerate these risks. The Additional Proposed Actions as contained in Appendix 1 are designed to directly enhance the management of risks.

### **5.3 Equalities**

It is anticipated that there are no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals in this report.

### **5.4 Acting Sustainably**

There are no direct economic, social or environmental issues with this report which would affect the Council's sustainability policy.

### **5.5 Carbon Management**

There are no direct carbon emissions impacts as a result of this report.

### **5.6 Rural Proofing**

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

### **5.7 Changes to Scheme of Administration or Scheme of Delegation**

No Changes to the Scheme of Administration or Scheme of Delegation are required as a result of this report

## **6 CONSULTATION**

- 6.1 The Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Service Director HR and the Clerk to the Council have been consulted and their comments have been included in the report.

**Approved by**

**David Robertson**  
**Chief Financial Officer**

**Signature .....**

**Author(s)**

Name	Designation and Contact Number
Kirsty Robb	Pension & Investment Manager, 01835 825249

**Background Papers:**

**Previous Minute Reference:** Pension Fund Committee and Pension Board 13  
September 2018

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. The Pension & Investment Team can also give information on other language translations as well as providing additional copies.

Contact us at: Pension & Investment Team, Council Headquarters, Newtown St Boswells, Melrose, TD6 OSA Tel: 01835 825249 Fax 01835 825166. email: [t&cteam@scotborders.gov.uk](mailto:t&cteam@scotborders.gov.uk)