

Croydon Council

REPORT TO:	PENSION COMMITTEE 18 October 2016
AGENDA ITEM:	8
SUBJECT:	Risk Register and Forward Plan
LEAD OFFICER:	Richard Simpson Executive Director of Resources
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT: Sound Financial Management: Ensuring that the pension fund is being given appropriate guidance and direction through the governance of the Pension Committee.	
FINANCIAL SUMMARY: There are no direct financial consequences to this report. However the implications of decisions taken by this Committee can be significant for the Revenue Account of the Council.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1 RECOMMENDATIONS
1.1 That the Committee note and comment on the current Pension Fund risk register.

2 EXECUTIVE SUMMARY

- 2.1 It is recommended best practice for the Pension Committee to maintain a risk register. This report presents the current risk register for the Committee's consideration.
- 2.2 It is recommended best practice for the Pension Committee (the Committee) to regularly review the forward plan. This report proposes a revised 2016/2017 forward plan which forms a business plan for the Committee.

3 DETAIL

Risk Register

- 3.1 Best practice recommends that a risk register is maintained by the Pension Committee recording all relevant risk scenarios, together with an assessment of their likelihood and impact and the appropriate mitigations. This report provides the Committee with a report covering risks relating to governance, funding, assets and liabilities, and operational risks.
- 3.2 The Committee is invited to comment upon whether it considers this list sufficiently exhaustive, whether the assessment of each risk matches its perception and to comment on the adequacy of future and existing controls.
- 3.3 The risk register will be reviewed periodically and brought back to the Committee for its consideration twice each year – the register was most recently reviewed in March 2016. Members will be familiar with the corporate risk register: this Pension Fund risk register is distinct from that document and an innovation in that previously the Committee has not had the opportunity to formally track risks relating to the Fund and Scheme in such a comprehensive manner.

Forward Plan

- 3.4 The forward plan below sets out an agenda for each quarterly meeting to be held in 2016/2017; however, further items may be added as required by senior officers in consultation with the Chair. There may be a need to add items in response to changing circumstances, such as any issues thrown up by the government's decision to require funds to pool assets, changes to the investment regulations or if there are further global market events requiring actions from the Committee. There will be occasions when the Committee will want to visit fund managers to discuss performance issues or other matters of concern: this will be driven by issues flagged up by the quarterly performance reporting. The Committee has committed to a programme of training and in part, this can be delivered by sessions following on from the business part of the meeting. The content of training will be informed by the direction of future legislation; the outcome of the review of the investment strategy and the choice of investment vehicles.
- 3.5 With the advent of the Local Pensions Board, some issues that previously were considered by the Committee could be addressed by that body. This might include matters relating to stock ownership, such as reporting and engagement on ESG (Ethical, Social and Governance) issues, assessment of the performance of professional advisors, and consideration of Myners principles.

3.6 Matters relating to admission agreements, schools converting to academies and other scheme employers will be reported on an ad hoc basis. The Committee undertakes a great deal of work outside of the regular, scheduled meetings. This activity includes visits to the fund managers who are responsible for investing the assets of the Pension Fund; interviewing potential new managers to better understand their approach to investment; and a number of structured training events, conferences and seminars.

The Pension Committee 2016-2017 Business Plan (*New items are in italics*)

3.6.1 October 2016 Meeting (Reporting on the June quarter performance):

- Progress Report (quarterly monitoring).
- Draft Annual Report - including review of SIP and FSS or successor statements, subject to consultation.
- ~~External Auditors Report.~~ (*Due to the rescheduling of this Committee this report was presented to the General Purposes and Audit Committee to meet the statutory deadline*)
- ***Triennial Actuarial valuation results modelling.***
- Risk Register.
- Local Pension Board Annual Report.

3.6.2 December 2016 Meeting (Reporting on the September quarter performance):

- Progress Report (quarterly monitoring).
- Review of provision of professional services by framework agreements.
- Communication of draft employer funding positions and contribution rates from Scheme Actuary.
- ***Whole Fund actuarial valuation results, and approach to setting individual employer contribution rates approved in principle.***
- ***Review London CIV against Investment Strategy Statement (ISS) guidance (regulation 7 (2) (d)).***
- ***Review of ESG investment principles for inclusion in ISS.***
- Other Business.

3.6.3 March 2017 Meeting (Reporting on the December quarter performance):

- Progress Report (quarterly monitoring).
- Final Funding Strategy Statement, actuarial valuation results and contribution rates approved by Committee.
- Risk Register.
- 2017/2018 Pensions Committee Forward Plan.
- Update on the work of the Local Pension Board.
- ***Consideration and adoption of the Investment Strategy Statement.***

3.7 For Members' information Committee dates for the next annual cycle will be:

6th June, 2017;
19th September 2017;
5th December, 2017; and
13th March, 2018.

3.8 This forward plan forms the business plan for the Committee. The Committee are asked to consider any changes necessary to the forward plan and subject to these, agree its adoption.

4 CONSULTATION

4.1 Officers have fully consulted with the Pension Fund's advisers in preparing this report.

5 FINANCIAL CONSIDERATIONS

5.1 This report deals exclusively with the investment of the Council's Pension Fund and compares the return on investment of the Fund against the benchmark return.

6 COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

6.1 Acting Solicitor to the Council comments that there are no direct legal implications arising from the recommendations within this report

(Approved for and on behalf of Jacqueline Harris-Baker, Acting Council Solicitor and Acting Monitoring Officer:)

7 FREEDOM OF INFORMATION/DATA PROTECTION CONSIDERATIONS

7.1 This report contains confidential information which could be of a sensitive nature, disclosure of which could prejudice the commercial interest of the companies involved and those of the Council's Pension Fund.

CONTACT OFFICER:

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APPENDIX A:

Pensions Risk Register