
RISK MANAGEMENT POLICY AND STRATEGY FOR THE SBC PENSION FUND

Report by Chief Officer Audit & Risk

JOINT PENSION FUND COMMITTEE AND PENSION BOARD

4 March 2024

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to provide the Members of the Pension Fund Committee, for their consideration and approval, the Risk Management Policy statement and Risk Management Strategy 2024-2026 for the SBC Pension Fund.**
- 1.2 Effective Risk Management is one of the foundations of effective governance of the SBC Pension Fund. It requires a coherent approach to the management of risks that it faces every day through the identification, analysis, evaluation, control and monitoring of risks linked to the business plans and activities of the SBC Pension Fund.
- 1.3 At the Joint meeting of the Pension Fund Committee and Pension Board on 12 December 2023 it was noted that a separate Risk Management policy and strategy for the SBC Pension Fund would be developed.
- 1.4 This report sets out the proposed Risk Management Policy statement (Appendix 1) and Risk Management Strategy 2024-2026 (Appendix 2) for the SBC Pension Fund for consideration and approval by the Pension Fund Committee. This will ensure there is a relevant risk management framework in place for the SBC Pension Fund aligned to its objectives, governance and administration.

2 RECOMMENDATIONS

- 2.1 I recommend that the Pension Fund Committee:**
 - a) Approves the Risk Management Policy Statement (Appendix 1) and the Risk Management Strategy 2024-2027 (Appendix 2) for the SBC Pension Fund.**
 - b) Acknowledges the roles and responsibilities of the Committee and Board within the Risk Management Policy.**
 - c) Notes the reporting for assurance purposes on the efficacy of risk management arrangements within the Risk Management Policy.**
 - d) Agrees to a discussion on the risk management approach in practice, as part of a Training Session in 2024.**

3 BACKGROUND

- 3.1 Effective Risk Management is one of the foundations of effective governance of the SBC Pension Fund. It requires a coherent approach to the management of risks that it faces every day through the identification, analysis, evaluation, control and monitoring of risks linked to the business plans and activities of the SBC Pension Fund.
- 3.2 It was proposed within the risk management recommendations made by the Independent Consultant in December 2022 that the Committee and Board should consider having a risk management framework for the SBC Pension Fund.
- 3.3 At the Joint meeting of the Pension Fund Committee and Pension Board on 22 December 2023 it was noted within the Risk Register Update report that a separate Risk Management policy and strategy for the SBC Pension Fund would be developed for approval by the Committee in March 2024.

4 RISK MANAGEMENT POLICY STATEMENT

- 4.1 The Risk Management Policy Statement at Appendix 1 defines risk and risk management, outlines the vision, and states the roles and responsibilities in managing the risks of the SBC Pension Fund. The Senior Officers (SBC) supporting the Pension Fund have the primary responsibility to systematically identify, analyse, evaluate, control, record and monitor risks of the SBC Pension Fund. The Committee and Board, while the statutory roles and functions are separate, need to be assured that risks to the achievement the SBC Pension Fund's primary aim and underpinning objectives are being adequately managed, and also be content that risk-based information is sufficient to support sound decision-making.
- 4.2 Approval of the Risk Management Policy and Strategy by the Pension Fund Committee will ensure there is a relevant risk management framework in place for the SBC Pension Fund aligned to its objectives, governance and administration.

5 RISK MANAGEMENT STRATEGY 2024-2026

- 5.1 The 3-year Risk Management Strategy 2024-2026 at Appendix 2 outlines the approach that will be adopted to systematically identify, analyse, evaluate, control, record and monitor risks of the SBC Pension Fund, in support of the Risk Management Policy Statement. It will enable the SBC Pension Fund to continue to refine its approach to managing risks, with a focus on aligning Risk Management to the business planning and performance management process.
- 5.2 The Risk Management Strategy is based upon the professional standards in the Management of Risk (M_o_R) Guide and CIPFA guidance "Managing Risk in the Local Government Pension Scheme". The strategy is underpinned by:
 - A clear and widely understood structure to secure implementation
 - A commitment to achievement
 - Appropriate training arrangements
 - Regular monitoring and reporting arrangements

6 IMPLICATIONS

6.1 Financial

There are no direct financial implications arising from the recommendations of the report.

6.2 Risk and Mitigations

Approval by the SBC Pension Fund Committee of the Risk Management Policy statement (Appendix 1) and Risk Management Strategy (Appendix 2), as proposed in this report, will ensure there is a relevant risk management framework in place for the SBC Pension Fund aligned to its objectives, governance and administration.

6.3 Integrated Impact Assessment

There is no relevance to Equality Duty or the Fairer Scotland Duty for this report, based on the completion of the Integrated Impact Assessment (IIA); a full IIA is not required.

For good governance purposes, a new Risk Management Policy statement and 3-year Risk Management Strategy are designed to ensure there is a relevant risk management framework in place for the SBC Pension Fund aligned to its objectives, governance and administration, and to enable the SBC Pension Fund to continue to refine its approach to managing risks, with a focus on aligning Risk Management to the business planning and performance management process.

6.4 Sustainable Development Goals

The recommendations in this report will not directly impact any of the 17 UN Sustainable Development Goals, based on completion of the checklist. However, the application of practices associated with the SBC Pension Fund's Risk Management Policy and Strategy is fundamental to deliver its primary aim and to the achievement of its underpinning objectives, including its sustainable investment goals.

6.5 Climate Change

This report does not relate to any proposal, plan or project and as a result the checklist on Climate Change is not an applicable consideration. Good governance including the management of risks, is important to enable the SBC Pension Fund to achieve its primary aim and underpinning objectives.

6.6 Rural Proofing

The Risk Management Policy and Strategy are unlikely to have a different impact in rural areas, based on completion of the checklist.

6.7 Data Protection Impact Statement

All Risk Management activity will be carried out in accordance with appropriate legislation; this includes the Data Protection Act 2018.

6.8 Changes to Scheme of Administration or Scheme of Delegation

No changes are required to either the Scheme of Administration or the Scheme of Delegation as a result of the content in this report.

7 CONSULTATION

7.1 The Director Finance & Procurement, Director Corporate Governance (and Monitoring Officer), Director People Performance & Change, HR Shared Services Manager, and Communications Team have been consulted on this report in line with required practice.

Approved by

Jill Stacey, Chief Officer Audit and Risk Signature

Author(s)

Name	Designation and Contact Number
Jill Stacey	Chief Officer Audit & Risk
Emily Elder	Corporate Risk Officer

Background Papers: SBC Pension Fund Risk Register

Previous Minute Reference: Joint Pension Fund Committee and Pension Board 12 December 2023

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

Contact us at Emily.Elder@scotborders.gov.uk