

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**PENSION BOARD – 23 FEBRUARY 2021****REPORT FROM THE DIRECTOR OF HUMAN RESOURCES AND
ORGANISATIONAL DEVELOPMENT****RISK MANAGEMENT**

This report accompanies the Pension Fund risk register governance and pensions administration.

FOR INFORMATION

1. BACKGROUND

- 1.1 The Local Pension Board has oversight of the Fund's risk register, along with the Investment Committee, Council and Pension Fund officers.
- 1.2 The Pension Fund risk register is divided into two sections: governance (investment and funding) and pensions administration.

2. INFORMATION

- 2.1 A range of risks are identified with actions in to either treat, tolerate, transfer or terminate the risk to achieve a satisfactory outcome.
- 2.2 A range of risks have been identified and recorded for regular review, and, whilst scoring may be subjective, it is considered that all critical and key risks have been recognised.
- 2.3 A risk matrix used as guidance when scoring risks is included as Appendix 3.
- 2.4 The risk register is split into columns: impact is measured across the fund, employers and reputation, with each being added together to provide a total.
- 2.5 The likelihood score represents the expected outcome if the risk was ignored. The revised likelihood details the score once action has been taken and mitigating actions agreed.

3. ADMINISTRATION

Following discussions at the last Local Pension Board, a risk has been added to identify the explicit risk in transferring sensitive member data.

- 3.1 Risk 1: A pensions administrations budget has been agreed by officers for the next five years which factors in resolving outstanding data issues and provision for training. A likelihood rating of 3 represents a 21% to 50% chance of a risk occurring. This would have been higher at the start of the process but the project has progressed positively. Implementation of mitigation actions reduces this to a revised likelihood of 2, representing a remote possibility. The revised likelihood recognises that risk triggers have already been identified and the project is in its final stages. The net risk remains as medium, reflecting the importance and complicated nature of bringing the services in house.
- 3.2 Risk 2: Whilst COVID-19 had the potential to affect the administration's daily functions, services continued and staff can effectively work from home. With the pending move to bring services in-house, the risk reduces further with the removal of a third party. The overall likelihood has been reduced but is still reflected as a medium risk.
- 3.3 Risk 7: A likelihood rating of 2 to represents the possibility of the risk occurring being very unlikely, with current controls reducing this to a revised likelihood of 1.
- 3.4 Risks with reference to Surrey County Council will be updated in April 2021 when services are brought in-house.

4. RECOMMENDATION

- 3.1 The Board is asked to review and comment on the risk register.

Phil Triggs
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List of appendices

Appendix 1: Risk Register Administration
Appendix 2: Risk Register Governance
Appendix 3: Scoring Matrix