

PENSION FUND RISK REGISTER

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Board before taking effect.

Recommendation: That the Board notes the Pension Fund Risk Register and the additional actions proposed to mitigate risk.

1. Introduction

- 1.1. The Pension Board monitors the Risk Register as part of its scrutiny role in relation to risk and compliance, and will raise any specific concerns to the Investment and Pension Fund Committee, as necessary. The Board previously considered the Risk Register at its meeting on 20th October 2016.
- 1.2. The Risk Register is attached at Appendix 1 to this report. It highlights the key risks in relation to the Devon Fund, the current processes in place to mitigate the risk, and the planned improvements in place to provide further assurance. This incorporates the risk register of both the Investments Team and Peninsula Pensions.
- 1.3. The Investment and Pension Fund Committee is the ultimate risk owner for the Pension Fund and therefore an updated Risk Register will be presented to the Committee on an annual basis.

2. Revisions to the Risk Register

- 2.1. The Risk Register is reviewed and updated on an ongoing basis during the year. The following changes have been made to the Register since it was last presented to the Board:
 - At its meeting on 20th October 2016, the Board suggested amendments to the risk register, including references to the potential impact of the leaving the EU and any consequential changes to the regulatory framework. Risk F13 has been added to the register to reflect this risk.
 - Risk F10 has been expanded to include reference to the Actuary's objective of keeping contributions as stable as possible for employers, whilst ensuring the long term solvency of the Fund.
 - Risk F2 – An investment strategy review has been completed and a report presented to Investment and Pension Fund Committee on 24th Feb 2017. The 2016 actuarial valuation has been completed and includes provision for the fund to achieve full funding over 22 years.
 - Under Risk I1, the deadline for completing the CIPFA Knowledge and Skills Framework self-assessment has been extended to 31st December 2017.
 - The key risks in relation to Peninsula Pensions have been reviewed and updated and are now recorded under Risks PP1 to PP17 (previously Risks P1 to P9)

2.2. Taking account of the revisions above there are now 41 risks recorded in the Risk Register. The following table summarises the number of risks assigned to low, medium and high risk scores, before and after mitigation.

Risk Category	Number of Inherent Risks Identified	Number of Risks following mitigating action
High	11	1
Medium	21	8
Low	9	32

2.3. Action taken to mitigate risks has reduced the number of high risks from 11 to 1. The remaining high risk is in respect of a market crash leading to a failure to reduce the deficit.

3. Conclusion

3.1. The Board are asked to note the Pension Fund Risk Register, and the additional actions proposed to mitigate risk.

Mary Davis

Electoral Divisions: All
Local Government Act 1972
List of Background Papers - Nil
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