

Pension Fund Committee

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Dorset County Council



Date of Meeting	14 September 2015
Officer	Chief Financial Officer
Subject of Report	Pension Fund Risk Register
Executive Summary	<p>At the June 2015 meeting of the Committee an updated Risk Register was presented as part of the Fund’s Business Plan. The content of the Risk Register was agreed, but the measurement of each of the risks was discussed, and it was agreed that further work was required to ensure that the identified risks and their associated significance was presented appropriately.</p> <p>Officers have discussed the issues with the County Council’s Risk Officer, and have revised the register accordingly.</p> <p>The attached Risk Register now has a much simpler way of measuring each of the identified risks, and instead of trying to over complicate things by attempting to apply a score to each risk, now attaches a Low, Medium or High ranking. Each of the risk is then reviewed to identify whether the current level is appropriate in the long term, and whether there is further action required to achieve an acceptable level of risk.</p> <p>The Risk Register now is more appropriate for the Fund, and identifies those areas where more work maybe required, but also acknowledges that the risk that is inherent within the Investment Strategy is high, but unavoidable, and through diversification the Fund looks to manage it.</p> <p>The Risk Register will be regularly monitored by officers, and the Committee.</p>

<p>Impact Assessment:</p> <p><i>Please refer to the protocol for writing reports.</i></p>	<p>Equalities Impact Assessment:</p> <p>N/A</p>
	<p>Use of Evidence:</p> <p>Previous Government consultations</p>
	<p>Budget:</p> <p>N/A</p>
	<p>Risk Assessment:</p> <p>The report identifies and analyses the Fund's key risks.</p>
	<p>Other Implications:</p>
<p>Recommendation</p>	<p>That the Committee approve the revised risk register for publication</p>
<p>Reason for Recommendation</p>	<p>To ensure that the Fund's risk are identified and monitored.</p>
<p>Appendices</p>	<p>Risk Register</p>
<p>Background Papers</p>	<p>None</p>
<p>Report Originator and Contact</p>	<p>Name: Nick Buckland Tel: 01305 224763 Email: n.j.buckland@dorsetcc.gov.uk</p>

Summary of Current Risks	
2	High
5	Medium
9	Low
16	

Risk Register for:
Pensions Fund Risk Register

Completed and Reviewed by:	Chief Treasury & Pension Manager
Date:	Aug-15

		Financial	Strategic Priorities and Opportunities	Health & safety	Reputational	Criticality of Service
HIGH	i.e. a greater than 20% chance of:	Potential to cause significant damage or seriously weaken the survival of the Fund	Major impact (positive or negative on a strategic priority)	Fatality or major injury/illness (long term incapacity / disability)	Sustained/long term media attention	Unable to deliver critical services (levels one and two)
MEDIUM	i.e. a greater than 20% chance of:	Reasonable impact in a single financial period or in the short-term but can be contained	Moderate impact (positive or negative on a strategic priority)	Moderate injury or illness (including other RIDDOR reportable incidents)	Short to medium term impact on public memory (affecting more than one ward)	Unable to deliver critical services (level three)
LOW	i.e. :	Negligible / minor impact	Minor/negligible impact (positive or negative) on a strategic priority	Potential for minor injury/illness (requiring minimal intervention or treatment)	Short to medium term impact on public memory (affecting one ward) / minor complaints or rumours	Minor disruption to service delivery

No	Risk Description	Risk Status <i>Open or Closed</i>	Risk Lead	Date Identified	Current Controls <i>How do we currently manage this risk?</i>	Current Risk <i>High / Medium / Low</i>	Movement Since Last Review <i>Improving / Deteriorating / No Change</i>	Is the current level of risk acceptable? <i>i.e. Yes or No, based on the current controls</i>	Any Issues to Highlight Since Last Review?	Further actions identified to achieve an acceptable level of risk	Target Date for further actions
A) Financial Risks											
A01	Treasury Management and the Risk of Financial Default of Partners and Counterparties	Open	Nick Buckland / Richard Bates	Oct-11	See detailed Corporate Risk Register entry	Medium	No Change	Yes		Continual monitoring of treasury management policy and routine monitoring of business critical counter parties NB	On-going
A02	Increasing Longevity of Members, with the potential to mean that the liabilities will continue to be greater than the assets of the Fund.	Open	Nick Buckland	Oct-11	Controlled at a National Level by changes to the scheme benefits and contribution levels. Locally by ensuring the actuarial valuations are realistic and factor in the changes so the Fund remains sustainable. Major	Medium	No Change	Yes		Encourage sign up to the Fund of new members by adopting policies such as auto enrolment and communications strategy to maintain membership of active members.	On-going
A03	Excessive Inflation increases Member Benefits	Open	Nick Buckland	Oct-11	Invested in Liability Driven investments to hedge inflation risk to offset some of the impact of high inflation.	Medium	No Change	Yes		Further expansion of LDI mandate and investment in inflation proofed asset classes such as infrastructure and certain property investments.	On-going
A04	Failure to track the FTSE 350 index	Open	Nick Buckland	Oct-11	Incorrect transactions would be picked up during the day; regular monitoring; quarterly reporting to Pension Fund Committee; balancing procedures; staffing cover	Medium	No Change	Yes		Consider the use of Bloomberg to allow live analysis of the tracking error of portfolio.	On-going
A05	Failure to comply with accounting standards	Open	Nick Buckland	Oct-11	Dedicated resource, recently supplemented by additional support. Succession planning required an put in place	Low	No Change	Yes		Ensure sufficient succession planning, re key person risks. Recent changes will improve this in the long term.	On-going
A06	Inadequate governance of the fund	Open	Nick Buckland	Oct-11	CIPFA governance statement, undertaken by independent observer; LGPS statement. Local Pension Board	Low	No Change	Yes		On-going review of strategies and governance arrangements including Pension board and the Pensions Regulator.	On-going

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A07	Failure to produce the expected rate of investment return	Open	Nick Buckland / Richard Bates	Oct-11	Pension Fund Committee monitor investment returns achieved by fund managers; diverse investment strategy	High	No Change	Yes		Continuous monitoring of performance and risk, and regular reviews of strategy to ensure best fit.	On-going
A08	Loss of funds through fraud or misappropriation	Open	Nick Buckland	Oct-11	Internal and External Audit; Assurance that current systems provide appropriate level of internal control; reporting and monitoring; reporting to Audit & Scrutiny Committee; policies and procedures	Low	No Change	Yes		Continual review of potential exposures	On-going
A09	Failure to identify and recover the full costs of undertaking external contracts	Open	Nick Buckland	Oct-11	None	Low	No Change	No		Review competitiveness of future quotes	On-going
B) Workforce Risks											
B01	Health and safety of staff	Open	Nick Buckland	Oct-11	Work station assessments; PDR trigger interviews; absence management; DCC health & safety policies	Low	No Change	Yes		None	
B02	Failure to recruit, develop and retain suitably skilled staff. There is also a requirement to ensure that Committee members and Board members are appropriately trained to undertake their duties effectively.	Open	Nick Buckland	Oct-11	Access to Management Development / Training; PDR; structure review	Low	No Change	Yes		i) Training / development to support this risk, where appropriate, via PDRs; ii) Work shadowing and ensure staff have ability to cover in the absence of key people; iii) Ensure appropriate succession planning for key people risks iv) Conclude restructure of benefits team	On-going
B03	Failure to maintain the balance between workload and staff capacity	Open	Nick Buckland	Oct-11	Service planning and PDR process; continual review of workloads within teams; additional posts can be funded from pension fund where particular capacity demands are identified, at the approval of the Pension Fund Administrator	Low	No Change	Yes		Review potential for secondments etc. within cost centre to meet particular areas where capacity is stretched	On-going
B04	Non-performance by Officers and Panel Members										
C) Other Risks											

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C01	Inability to provide service, due to a loss of Council facilities (IT; building) or staff	Open	Nick Buckland	Oct-11	Business continuity plans maintained for critical services; Nat West Banking facilities can be accessed from home/ remotely; contact numbers held for the team. Disaster recovery in place for Altair	Low	No Change	Yes		None	
C02	Poor services, or perception of poor service	Open	Nick Buckland	Oct-11	Service planning and PDR process; external audit; internal audit reviews; processes and procedures	Low	No Change	Yes		None	
C03	Secure management and handling of confidential and/or personal information	Open	Nick Buckland	Oct-11	Data awareness guidance promoted corporately; secure email; secure payments portal to actuary	Medium	No Change	Yes		Ensure all appropriate team members undertake the Data Protection training	On-going
C04	Enforced restructuring of Pension Fund's nationally, or enforced pooling of investments, revised governance regulations.	Open	Nick Buckland	Oct-11	Proactive membership of national groups and attendance at national meetings to influence policy	High	No Change	No		Officers and members engaging at local and national level to attempt to inform and influence government policy.	On-going

