

Foreword

Over the course of the last five years, we have witnessed how the failure to adequately identify, analyse and manage risk, particularly in the financial services sector, can have dramatic and wide-ranging consequences, for example publically funded and underwritten bank bailouts and asset support schemes; economies plunged into a prolonged period of zero/low economic growth; and pension funds losing shareholder value and investment returns badly damaged. All this serves as a timely reminder that effective risk management stands at the heart of sound corporate governance across all organisations and functions and the Local Government Pension Scheme (LGPS) is no exception.

LGPS practitioners are accustomed to dealing with investment risk. Managing the risk of an overall reduction in the value of the fund and maximising the opportunities for gains across the whole fund portfolio is a top priority. However, while the management of investment risk is rightly a fundamental concern, there is a great deal more to the effective management of risk in the LGPS.

In this publication, with contributions from leading actuaries and LGPS practitioners, we explore how risk manifests itself across the broad spectrum of activity that constitutes LGPS financial management and administration, and how, by using established risk management techniques, those risks can be identified, analysed and managed effectively.

The publication also considers how to approach risk in the LGPS in the context of the role of the administering authority as part of a wider local authority and how the approach to risk might be communicated to other stakeholders.



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