

Report of the Director West Yorkshire Pension Fund to the meeting of Joint Advisory Group to be held on 29 July 2021.

A

Subject: Risk Management

Summary statement:

West Yorkshire Pension Fund's (WYPF) latest risk management report is attached.

Recommendation:

It is recommended that WYPF's latest risk management report be noted.

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Director

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1. SUMMARY

WYPF has identified risks which have been rated and plotted on a matrix and a risk tolerance line agreed in order to prioritise the risks. The risk matrix measures each risk for its likelihood and impact in terms of its potential for affecting the ability of WYPF to achieve its objectives.

2. BACKGROUND

2.1 WYPF's Risk Management Plan establishes the process for implementing proactive risk management as part of the overall management of the pension fund. The purpose of risk management is to identify potential problems before they occur, so that risk handling activities may be planned and invoked as needed to mitigate adverse effects on achieving objectives. Risk management is a continuous, forward looking process that addresses issues that could endanger the achievement of critical objectives and includes the early risk identification through the collaboration and involvement of relevant stakeholders.

2.2 The attached report sets out 46 risks associated with the operation of the WYPF, under the headings of Economic, Political, Technological, Legislative/Regulatory, Managerial/Professional, Finance, Physical, Competitive, Customer/Citizen, Social and Partnership/Contractual.

The structure of the attached report is as follows:

2.2.1 Categorisation of Risks Pages 4 to 10

2.2.2 The 23 most important risks requiring continuing scrutiny Pages 11 to 24

2.2.3 The future review and revision of risks Page 25

2.2.3 The full list of identified active risks (inc. 23 in 2.2.2 above) Pages 26 to 39

2.3 Included in the risk management report are details of the required management action/control needed to address each of the 23 most important risk identified.

2.4 Risk in overall terms will be regularly monitored to ensure the report is up to-date and relevant in identifying risks in respect of both the current and future operational practices of the WYPF.