

Regulatory and Other Committee

Open Report on behalf of Executive Director of Finance and Public Protection

Report to:	Pensions Committee
Date:	19 July 2017
Subject:	Lincolnshire Pension Fund Risk Register

Summary:

This report presents the Pension Fund Risk Register to the Committee for annual review.

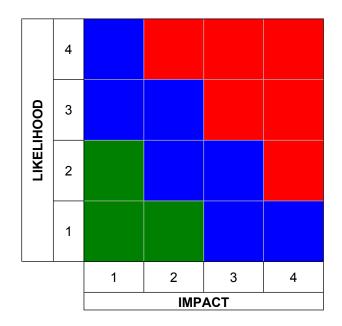
Recommendation(s):

That the committee approve the risk register.

Background

- 1. Committee members will understand the importance of looking at risk as part of the normal Member training that the Council provides. Given the size and importance of the Pension Fund, it is best practice to have a separate risk register considering the key risks that can impact the Fund and how they can be mitigated, if at all possible.
- 2. The risk register is reviewed annually at this Committee, and any additional changes or updates are reported in the quarterly Fund Update report. Officers have taken the opportunity to refresh the risk register fully, given the ceasing of the internally managed portfolio and the Committee changes following the recent elections.
- 3. Appendix A is the current Pension Fund risk register. 27 risks have been identified, along with the controls in place to mitigate them.
- 4. The risk register follows the standard format of the Council's risk registers. To assist in understanding the risk register, the first risk on the register and the associated columns are described below:
 - ID an identifying number
 - Linked to objective the Fund's objectives are detailed at the top of the register
 - Source what the risk is

- Consequences the potential outcomes
- Risk owner person responsible overall
- Existing controls what is already in place to reduce either the impact or the likelihood
- Status the effect that the controls in place have, either good, fair or poor
- Owner who is responsible for the controls
- Current Risk score L Likelihood and I Impact (explained in the table below)
- Overall current risk score explained in the table below
- 5. The risk scores are calculated using the risk matrix below:



For the **likelihood**, there are four possible scores:

1 HARDLY EVER	2 POSSIBLE	3 PROBABLE	4 ALMOST CERTAIN
Has never happened	Has happened a couple of times in last 10 years	Has happened	Has happened
No more than once in ten		numerous times in	often in last 10
years		last 10 years	years
Extremely unlikely to ever happen	Has happened in	Has happened in	Has happened
	last 3 years	last year	more than once in
	Could happen	Is likely to happen	last year
	again in next year	again in next year	Is expected to happen again in next year

For the **impact**, there are four possible scores, but considered across four areas:

	SERVICE DELIVERY Core business, Objectives, Targets	FINANCE Funding streams, Financial loss, Cost	REPUTATION Statutory duty, Publicity, Embarrassment	PEOPLE Loss of life, Physical injury, Emotional distress
4 CRITICAL Disastrous impact, Catastrophic failure	Prolonged interruption to core service. Failure of key strategic project.	Severe costs incurred Budgetary impact on whole Council Impact on other services Statutory intervention triggered	National media interest seriously affecting public opinion	Loss of life Multiple casualties
3 MAJOR Significant impact, Disruption to core services	Key targets missed. Some services compromised	Significant costs incurred Re-jig of budgets required Service level budgets exceeded	Local media interest Comment from external inspection agencies Noticeable impact on public opinion	Serious injuries Traumatic / stressful experience Exposure to dangerous conditions

2 MINOR Minor impact, Some degradation of non-core services	Management action required to overcome short-term difficulties	Some costs incurred Minor impact on budgets Handled within management responsibilities	Limited local publicity Mainly within local government community Causes staff concern	Minor injuries or discomfort Feelings of unease.
1 NEGLIGIBLE No noticeable impact	Handled within normal day-to- day routines	Little loss anticipated	Little or no publicity Little staff comment	

6. Once the likelihood and the impact are assessed, this produces the overall risk score e.g. likelihood = 3, impact = 2 then the risk score is 6. This means that it would fall into the blue area of the matrix, and is a higher concern than if it were in the green area. The Committee would need to be satisfied that they were comfortable with this level of risk, and that no further controls were required. There will always be some risks that cannot be fully mitigated.

Conclusion

7. It is considered best practice to have identified the high level risks associated with managing a Pension Fund and to have put appropriate controls in place. The risk register is brought annually before the Pensions Committee for review and approval.

Consultation

a) Have Risks and Impact Analysis been carried out??

Yes

b) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the author of this report.

Appendices

These are listed below and attached at the back of the report	
Appendix A	Pension Fund Risk Register July 2018

Background Papers

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