

PENSIONS COMMITTEE

22 MARCH 2023

RISK REGISTER

Recommendation

- 1. The Chief Financial Officer recommends that February 2023 Worcestershire Pension Fund Risk Register be noted.**

Background and update

2. The Risk Register is kept under regular review and, following the Feb 2023 review by Officers, an updated Register is attached as an Appendix.
3. The review resulted in the re-grouping of existing risks into two risk areas: Investment / Funding and Administration.
4. The review resulted in the number of risks being included in the Register being reduced from 32 to 16.
5. The 5 risks that have been removed are:
 - a) WPF 10 Being reliant on LGPS Central Limited delivering its forecasted cost savings;
 - b) WPF 31 Pandemic affecting our staff / our employers' Payroll or HR staff / staff at payroll providers who provide services to us or our employers;
 - c) WPF 09 Being reliant on LGPS Central Limited's investment approach;
 - d) WPF 22 The following key actuarial assumptions set at each actuarial valuation do not match our actual experience between actuarial valuations: the number of ill health retirements; that employer strain costs associated with early / redundancy / flexible retirements are covered by the payments collected from employers; and life expectancy; and
 - e) WPF 25 Fraud by scheme members.
6. The 2 risks that have been combined with another risk are:
 - a) WPF 16 Failure of investment adviser to deliver the services contracted. This risk has been included in a reworded WPF 08 Failure to appoint suitable investment managers / advisers and review their performance / markets / contracts; and
 - b) WPF 18 Failure of existing pension admin system to deliver the services contracted. This risk has been included in a reworded WPF 19 Failure to have an appropriate pensions admin system.
7. 5 risks will henceforth be covered in the Governance Update:
 - a) WPF 26 Fraud by staff;
 - b) WPF 15 Failure of the actuary to deliver the services contracted;

- c) WPF 01 Failure of governance arrangements to match up to recommended best practice;
- d) WPF 17 Failure of custodian to deliver the services contracted; and
- e) WPF 04 Not having an established and meaningful Business Plan / Pension Administration Strategy.

8. 4 risks will henceforth be covered in the Training Update:

- a) WPF 02 Insufficient knowledge amongst members of Pensions Committee / Pension Board / Pension Investment Sub Committee members;
- b) WPF 03 Failure of officers to maintain a sufficient level of knowledge / competence or to act in accordance with our roles and responsibilities matrix;
- c) WPF 21 Failure of business continuity planning; and
- d) WPF 27 Incorrect calculation of benefits through human error or delayed notification of a death.

9. The review added no new risks. The review resulted in no increases or increases to risk scores.

10. Mitigating actions have been updated for:

- a) **new measures** e.g. the ESG / responsible investment workshop on 8 February and rolling out the WCC Finance workforce strategy.
- b) **previous measures that have been completed / developed further / have changed timelines** e.g. the 2022 Actuarial Valuation Report and the updated Funding Strategy Statement / Investment Strategy Statement / Pension Administration Strategy.

Supporting information

- Appendix - WPF Risk Register Feb 2023

Contact Points

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Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) there are no background papers relating to the subject matter of this report.