

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Pension Fund Panel and Board
Date:	28 July 2022
Title:	Governance – Risk Register
Report From:	<i>Director of Corporate Operations</i>

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Purpose of this Report

1. The purpose of this paper is to reintroduce the Pension Fund's Risk Register, which forms part of the Fund's Business Plan.

Recommendations

2. That the Panel and Board approves the amended the Risk Register.

Executive Summary

3. The Risk Register is a key document for the management of the Pension Fund. It is important that all of the risks that the Fund is exposed to are considered, evaluated and that the appropriate response is put in place.

Risk Register

4. The Pension Fund's Risk Register is part of the Fund's Business Plan which was approved by the Panel and Board in December 2021 but is reviewed biannually. Risks are identified and considered by officers with the assistance of the Fund Actuary.
5. Since the last presentation of the Risk Register its format has been reviewed in line with best practice. Risks were previously reported by theme and rated high, medium and low. A more detailed approach has now been implemented with risks identified individually, linked to the Pension Fund's aims from its Business Plan and rated on a scale of 1 to 5. The updated

Risk Register is contained in Appendix 1. Separation of risks allows clearer focus on those most current and important to the Fund, in particular:

- failure to correctly implement the McCloud remedy,
 - failure to meet the statutory deadlines for connectivity to the Pensions Dashboard,
 - cybercrime activities impacting on integrity,
 - assets not growing sufficiently to meet pensions liabilities, and
 - the failure of officers to maintain sufficient levels of competence and/or resource.
6. Further amendments are planned for the next iteration of the Risk Register to be included in the 2022/23 Business Plan for December 2022:
- Risks will be separated into strategic and operational, to help identify the greatest threats to the Pension Fund's operation.
 - The evaluation of risk prior to implementation of mitigating actions will be included to highlight the effectiveness of those actions.

Climate Change Impact Assessments

7. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
8. The Pension Fund itself has a negligible carbon footprint, but it recognises that the companies and other organisations that it invests in will have their own carbon footprint and a significant role to play in the transition to a lower carbon economy. Therefore the Pension Fund recognises the risk that environmental, social and governance (ESG) factors including the impact of climate change can materially reduce long-term returns. The Pension Fund has a role to play as an investor, in ensuring that its investment managers are suitably considering the impact and contribution to climate change in their investment decisions and acting as a good steward to encourage these companies to play their part in reducing climate change. This is explained

further in the Pension Fund's RI policy

[InvestmentStrategyStatementincludingRIpolicy.pdf \(hants.gov.uk\)](#).

REQUIRED CORPORATE AND LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	no
People in Hampshire live safe, healthy and independent lives:	no
People in Hampshire enjoy a rich and diverse environment:	no
People in Hampshire enjoy being part of strong, inclusive communities:	no
OR	
This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because: For the ongoing management of the Hampshire Pension Fund.	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

Equality objectives are not considered to be adversely affected by the proposals in this report as the proposals do not directly affect scheme members.