

REPORT OF SERVICE DIRECTOR – CUSTOMER, GOVERNANCE AND EMPLOYEES.

PENSION FUND - RISK REGISTER

Purpose of the Report

1. To present the current Nottinghamshire Pension Fund Risk Register to the Pensions Board.

Information and Advice

2. The review of the Risk Register has two aims: (i) to separate out and clarify these key risks/responsibilities; (ii) to consider what action is required to maintain or improve current risk levels and set specific and measurable objectives accordingly.
3. The Risk Register was last formally reviewed by the Pension Board in December 2020, and was most recently reviewed by the Pension Committee in October 2020. Good practice is for the register to be reviewed at each Pension Board Meeting.
4. The Risk Register is attached as an appendix to this report. An addendum to the risk register is also attached as part of the Fund's response to the Covid 19 pandemic. However, these addenda have not yet been reviewed by the Pension Fund Committee.
5. The risks as outlined in the Register are as follows:

Ref	Risk
Adm1	Standing data & permanent records are not accurate.
Adm2	Inadequate controls to safeguard pension fund records
Adm3	Failure to communicate adequately with all relevant stakeholders.
Gov1	Pension Fund governance arrangements are not effective
Gov2	Pension Fund objectives are not defined and agreed.
Gov3	An effective performance management framework is not in place.
Gov4	Inadequate resources are available to manage the pension fund.
Gov5	Failure to adhere to relevant legislation and guidance.
Inv1	Inappropriate investment strategy is adopted.
Inv2	Fund cash is insufficient to meet its current obligations.
Inv3	Fund assets are assessed as insufficient to meet long term liabilities.
Inv4	Significant variations from assumptions used in the actuarial valuation
Inv5a	Inadequate controls - Fund manager mandates
Inv5b	Inadequate controls - Custody arrangements

Inv5c	Inadequate controls - Accounting arrangements
Inv5d	Inadequate controls - Financial Administration
Inv5e	Inadequate controls - Stewardship

6. The temporary additional Covid-related risks identified are shown in the table below. In future these will be incorporated into the main Risk Register to be approved by the Pension Fund Committee.

Ref	Risk
Adm4	Pension Admin is unable to meet its statutory requirements on the production of annual benefit statements and pension taxation statements
Adm5	Incorrect Pension benefits paid, or paid late, in particular the increase in Deaths of members. Unable to meet Service Level Agreement standards.
Adm6	Data improvement Project being delayed which is currently progressing with Intellica, the object to report to the TPR in September/October data quality score.
Adm7	Inability to process Transfers in a timely manner and ensure due diligence in line with the TPR requirement.
Adm8	Employer and employee contributions not paid accurately and on time
Adm9	Employers within the fund failing or not able to meet obligations. Not meeting statutory duty, monitor employers.
Adm10	Members could be tempted to access their pensions early to offset any financial issues due to personal circumstances. Increased pressure on Pension Admin Resources to process retirements.
Inv6	Financial reporting may be delayed.
Inv7	The auditors may not be able to issue an unqualified report.
Inv8	Reduction in fund value may persist. Increased volatility increases the risk surrounding any transaction.
Inv9	Insufficient cash to pay pensions (resulting in forced sales to generate sufficient cash to pay pensions).
Inv10	Reduced rent on our Property investments, reduces both income and potentially property valuations.
Inv11	Property sales could be delayed, leading to a reduction in prices to ensure the sale finally goes through.

7. Activities classed as 'Administrative' are managed by Pensions Administration under Group Manager (BSC), those classed as 'Investments' are managed by the Pensions & Treasury Management team in Finance under Group Manager (Financial Strategy & Accounting), and those classed as 'Governance' may involve either Admin or Finance, with additional support from Legal Services. However, there is some degree of overlap.
8. The risk register is attached as Appendix A, and the additional Covid risk register attached as Appendix B. Appendix A is also posted on the Fund's website alongside other Fund policies.

Statutory and Policy Implications

9. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

10. That Pension Board members consider whether there are any actions they require in relation to the issues contained within the report.

Marjorie Toward
Service Director – Customers, Governance, and Employers

For any enquiries about this report please contact:

Jonathan Clewes, Pension Manager, Pension Administration
on 01159773434 or jonclewes@nottsc.gov.uk

Constitutional Comments (KK 19/03/2021)

11. This is an updating information report and Pension Board is the correct body for considering that information and any further action which members may wish to take in light of that information.

Financial Comments (KP 19/03/2021)

12. There are no direct financial implications arising from the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- 'None'