

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 | May 2024 | 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 | May 2024 | 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 | May 2024 | 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 | May 2024 | 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. As an open defined benefit scheme – investments are long-term. | 3 | 2 | 6 | ↔ | | | 3 | 2 | 6 | May 2024 | At Target |

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|-----|--|--------|---------------|---|---|--------------------------|--|---------------------|------------|-------|------------------------------------|--------------------------|-------------------------------|--------------------|------------|-------|----------------|------------|
| | | | | | | | | Impact | Likelihood | Score | | | | Impact | Likelihood | Score | | |
| 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 | ↔ | | June 24 | 4 | 1 | 4 | May 2024 | 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 | May 2024 | 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 employer underwriting deficit, or bond put in place. Contribution escalation policy provides early indicator/warning. | 3 | 2 | 6 | ↔ | | | 3 | 2 | 6 | May 2024 | 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 | May 2024 | 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 | May 2024 | 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 | May 2024 | 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 | May 2024 | At Target |

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| | | | | | | | | Impact | Likelihood | Score | | | | Impact | Likelihood | Score | | |
| 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. Outcomes of the knowledge progress assessment from Hymans | 2024/25 | 4 | 1 | 4 | May 2024 | |
| 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 | 2 | 8 | ↓ | Implement new training plan 24/25 Currently recruiting to 1 scheme employer representatives. | 2023/24 | 4 | 1 | 4 | May 2024 | |
| 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 and workforce planning is work to be completed and changes to workforce agreed and implemented. | Apr 2024 May 2024 | 3 | 1 | 3 | May 2024 | 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 | 1 | 4 | ↓ | | | 4 | 1 | 4 | May 2024 | At Target |
| 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 | 1 | 4 | ↓ | | | 4 | 1 | 4 | May 2024 | At Target |
| 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 | May 2024 | At Target |

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| | | | | | | | | Impact | Likelihood | Score | | | | Impact | Likelihood | Score | | |
| 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 | 1 | 4 | ↓ | | | 4 | 1 | 4 | May 2024 | At 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. | Insufficient 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 | May 2024 | 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 | Two new staff in post. All McCloud enquiries have gone out to Scheme employers. Responses due end of Jan. | 4 | 2 | 8 | ↔ | Still awaiting data from some employers. A plan is in place to bring the project up to date. | On-Going | 2 | 2 | 4 | May 2024 | Above target |
| 22 | Loss of strategic direction | | Governance | Loss of key person | Short term lack of direction on key strategic issues | Director of Finance | Establishment of a Governance & Communications Team provides the resilience that the fund requires. | 2 | 1 | 2 | ↔ | | | 2 | 1 | 2 | May 2024 | At Target. |
| 23 | Impact of Pension Scams | LGPS FPS | Operational | Failure to follow TPR guidance for transfers out. | Financial loss to members. Potential cost to Fund for making good any loss. Potential TPR sanctions and reputational damage. | Pension Services Manager | TPR guidance for transfers out and the forthcoming regulations in the General Code of Practice. All processes are in line with the above. | 3 | 1 | 3 | ↔ | | | 3 | 1 | 3 | May 24 | At target |