

Report of the Managing Director, West Yorkshire Pension Fund to the meeting of the Joint Advisory Group to be held on 27 July 2023.

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Subject: Risk Management

Summary statement:

This report presents West Yorkshire Pension Fund's Risk Policy and Strategy. The purpose of the Policy and Strategy is to effectively mitigate risks which may otherwise impact on WYPF meeting its statutory responsibilities and strategic objectives. This is achieved by the development and maintenance of a comprehensive risk register. For each risk identified its likelihood of occurrence and materiality is considered and actions are identified in order to mitigate the risk.

The Risk Policy and Strategy is subject to regular review by the WYPF Investment Advisory Panel (IAP) and Joint Advisory Group (JAG).

The JAG is asked to note and provide any comments it may have on the risk Policy and Strategy and any of the risks set out in the risk register.

EQUALITY & DIVERSITY:

Issues of Equality and Diversity are included within the body of the document.

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Portfolio:

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Overview & Scrutiny Area:

1.0 SUMMARY

- 1.1 Risk should be eliminated, reduced, or controlled as far as possible. To achieve this WYPF will ensure that risk management is integral to the governance and management of the Fund at both strategic and operational levels.
- 1.2 WYPF's Risk Management Policy and Strategy establishes the process for implementing proactive risk management as part of the overall management of the pension fund.

2.0 BACKGROUND

- 2.1 Risk can be defined as the combination of the likelihood of an event occurring, and the level of impact on the Pension Fund's ability to achieve its objectives if it does occur.
- 2.2 Risk should be eliminated, reduced, or controlled as far as possible. To achieve this WYPF will ensure that risk management is integral to the governance and management of the Fund at both strategic and operational levels. The aim is to integrate risk awareness and management into both the processes and the culture to help ensure that the Fund's objectives are met.
- 2.3 WYPF's Risk Management Policy and Strategy 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.
- 2.4 The risk register contained with the Risk Management Policy and Strategy sets out a number of risks which have been identified in relation to WYPF.

The structure of the attached report is as follows:

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|-------|--|----------------|
| 2.2.1 | Categorisation of Risks | Pages 4 to 11 |
| 2.2.2 | The most important risks requiring continuing scrutiny | Pages 12 to 31 |
| 2.2.3 | The future review and revision of risks | Page 32 |
| 2.2.3 | The full list of identified active risks (inc. risks in 2.2.2 above) | Pages 33 to 47 |
- 2.5 Included in the risk register are details of the required management action/control needed to mitigate each of the most important risks identified.
 - 2.6 The risk register is regularly monitored by WYPF officers to ensure the report is up to-date and relevant in identifying risks in respect of both the current and future operation of WYPF.

3.0 Recent updates to Risk Register

3.1 Recent changes made to the Risk Register are:

- Risk No 8 (Failure to administer the scheme in line with regulations and policies) – The risk profile has changed from BIII to BII
- Risk No 49 – (Provision of IT services and equipment from CBMDC) - New risk added. This is rated as 'red'.

The other risk which is currently rated 'red' is:

- Risk 41 – Recruitment and retention of experienced staff.

3.2 A matrix summarising the likelihood and materiality assessment of each of the risks can be found on page 11 of Appendix A.

4.0 OTHER CONSIDERATIONS

None

5.0 FINANCIAL & RESOURCE APPRAISAL

Sufficient budget is required to ensure adequate resources are available to meet the actions/controls set out in the risk register. This is factored into the annual budget setting process.

6.0 RISK MANAGEMENT AND GOVERNANCE ISSUES

Identified in Appendix A.

7.0. LEGAL APPRAISAL

None

8.0. OTHER IMPLICATIONS

8.1 SUSTAINABILITY IMPLICATIONS

None

8.2 GREENHOUSE GAS EMISSIONS IMPACTS

None

8.3 COMMUNITY SAFETY IMPLICATIONS

None

8.4 HUMAN RIGHTS ACT

None

8.5 TRADE UNION

None

9.0. NOT FOR PUBLICATION DOCUMENTS

None

10. RECOMMENDATIONS

The Joint Advisory Group is asked to note and provide any comments it may have on the risk Policy and Strategy and any of the risks set out in the risk register.

11. APPENDICES

Appendix A – Risk Management Report

12. BACKGROUND DOCUMENTS