

Risk Register

Identification of Risks:

These are the risks that threaten the achievement of the Pension Services 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

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%)
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)

RAG Status/Direction of Travel

	Risk requires urgent attention
	Risks needs to be kept under regular review
	Risk does not require any attention in short term
↑	Overall Risk Rating Score is Increasing (Higher risk)
↔	Risk Rating Score is Stable
↓	Overall Risk Rating Score is Reducing (Improving Position)

Ref	Risk	Scheme	Risk Category	Cause	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			RAG Status and Direction of Travel	Further Actions Required	Date for completion of Action	Target Risk Rating			Date of Review	Comment
								Impact	Likelihood	Score				Impact	Likelihood	Score		
1	Investment Strategy not aligned with Pension Liability Profile	LGPS	Investment	Pension Liabilities and asset attributes not understood and matched.	Long Term - Pension deficit not closed.	Service Manager	Triennial Asset Allocation Review after Valuation.	4	1	4	↔			4	1	4	August 2023	At Target
2	Investment Strategy not aligned with Pension Liability Profile	LGPS	Investment	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	1	4	↔			4	1	4	August 2023	At Target
3	Investment Strategy not aligned with Pension Liability Profile	LGPS	Investment	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	1	3	↔			3	1	3	August 2023	At Target
4	Under performance of asset managers or asset classes	LGPS	Investment	Loss of key staff and change of investment approach at Brunel or underlying Fund Managers.	Long Term - Pension deficit not closed.	Financial Manager	Quarterly assurance review with Brunel. Diversification of asset allocations.	3	2	6	↔			3	2	6	August 2023	At Target
5	Actual results vary to key financial assumptions in Valuation	LGPS	Funding	Market Forces	Long Term - Pension deficit not closed.	Service Manager	Actuarial model is based on 5,000 economic scenarios, rather than specific financial assumptions.	3	2	6	↔			3	2	6	August 2023	At Target
6	Under performance of pension investments due to ESG factors, including climate change.	LGPS	Investment	Failure to consider long term financial impact of ESG issues	Long Term - Pension deficit not closed.	Financial Manager	ESG Policy within Investment Strategy Statement requiring ESG factors to be considered in all investment decisions. The Fund have a Climate Change Policy and implementation plan.	4	1	4	↔			4	1	4	August 2023	At Target.

7	Loss of Funds through fraud or misappropriation.	LGPS	Investment	Poor Control Processes within Fund Managers and/or Custodian	Long Term - Pension deficit not closed	Financial Manager	Review of Annual Internal Controls Report from each Fund Manager. Clear separation of duties.	3	1	3	↔			3	1	3	August 2023	At Target
8	Employer Default – LGPS	LGPS	Funding	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 underwriting deficit, or bond put in place.	3	2	6	↔	Fund Administration currently implementing the new Contributions Escalation Policy. This provides an early indicator for those employers who are missing or delaying payments.		3	2	6	August 2023	At Target
9	Inaccurate or out of date pension liability data	LGPS	Funding	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	3	1	3	↔			3	1	3	August 2023	At Target
10	Inaccurate or out of date pension liability data from Employer	LGPS	Operational	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	1	3	↔			3	1	3	August 2023	At Target
11	Inaccurate or out of date pension liability data from Employer	LGPS	Operational	Late or Incomplete Returns from Employers	Improvement Notice and/or Fines issued by Pension Regulator.	Pension Services Manager	Monitoring of Monthly returns. Direct contact with employers on individual basis.	4	1	4	↔			4	1	4	August 2023	At Target
12	Insufficient resources from Committee to deliver responsibilities-	LGPS	Operational	Budget Reductions	Breach of Regulation	Service Manager	Annual Budget Review as part of Business Plan.	4	1	4	↔			4	1	4	August 2023	At Target
13	Insufficient Skills and Knowledge on Committee	LGPS	Operational	Poor Training Programme	Breach of Regulation. Loss of Professional Investor Status under MIFID II	Service Manager	Training Review	4	2	8	↔	Implement new training plan 23/24	2023/24	4	1	4	August 2023	
14	Insufficient Skills and Knowledge amongst Board Members	LGPS	Operational	Turnover of Board membership	Insufficient Scrutiny of work of Pension Fund Committee leading to Breach of Regulations	Service Manager	Training Policy	4	3	12	↑	Implement new training plan 23/24 Currently recruiting to 2 scheme employer representatives	2023/24	4	1	4	August 2023	

15	Insufficient Skills and Knowledge amongst officers.	LGPS	Operational	Poor Training Programme and/or high staff turnover. Pay grades not reflecting market rates and affecting recruitment and retention.	Breach of Regulation, Errors in Payments and ineffective scheme member engagement. Inability to effectively meet RI and Climate related objectives.	Service Manager	Training Plan. Control checklists. Use of staff from 3 rd party agencies	3	2	6	↔	The Workforce Strategy required next year as part of the 'Good Governance' Project from Central Government.	Sept 2023	3	1	3	August 2023	Awaiting publication of the Good Governance Project proposals.
16	Key System Failure	LGPS	Operational	Technical failure	Inability to process pension payments	Pension Services Manager	Disaster Recovery Programme, and Cyber Security Policy	4	2	8	↔	Complete Actions identified in review of approach to Cyber Security. The above action delayed due to an IT Applications Audit report findings.	Dec 2023	4	1	4	August 2023	Gaps in monitoring of compliance identified in review of approach to cyber security, which suggests risks not fully mitigated
17	Breach of Data Security	LGPS / FPS	Operational	Poor Controls	Breach of Regulation, including GDPR	Pension Services Manager	Security Controls, passwords etc. GDPR Privacy Policy and Cyber Security Policy.	4	2	8	↔	Complete actions identified in review of approach to Cyber Security. Review and update the Fund Breaches Policy. The above action delayed due to an IT Applications Audit report findings.	Dec 2023	4	1	4	August 2023	Gaps in monitoring of compliance identified in review of approach to cyber security, which suggests risks not fully mitigated
18	Failure to Meet Government Requirements on Pooling	LGPS	Governance	Inability to agree proposals with other administering authorities.	Direct Intervention by Secretary of State	Service Manager	Full engagement within Brunel Partnership	5	1	5	↔	Review once Government publish revised pooling guidance.	TBC	5	1	5	August 2023	At Target
19	Failure of Pooled Vehicle to meet local objectives	LGPS	Investment	Sub-Funds agreed not consistent with our liability profile.	Long Term - Pension deficit not closed	Service Manager	Full engagement within Brunel Partnership	4	2	8	↔	Implementation of the Climate Change Policy with Brunel.	On-going	4	1	4	August 2023	Above Target

20	Significant change in liability profile or cash flow as a consequence of Structural Changes	LGPS	Funding	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 key projects to ensure impacts fully understood	4	1	4	↔	Need to Review in light of current Government consultation to switch HE and FE employers to Designating Bodies, and potential reclassification and introduction of a Government guarantee.	TBC	4	1	4	August 2023	At Target
21	Insufficient Resource and/or Data to comply with consequences of McCloud Judgement & Sergeant.	LGPS / FPS	Operational	Significant requirement to retrospectively re-calculate member benefits	Breach of Regulation and Errors in Payments	Pension Services Manager	Engagement through SAB/LGA to understand potential implications and regular communications with scheme employers about potential retrospective data requirements.	4	3	12	↔	New staff have been recruited for McCloud. They start in September 2023 for training.	On-Going	2	2	4	August 2023	Awaiting Government response to consultation exercise on new Regulations to assess full impact.
22	Legal Challenge on basis of age discrimination in Firefighters Pension Schemes - Sergeant	FPS	Governance (FPS)	Pressure from Fire Brigades Union to act in advance of new Regulations	Court Order to deliver remedy	Deputy Chief Fire Officer	Seeking to follow consistent approach in line with Scheme Advisory Board guidance.	4	1	4	↔			4	1	4	August 2023	At Target.
23	Loss of strategic direction		Governance	Loss of key person	Short term lack of direction on key strategic issues	Director of Finance	Governance & Communications Manager has started and as a consequence provides resilience to the team.	2	1	2	↔			2	1	2	August 2023	At Target.
24	EMERGING RISK 1: Lack of administrative resources and knowledge for FPS, specifically with additional remedy workload and second options exercise for on call fire fighters.	FPS	Operational (FPS)	Court judgements have created additional work. Also, concern that there is a key person risk.	Breach of Regulation, Errors in Payments, and ineffective scheme member engagement. Reputational damage to OCC	Deputy Chief Fire Officer / Pension Services Manager	Initial discussions have taken place – options 1. appoint new FPS administrator. 2. outsource administrative function, which was discounted.	4	2	8	↓	Recruitment is now in progress.	TBC	2	2	4	August 2023	

25	Emerging Risk 2: Increasing Central Government requirements for Asset Allocations	LGPS	Investment	New Central Government consultation for LGPS funds to have a 10% asset allocation to Private Equity	Potential impact on the Committee's ability to deliver its fiduciary duty.	Services Manager	Response to Government Consultation by the Fund	4	2	8	NEW	Response to consultation to be agreed by the committee at its September Meeting.	Sept 2023	4	1	4	August 2023	
26	Emerging Risk 3: Departure of the current Independent Investment Advisor	LGPS	Investment	The current provider of the IIA, MJ Hudson have been acquired by the APEX Group. The current IIA is unwilling to transfer to the APEX Group.	Loss of invaluable Fund investment knowledge and experience. Inability to trade listed private equity.	Services Manager	Request APEX Group for a replacement IIA.	3	2	6	NEW	On-going negotiations with the APEX Group or re-tender the contract.	Dec 2023	3	1	3	August 2023	
27	Emerging Risk 4: Potential loss of key members of staff	LGPS FSP	Operational	Potential risk of retirement of the Service Manager and the Pension Services Manager	Loss of experience, knowledge and strategic leadership for the Fund	Director of Finance	Succession planning for any potential departure.	3	2	6	NEW	Succession planning and early start to seek replacement for Service Manager	Apr 2024	3	1	3	August 2023	