

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

| | | |
|---|-------------|---|
| 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 | 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 | Financial – Business as Usual | 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 | May 2022 | At Target |
| 2 | Investment Strategy not aligned with Pension Liability Profile | Financial – Business as Usual | 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 | May 2022 | At Target |
| 3 | Investment Strategy not aligned with Pension Liability Profile | Financial – Business as Usual | 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 | May 2022 | At Target |
| 4 | Under performance of asset managers or asset classes | Financial – Business as Usual | 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 | May 2022 | At Target |
| 5 | Actual results vary to key financial assumptions in Valuation | Financial – Business as Usual | 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 | May 2022 | At Target |
| 6 | Under performance of pension investments due to ESG factors, including climate change. | Financial – Business Plan Objective | 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. | 4 | 1 | 4 | ↔ | | | 4 | 1 | 4 | May 2022 | At Target. |

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| | | | | | | | Impact | Likelihood | Score | | | | Impact | Likelihood | Score | | |
| 7 | Loss of Funds through fraud or misappropriation. | Financial – Business as Usual | Poor Control Processes within Fund Managers and/or Custodian | Long Term - Pension deficit not closed | Financial Manage | Review of Annual Internal Controls Report from each Fund Manager. Clear separation of duties. | 3 | 1 | 3 | ↔ | | | 3 | 1 | 3 | May 2022 | At Target |
| 8 | Employer Default - LGPS | Financial – Business as Usual | 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 | ↔ | | | 3 | 2 | 6 | May 2022 | At Target |
| 9 | Inaccurate or out of date pension liability data – LGPS and FSPS | Financial & Administrative – Business Plan Objective | 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 | May 2022 | At Target |
| 10 | Inaccurate or out of date pension liability data – LGPS and FSPS | Administrative – Business Plan Objective | 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 | May 2022 | At Target |
| 11 | Inaccurate or out of date pension liability data – LGPS and FSPS | Administrative – Business Plan Objective | 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 | May 2022 | At Target |
| 12 | Insufficient resources to deliver responsibilities- – LGPS and FSPS | Administrative – Business as Usual | Budget Reductions | Breach of Regulation | Service Manager | Annual Budget Review as part of Business Plan. | 4 | 1 | 4 | ↔ | | | 4 | 1 | 4 | May 2022 | At Target |
| 13 | Insufficient Skills and Knowledge on Committee – LGPS and FSPS | Governance – Business Plan Objective | Poor Training Programme | Breach of Regulation. Loss of Professional Investor Status under MIFID II | Service Manager | Training Review | 4 | 2 | 8 | ↔ | Training Programme put in place on review of new Committee requirements. | September 2022 | 4 | 1 | 4 | May 2022 | Initial Knowledge Assessment score of 37.92 indicates significant gap in current level of skills and knowledge. Subsequent loss of experienced member. |

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| | | | | | | | Impact | Likelihood | Score | | | | Impact | Likelihood | Score | | |
| 14 | Insufficient Skills and Knowledge amongst Board Members | Governance – Business Plan Objective | Turnover of Board membership | Insufficient Scrutiny of work of Pension Fund Committee leading to Breach of Regulations | Service Manager | Training Policy | 4 | 2 | 8 | ↔ | Training Programme in place and targeted to gaps in skills and knowledge of Board | | 4 | 1 | 4 | May 2022 | Initial Knowledge Assessment score for Board 60.42 indicating gap in current level of skills and knowledge. |
| 15 | Insufficient Skills and Knowledge amongst – LGPS and FSPS Officers | Administrative – Business as Usual | Poor Training Programme and/or high staff turnover | Breach of Regulation and Errors in Payments | Service Manager | Training Plan. Control checklists. Use of staff from 3 rd party agencies | 3 | 2 | 6 | ↔ | | | 3 | 1 | 3 | May 2022 | Proposed Business Plan for 2022/23 depends on appointment of a number of new posts. |
| 16 | Key System Failure – LGPS and FSPS | Administrative – Business as Usual | Technical failure | Inability to process pension payments | Pension Services Manager | Disaster Recovery Programme, and Cyber Security Policy | 4 | 1 | 4 | ↔ | | | 4 | 1 | 4 | May 2022 | At Target |
| 17 | Breach of Data Security – LGPS and FSPS | Administrative – Business as Usual | Poor Controls | Breach of Regulation, including GDPR | Pension Services Manager | Security Controls, passwords etc. GDPR Privacy Policy and Cyber Security Policy. | 4 | 1 | 4 | ↔ | | | 4 | 1 | 4 | May 2022 | At Target |
| 18 | Failure to Meet Government Requirements on Pooling | Governance – Business Plan Objective | 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 | May 2022 | At Target |
| 19 | Failure of Pooled Vehicle to meet local objectives | Financial – Business Plan Objective | Sub-Funds agreed not consistent with our liability profile. | Long Term - Pension deficit not closed | Service Manager | Full engagement within Brunel Partnership | 4 | 1 | 4 | ↔ | | On-going | 4 | 1 | 4 | May 2022 | At Target |
| 20 | Significant change in liability profile or cash flow as a consequence of Structural Changes | Financial – Business as Usual | 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. | TBC | 4 | 1 | 4 | May 2022 | At Target |
| 21 | Insufficient Resource and/or Data to comply with consequences of McCloud Judgement | Administrative – Business Plan Objective | 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 | ↔ | Establish project plan. Respond to consultation, and work with SAB to seek guidance on mitigating key risks where data not available. Look to bring in additional resources. | On-Going | 2 | 2 | 4 | May 2022 | Awaiting Government response to consultation exercise on new Regulations to assess full impact. |

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| | | | | | | | Impact | Likelihood | Score | | | | Impact | Likelihood | Score | | |
| 22 | Legal Challenge on basis of age discrimination in Firefighters Pension Schemes | Legal & Administrative – Business Plan Objective | Pressure from Fire Brigades Union to act in advance of new Regulations | Court Order to deliver remedy | Pension Services Manager | Seeking to follow consistent approach in line with Scheme Advisory Board guidance. | 4 | 1 | 4 | ↔ | | | 4 | 1 | 4 | May 2022 | At Target. |
| 23 | Loss of strategic direction | Governance – Business Plan Objective | Loss of key person | Short term lack of direction on key strategic issues | Director of Finance | | 2 | 2 | 4 | ↔ | | | 2 | 2 | 4 | May 2022 | At Target. |