



Open Report on behalf of Andrew Crookham – (Executive Director of Resources)

Report to:	Lincolnshire Pension Board
Date:	15 July 2021
Subject:	Lincolnshire Pension Fund Risk Register

Summary:

This report presents the Pension Fund Risk Register and Risk Policy to the Board for annual review.

Recommendation(s):

That the Board:

- 1) review the risk management policy; and
- 2) review the risk register.

Background

1. Board members will understand the importance of looking at risk as part of the training that the Board has undertaken. 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. The risk register is reviewed annually at the Committee and Board, and any additional changes or updates are reported in the quarterly Fund Update reports.
2. The risk management policy, which is a formal record of the Fund's appetite for risk, its risk management structures and its approach to risk management, is attached at appendix A. There have been no changes to this policy since its review last year.
3. Appendix B is the Pension Fund risk register. This has been updated to reflect the new risk register template of the Council. The risks are split across four areas – Governance (4 risks), Investments and Funding (10 risks) Operational (15 risks) and People (1 risk).
4. The Fund risk register follows the new 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:
 - No. – an identifying number
 - Risk owner – person responsible overall
 - Risk description
 - Risk appetite (not yet completed)

- Current risk score – based on likelihood and impact
- Target risk score – based on likelihood and impact
- Assurance status – high, substantial, limited or low
- Assurance direction of travel – improving, static or declining
- Actions – what existing or new and developing controls are in place
- Notes/comments

5. The risk appetite definitions are set out below:

Averse	Cautious	Creative & Aware	Opportunist	(Mature) Hungry
Preference for safe business delivery options that have a low degree of inherent risk and only a potential for limited reward.	Preference for safe delivery options that have a medium degree of residual risk and may only have limited potential for reward.	Willing to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing a good level of reward.	Collaborative approach to recognise and drive the opportunities that lead to the development of economic and business sustainability and improvement – not taking the tried and tested route – looking for upside risk	Eager to be innovative and to choose options offering potentially higher business rewards, despite greater inherent risk.
Safe delivery options – not willing to accept risk in most circumstances – reluctant to take action given uncertainty – highly likely to be influenced by experience	Willing to accept some risk – but prefer safe options – minimising risk exposure with tight corporate controls over change	Creative and open to considering all potential delivery options, with well measured risk taking whilst being aware of the impact of its key decisions. 'No surprises' risk culture		Willing to accept opportunities and delivery options with high inherent risk. Recognise that not all risks will be known

6. The risk appetite is a new addition, and is something that the LCC Risk team are currently working with at CLT level, this will then cascade to directorates/individual services on identifying their own risk appetite for their areas, which will fall in line following the session with CLT. Therefore this column is left blank at this time.
7. The Board would need to be satisfied that they were comfortable with the controls in place for each risk identified, understanding that there will always be some risks that cannot be fully mitigated.

Conclusion

8. 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, and to set out a Risk Management Policy and Risk Register.

Consultation

a) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions

Appendices

These are listed below and attached at the back of the report	
Appendix A	Risk Management Policy
Appendix B	Pension Fund Risk Register July 2021

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Jo Ray, who can be contacted on 01522 553656 or jo.ray@lincolnshire.gov.uk.

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