



**LOCAL PENSION BOARD – 8 FEBRUARY 2023**  
**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 Local Pension 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
  - Liability
  - Employer
  - Governance
  - Operational
  - Regulatory
5. There have been no changes to any of the risk scores since the Local Pensions Committee meeting in November 2022, however there are some minor updates on existing risks. The risk register is attached as Appendix A.

- 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 take account of the risk and opportunities related to climate change. Final approval is expected in March 2023.

- 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

A national Framework is being scoped to enable Funds to review and tender for AVC providers. It is expected this will be complete by the end of 2023.

6. To meet Fund Governance best practice, the risk register has been shared with Internal Audit, who 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**

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