
RISK REGISTER UPDATE

Report by Executive Director Finance and Regulatory

JOINT MEETING OF PENSION FUND COMMITTEE AND PENSION BOARD

4 March 2021

1 PURPOSE AND SUMMARY

- 1.1 This report forms part of the risk review requirements of the pension Fund. It 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 the risks previously identified, 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 15 May 2020. The revised Risk Register was subsequently approved by the Joint Pension Fund Committee and Pension Fund Board on 22 June 2020, with an update of the actions undertaken on 24 September 2020 and 11 December 2020.
- 1.4 Appendix 1 details the new risks added to the risk register.
- 1.5 Appendix 2 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:

- (a) Notes the new risks in Appendix 1 identified since the last review;**
- (b) Notes the management action progress as contained in Appendix 2; and**
- (c) Agrees to a full risk review being undertaken in June 2021.**

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". This requirement 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 2020/21 – 2022/23 was approved on 22 June 2020, 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
 RFD	High – Risk Score Range 15-25
 AMBER	Medium – Risk Score Range 6 – 12
 GREEN	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:

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

consideration of any new risks.

4 RISK REGISTER UPDATE

- 4.1 A full risk Workshop was undertaken on 15 May 2020 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 22 June 2020.
- 4.2 During the review and update of the Funding Strategy Statement a number of new risks were identified. These are detailed in Appendix 1 for inclusion in the full risk register and detailed below

Risk No	Risk
1.12	Increasing effect of climate change on global economy
2.6	Deteriorating patterns of early retirements
2.7	Employer default
4.7	Changing demographics
6.6	Risk of cyber security breach

- 4.3 The progress of the individual management actions identified in the current risk register is detailed in Appendix 2.

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 2, and recommended for approval by the Committee and Board in this report, are designed to directly enhance the management of risks.

5.3 Integrated Impact Assessment

There is no impact or relevance to Equality Duty or the Fairer Scotland Duty for this report. This is a routine good governance required under the Local Government Pension Scheme (Governance) (Scotland) Regulations 2014. Nevertheless, a light touch assessment has been conducted and this will be published on SBC's Equality and Diversity Pages of the website as in doing so, signifies that equality, diversity and socio-economic factors have duly been considered when preparing 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 of 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, the Clerk to the Council and Corporate Communications have been consulted and any comments received have been incorporated into the final report.

Approved by

David Robertson

Signature

Executive Director Finance and Regulatory

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, 11 December 2020

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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