

Part D: Risk Register

Identification of Risks:

These are the risks that threaten the achievement of the Pension Fund's objectives. Risks have been analysed between:

- Funding, including delivering the funding strategy;
- Investment;
- Governance
- Operational; and
- Regulatory.

Key to Scoring

| Impact | | Financial | Reputation | Performance |
|--------|---------------|-------------------------|---|---|
| 5 | Most severe | Over £100m | Ministerial intervention, Public inquiry, remembered for years | Achievement of Council priority |
| 4 | Major | Between £10m and £100m | Adverse national media interest or sustained local media interest | Council priority impaired or service priority not achieved |
| 3 | Moderate | Between £1m and £10m | One off local media interest | Impact contained within directorate or service priority impaired. |
| 2 | Minor | Between £100k and £500k | A number of complaints but no media interest | Little impact on service priorities but operations disrupted |
| 1 | Insignificant | Under £100k | Minor complaints | Operational objectives not met, no impact on service priorities. |

Likelihood

| | | |
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| 4 | Very likely | This risk is very likely to occur (over 75% probability) |
| 3 | Likely | There is a distinct likelihood that this will happen (40%-75%) |

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| 2 | Possible | There a possibility that this could happen (10% - 40%) |
| 1 | Unlikely | This is not likely to happen but it could (less than 10% probability) |

| Ref | Risk | Risk Category | Cause | Impact | Risk Owner | Controls in Place to Mitigate Risk | Current Risk Rating | | | Further Actions Required | Date for completion of Action | Target Risk Rating | | | Date of Review | Direction of Travel |
|-----|---|---------------|--|--|-------------------|--|---------------------|------------|-------|--|-------------------------------|--------------------|------------|-------|----------------|---------------------|
| | | | | | | | Impact | Likelihood | Score | | | Impact | Likelihood | Score | | |
| 1 | Investment Strategy not aligned with Pension Liability Profile | Financial | Pension Liabilities and asset attributes not understood and matched. | Long Term - Pension deficit not closed. | Service Manager | Triennial Asset allocation Review after Valuation. | 4 | 2 | 8 | Develop cash flow Model with Actuary. Gain greater understanding of employer changes. Review asset allocation. | March 2017 | 4 | 1 | 4 | Mar 2017 | → |
| 2 | Investment Strategy not aligned with Pension Liability Profile | Financial | Pension Liabilities and asset attributes not understood and matched. | Short Term – Insufficient Funds to Pay Pensions. | Service Manager | Monthly cash flow monitoring and retention of cash reserves. | 4 | 2 | 8 | Develop cash flow Model with Actuary. Gain greater understanding of employer changes. Review asset allocation. | March 2017 | 4 | 1 | 4 | Mar 2017 | → |
| 3 | Investment Strategy not aligned with Pension Liability Profile | Financial | Poor understanding of Scheme Member choices. | Long Term - Pension deficit not closed. Short Term – Insufficient Funds to Pay Pensions. | Service Manager | Monthly cash flow monitoring and retention of cash reserves. | 3 | 2 | 6 | Develop Improved Management Reports to benchmark, and monitor opt outs, 50:50 requests etc. | March 2017 | 3 | 1 | 3 | Mar 2017 | → |
| 4 | Under performance of asset managers or asset classes | Financial | Loss of key staff and change of investment approach. | Long Term - Pension deficit not closed. | Financial Manager | Quarterly review Meeting, and Diversification of asset allocations. | 3 | 2 | 6 | | | 3 | 2 | 6 | | → |
| 5 | Actual results varies to key financial assumptions in Valuation | Financial | Market Forces | Long Term - Pension deficit not closed. | Service Manager | Moderation of assumptions at point of valuation. Asset allocation to mirror risk. Sensitivity analysis included in Valuation report. | 3 | 2 | 6 | | | 3 | 2 | 6 | | → |
| 6 | Loss of Funds | Financial | Poor Control | Long Term - | Finan | Review of | 3 | 1 | 3 | Administration | | 3 | 1 | 3 | | → |

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|---|--|----------------------------|---|---|--------------------------|---|---|---|----|---|------------|---|---|---|----------|---|
| | through fraud or misappropriation. | | Processes within Fund Managers and/or Custodian | Pension deficit not closed | cial Manager | Annual Internal Controls Report from each Fund Manager. Clear separation of duties. | | | | audit report identified this & only action agreed is to implement separation of duties on pension payroll by September 2016 | | | | | | |
| 7 | Employer Default - LGPS | Financial | Market Forces, increased contribution rates, budget reductions. | Deficit Falls to be Met By Other Employers | Pension Services Manager | All new employers set up with ceding employing under-writing deficit, or bond put in place. | 3 | 2 | 6 | Review all employers where there is no statutory covenant. Meeting held with actuaries | March 2017 | 2 | 2 | 4 | Mar 2017 | → |
| 8 | Inaccurate or out of date pension liability data – LGPS and FSPS | Financial & Administrative | Late or Incomplete Returns from Employers | Errors in Pension Liability Profile impacting on Risks 1 and 2 above. | Pension Services Manager | Monitoring of Monthly returns | 4 | 3 | 12 | Develop improved management reporting to highlight data issues at an earlier point in time. Develop escalation issues to ensure data issues are resolved at earliest point, including new charges, and improved training/guidance. Actions in progress | March 2017 | 3 | 1 | 3 | Mar 2017 | → |
| 9 | Inaccurate or out of date pension liability data – LGPS and FSPS | Administrative | Late or Incomplete Returns from Employers | Late Payment of Pension Benefits. | Pension Services Manager | Monitoring of Monthly returns. Direct contact with employers on individual basis. | 3 | 2 | 6 | Develop improved management reporting to highlight data issues at an earlier point in time. Develop | March 2017 | 3 | 1 | 3 | Mar 2017 | → |

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|----|---|----------------|--|---|--------------------------|--|---|---|----|--|-----------|---|---|---|-----------|---|
| | | | | | | | | | | escalation issues to ensure data issues are resolved at earliest point, including new charges, and improved training/guidance. In progress | | | | | | |
| 10 | Insufficient resources to deliver responsibilities- – LGPS and FSPS | Administrative | Budget Reductions | Breach of Regulation | Service Manager | Annual Budget Review as part of Business Plan. | 4 | 3 | 12 | Need to address backlog of work which is impacting on ability of staff to meet statutory deadlines. | | 4 | 1 | 4 | | ↓ |
| 11 | Insufficient Skills and Knowledge on Committee – LGPS and FSPS | Governance | Poor Training Programme | Breach of Regulation | Service Manager | Training Review | 4 | 2 | 8 | Develop Needs Based Training Programme | June 2017 | 4 | 1 | 4 | June 2017 | → |
| 12 | Insufficient Skills and Knowledge amongst – LGPS and FSPS Officers | Administrative | Poor Training Programme and/or high staff turnover | Breach of Regulation and Errors in Payments | Service Manager | Training Plan. Control checklists. | 3 | 1 | 3 | | | 3 | 1 | 3 | | ↑ |
| 13 | Key System Failure – LGPS and FSPS | Administrative | Technical failure | Inability to process pension payments | Pension Services Manager | Disaster Recovery Programme | 4 | 1 | 4 | | | 4 | 1 | 4 | | ↑ |
| 14 | Breach of Data Security – LGPS and FSPS | Administrative | Poor Controls | Breach of Regulation | Pension Services Manager | Security Controls, passwords etc. | 3 | 1 | 3 | | | 3 | 1 | 3 | | → |
| 15 | Failure to Meet Government Requirements on Pooling | Governance | Inability to agree proposals with other administering authorities. | Direct Intervention by Secretary of State | Service Manager | Full engagement in Project Brunel | 5 | 1 | 5 | | | 5 | 1 | 5 | | → |
| 16 | Failure of | Financial | Sub-Funds | Long Term - | Service | Full | 4 | 1 | 4 | | | 4 | 1 | 4 | | → |

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| | Pooled Vehicle to meet local objectives | | agreed not consistent with our liability profile. | Pension deficit not closed | ce Manager | engagement in Project Brunel | | | | | | | | | | |
| 17 | Significant change in liability profile or cash flow as a consequence of Structural Changes | Financial | Significant Transfers Out from the Oxfordshire Fund, leading to loss of current contributions income. | In sufficient cash to pay pensions requiring a change to investment strategy and an increase in employer contributions | Service Manager | Engagement with Unitary Authority project to ensure impacts fully understood | 4 | 2 | 8 | Work with Fund Actuary to Understand Potential Implications to feed into project and investigate potential changes to investment strategy that can be implemented within required timescales | | 4 | 1 | 4 | Mar 2017 | → |
| 18 | Insufficient Skills and Knowledge on Committee – LGPS and FSPS | Governance | Change in Committee membership post May 2017 elections. | Breach of Regulation | Service Manager | New Member Induction Programme | 4 | 2 | 8 | Assessment of need post election and induction programme reviewed to ensure meets requirements. | | 4 | 1 | 4 | June 2017 | New |