Ĵ			25/02/2025 Author: Jo Thistlewood, Head of Pension Fund			ation otal) =		T (Fur	nd) + IN	MPAC1
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PENSION B Risk Group	Risk Ref.	Trending	Risk Description	F	und En	nployers Repart	eputation	JTAL LI	Relihood Gr	055 Rist
ASSET AND INVES		1383								TREA
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	 The proces Autiproces The struct The struct Investigation The support The support The struct The support The struct The support The struct The struct
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	1) The TREA 1) Ma locatio 2) Ro additio 3) Exa TOLE 1) The
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	TREA 1) Pu ESG/ 2) The of ES 3) Off 4) LP 5) ES refres
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	<u>TREA</u> 1) Ma 2) Re the Fi
Asset & Investment Risk	PEN005	\longleftrightarrow	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	TREA 1) Pe 2) Re 3) Act 4) Re 5) Su 6) Full 7) Full
Asset & Investment Risk	PEN006	\leftarrow	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	1) The based 2) Wh (deter 3) Wh will be 4) Ass (enga

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ce, Scoring Matrix and full column heading breakdown

Mitigating A	ationa
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- he LPPI/RCBPF Advisory Management Agreement (AMA) clearly states expectations in terms of investment performance targets.
- uthority is delegated to LPPI to monitor, engage and make amendments to underlying investment manager relationships including performance management esses.
- he Fund's investment management structure is maintained as highly diversified, which lessens the impact of manager risk compared with less diversified ctures.
- vestment manager performance (both LPPI pooled vehicles and legacy "on-balance-sheet" assets) is monitored on various timeframes, noting that shortfluctuations should not impact long-term results. This is presented by LPPI at each committee meeting, and is challenged by committee and officers ported by independent advisers
- ortfolio rebalancing is considered on a regular basis by the Pension Fund Committee, which is positioned to move quickly in regards to asset allocation and egy if it is felt that targets will not be achieved, as advised by LPPI
- arget return (actuarial) benchmark revised for monitoring from March 2023, above the actuarial discount rate
- riennial valuation at 31 March 2025 will review strategic asset allocation based on the resulting funding level and the requirement to maintain employer ributions as stable as possible.

<u>ERATE</u>

- The actuarial assumptions regarding asset performance are regarded as achievable over the long term based on historical data.
- aintaining a well diversified portfolio with significant allocation to both public and private markets, a variety of asset classes and a variety of geographical tions and styles.
- Routinely receiving market updates from LPPI and independent advisors and acting upon the recommendations where appropriate such as issuing ditional/new guidance/instruction to LPPI.
- xamining portfolio at an individual investment level to fully understand exposure to effected regions and reacting as appropriate.

ERATE

- he Fund is a long-term investor, focusing on longer term performance, rather than short term market fluctuations AT ublished ISS in relation to published best practice (e.g. Stewardship Code) and in compliance with the LGPS 2016 investment regulations, including an ARI policy, which investment managers are encouraged to follow.
- he Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and Pensions and Lifetime Savings Association (PLSA), which raises awareness SG issues and facilitates engagement with fund managers and company directors. fficers regularly attend training events on ESG and TCFD regulations to ensure stay up to date with latest guidance.
- Demonance the Fundle investments and have their own strict FSC policies in place which align with these of the Fund
- PPI manage the Fund's investments and have their own strict ESG policies in place which align with those of the Fund. SG/RI workshop planned for committee, advisory panel, board and officers following review of TPR General Code compliance, to review current beliefs and osh policy statements AT
- aintain links with central government and national bodies to keep abreast of national issues.
- Lespond to consultations and provide views as appropriate to ensure consequences of changes to legislation are understood by (external) policy makers and Fund.
 EAT
 erformance of third parties (other than fund managers) regularly monitored by Fund officers and the Pension Fund Committee.
 Legular meetings and conversations with global custodian take place.
- Actuarial services and investment management are provided by different providers.
- Review of internal control reports on an annual basis and regular Internal Audits are undertaken (at least annually)
- upplier credit rating and risk of failure reviewed through procurement processes.
- und is reliant upon current adequate investment contract management activity overseen by our investment managers LPPI. und is reliant upon alternative suppliers at similar prices being found promptly.
- he fund undertakes a climate risk assessment at each triennial valuation to determine if adequate prudence has been built into the ongoing discount rate ed on available information and industry recognised forecasts at that point in time. /here additional prudence is required in the ongoing discount rate, this may be added and employer contributions may be increased as appropriate
- ermined by FSS stability and affordability objectives). /here 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 be considered with amendments made as appropriate and considering the Fund's other objectives and fiduciary responsibility.
- ssets are analysed independently by LPPI in terms of their risk to the Portfolio's future returns considering transition and physical climate risks. Action gagement, voting, divestment) is delegated to be taken as appropriate in line with the Fund's policies.

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18	Head of Fund	10/02/2025								
18	Head of Fund	10/02/2025								
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22	Head of Fund	10/02/2025								
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LIABILITY RISKS	Risk Ref. Trending	y	Y 	E.	Rey			Grove Mitigating Actions			/	
Liability Risk	PEN007	Scheme members live longer than expected (increasing mortality rates / reducing longevity rates) leading to higher than expected liabilities.	5	5	1 1'	2		 TREAT A longevity swap insurance contract was entered into in 2009 which hedged (or transferred) the risk of longevity rates increasing for all of the retired and dependent scheme members (c11,000 members) at that point in time. As at December 2022 the number has reduced to c6500 members. The opportunity cost of entering into the longevity contract was the loss of upside benefits associated with decreasing longevity rates - this was an active and measured decision previously taken by the Fund. Since entering into the contract, longevity rates have decelerated substantially and actually reduced over the pandemic period which has had a positive impact on the Fund's liabilities, but negatively offset by a reduction in the value of the longevity swap contract in respect of those members covered by the contract. At each valuation, the actuaries assess current longevity forecasts through the use of updated mortality tables, which enables consideration of changes in longevity to be factored into the assumptions behind the valuation. TOLERATE All scheme members that were not part of the longevity swap contract group in 2009 have liabilities exposed to the risk of increasing longevity rates. Whilst longevity risk in isolation cannot be hedged without further consideration of another longevity contract, it is managed through regular review of the investment strategy (risk profile, cashflows, consideration of liability matching (LDI/CDI)). The impact of increasing longevity rates will be partially reduced because a group of members (c6,500) are still covered by the contract. 	1	11	Head of Fund	10/02/2025
Liability Risk	PEN008	Long-term price inflation is significantly more than anticipated in the actuarial assumptions, negatively affecting the Funding level of the Fund	5	5	1 1	4		 TREAT 1) Maintain material holding in real assets (infrastructure and property) which generally act as protection against inflation. 2) The fund's material allocation to equity will provide a degree of protection against inflation, both in dividend income and capital appreciation 3) The actuary has taken a prudent view on long-term inflation through the valuation process. 4) Material deviations (unexpected increases in inflation) and their impacts are modelled by the actuary through stress test analysis. 	2	22	Head of Fund	10/02/2025
Liability Risk		Employee pay increases are significantly more than anticipated for employers within the Fund, resulting in increased contributions for that employer at the next triennial valuation to offset the liability impact.	⁸ 3	4	2 9	2		 TOLERATE Fund employers should monitor own experience and communicate with the Fund as appropriate Fund employers should monitor own experience and communicate with the Fund as appropriate Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) should be long term assumptions. Any employer specific assumptions above the actuary's long term assumption would lead to further review. Employers to be made aware of generic impact that salary increases can have upon the final salary linked elements of LGPS benefits (accrued benefits before 1 April 2014). 	2	18	Head of Fund	10/02/2025
Liability Risk	PEN010	Impact of economic and political decisions on the Pension Fund's employer workforce and government funding level affecting all public sector employers' spending decisions. For example scheme matures more quickly than expected due to public sector spending cuts, resulting in contribution receipts reducing and pension payments increasing.	5	2	1 8	3		 TREAT Actuary uses prudent assumptions on future of employees within the workforce at each triennial valuation Employer responsibility to flag up potential for major bulk transfers outside of the fund. Review maturity of scheme at each triennial valuation. Cashflow position monitored monthly and Secondary deficit contributions specified as lump sums, rather than percentage of payroll to maintain monetary value of contributions and mitigate risk of reducing workforce on cashflow. 	2	16	Head of Fund	10/02/2025
Liability Risk	PEN011	III health costs may exceed "budget" allocations made by the actuary resulting in higher than expected liabilities particularly for smaller employers.	1	5	1 7	2		 11 Review "budgets" at each triennial valuation and challenge actuary as required. 1) Review "budgets" at each triennial valuation and challenge actuary as required. 2) Charge capital cost of ill health retirements to admitted bodies at the time of occurring. 3) Occupational health services provided by the unitaries and other large employers to address potential ill health issues early. 	2	14	Head of Fund	10/02/2025
Liability Risk	PEN012	Impact of increases to employer contributions following the 2025 and future actuarial valuations.	4	5	3 12	2 3		 TREAT 1) Officers to consult and engage with employer organisations in conjunction with the actuary. Head of Pension Fund meeting with Chief Financial Officers of six unitary authorities on 7 March 2025 to discuss valuation outcomes. 2) Actuary will assist where appropriate with stabilisation and phasing-in processes considering affordability and stability of contributions for all employers. Priority for 2025 valuation will be stabilisation of contributions wherever possible. 	2	24	Head of Fund	10/02/2025
Liability Risk	PEN013	There is insufficient cash available in the Fund to meet pension payments leading to investment assets being sold at sub-optimal prices to meet pension payments.	5	4	3 12	2 2		 TREAT 24 1) Cashflow forecast maintained and monitored regularly. 2) Long-term strategic cash flow requirement projections considered at each triennial valuation. 3) Cash flow and liquidity projections included in each quarterly report from LPPI to Pension Fund Committee. 	1	12	Head of Fund	10/02/2025
Liability Risk	PEN014	Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy.	5	3	3 1 ²	2		 TREAT 1) Close liaison between fund actuaries and LPPI during triennial valuation process to ensure consistency of application of funding and investment strategies in 2) Active investment strategy and asset allocation monitoring by LPPI, overseen by Pension Fund Committee, officers and independent advisors. 20) Strategic asset allocation review undertaken at regular interviews (last at September 2024, no changes required) 4) Setting of Fund specific benchmark relevant to the current position of fund liabilities approved at each Triennial valuation 5) Fund manager targets set and based on market benchmarks or absolute return measures. Overall investment benchmark and out-performance target is fund specific. 	1	11	Head of Fund	10/02/2025
Liability Risk	PEN015	Transfers out increase significantly as members transfer to DC funds to access cash through new pension freedoms, this also includes bulk transfers out.	4	4	2 10) 2		 TREAT 1) Monitor numbers and values of transfers out being processed. If required, commission transfer value report from Fund Actuary for application to Treasury for reduction in transfer values. 2) Educate members on the long term benefit of remaining in the LGPS vs the short term benefits of a cash lump sum, forums such as AGM 	1	10	Head of Fund	10/02/2025
Liability Risk	PEN016	Inadequate, inappropriate or incomplete investment or actuarial advice is actioned leading to a financial loss or breach of legislation.	5	3	2 1() 2		 At time of appointment, ensure advisers have appropriate professional qualifications and quality assurance procedures in place. 2) Committee, Board and officers scrutinise and challenge advice provided by all parties. 3) Committee and board members knowledge and skills in respect of actuarial and investment matters to be included in training plan. 	1	10	Head of Fund	10/02/2025

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ne impact of increasing longevity rates will be partially reduced because a group of members (c6,500) are still covered by the contract.
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aintain material holding in real assets (infrastructure and property) which generally act as protection against inflation.

Ĉ			25/02/2025 Author: Jo Thistlewood, Head of Pension Fund			ation I		T (Fur	nd) + IN	MPACI
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	RISK REI.	rrenaing		/ Y					. / 6	TREA
Liability Risk	PEN017	Ļ	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	4	4	2	10	2	20	<u>All of</u> 1) Inc treate 2) Ch may a runnir
			(future expected returns))							3) Shi explo move
EMPLOYER RISKS	; 				T	Ι				TREA
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	1) Re as ke 2) Wh comm 4) Pro are m 5) Imp 6) Intr the ris admis
Employer Risk	PEN019	Ļ	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	TREA1) Tradeficit2) Re3) Reas ke4) Co5) Proare m6) Chbut ne
Employer Risk	PEN020	\leftarrow	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	TREA 1) Err 2) For 3) Ea 4) Per estim TOLE 1) Co associ
RESOURCE AND S	ORILL RIS	<u>10</u>								TREA
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	1) Cre Future 2) Un (indivi 3) Re 4) De 5) All Comm
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	TREA 1) Mo 2) De adver 3) Co a role

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Mitigating Actions

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of the mitigations identified in PEN006 apply, plus the following:

creased inflation, or specifically inflation in a low-growth environment (stagflation) may be an effect of climate change physical (longer term) risk, this is ted by maintaining a material proportion of assets in investments that traditionally have inflation protection properties

hanges to the proportion of active/retired members as a result of employer budget constraints influenced by transition or physical climate adverse effects affect Fund operation cash-flows. This is mitigated through careful forward planning and budget setting, both on the operation and investment side of hing the Fund

hould the make up of the fund's membership profile significantly change and the vast majority become retired/deferred, liability management tools may be ored (Liability driven investment, cashflow driven investment, further longevity hedging) to ensure that adverse swings in Fund liabilities are offset by Asset ements to minimise the effect on Funding.

AT

Repeat Employer Covenant Risk Assessment as part of 2025 valuation process. This will support enhance engagement by Fund Officers with those identified ey at-risk employers in the fund.

/here appropriate seek to agree support from the relevant letting employer, either Local Authority or academy / MAT. Imunication.

- roper use of employer flexibilities introduced in the 2020 amended regulations (deferred debt and debt spreading agreements) to ensure that employer debts managed appropriately in a way that benefits both the fund and the employer.
- nplementation of pass-through provisions from 1 April 2023 so this risk is fully mitigated for all new admission bodies.
- ntroduction of "New Fair Deal" (anticipated in 2025-26) will significantly reduce risk for employers with outsourced contracts, as the letting employer will retain risk of exit deficits/credits (similar to our current 'pass-through' arrangements but without admission agreement) essentially eliminating the need for new nission bodies

AT

ransferee admission bodies were required to have bonds or guarantees in place at time of signing the admission agreement. Fund able to seek recovery of cit from either Bond or Guarantor.

egular monitoring of employers and follow up of expiring bonds.

epeat Employer Covenant Risk Assessment as part of 2025 valuation process. This will support enhance engagement by Fund Officers with those identified ey at-risk employers in the fund.

ontribution rates and deficit recovery periods set to reflect the strength of the employer covenant.

roper use of employer flexibilities introduced in the 2020 amended regulations (deferred debt and debt spreading agreements) to ensure that employer debts managed appropriately in a way that benefits both the fund and the employer

hange 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 negative to terminating employer

AT

mployer contributions communicated at every triennial valuation setting levels for the following 3 years in the Rates & Adjustment certificate or largest employers, regular communication on likely contribution increases for budget planning purposes outside of triennial valuation process arly communication with any employer experiencing payment delays or similar issues

eriodical review of Pension Strain Cost factors with early communication with all scheme employers offering guidance about requests for early retirement attemption and the scheme employers offering guidance about requests for early retirement attemption attemption with all scheme employers offering guidance about requests for early retirement attemption attemptication attemption att

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ommon understanding that liabilities are ringfenced on an employer basis. With the largest (unitary council) employers unlikely to fail, liability increases ociated with payment delays are likely to be contained within the struggling employer and not affect other employers

AT

reation and publication of a Training Strategy for Committee, Advisory Panel and Board members, in accordance with requirements of the "LGPS: Fit for the Ire" consultation and TPR General Code.

ndertake Knowledge and Understanding Assessment (third party) to identify current understanding levels and identify gaps in knowledge and understanding vidual and collective) to inform training programme.

eview and refresh of training programme for Pension Fund Committee, Pension Advisory Panel and Local Pension Board members.

evelop new member induction programme for new Committee, Advisory Panel and Board members.

Il current Board and Committee members have completed the TPR online Public Sector Pensions toolkit. No Advisory Panel members nor substitute members have so far done this.

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 Ionitor Board members' terms of office to allow suitable time to recruit and appoint replacements as required.
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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.

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22	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)	e 5	3	5	13	4	ŀ	 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	 TREAT TREAT 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. Training plans are in place for all officers as part of the performance appraisal arrangements, funded through training and development budget 	2	24	Head of Fund	11/02/2025
Resource & Skill Risk	PEN025	Concentration of knowledge in a small number of officers and ris 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.	k 4	3	5	12	3	3	 TREAT Practice notes in place, regularly updated and reviewed. On the job training delivered by senior staff to improve understanding levels. Workforce plan (age profile, knowledge and skills, aspirations) to be developed as part of appraisal process. Succession plans to be developed, including 'career grade' roles across all teams where possible. 	3	36	Head of Fund	11/02/2025
ADMINISTRATIVE .	AND COM	IMUNICATIVE RISKS			I								
Administrative & Communicative Risk	PEN026	Failure to successfully implement the McCloud Remedy to all affected scheme members.	4	4	3	11	4	ŀ	 TREAT Project is managed effectively with robust plans, reporting and escalation points working across Administration, Communication, Payroll and Technical Teams Communications are developed in a timely manner for both scheme employers and scheme members. All Pension Committee, Advisory Panel and Board Members receive regular updates and actions will be taken by officers on receipt of further guidance. Increase headcount in this area through recruitment or secondment 	4	44	Pension Administrat ion Manager	25/02/2025
Administrative & Communicative Risk	PEN027	NEW Failure to implement Pension Dashboard Project requirements b deadlines (connection October 2025; Live October 2026), including procedures and resource for dealing with enquiries arising	y 5	1	5	11	3	3	 TREAT Project is managed effectively with robust plans, reporting and escalation points working across Administration, Communication, Payroll and Technical Teams. Existing Software provider has been commissioned as the Fund's Service Provider for Dashboard Project Data matching criteria have been established and data is being cleansed to reduce potential for errors. Procedure notes for dealing with enquiries to be established, and communicated to all relevant staff 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.	1 7 1	3	4	12	2	2	 TREAT Training provided as and when Regulations are updated. Competent software provider maintains up to date systems. Competent external consultants and advisors. 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 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		 TREAT Fund undertakes annual data quality exercise required by and reported to TPR. Implementation of I-Connect to enable employers to submit membership data in real time. Fund makes further data checks as part of year end processing. Testing of Annual Pension Increase by senior officers begins immediately once Pension Increase Order issued and immediately uploaded to test system. Fund undertakes additional data cleansing exercise with the actuary ahead of the triennial valuation. Mortality screening checks undertaken as reported in Risk PEN033 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	 TREAT Database hosted off-site and backed up in 2 separate locations every day. Access to systems is limited to a defined number of users via dual password and user identification. Data transferred is encrypted. Compliant with RBWM data protection and IT policies. No papers, files all managed via image and system documentation generation. Confidential waste disposed of in line with RBWM policy. 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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		<u> </u>	Author: Jo Thistlewood, Head of Pension Fund			-		-	-	/IPACT (Employers) + IMPACT (Reputation) Likelihood
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PENSION I	FUND)	RED = Score of 26 - 75	i ioao			n pago			
Risk Group	Risk Ref.	Trending	Risk Description	4	und E	mployers R	aputation	JTAL LI	Kelihood Gr	oss Risk Mit
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 3) Fund shares cyber security systems with the administering authority, the 4) Fund to engage consultancy in due course to independently test system 5) Administering authority engages in system penetration checks annually. 6) New internal auditors appointed by administering authority, major focus 7) Mandatory staff training for new joiners on cyber security which is annual
Administrative & Communicative Risk	PEN033	\leftarrow	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) set 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 Internal Audit assist in the implementation of strong internal controls. 5) Regulatory control reports (SSAE16, ISAE3402, SOC1/2 or similar docu other financial third parties are obtained, reviewed and presented to external
Administrative & Communicative Risk	PEN034	\leftarrow	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 The fund undertakes a monthly mortality screening exercise. The fund participates in the biannual National Fraud Initiative (NFI). Fund undertakes a Global Existence Project with its overseas payment and receive monthly payment to an account in the country of their residence. Periodic reconciliation of Administration system data to Payroll system of payments being made in respect of flexible retirements, for example. Fund immediately suspends payment of monthly pension on return of a party representative to understand reason for rejected payment.
Administrative & Communicative Risk	PEN035	\Leftrightarrow	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 sec 4) To invest in staff training on responding to significant IT loss or cyber-at
Administrative & Communicative Risk	PEN036	<u>~</u>	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 employ 2) A notice of unsatisfactory performance will be sent to a Scheme employ 3) Fund has power to report a Scheme employer to the Pensions Regulate contributions to be materially significant.
Administrative & Communicative Risk	PEN037	\leftarrow	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 Ma 2) Pension Fund website is maintained to a high quality standard. 3) Fund provides all active, deferred and retirement scheme members sec 4) Quarterly bulletins issued to Scheme employers providing details of any 5) Training provided for Scheme employers. 6) Newsletters available to all active, deferred and retired scheme member 7) Guides, factsheets and training notes are provided as relevant.
Administrative & Communicative Risk	PEN038	<u>~</u>	Lack of guidance and process notes leads to inefficiency and errors.	3	3	1	7	2	14	TREAT1) Desktop procedures have been written for all administrative tasks and a2) All Committee, Advisory Panel and Board Members have received a 'MeSector toolkit.3) Personal Development Plans are provided on day one to new staff memlearning and development in all areas of the LGPS including team member
Administrative & Communicative Risk	PEN039	<u>~</u>	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 pe 2) Ongoing action is being taken to complete a reconciliation of all GMPs I to HMRC website to obtain GMP liability values on an as required basis.

CT (T	otal) x	MPACT (Employers) + IMPACT (Reputation) Likelihood evised Likelihood	
or C	PFA g	uidance, Scoring Matrix and full column heading breakdown	
AL	Kelihood Gr	Notes Risk Mitigating Actions	Revie
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
2	20	 TREAT Fund undertakes National Fraud Initiative (NFI) biannually. Fund is a registered adopter of the Governments Tell Us Once (TUO) service, receives notification of deaths registered with GRO instantly. 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. 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. 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 Review of guidance from the Local Government Association (LGA) and other advisers to prevent and protect the Fund from pension scams 	1
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
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
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
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
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	1
2	16	 learning and development in all areas of the LGPS including team members responsible for delivery of training or alternative method. <u>TREAT</u> 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 	1

eithood Risk Net Risk							
24	Deputy Head of Fund	25/02/2025					
10	Head of Fund	21/02/2025					
10	Deputy Head of Fund	21/02/2025					
22	Deputy Head of Fund	21/02/2025					
13	Head of Fund	21/04/2025					
10	Deputy Head of Fund	25/02/2025					
7	Deputy Head of Fund	25/02/2025					
8	Deputy Head of Fund	25/02/2025					

Ĉ			25/02/2025 Author: Jo Thistlewood, Head of Pension Fund			ation otal) =		T (Fur	nd) + II	MPACT
			Deputy Section 151 officer - Julian McGowan	Gross	Risk	Score :	= IMPA	CT (T	otal) x	Likelih
			Status: DRAFT	Net R	isk Sc	ore = II	MPAC	T (Tota	al) x R	evised
RERKSH			GREEN = Score of 3 to 15 AMBER = Score of 16 to 25			anked '				
PENSION I	FUND		RED = Score of 26 - 75	Pleas	e refer	to fina	l page	for CI	PFA g	uidanc
Risk Group	Risk Ref.	Trending	Risk Description	- F	und Er	nployers Re	aputation TC	JTAL LI	Kelihood G	ross Risk
										TREA
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	1) Sp involv 2) LP 3) Wh
Reputational Risk	PEN041	↔	Inaccurate information in public domain leads to reputation damage and loss of confidence.	1	1	3	5	3	15	<u>TREA</u> 1) En: Exem 2) Ma 3) Ho
REGULATORY AN	D COMPL		sks		<u>г</u>	1				
Regulatory & Compliance Risk	PEN042	<u>}</u>	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	TREA 1) Da 2) IT (3) Imp 4) Ma 5) Adi 6) Da 7) Sta
Regulatory & Compliance Risk	PEN043	${\leftarrow}$	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	TREA 1) Fui 2) Attr 3) Off 4) Sui 5) Fui
Regulatory & Compliance Risk	PEN044	\Leftrightarrow	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	TREA 1) Pul 2) Loo 3) Co
Regulatory & Compliance Risk	PEN045	\leftarrow	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>TREA</u> 1) En: 2) Ch
Regulatory & Compliance Risk	PEN046	5	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	TOLE 1) Poi 2) No <u>TREA</u> 1) Foi Condi
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>TREA</u> 1) Co 2) Brid 3) Pla 4) Co
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	TOLE 1) RC 2) Po 3) Ad TREA 1) Init 2) The 3) We 4) Ris 5) Bie

(Employers) + IMPACT (Reputation)						
od						
kelihood						

nce, Scoring Matrix and full column heading breakdown

jek /	6
Mitigating Actions	Revised
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AT	
pecific manager/investment decisions are delegated to, and undertaken by, LPPI and are thus subject to rigorous investment manager selection processes lving a team of appropriately qualified and experienced investment professionals PPI's investment recommendations are presented to the Pension Fund committee for scrutiny by officers, members and independent advisors	2
/here appropriate, additional opinions may be called in i.e. LAPFF, PIRC, or other LGPS funds on matters that are either controversial or non-straightforward.	
And appropriate, additional opinions may be called in i.e. LAFTT, FINC, of other LOFS funds of matters that are either controversial of non-straightforward.	
nsure that all requests for information (Freedom of Information, member and public questions at Council, etc.) are managed appropriately and that Part 2 mpt items remain so.	2
laintain constructive relationships with employer bodies, our communications team and LPPI's press team to ensure that news is well managed. old Annual General Meeting every year for members and employers	
AT	
AT	
ata sharing with partners is end to end encrypted. data security policy adhered to.	
nplementation of and adherence to RBWM information governance policies and data retention schedules	
	2
landatory staff training for new joiners on GDPR data processing which is annually refreshed by all staff as part of performance appraisal process.	
dministering Authority has an assigned data protection officer responsible for advising on data protection obligations.	
ata protection compliance checks to be part of internal audit workplan going forward	
taff are aware of data breach process	
und will respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood.	
ttendance at national conferences (LGA, PLSA, LAPFF, etc) to maintain links with central government and national bodies to keep abreast of national issues.	2
officers maintain knowledge of legal framework for routine decisions.	_
upport from external advisers as required.	
und officers to ensure there are regular internal audits and that both internal and external audit recommendations are adhered to	
And onlocis to onsure there are regular internal addite and that beth internal and external addit recommendations are denoted to	
ublication of all documents on external website and all appointed managers expected to comply with ISS and investment manager agreements.	
ocal Pensions Board acts as an independent scrutiny and assistance function.	1
ompliance with the legislative requirements are reviewed annually through the audit process.	
AT A A A A A A A A A A A A A A A A A A	
nsure that a co-operative, effective and transparent dialogue exists between the Pension Fund Committee and Local Pensions Board.	1
hair of Pension Board normally attends the committee and speaks as appropriate.	
<u>ERATE</u>	
ooled funds are not subject to OJEU rules, and most of our funds are in LPPI's pooled vehicles.	
o new direct investments will be made. Legacy assets in run-off are managed by LPPI, with disposal proceeds reinvested in LPPI pooled vehicles	
AT	1
or service contracts, consider the use of National LGPS Frameworks, which support fully compliant procurement processes, including pro-forma Terms and	
ditions and support for specification, evaluation and call-off procedures	
AT	
ommission review of existing FSS against new requirements from external advisers (independent adviser or actuary)	
riefing note to Committee, Panel and Board on changes and process	1
lan for appropriate consultation - specific guidance for employers, adequate timescale for responses, formal response	
omplete as part of triennial valuation	
ERATE	
CBPF response submitted to MHCLG before deadline 16 January 2025	
ooling reforms unlikely to have significant impact, as LPPI model appears to be the "preferred model". Changes will be driven by LPPI	
dministering Authority has confirmed Head of Pension Fund role fulfils requirements of Senior LGPS Officer.	
nitial discussions with Berkshire Place Directors have identified this forum as a potential source for Local Investments. Protocols to be established	2
he Fund already has the 1957 LP (Berkshire Sleeve) Real Estate fund, so already started on Local Investments	
/ork programme for committee, panel and board already has space for development of policies and procedures	
isk PEN021 already highlights need for updating of knowledge and understanding for committee, panel and board members.	
iennial Independent Review preparedness to link with compliance with TPR General Code	

jed Lil	Relihood	at Risk	
	22	Head of Fund	21/02/2025
	10	Head of Fund	25/02/2025
	22	Head of Fund	25/02/2025
	18	Head of Fund	21/02/2025
	10	Head of Fund	30/11/2024
	9	Head of Fund	21/02/2025
	7	Head of Fund	21/02/2025
	13	Head of Fund	21/02/2025
	22	Head of Fund	21/02/2025

			25/02/2025	<u>Risk</u>	Calcul	ation	Key					
			Author: Jo Thistlewood, Head of Pension Fund	IMPA	CT (To	otal) = I	IMPAC	T (Fur	nd) + IN	MPACT		
			Deputy Section 151 officer - Julian McGowan			Gross Risk Score = IMPACT (Total) x Likeliho						
			Status: DRAFT	Net R	isk Sco	ore = I	MPAC	T (Tota	al) x Re	evised L		
THE ROYAL COUN	TYOF		GREEN = Score of 3 to 15	C		ب ادم ما د	1 40 5					
DERKSH	IRE	,	AMBER = Score of 16 to 25			anked '		for CI		uidance		
PENSION I	TIND		RED = Score of 26 - 75	ricas			ii paye		FIAy	ulualice		
Risk Group		Trending	Risk Description	F	und En	nployers Re	aputation	JTAL LI	leihood G	1055 Risk		
DELETED RISKS (I	RISK REF	. refers to	its reference in the last report before deletion)									
Asset & Investment Risk		\leftarrow	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) Auth process 2) Perfo in mana 3) Mana 4) inves		
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) Othe consist 2) Fund genera 3) The 4) Full 1 5) Inves 6) Whe Berksh		

(Employers) + IMPACT (Reputation)					
ood					
Likelihood					

nce, Scoring Matrix and full column heading breakdown

Mitigating Actions

AT uthority is delegated to LPPI to monitor, engage and make amendments to underlying investment manager relationships including performance management esses. erformance is monitored on various timeframes, noting that poor short-term performance may not be indicative of any material issues, this is fully considered anager review and selection processes by LPPI anager governance is kept under review by LPPI, noting that good governance structures and competent management reduce the risk of longer term issues vestment performance of LPPI pooled vehicles is challenged by committee and officers supported by independent advisers	2
AT ther 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 sistency amid the similarities in LGPS liability profiles. und maintains asset allocation of equities, bonds, property funds, infrastructure and fixed income, limiting exposure to one asset category - this diversification erally reduces risk of any particular market underperformance in the long run. he investment strategy is continuously monitored and periodically reviewed to ensure optimal risk/reward asset allocation. ull holistic strategy review takes place every three years in line with the actuarial valuation. vestment strategy reviewed every year and LPPI undertake a health-check more frequently if required. /here 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 schires cash-flow/liability profile	2

Relihood Risk						
20	Head of Fund	10/02/2025				
22	Head of Fund	10/02/2025				