	25/02/2025	Risk Calculation Key
	Author: Jo Thistlewood, Head of Pension Fund	IMPACT (Total) = IMPACT (Fund) + IMPACT (Employers) + IMPACT (Reputation)
	Deputy Section 151 officer - Julian McGowan	Gross Risk Score = IMPACT (Total) x Likelihood
	Status: DRAFT	Net Risk Score = IMPACT (Total) x Revised Likelihood
	GREEN = Score of 3 to 15	Scores all ranked 1 to 5 Please refer to final page for CIPFA guidance, Scoring Matrix and full column heading breakdown
	AMBER = Score of 16 to 25	
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PENSION FUND												Revised Likelihood		Net Risk	
Risk Group	Risk Ref.	Trending	Risk Description	Fund	Employers	Reputation	TOTAL	Likelihood	Gross Risk	Mitigating Actions					
ASSET AND INVESTMENT RISKS				IMPACT											
Asset & Investment Risk	PEN001		Investment managers fail to achieve returns of at least the actuarial discount rate over the longer term, leading to deterioration in funding levels and increased contribution requirements from employers compared to actuarial assumptions set at the last Triennial valuation.	5	4	3	12	3	36	TREAT 1) The LPPI/RCBPF Advisory Management Agreement (AMA) clearly states expectations in terms of investment performance targets. 2) Authority is delegated to LPPI to monitor, engage and make amendments to underlying investment manager relationships including performance management processes. 3) The Fund's investment management structure is maintained as highly diversified, which lessens the impact of manager risk compared with less diversified structures. 4) Investment manager performance (both LPPI pooled vehicles and legacy "on-balance-sheet" assets) is monitored on various timeframes, noting that short-term fluctuations should not impact long-term results. This is presented by LPPI at each committee meeting, and is challenged by committee and officers supported by independent advisers 5) Portfolio rebalancing is considered on a regular basis by the Pension Fund Committee, which is positioned to move quickly in regards to asset allocation and strategy if it is felt that targets will not be achieved, as advised by LPPI 6) Target return (actuarial) benchmark revised for monitoring from March 2023, above the actuarial discount rate 7) Triennial valuation at 31 March 2025 will review strategic asset allocation based on the resulting funding level and the requirement to maintain employer contributions as stable as possible. TOLERATE 1) The actuarial assumptions regarding asset performance are regarded as achievable over the long term based on historical data.	2	24	Head of Fund	10/02/2025	
Asset & Investment Risk	PEN002		Significant volatility and negative sentiment in global investment markets following disruptive geo-political uncertainty and/or unforeseen events such as global health and conflicts. Increased risk to global economic stability.	4	4	1	9	3	27	TREAT 1) Maintaining a well diversified portfolio with significant allocation to both public and private markets, a variety of asset classes and a variety of geographical locations and styles. 2) Routinely receiving market updates from LPPI and independent advisors and acting upon the recommendations where appropriate - such as issuing additional/new guidance/instruction to LPPI. 3) Examining portfolio at an individual investment level to fully understand exposure to effected regions and reacting as appropriate. TOLERATE 1) The Fund is a long-term investor, focusing on longer term performance, rather than short term market fluctuations	2	18	Head of Fund	10/02/2025	
Asset & Investment Risk	PEN003		Increased scrutiny on environmental, social and governance (ESG) issues, leading to reputational damage if not compliant. The administering authority declared an environmental and climate emergency in June 2019. TCFD regulations impacting on LGPS schemes have been delayed, with no current indication when they are to be laid before parliament. Increased public scrutiny on Conflict-Afflicted High Risk Areas.	3	2	4	9	3	27	TREAT 1) Published ISS in relation to published best practice (e.g. Stewardship Code) and in compliance with the LGPS 2016 investment regulations, including an ESG/RI policy, which investment managers are encouraged to follow. 2) The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and Pensions and Lifetime Savings Association (PLSA), which raises awareness of ESG issues and facilitates engagement with fund managers and company directors. 3) Officers regularly attend training events on ESG and TCFD regulations to ensure stay up to date with latest guidance. 4) LPPI manage the Fund's investments and have their own strict ESG policies in place which align with those of the Fund. 5) ESG/RI workshop planned for committee, advisory panel, board and officers following review of TPR General Code compliance, to review current beliefs and refresh policy statements	2	18	Head of Fund	10/02/2025	
Asset & Investment Risk	PEN004		A change in government or existing government policy may result in new policies which could negatively impact the value of the pension fund assets.	5	5	1	11	2	22	TREAT 1) Maintain links with central government and national bodies to keep abreast of national issues. 2) Respond to consultations and provide views as appropriate to ensure consequences of changes to legislation are understood by (external) policy makers and the Fund.	2	22	Head of Fund	10/02/2025	
Asset & Investment Risk	PEN005		Financial failure of third party supplier including fund managers results in service impairment, financial loss, value and confidence loss, increased costs.	5	4	2	11	2	22	TREAT 1) Performance of third parties (other than fund managers) regularly monitored by Fund officers and the Pension Fund Committee. 2) Regular meetings and conversations with global custodian take place. 3) Actuarial services and investment management are provided by different providers. 4) Review of internal control reports on an annual basis and regular Internal Audits are undertaken (at least annually) 5) Supplier credit rating and risk of failure reviewed through procurement processes. 6) Fund is reliant upon current adequate investment contract management activity overseen by our investment managers LPPI. 7) Fund is reliant upon alternative suppliers at similar prices being found promptly.	2	22	Head of Fund	10/02/2025	
Asset & Investment Risk	PEN006		Climate Change Investment risk - this can generally be categorised as transitory (short term) and physical (long term) risk. This focuses primarily on the Fund's existing asset holdings and the future expected returns associated with these. There is close overlap with Climate Change Liability Risk (PEN0018), particularly on future expected returns for assets that may not yet be owned	2	4	3	9	3	27	TREAT 1) The fund undertakes a climate risk assessment at each triennial valuation to determine if adequate prudence has been built into the ongoing discount rate based on available information and industry recognised forecasts at that point in time. 2) Where additional prudence is required in the ongoing discount rate, this may be added and employer contributions may be increased as appropriate (determined by FSS stability and affordability objectives). 3) Where it can be determined that changing the Fund's Strategic Asset Allocation can reduce the amount of prudence required in the ongoing discount rate, this will be considered with amendments made as appropriate and considering the Fund's other objectives and fiduciary responsibility. 4) Assets are analysed independently by LPPI in terms of their risk to the Portfolio's future returns considering transition and physical climate risks. Action (engagement, voting, divestment) is delegated to be taken as appropriate in line with the Fund's policies.	2	18	Head of Fund	10/02/2025	




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Pension Fund				Risk Group							Risk Ref.				Trending				Risk Description				Fund				Employers				Reputation				TOTAL				Likelihood				Gross Risk				Mitigating Actions				Revised Likelihood				Net Risk																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
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Risk Group	Risk Ref.	Trending	Risk Description	Fund	Employers	Reputation	TOTAL	Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk		
Liability Risk	PEN017	↔	Climate Change Liability risk - this can generally be categorised as transitory (short/medium term) and physical (longer term) risk. This has close links and some overlap with Climate Change Investment risk (PEN007) but focuses more on the drivers of liability growth (Inflation, Longevity, cash-flow, discount rates (future expected returns))	4	4	2	10	2	20	TREAT <i>All of the mitigations identified in PEN006 apply, plus the following:</i> 1) Increased inflation, or specifically inflation in a low-growth environment (stagflation) may be an effect of climate change physical (longer term) risk, this is treated by maintaining a material proportion of assets in investments that traditionally have inflation protection properties 2) Changes to the proportion of active/retired members as a result of employer budget constraints influenced by transition or physical climate adverse effects may affect Fund operation cash-flows. This is mitigated through careful forward planning and budget setting, both on the operation and investment side of running the Fund 3) Should the make up of the fund's membership profile significantly change and the vast majority become retired/deferred, liability management tools may be explored (Liability driven investment, cashflow driven investment, further longevity hedging) to ensure that adverse swings in Fund liabilities are offset by Asset movements to minimise the effect on Funding.	1	10	Head of Fund	10/02/2025
EMPLOYER RISKS														
Employer Risk	PEN018	↗	Last active employee of scheduled or admitted body retires leading to cessation valuation liability calculated either on an ongoing or minimum risk basis, the latter applies to community admission type bodies without a bond or appropriate financial security in place. The full cessation at minimum risk could challenge the employer as a going concern and lead to failure.	2	5	4	11	3	33	TREAT 1) Repeat Employer Covenant Risk Assessment as part of 2025 valuation process. This will support enhance engagement by Fund Officers with those identified as key at-risk employers in the fund. 2) Where appropriate seek to agree support from the relevant letting employer, either Local Authority or academy / MAT. communication. 4) Proper use of employer flexibilities introduced in the 2020 amended regulations (deferred debt and debt spreading agreements) to ensure that employer debts are managed appropriately in a way that benefits both the fund and the employer. 5) Implementation of pass-through provisions from 1 April 2023 so this risk is fully mitigated for all new admission bodies. 6) Introduction of "New Fair Deal" (anticipated in 2025-26) will significantly reduce risk for employers with outsourced contracts, as the letting employer will retain the risk of exit deficits/credits (similar to our current 'pass-through' arrangements but without admission agreement) essentially eliminating the need for new admission bodies	2	22	Head of Fund	10/02/2025
Employer Risk	PEN019	↔	Failure of an admitted or scheduled body leads to unpaid liabilities being left in the Fund to be met by others. - Orphan risk where an employer ceases to exist with insufficient funding or adequacy of bond placement.	5	3	3	11	2	22	TREAT 1) Transferee admission bodies were required to have bonds or guarantees in place at time of signing the admission agreement. Fund able to seek recovery of deficit from either Bond or Guarantor. 2) Regular monitoring of employers and follow up of expiring bonds. 3) Repeat Employer Covenant Risk Assessment as part of 2025 valuation process. This will support enhance engagement by Fund Officers with those identified as key at-risk employers in the fund. 4) Contribution rates and deficit recovery periods set to reflect the strength of the employer covenant. 5) Proper use of employer flexibilities introduced in the 2020 amended regulations (deferred debt and debt spreading agreements) to ensure that employer debts are managed appropriately in a way that benefits both the fund and the employer 6) Change to minimum risk cessation basis from 1 April 2023, moving way from Gilt yields to "prudence plus" protecting the Fund in a higher rate environment but negative to terminating employer	1	11	Head of Fund	10/02/2025
Employer Risk	PEN020	↔	Risk of unexpected employer contributions (primary and secondary) and pension strain costs as a result of poor employer budget management i.e. failure to plan and budget for the increased contribution costs. General risk of poor accountability and planning within employers and the Fund. Payment delay or failures may increase funding deficit primarily for that employer but may affect others in the event of failure	2	5	4	11	3	33	TREAT 1) Employer contributions communicated at every triennial valuation setting levels for the following 3 years in the Rates & Adjustment certificate 2) For largest employers, regular communication on likely contribution increases for budget planning purposes outside of triennial valuation process 3) Early communication with any employer experiencing payment delays or similar issues 4) Periodical review of Pension Strain Cost factors with early communication with all scheme employers offering guidance about requests for early retirement estimates where Pension Strain Cost may be incurred. TOLERATE 1) Common understanding that liabilities are ringfenced on an employer basis. With the largest (unitary council) employers unlikely to fail, liability increases associated with payment delays are likely to be contained within the struggling employer and not affect other employers	2	22	Head of Fund	10/02/2025
RESOURCE AND SKILL RISKS														
Resource & Skill Risk	PEN021	↗	Committee or Board members do not have appropriate skills or knowledge to discharge their responsibility leading to inappropriate decisions.	3	2	5	10	4	40	TREAT 1) Creation and publication of a Training Strategy for Committee, Advisory Panel and Board members, in accordance with requirements of the "LGPS: Fit for the Future" consultation and TPR General Code. 2) Undertake Knowledge and Understanding Assessment (third party) to identify current understanding levels and identify gaps in knowledge and understanding (individual and collective) to inform training programme. 3) Review and refresh of training programme for Pension Fund Committee, Pension Advisory Panel and Local Pension Board members. 4) Develop new member induction programme for new Committee, Advisory Panel and Board members. 5) All current Board and Committee members have completed the TPR online Public Sector Pensions toolkit. No Advisory Panel members nor substitute Committee members have so far done this.	3	30	Head of Fund	10/02/2025
Resource & Skill Risk	PEN022	NEW	Inability to recruit and/or retain members of the Local Pension Board. Previous recruitment programmes for Scheme Member representatives have not attracted applications. Non-compliance with requirements of Public Service Pensions Act 2013.	5	1	5	11	4	44	TREAT 1) Monitor Board members' terms of office to allow suitable time to recruit and appoint replacements as required. 2) Develop an agreed recruitment process for new Scheme Member and Employer Board Members, including an agreed Board Member role profile, and advertising routes. 3) Consider whether an independent chairperson is required for the fund, when the current chair reaches the end of his current term of office. Develop and agree a role profile and agree recruitment processes and selection criteria.	3	33	Head of Fund	10/02/2025



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Resource & Skill Risk	PEN023	NEW	Inability to recruit and/or retain experienced staff members for the Pension Fund teams (administration, finance, technical, payroll, communications)	5	3	5	13	4			4	52	TREAT 1) Review of existing job descriptions for all staff, in comparison with other LGPS funds, to ensure they accurately reflect work requirements. 2) Review salary grading of current and revised job descriptions in line with the Administering Authority's Job Evaluation Scheme. 3) Person specifications are used in recruitment processes to appoint officers with relevant skills and experience. 4) Training plans are in place for all officers as part of the performance appraisal arrangements, funded through training and development budget 5) Key staff movements to be monitored closely.	4	52	Head of Fund	10/02/2025
Resource & Skill Risk	PEN024		Officers do not have appropriate skills and knowledge to perform their roles resulting in the service not being provided in line with best practice and legal requirements, leading to poor performance, complaints and potentially breaches of the law.	4	3	5	12	2			2	24	TREAT 1) The pension fund has a well established training programme to support the development of lower level staff on appointment. However, this impacts on delivery of business as usual activities. 2) Training plans are in place for all officers as part of the performance appraisal arrangements, funded through training and development budget 3) Two current trainees have been enrolled on LGA L2 qualification. Plans to enrol other staff on future L3 and L4 qualifications. 4) Officers maintain their CPD by attending training events and conferences. 5) Ongoing monitoring of administration statistical outcomes and KPI's via Local Pensions Board and Pension Fund Committee.	2	24	Head of Fund	11/02/2025
Resource & Skill Risk	PEN025		Concentration of knowledge in a small number of officers and risk of departure of key staff. Loss of technical expertise and experience. Succession planning is not in place leading to reduction of knowledge when an officer leaves.	4	3	5	12	3			3	36	TREAT 1) Practice notes in place, regularly updated and reviewed. 2) On the job training delivered by senior staff to improve understanding levels. 3) Workforce plan (age profile, knowledge and skills, aspirations) to be developed as part of appraisal process. 4) Succession plans to be developed, including 'career grade' roles across all teams where possible.	3	36	Head of Fund	11/02/2025
ADMINISTRATIVE AND COMMUNICATIVE RISKS																	
Administrative & Communicative Risk	PEN026		Failure to successfully implement the McCloud Remedy to all affected scheme members.	4	4	3	11	4			4	44	TREAT 1) Project is managed effectively with robust plans, reporting and escalation points working across Administration, Communication, Payroll and Technical Teams. 2) Communications are developed in a timely manner for both scheme employers and scheme members. 3) All Pension Committee, Advisory Panel and Board Members receive regular updates and actions will be taken by officers on receipt of further guidance. 4) Increase headcount in this area through recruitment or secondment	4	44	Pension Administration Manager	25/02/2025
Administrative & Communicative Risk	PEN027	NEW	Failure to implement Pension Dashboard Project requirements by deadlines (connection October 2025; Live October 2026), including procedures and resource for dealing with enquiries arising	5	1	5	11	3			3	33	TREAT 1) Project is managed effectively with robust plans, reporting and escalation points working across Administration, Communication, Payroll and Technical Teams. 2) Existing Software provider has been commissioned as the Fund's Service Provider for Dashboard Project 3) Data matching criteria have been established and data is being cleansed to reduce potential for errors. 4) Procedure notes for dealing with enquiries to be established, and communicated to all relevant staff 5) Resource implications will be considered as part of overarching staffing review project	2	22	Deputy Head of Fund	21/02/2025
Administrative & Communicative Risk	PEN028		Failure to comply with Scheme regulations and associated pension law leading to, for example, incorrect pension payments being made. Risk of fines, adverse audit reports and breaches of the law.	5	3	4	12	2			2	24	TREAT 1) Training provided as and when Regulations are updated. 2) Competent software provider maintains up to date systems. 3) Competent external consultants and advisors. 4) Comprehensive policy in place on reporting suspected breaches of the law, informing internal stakeholders on process to minimise legal challenge in unlikely event of breach or suspected breach	2	24	Deputy Head of Fund	25/02/2025
Administrative & Communicative Risk	PEN029		Failure of pension payroll system resulting in pensioners not being paid in a timely manner.	5	5	5	15	2			2	30	TREAT 1) System hosted and backed up in two separate locations. 2) Re-issue previous months BACS file in extreme circumstances.	1	15	Deputy Head of Fund	25/02/2025
Administrative & Communicative Risk	PEN030		Failure to maintain a high quality member database leading to loss in member confidence, incorrect calculations of benefits, increased number of complaints, poor performance and loss of reputation.	5	5	3	13	1			1	13	TREAT 1) Fund undertakes annual data quality exercise required by and reported to TPR. 2) Implementation of I-Connect to enable employers to submit membership data in real time. 3) Fund makes further data checks as part of year end processing. 4) Testing of Annual Pension Increase by senior officers begins immediately once Pension Increase Order issued and immediately uploaded to test system. 5) Fund undertakes additional data cleansing exercise with the actuary ahead of the triennial valuation. 6) Mortality screening checks undertaken as reported in Risk PEN033 7) Fund undertakes additional data cleansing exercise and testing with software provider ahead of Pensions Dashboards onboarding scheduled for all Public Sector Pension Schemes by October 2025.	1	13	Deputy Head of Fund	25/02/2025
Administrative & Communicative Risk	PEN031		Failure to hold data securely due to poor processing of data transfers, poor system security, poor data retention and disposal, poor data backup and recovery of data.	4	4	4	12	3			3	36	TREAT 1) Database hosted off-site and backed up in 2 separate locations every day. 2) Access to systems is limited to a defined number of users via dual password and user identification. 3) Data transferred is encrypted. 4) Compliant with RBWM data protection and IT policies. 5) No papers, files all managed via image and system documentation generation. 6) Confidential waste disposed of in line with RBWM policy. 7) Review of shared files undertaken including Office 365 and implementation of enhanced security measures, including encryption, MFA, additional file passwords and not storing personal information in OneDrive	2	24	Deputy Head of Fund	25/02/2025






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Administrative & Communicative Risk	PEN032		Failure of cyber security measures following a cyber attack or data breach, including information technology systems and processes, leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal scheme membership data.	4	4	4	12	3					36		TREAT 1) Fund to consider developing its own cyber security risk policy. 2) System provider has robust accredited solutions in place to ensure any cyber-attack can be identified and prevented. 3) Fund shares cyber security systems with the administering authority, these are well funded and up to date. 4) Fund to engage consultancy in due course to independently test systems and recommend any further cyber security measures to implement. 5) Administering authority engages in system penetration checks annually, fund to utilise this service going forward with specific checks in fund IT systems. 6) New internal auditors appointed by administering authority, major focus on IT security going forward and recommendations to come out of internal audits. 7) Mandatory staff training for new joiners on cyber security which is annually refreshed by all staff as part of performance appraisal process.	2		24	Deputy Head of Fund	25/02/2025	
Administrative & Communicative Risk	PEN033		Loss of funds through fraud or misappropriation by an employer, agent, contractor or other relevant third party leading to negative impact on reputation of the Fund as well as financial loss.	3	2	5	10	2					20		TREAT 1) Fund undertakes National Fraud Initiative (NFI) biannually. 2) Fund is a registered adopter of the Governments Tell Us Once (TUO) service, receives notification of deaths registered with GRO instantly. 3) Fund undertakes a Global Existence Project with its overseas payment provider to prove the existence of in payment scheme members who reside overseas and receive monthly payment to an account in the country of their residence. 4) Fund is subject to external audit and ad hoc internal audit which can be more frequent than annually - this tests the resilience and appropriateness of controls. Internal Audit assist in the implementation of strong internal controls. 5) Regulatory control reports (SSAE16, ISAE3402, SOC1/2 or similar documentation (statement of internal controls)) from investment pool, the custodian and other financial third parties are obtained, reviewed and presented to external auditors 6) Review of guidance from the Local Government Association (LGA) and other advisers to prevent and protect the Fund from pension scams	1		10	Head of Fund	21/02/2025	
Administrative & Communicative Risk	PEN034		Payments continue to be made incorrectly in respect of deceased members at a potential cost to the Pension Fund. Distress caused to dependents and difficulty recovering Funds in a timely manner or at all.	3	3	4	10	2					20		TREAT 1) The fund undertakes a monthly mortality screening exercise. 2) The fund participates in the biannual National Fraud Initiative (NFI). 3) Fund undertakes a Global Existence Project with its overseas payment provider to prove the existence of in payment scheme members who reside overseas and receive monthly payment to an account in the country of their residence. 4) Periodic reconciliation of Administration system data to Payroll system data carried out (every 3-4 months) to ensure data matches, to reduce risk of incorrect payments being made in respect of flexible retirements, for example. 5) Fund immediately suspends payment of monthly pension on return of a rejected payment and endeavours to contact in payment scheme member or their third party representative to understand reason for rejected payment.	1		10	Deputy Head of Fund	21/02/2025	
Administrative & Communicative Risk	PEN035		Inability to respond to a significant event leads to prolonged service disruption and damage to reputation, including loss of office premises due to fire, bomb, flood, etc.	5	2	4	11	2					22		TREAT 1) Fund has a business continuity plan, which needs to be updated 2) Systems hosted and backed up off-site in 2 locations. 3) All officers have the ability to work from home or any location where secure internet access is available. 4) To invest in staff training on responding to significant IT loss or cyber-attack events, including identifying early signs of an attack, improving general awareness	2		22	Deputy Head of Fund	21/02/2025	
Administrative & Communicative Risk	PEN036		Late or non-receipt of pension contributions from Scheme employers within statutory deadlines leading to loss of Funds available for investment. Risk of being reported to the Pensions Regulator with actions and fines being imposed if regulation breach is considered to be materially significant.	4	5	4	13	1					13		TREAT 1) Fund closely monitors receipts of contributions and will chase any employer that is late in making a payment. 2) A notice of unsatisfactory performance will be sent to a Scheme employer who regularly misses the statutory deadline for payment. 3) Fund has power to report a Scheme employer to the Pensions Regulator if it deems the potential loss of investment as a result of the late payment of contributions to be materially significant.	1		13	Head of Fund	21/04/2025	
Administrative & Communicative Risk	PEN037		Failure to communicate properly with stakeholders leading to Scheme members being unaware of the benefits the Scheme provides so take bad decisions and Scheme employers being unaware of their statutory responsibilities and duties in maintaining the Scheme for their employees.	4	4	2	10	2					20		TREAT 1) Fund has a Communication policy and a dedicated Communications Manager. 2) Pension Fund website is maintained to a high quality standard. 3) Fund provides all active, deferred and retirement scheme members secure online access to view and model their benefits according to status. 4) Quarterly bulletins issued to Scheme employers providing details of any and all scheme updates. 5) Training provided for Scheme employers. 6) Newsletters available to all active, deferred and retired scheme members. 7) Guides, factsheets and training notes are provided as relevant.	1		10	Deputy Head of Fund	25/02/2025	
Administrative & Communicative Risk	PEN038		Lack of guidance and process notes leads to inefficiency and errors.	3	3	1	7	2					14		TREAT 1) Desktop procedures have been written for all administrative tasks and are kept under review. 2) All Committee, Advisory Panel and Board Members have received a 'Member Handbook' and are required to undertake the Pension Regulator's online Public Sector toolkit. 3) Personal Development Plans are provided on day one to new staff members with no prior knowledge of LGPS administration that provides clear milestones for learning and development in all areas of the LGPS including team members responsible for delivery of training or alternative method.	1		7	Deputy Head of Fund	25/02/2025	
Administrative & Communicative Risk	PEN039		Failure to identify GMP liability leads to ongoing costs for the pension fund.	5	2	1	8	2					16		TREAT 1) Fund has carried out and completed a GMP reconciliation against all pensions in payment. 2) Ongoing action is being taken to complete a reconciliation of all GMPs held on active and deferred member records. In the interim Fund has registered access to HMRC website to obtain GMP liability values on an as required basis.	1		8	Deputy Head of Fund	25/02/2025	



<div></div> <div>25/02/2025</div> <div>Author: Jo Thistlewood, Head of Pension Fund</div> <div>Deputy Section 151 officer - Julian McGowan</div> <div>Status: DRAFT</div> <div>GREEN = Score of 3 to 15</div> <div>AMBER = Score of 16 to 25</div> <div>RED = Score of 26 - 75</div>				Risk Calculation Key													
				IMPACT (Total) = IMPACT (Fund) + IMPACT (Employers) + IMPACT (Reputation)													
				Gross Risk Score = IMPACT (Total) x Likelihood													
				Net Risk Score = IMPACT (Total) x Revised Likelihood													
				Scores all ranked 1 to 5													
				Please refer to final page for CIPFA guidance, Scoring Matrix and full column heading breakdown													
Risk Group	Risk Ref.	Trending	Risk Description	Fund	Employers	Reputation	TOTAL	Likelihood	Gross Risk	Mitigating Actions				Revised Likelihood	Net Risk		
REPUTATIONAL RISKS																	
Reputational Risk	PEN040		Financial loss and/or reputation damage associated with poor investment decision making. - through failure of governance and oversight as opposed to fraud	4	3	4	11	3	33	<u>TREAT</u> 1) Specific manager/investment decisions are delegated to, and undertaken by, LPPI and are thus subject to rigorous investment manager selection processes involving a team of appropriately qualified and experienced investment professionals 2) LPPI's investment recommendations are presented to the Pension Fund committee for scrutiny by officers, members and independent advisors 3) Where appropriate, additional opinions may be called in i.e. LAPFF, PIRC, or other LGPS funds on matters that are either controversial or non-straightforward.				2	22	Head of Fund	21/02/2025
Reputational Risk	PEN041		Inaccurate information in public domain leads to reputation damage and loss of confidence.	1	1	3	5	3	15	<u>TREAT</u> 1) Ensure that all requests for information (Freedom of Information, member and public questions at Council, etc.) are managed appropriately and that Part 2 Exempt items remain so. 2) Maintain constructive relationships with employer bodies, our communications team and LPPI's press team to ensure that news is well managed. 3) Hold Annual General Meeting every year for members and employers				2	10	Head of Fund	25/02/2025
REGULATORY AND COMPLIANCE RISKS																	
Regulatory & Compliance Risk	PEN042		Failure to process (Collect, retain, use and disclose) personal data in accordance with relevant data protection legislation including UK GDPR and DPA 2018	3	3	5	11	3	33	<u>TREAT</u> 1) Data sharing with partners is end to end encrypted. 2) IT data security policy adhered to. 3) Implementation of and adherence to RBWM information governance policies and data retention schedules 4) Mandatory staff training for new joiners on GDPR data processing which is annually refreshed by all staff as part of performance appraisal process. 5) Administering Authority has an assigned data protection officer responsible for advising on data protection obligations. 6) Data protection compliance checks to be part of internal audit workplan going forward 7) Staff are aware of data breach process				2	22	Head of Fund	25/02/2025
Regulatory & Compliance Risk	PEN043		Changes to LGPS Regulations along with failure to comply with legislation leads to ultra-vires actions resulting in financial loss and/or reputational damage - and pensions legislation or regulation changes resulting in an increase in the cost of the scheme or increased administration.	3	3	3	9	3	27	<u>TREAT</u> 1) Fund will respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood. 2) Attendance at national conferences (LGA, PLSA, LAPFF, etc) to maintain links with central government and national bodies to keep abreast of national issues. 3) Officers maintain knowledge of legal framework for routine decisions. 4) Support from external advisers as required. 5) Fund officers to ensure there are regular internal audits and that both internal and external audit recommendations are adhered to				2	18	Head of Fund	21/02/2025
Regulatory & Compliance Risk	PEN044		Failure to comply with legislative requirements defined in the Fund's published statutory policies e.g. ISS, FSS, Governance Policy, Freedom of Information requests.	3	3	4	10	2	20	<u>TREAT</u> 1) Publication of all documents on external website and all appointed managers expected to comply with ISS and investment manager agreements. 2) Local Pensions Board acts as an independent scrutiny and assistance function. 3) Compliance with the legislative requirements are reviewed annually through the audit process.				1	10	Head of Fund	30/11/2024
Regulatory & Compliance Risk	PEN045		Failure to comply with recommendations from the Local Pensions Board, resulting in the matter being escalated to the scheme advisory board and/or the pensions regulator.	1	3	5	9	2	18	<u>TREAT</u> 1) Ensure that a co-operative, effective and transparent dialogue exists between the Pension Fund Committee and Local Pensions Board. 2) Chair of Pension Board normally attends the committee and speaks as appropriate.				1	9	Head of Fund	21/02/2025
Regulatory & Compliance Risk	PEN046		Procurement processes may be challenged if seen to be non-compliant with OJEU rules. Poor specifications lead to dispute. Unsuccessful bidders may seek compensation following non compliant process.	2	2	3	7	2	14	<u>TOLERATE</u> 1) Pooled funds are not subject to OJEU rules, and most of our funds are in LPPI's pooled vehicles. 2) No new direct investments will be made. Legacy assets in run-off are managed by LPPI, with disposal proceeds reinvested in LPPI pooled vehicles <u>TREAT</u> 1) For service contracts, consider the use of National LGPS Frameworks, which support fully compliant procurement processes, including pro-forma Terms and Conditions and support for specification, evaluation and call-off procedures				1	7	Head of Fund	21/02/2025
Regulatory & Compliance Risk	PEN047	NEW	Failure to comply with new guidance for Funding Strategy Statement, resulting in inappropriate statutory policy document, inadequate consultation with, and information provided to, employers.	5	3	5	13	2	26	<u>TREAT</u> 1) Commission review of existing FSS against new requirements from external advisers (independent adviser or actuary) 2) Briefing note to Committee, Panel and Board on changes and process 3) Plan for appropriate consultation - specific guidance for employers, adequate timescale for responses, formal response 4) Complete as part of triennial valuation				1	13	Head of Fund	21/02/2025
Regulatory & Compliance Risk	PEN048	NEW	Unprepared for compliance with outcomes of November 2024 consultation "LGPS (England and Wales): Fit for the Future" a) Pooling reforms b) Local investment c) Governance of funds	5	1	5	11	2	22	<u>TOLERATE</u> 1) RCBPF response submitted to MHCLG before deadline 16 January 2025 2) Pooling reforms unlikely to have significant impact, as LPPI model appears to be the "preferred model". Changes will be driven by LPPI 3) Administering Authority has confirmed Head of Pension Fund role fulfils requirements of Senior LGPS Officer. <u>TREAT</u> 1) Initial discussions with Berkshire Place Directors have identified this forum as a potential source for Local Investments. Protocols to be established 2) The Fund already has the 1957 LP (Berkshire Sleeve) Real Estate fund, so already started on Local Investments 3) Work programme for committee, panel and board already has space for development of policies and procedures 4) Risk PEN021 already highlights need for updating of knowledge and understanding for committee, panel and board members. 5) Biennial Independent Review preparedness to link with compliance with TPR General Code				2	22	Head of Fund	21/02/2025

		25/02/2025		Risk Calculation Key													
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DELETED RISKS (RISK REF. refers to its reference in the last report before deletion)																	
Asset & Investment Risk	PEN006		Investment managers fail to perform in line with expectations (market benchmark) leading to worse performance than the market.	3	5	2	10	2	20	TREAT 1) Authority is delegated to LPPI to monitor, engage and make amendments to underlying investment manager relationships including performance management processes. 2) Performance is monitored on various timeframes, noting that poor short-term performance may not be indicative of any material issues, this is fully considered in manager review and selection processes by LPPI 3) Manager governance is kept under review by LPPI, noting that good governance structures and competent management reduce the risk of longer term issues 4) investment performance of LPPI pooled vehicles is challenged by committee and officers supported by independent advisers				2	20	Head of Fund	10/02/2025
Asset & Investment Risk	PEN007		The Fund's SAA drives underperformance compared to the rest of the LGPS	4	4	3	11	3	33	TREAT 1) Other LGPS Fund's SAA's are reviewed when setting our SAA to identify best practice and ensure there is no significant deviation and there maintains some consistency amid the similarities in LGPS liability profiles. 2) Fund maintains asset allocation of equities, bonds, property funds, infrastructure and fixed income, limiting exposure to one asset category - this diversification generally reduces risk of any particular market underperformance in the long run. 3) The investment strategy is continuously monitored and periodically reviewed to ensure optimal risk/reward asset allocation. 4) Full holistic strategy review takes place every three years in line with the actuarial valuation. 5) Investment strategy reviewed every year and LPPI undertake a health-check more frequently if required. 6) Where there are deviations compared to the wider LGPS, it is important that there is rationale (i.e. Berkshire's funding level compared to average, or Berkshires cash-flow/liability profile				2	22	Head of Fund	10/02/2025