

By: Chairman Superannuation Fund Committee  
Corporate Director Finance and Procurement

To: Superannuation Fund Committee – 21 March 2014

Subject: **PENSION FUND RISK REGISTER**

Classification: Unrestricted.

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Summary: To seek agreement to the Pension Fund Risk Register..

## **FOR DECISION**

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### **INTRODUCTION**

1. The Pension Fund Risk Register was last presented to the Committee on 31 August 2012. It is timely to refresh the register.

### **UPDATE**

2. The last report identified the following as the highest risks:
  - Changes to the LGPS – ongoing and still a high risk.
  - Impact of the 2013 Valuation – now done and in process terms this went very smoothly.
  - Investment manager under performance, complexity of the manager structure – still a high risk area.
  - Loss of key personnel – both the member and officer position shows substantial continuity over the 2 year period.
  - Council downsizing – again a high risk area still.
  - Employees opting out of the scheme – this risk has not materialised.
  - Auto-enrolment – proceeding for some employers and postponed by many.
3. Senior Officers working on the Fund have prepared the updated Risk Register in the Appendix which reflects the latest KCC corporate approach to presenting risk registers. We have also compared it with the Essex Pension Fund Risk

Register and generally we have put less emphasis on the risk of not being able to deliver core business.

4. Risks have been analysed into 4 sub-categories:

- Governance
- Employer
- Investment
- Administration

Whilst risk owners have been identified that is within the overriding responsibility of the Committee and the Corporate Director of Finance and Procurement.

5. The highest risks identified are:

- A1 Administration system not implemented to timescale (12)
- A5 Inadequate implementation of the 2014 regulations (12)
- I3 Increased maturity of Fund as local authority payroll budgets reduce (12)
- I5 Investment returns below actuarial assumptions (12)

6. Mitigating actions are in place to reduce the level of risks, particularly on “red risks”. Further details of the mitigations can be provided on request.

7. Members comments on the risks and scoring are requested.

## **RECOMMENDATION**

8. Members are asked to consider the Pension Fund Risk Register.

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