



LOCAL PENSION BOARD – 26 OCTOBER 2022
REPORT OF THE DIRECTOR OF CORPORATE RESOURCES
RISK MANAGEMENT AND INTERNAL CONTROLS

Purpose of the Report

1. The purpose of this report is to inform the Board of any changes relating to the risk management and internal controls of the Pension Fund, as stipulated in the Pension Regulator's Code of Practice.

Background

2. The Pension Regulator's (TPR) code of practice on governance and administration of public service pension schemes requires that administrators need to record, and members be kept aware of 'risk management and internal controls'. The code states this should be a standing item on each Pension Board and Pension Committee agenda.
3. In order to comply with the code, the risk register and an update on supporting activity is included on each agenda.

Risk Register

4. The risks are split into six different risk areas. The risk areas are.
 - Investment risk
 - Liability risk
 - Employer risk
 - Governance risk
 - Operational risk
 - Regulatory risk
5. There have been no changes to any of the risk scores since the Pensions Board meeting in August 2022, however there are some updates on existing risks. The risk register is attached as the Appendix.

- Risk 3 (Investments) – Failure to take account of all risks to future investment returns within the setting of asset allocation policy and/or the appointment of investment managers
The Fund continues to develop a Net Zero Climate Strategy to consider the risk and opportunities related to climate change.

 - Risk 8 (Governance) – If the Funds In House AVC provider does not meet its service delivery requirements the Pension Fund is late in making payment of benefits to scheme members
Several Funds met with the AVC provider, designed to build on future improvements, and to try and negate any future drop in service standard.

 - Risk 12 (Operational) – If the Pension Section fails to meet the information/cyber security and governance requirements there may be a breach of statutory obligations
Officers have developed a new Fund Cyber risk policy. Internal Audit are still planning to carry out audit reviews of both the Good Governance Project and The Pension Regulators new code of practice, once these projects move ahead nationally.

 - Risk 13 (Operational) – If immediate payments are not applied correctly, or there is human error in calculating a pension, scheme members pension of the one-off payment could be wrong.
A new system development in Altair is being released from Heywood later in 2022, enabling Officers to check member's individual bank account details, before making payment.
6. To meet Fund Governance best practise, the risk register has been shared with Internal Audit. Internal Audit have considered the register and are satisfied with the current position.

Recommendation

7. It is recommended that the Board notes the revised risk register of the Pension Fund.

Equality and Human Rights Implications

None

Appendix

Appendix - Risk Register

Officers to Contact

Mr C Tambini, Director of Corporate Resources

Tel: 0116 305 6199 Email: Chris.Tambini@leics.gov.uk

Mr D Keegan, Assistant Director Strategic Finance and Property

Tel: 0116 305 7668 Email: Declan.Keegan@leics.gov.uk

Mr I Howe, Pensions Manager

Tel: 0116 305 6945 Email: Ian.Howe@leics.gov.uk

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