

PENSIONS COMMITTEE: 27 NOVEMBER 2023

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM : 5

PENSION FUND RISK REGISTER

Reason for this Report

1. To review the current Risk Register for the Pension Fund.

Background

2. A Risk Register for the Pension Fund is maintained as part of the Corporate Risk Management process. The Register covers all aspects of management of the Fund including Investments, Funding, Governance and Administration.

Issues

3. The Risk Register is regularly reviewed by Fund officers and is also presented to the Local Pension Board for their review. The Risk Register was considered by the Pension Board at its meeting on 7 November 2023. A number of minor updates were proposed to the Register presented to the Board at that meeting and these are listed below :-
 - P1 : updated to change focus onto monitoring following the completion of the March 2022 triennial Valuation
 - P2 : updated to include launch of the WPP Sustainable Private Equity sub-fund and completion of on-boarding to the three WPP Private Market sub-funds.
 - P3 : also includes launch of the WPP Sustainable Private Equity sub-fund.
 - P4 : drafting added to confirm completion of sale of Link FS to Waystone Group.
 - P15 : update for revised deadline for Mercer to complete GMP rectification data.
 - P16 : Updated for 2022/23 Annual Benefits Statement process.
 - P19 : Updated with McCloud Regulations now in force from 1 October 2023
 - P20 : Proposed Improvement Actions now re-drafted to update on the current activity and to remove some of the historical background information.

- P21 : reference to launch of Sustainable Active Equity Fund in July 2023 and engagement of Hymans Robertson to lead on commencing the further work required for the Fund to set a Net Zero target.
4. Following a discussion of the Risk Register at the 7 November meeting no further changes were proposed for the Risk Register. The current Risk Register including the above amendments is attached as Appendix 1 with the standard Risk Matrix used for the Council's Corporate Risk Register attached as Appendix 2.

Legal Implications

5. The Pensions Committee terms of reference include, '*To discharge the following specific strategic functions with regards to the Fund, taking account of advice from the Corporate Director Resources and the Fund's professional advisers:...*
- e) To provide independent assurance to members of the Fund of the adequacy of the risk management and associated control environment, responsible for the Fund's financial and non-financial performance.'* To this end, whilst Legal Services have not considered the appendices to this report it is understood that this report, in effect, requests that the Committee considers the contents of the attached Risk Register for the Pension Fund, which is maintained as part of the Corporate Risk Management process

The general legal advice set out below should also be considered.

General Legal Advice

Any decision must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. standing orders and financial regulations; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its tax payers; and (h) be reasonable and proper in all the circumstances and comply with any equalities legislation.

The Council also has to satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.

The Well-Being of Future Generations (Wales) Act 2015 (“the Act”) places a ‘well-being duty’ on public bodies aimed at achieving 7 national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.

In discharging its duties under the Act, the Council has set and published well-being objectives designed to maximise its contribution to achieving the national well-being goals. The well-being objectives are set out in Cardiff’s Corporate Plan 2023-26

The well-being duty also requires the Council to act in accordance with ‘sustainable development principle’. This principle requires the Council to act in a way, which seeks to ensure that the needs of the present are met without comprising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrates approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them

The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language, the report and Equality Impact Assessment deals with all these obligations. The Council has to consider the Well-being of Future Guidance (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.

Financial Implications

6. There are no financial implications arising directly from this report.

Recommendations

7. That the Committee notes the contents of the Risk Register.

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CORPORATE DIRECTOR RESOURCES**

Appendices:

Appendix 1 Risk Register October 2023

Appendix 2 Risk Matrix