



West Northamptonshire Council

Local Pension Board

1/7/2021

Mark Whitby – Head of Pensions

Report Title	Northamptonshire Pension Fund Risk Register
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Contributors/Checkers/Approvers

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List of Appendices

Appendix A – Northamptonshire Pension Fund Risk Register

Appendix B – Northamptonshire Pension Fund Risk Strategy

1. Purpose of Report

- 1.1. To present to the Pension Board the Northamptonshire Pension Fund Risk Register and Risk Strategy.

2. Executive Summary

- 2.1 The Northamptonshire Pension Fund Risk Register is reviewed biannually by the Pension Committee and at every meeting of the Local Pension Board.
- 2.2 The Risk Register was last reviewed by the Pension Committee on 15 June 2021 and by the previous Local Pension Board on 11 March 2021.
- 2.3 Appendix A of this report contains the current Risk Register with proposed changes included.
- 2.4 Appendix B of this report contains the Northamptonshire Pension Fund Risk Strategy (for information).
- 2.5 Section 5.2 of this report details the short to medium term risks that the Fund is actively managing at this time.

3. Recommendations

- 3.1 The Pension Board is asked to:
- a) Review the Northamptonshire Pension Fund Risk Register
- 3.2 Reason for Recommendations:

- To achieve the Pension Fund objective that is to “continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate”.
- To accord with the Pension Regulator’s expectations on managing risk.

4. Report Background

- 4.1 The Northamptonshire Pension Fund Risk Strategy was reviewed and approved by the previous Pension Committee on 22 March 2019. Following this approval, the Local Pension Board have reviewed the risks facing the Fund as recorded on the Risk Register at each meeting and the Pension Committee, biannually.
- 4.2 This approach to monitoring risk supports the Pension Regulator’s code of practice (governance and administration of public service pension schemes).

5. Issues and Choices

- 5.1 The risk register has been reviewed by officers for this period and the following updates are being recommended to reflect the current position of the Fund:

Risk no.	Risk	Proposed change(s)
3	As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund’s investments.	‘It is ensured that the ACCESS asset pool meets the Fund’s ESG requirements’ updated to ‘The Head of Pensions is chairing an ACCESS Task & Finish Group responsible for the development of Pool Guidelines and future ESG reporting requirements, ensuring the Fund’s responsible investment needs are met’
6.	The Pension Fund and its members may become a target for fraudsters and criminals (cyber-crime).	Risk separated from IT risk with specific mitigations applied (cyber-crime references removed from risk 16).
9	Those charged with governance are unable to fulfil their responsibilities effectively.	Gross score increased to 12 (impact 3, likelihood 4) with no increase to the residual score. Mitigations updated to include ‘CIPFA Skills and Knowledge training within 6 months of joining followed by targeted training based on decisions that the Committee are asked to make.
13	Failure to recognise and manage conflicts of interest	Residual likelihood increased to 3 which gives an overall score of 6. This has moved the position of the risk to number 13 from 15. Governance and legal advice sought as required has been added as a mitigation.

14	Incorrect/poor quality data held on Pension Administration and Payroll platforms leading to incorrect information being provided to members and stakeholders	<p>Risk wording updated as follows – Incorrect/poor quality held on the Pension Administration and Payroll platforms or delays with receiving information leading to incorrect information/delayed provision of information to members and stakeholders. Residual likelihood increased to 2 resulting in the overall rating moving to 6 from 3. This resulted in the overall risk moving from position 25 to 14.</p> <p>The following mitigations were also added:</p> <ol style="list-style-type: none"> 1) Dedicated Employer Services Team to query/chase data as required. 2) Administration Strategy in place which sets out expectations of employers and potential sanctions. 3) Escalation process in place for repeated incorrect or delayed data being received by the Fund.
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5.2 Officers have identified a number of short term risks that should be noted by the Pension Board as follows:

5.2.1 The impact of the pandemic - The service is still predominantly working remotely with minimal staff attending the office for certain business activities only. Some face to face meetings have started to take place and discussions at high level regarding staff returning to the office have also started to take place centrally.

5.2.2 Knowledge for new members of the Pension Committee and Pension Board - Following the local elections on the 6 May 2021, there have been new members appointed to both the Committee and Board. In order to ensure members, have the required skills and knowledge to fulfil their duties a training session was delivered on 21 June 2021. This session provided a detailed explanation of how the Fund is governed and fiduciary duty. Further CIPFA skills and knowledge modules will be delivered virtually by the Fund's governance advisors, Aon during the period July to September 2021.

6. Implications (including financial implications)

6.1 Resources and Financial

6.1.1 There are no resources or financial implications arising from the proposals.

6.2 Legal

6.2.1 There are no legal implications arising from the proposals.

6.3 Risk

6.3.1 The mitigated risks associated with this report has been captured in the Fund’s risk register as detailed below -

Risk	Residual risk rating
Failure to understand and monitor risk and compliance	Green
Failure to provide relevant information to the Pension Committee/Local Pension Board to enable informed decision making.	Green

6.4 Relevant Pension Fund Objectives

6.4.1 The following objectives have been considered in this report -

- To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund’s stakeholders, particularly the scheme members and employers.
- To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
- To continually monitor and measure clearly articulated objectives through business planning.
- To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.

6.5 Consultation

6.5.1 Not applicable.

7. Background Papers

7.1 Not applicable