

Report Title:	<b>Risk Reporting</b>
Contains Confidential or Exempt Information	No - Part I
Lead Member:	Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 13 March 2023
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None

## **REPORT SUMMARY**

On 6 December 2021, the Pension Fund Committee adopted an updated risk management process based on the 2018 CIPFA framework “Managing risk in the Local Government Pension Scheme”. This updated process was detailed in the Fund’s risk management policy last approved by the Pension Fund Committee on 4 July 2022.

A risk register is now brought to the Pension Fund Committee quarterly for consideration of all known risks and their respective controls/mitigations, this report deals with the regular reporting of the revised risk register to the Pension Fund Committee.

In addition, this report addresses the re-approval of the risk management policy following several proposed revisions to the Risk Appetite Statements for Funding and Investment Risk, following appropriate advice and guidance by LPPI.

### **1. DETAILS OF RECOMMENDATION(S)**

**RECOMMENDATION:** That the Pension Fund Committee notes the report;

- i) Approves the updated risk register for publishing including any changes since the last approval date, putting forward any suggested amendments as required; and**
- ii) Approves the revised Risk Management Policy and Risk Appetite Statements contained within.**

### **2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED**

- 2.1. The Scheme Manager (The Royal Borough of Windsor and Maidenhead as the Administering Authority for the Fund) has a statutory duty to establish and operate risk controls. Failure to implement an adequate and appropriate risk assessment policy and risk register could lead to breaches of law. Where the effect and wider implications of not having in place adequate internal controls are likely to be materially significant, the Pension Regulator (tPR) must be notified in accordance with the Scheme Manager’s policy on reporting breaches of the law.

- 2.2. As a live document, this risk register (attached at Appendix 2) is kept under review and shall be presented to and reviewed by the Local Pension Board and the Pension Fund Committee on a quarterly basis.
- 2.3. Key changes from the last date of approval (additions, removals, significant changes to mitigations and/or risk scores) are brought to the Committee's attention and are summarised as follows (noting that minor re-wording has not been included in the summary below):
  - 2.3.1. PEN002 – Moved from trending sideways to risk increasing as geopolitical tensions are rising globally, including but not limited to those tensions between the USA and China.
  - 2.3.2. PEN004 – Moved from trending sideways to risk reducing as there is little evidence to suggest economic uncertainty surrounding Brexit is not already priced in by financial markets.
  - 2.3.3. PEN006 – Moved from trending sideways to risk increasing, as political uncertainty is increasing as it is less than two years until the next planned general election.
  - 2.3.4. PEN012 – Moved from risk increasing to trending sideways, as western economy central bank rhetoric is trending towards a consensus view that inflation is near to or has already peaked in the near-term.
  - 2.3.5. PEN013 – Moved from trending sideways to risk increasing to account for the increased risk of pay increases exceeding actuarial expectations in the short term.
  - 2.3.6. PEN017 – Moved risk increasing to trending sideways to account for the increased cash-inflow in the first quarter of 2022/23 with several unitary authorities prepaying secondary (deficit recovery) contributions.
  - 2.3.7. *PREVIOUSLY* PEN021 – Risk removed entirely, given no indication of change from DB to DC, with general risk of government changing the LGPS reflected in PEN006.
  - 2.3.8. PEN021 and PEN023 – Moved risk increasing to trending sideways as the Fund are liaising with employers as part of the covenant assessment work as well as through communication and liaison around future contributions and through the upcoming employer meeting.
  - 2.3.9. PEN024 – Moved from trending sideways to risk increasing and increased the post-mitigation likelihood of occurrence from 2 to 3. This increase reflects the known and possible change to committee composition following the May 2023 local elections.

- 2.3.10. PEN026 – Moved from risk increasing to trending sideways following the introduction of changes to the officer structure to improve resilience along with planned recruitment activities in 203/24.
  - 2.3.11. PEN028 – Moved from trending sideways to risk reducing following the introduction of a revised minimum risk cessation policy/approach in the Fund's funding strategy statement (FSS) and the ongoing employer covenant review work.
  - 2.3.12. PREVIOUSLY PEN047 – Risk removed entirely (related to pooling compliance) as we are now fully compliant with DLUHC's pooling directive. There is a risk of future change to policy and regulation, but this is covered as a general risk of government policy change elsewhere in the risk register.
  - 2.3.13. PEN051- Moved from trending down to trending sideways, as several high value procurements have either been completed, are ongoing or are planned.
- 2.4. The RCBPF's updated risk management policy was last approved by the Pension Fund Committee on 4 July 2022, and this risk register along with its contents are consistent with the updated risk management policy.
- 2.5. The RCBPF's risk management policy has been revised again and presented for approval as Appendix 1 to this report. The final sections of the risk management policy refer to the "Funding and Investment Risk Appetite Statements". The Committee were previously advised when approving the risk management policy in July 2022 that the Risk Appetite Statements would be reviewed and amended in conjunction with the results of the 2022 triennial valuation which are now available hence bringing this back for approval shortly after it had already been considered by the Committee.
- 2.6. The only suggested material changes to the risk management policy are those made to the Funding and Investment Risk Appetite Statements and the key changes are summarised as follows:
- 2.6.1. **Funding Level Risk Appetite Statement:**
  - 2.6.2. Red warning funding level has been increased from 70% to 75%, meaning the Fund will take appropriate action through the investment strategy to prevent the Funding level from falling below 75%. This reflects the improvement in funding level since the last triennial valuation in 2019. The Amber limit is recommended to remain at 100%.
  - 2.6.3. The time horizon that the limits shall apply to has been shortened from the length of the deficit recovery period (17 years) to 10 years. This appropriately reflects a long enough time period to smooth out short term volatility, it reflects a time period that will not move through the passage of time (i.e. the deficit recovery period shortens by one year as each year passes and will eventually be below 10 years) and therefore acts as a measure that is appropriate and future-proof.

- 2.6.4. An explicit limit of 25% is introduced and set as the maximum likelihood (or number) of acceptable of scenarios where the funding level could be less than the Red limit (75%) over the measured time period (10 years). This is effectively introducing a metric to set the maximum level of risk the Fund is permitted to take through its investment strategy, measured by determining the probability of the Fund breaching its Red limit.
- 2.6.5. Historically, the Fund has focused on the headline expected (or average) funding level, and although it has always monitored the probability of the Fund falling below a particular level, it has never set explicit limits. This 25% limit effectively acts as a cap on the level of risk the Fund is permitted and will enable better and more prescriptive decision making in setting appropriate investment strategy going forward.
- 2.6.6. **Employer Contributions Risk Appetite Statement:**
- 2.6.7. The Red limit on average total employer contributions has been increased from 30% to 35% to reflect the reality of the situation that with deficit recovery (secondary) contributions in place, the Fund already has an average total contribution rate of above 30% but below 35%. Setting this revised limit ensures the Fund focuses on contribution stability in the medium-term whilst ensuring there is no breach of affordability.
- 2.6.8. Contribution levels shall continue to be monitored immediately but a new time-horizon of 3 years is introduced to coincide with a unitary employer's typical medium term budget setting period and a typical triennial valuation cycle length.
- 2.6.9. An explicit limit of 1 in 3 (or c33%) is introduced and set as the maximum level of acceptable scenarios whereby contributions could be more than the Red limit of 35% over the 3 year time horizon.
- 2.7. With both these revised Risk Appetite Statements, tolerance levels are being introduced as opposed to simply reporting and monitoring the outcomes against the Red and Amber thresholds. The introduction of tolerance levels or explicit limits along with revising the Red and Amber thresholds as appropriate will help to enable the Fund to set an optimum investment strategy going forward and remove the uncertainty around what level of risk may or may not be acceptable when setting investment strategy.

### **3. KEY IMPLICATIONS**

- 3.1. Failure to maintain and keep under review the Pension Fund's key risks could lead to a loss in confidence and sanctions being imposed by the Pensions Regulator where failings are deemed to be materially significant for the Pension Fund and its stakeholders.

#### **4. FINANCIAL DETAILS / VALUE FOR MONEY**

- 4.1. Failure to monitor identified risks and to implement appropriate strategies to counteract those risks could lead to an increased Fund deficit resulting in employers having to pay more.

#### **5. LEGAL IMPLICATIONS**

- 5.1. The Administering Authority is required to govern and administer the Pension Scheme in accordance with the Public Service Pensions Act 2013 and associated Local Government Pension Scheme Regulations. Failure to do so could lead to challenge.

#### **6. RISK MANAGEMENT**

- 6.1. The risk register is attached at Appendix 2 to this report, it is reviewed quarterly by the Pension Board and the Pension Fund Committee and updated regularly by officers to ensure all risks are appropriately documented and mitigated where possible.
- 6.2. The Risk Management Policy is attached at Appendix 1 to this report and is typically revised annually.

#### **7. POTENTIAL IMPACTS**

- 7.1. Failure to comply with pension legislation could result in the Administering Authority being reported to the Pensions Regulator where failure is deemed to be of a material significance.
- 7.2. Equalities. An Equality Impact Assessment is available at Appendix 3 to this report. The Equality Act 2010 places a statutory duty on the council to ensure that when considering any new or reviewed strategy, policy, plan, project, service, or procedure the impacts on particular groups, including those within the workforce and customer/public groups, have been considered. There are no EQIA impacts as a result of taking this decision. Equality Impact Assessments are published on the [council's website](#)
- 7.3. Climate change/sustainability: N/A
- 7.4. Data Protection/GDPR. GDPR compliance is included as a specific risk on the register in regard to processing and handling personal data, this is dealt with in the appendix along with the relevant mitigations.

#### **8. CONSULTATION**

- 8.1. No specific formal consultation since the date of last review, however, Committee members and Pension Board members undertook a detailed annual review session in January 2022 followed by a risk appetite statement review and training session on 21 April 2022 during the development of the Risk Management Policy previously approved on 4 July 2022, which the

appended risk register is consistent with. The Fund's external advisors have been consulted in developing the revised Risk Management Policy.

## 9. TIMETABLE FOR IMPLEMENTATION

9.1. Ongoing.

## 10. APPENDICES

10.1. This report is supported by 3 Appendices:

- Appendix 1 – Risk Management Policy
- Appendix 2 – Risk Register
- Appendix 3 - EQIA

## 11. BACKGROUND DOCUMENTS

11.1. This report is supported by 0 background documents:

## 12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory:</i>		<i>Statutory Officers (or deputy)</i>	
Adele Taylor	Executive Director of Resources/S151 Officer	17/02/2023	
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	17/02/2023	
<i>Deputies:</i>			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	17/02/2023	23/02/2023
Elaine Browne	Head of Law (Deputy Monitoring Officer)	17/02/2023	02/03/2023
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)		
<i>Other consultees:</i>			
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee	17/02/2023	
Alan Cross	Chairman – Local Pension Board	17/02/2023	27/02/2023

## 13. REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Pension Fund Committee decision	Yes/No	Yes/No

Report Author: Damien Pantling, Head of Pension Fund





## **Risk Management Policy**



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## 1. INTRODUCTION

A Scheme Manager (Administering Authority) of a public service pension scheme must establish and operate internal controls which must be adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and with the requirements of the law. The Royal Borough of Windsor & Maidenhead (RBWM), as the Administering Authority to the Royal County of Berkshire Pension Fund (RCBPF), has a risk management policy and the Fund's operational and strategic risks are integrated into RBWM's risk management framework. Great emphasis is placed on risk management and the reason why the Pension Fund differentiates between operational and strategic risks is to secure the effective governance and administration of the Local Government Pension Scheme.

Risk can be identified as "*the chance of something happening which may have an impact on the achievement of an organisation's objectives*". The difference between a risk and an issue is one of timing:

- A risk event has not happened yet;
- An issue is a result of an event that is happening right now or has already happened;
- As the risk event is a future event, the task is to assess its probability of occurring and estimate the impact that would be caused if it did occur;
- An issue event has already happened so there is no need to assess its likelihood of occurrence but what must be considered is the impact and what reaction is required to deal with it;
- There is a possibility for a risk to turn into an issue if it is realised.

The main internal controls for the Pension Fund are:

- Arrangements and procedures to be followed in administration, governance and management of the scheme;
- Systems and arrangements for monitoring that administration, governance and management; and
- Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme.

## 2. RISK MANAGEMENT POLICY

Risk management decisions and practices will be in accordance with appropriate codes of best practice, ethical standards and values applicable to the governance and administration of the LGPS and as applied to the officers of the RCBPF.

To deliver this policy it is necessary for Pension Fund Officers, Elected Members of the Pension Fund Committee, members of the Pension Fund Advisory Panel and members of the Local Pension Board to adopt a consistent and systematic approach to monitoring and managing risks. The way in which risk is managed can have a major impact on the Pension Fund's key objectives and service delivery to its stakeholders.

The foundations of this policy are based upon a common understanding and application of the following principles:

- The informed acceptance of risk is an essential element of good business strategy;

- Risk management is an effective means to enhance and protect the RCBPF over time;
- Common definition and understanding of risks is necessary in order to better manage those risks and make more consistent and informed decisions;
- All risks are to be identified, assessed, measured, monitored and reported on in accordance with the RCBPF's risk management policy;
- All business activities are to adhere to risk management practices which reflect effective and appropriate internal controls.

### **3. PENSION FUND OBJECTIVES**

#### *3.1. Operational objectives*

- To manage the scheme in accordance with scheme regulations and associated relevant UK LGPS law, and to maintain a high level of governance of the Pension Fund in line with the LGPS Regulations and associated legislation;
- To ensure that the appropriate knowledge and experience is maintained within the RCBPF so that all duties are discharged properly, as well as an appropriate level of staff to administer the scheme effectively and efficiently;
- To maintain a high-quality pension member database;
- To ensure that all pension payments are made on the correct pay date;
- To ensure that payments do not continue to be made to deceased members of the scheme;
- To have continuous access to the pension administration software during normal working hours and extended hours as required;
- To ensure that pension contributions are received from Scheme employers by the Pension Fund within required timescales;
- To maintain a pension administration strategy and service level agreement and ensure that key performance indicators are achieved and reported to the Pension Fund Committee, Pension Fund Advisory Panel and Local Pension Board;
- To communicate effectively and efficiently with all scheme members;
- To ensure that third party operations are controlled and operate effectively and cost efficiently;
- To monitor and review the performance of the Local Pensions Partnership Investment Limited (LPPI) as the Investment Fund Manager to ensure maximum benefit for the Pension Fund.

#### *3.2. Strategic objectives*

- Ensure that over the long term the Fund will have sufficient assets to meet all pension liabilities as they fall due;
- Contribute towards achieving and maintaining a future funding level of 100% over the medium-term and long-term;
- Optimise the returns from investments whilst keeping risk within acceptable levels and ensuring liquidity requirements are at all times met;
- Enable employer contribution rates to be kept as stable as possible;
- To ensure employer covenants are sufficient to meet employer obligations;

- To set the Investment Strategy and Strategic Asset Allocation (within the Investment Strategy Statement), and to set the Funding Strategy for the RCBPF at the latest every 3 years, as well as to ensure that the Fund is fully compliant with both of these strategy statements at all times.

*The above strategic objectives are summarised and condensed, picking out the most salient objectives and compressing where appropriate. A full suite of investment objectives can be found in the Investment Strategy Statement and a full suite of funding objectives can be found in the Funding Strategy Statement along with all required detail for each objective.*

## 4. RISK MANAGEMENT PROCESS

### 4.1. Framework

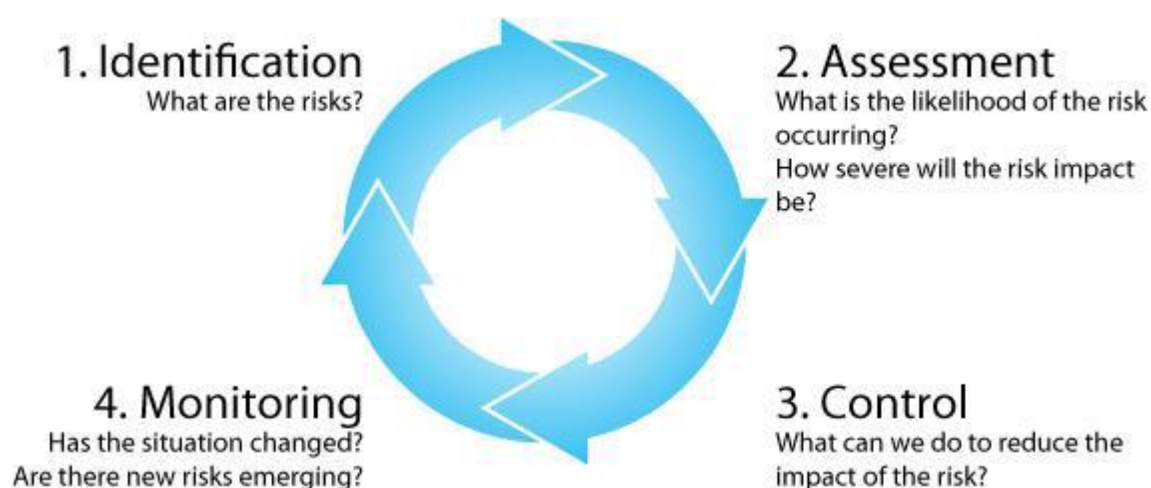
If a risk is not properly managed it can have a significant impact on the Pension Fund. The effective management of risk is a critical part of the Pension Fund's approach to delivering sound governance and administration performance so that provides better outcomes for all of its stakeholders. The RCBPF has identified several risks associated with the achievement of its operational and strategic objectives.

The objective of risk management is not to completely eliminate all possible risks but to recognise risks and deal with (or mitigate) them appropriately. All personnel connected to the Pension Fund should understand the nature of risk and systemically identify, analyse, control, monitor and review those risks.

Risk management requires:

- A consistent management framework for making decisions on how best to manage risk;
- Relevant legislative requirements to be considered in managing risks;
- Integration of risk management with existing planning and operational processes;
- Leadership to empower staff in the management of risk;
- Good quality information.

From December 2021, the Pension Fund Committee adopted the CIPFA framework "Managing Risk in The Local Government Pension Scheme (2018 Edition)" as its revised approach to risk management. The RCBPF combines the use of this framework with RBWM's 4 step risk management process as outlined in the infographic below.



## 4.2. Stage 1 – Identification

This stage involves identifying the risks faced by the Fund in undertaking its operational and strategic objectives, followed by categorising and organising them based on the CIPFA framework. The adopted framework enables clear categorisation into seven distinct CIPFA risk categories.

The CIPFA framework splits risks into seven distinct categories. This differs to the previous approach taken by the RCBPF to identify risks in just two categories (Operational and Strategic). Despite the change in risk management approach, all risks identified by the Fund still take full consideration of the operational and strategic objectives identified in section 3.

The seven risk categories are included in the table overleaf, as well as a breakdown of the types of risk which fall within each category, and some high-level descriptions of some of these risks for illustration purposes.

**Table 1: CIPFA Risk Categorisation**

CIPFA risk categories	Types of risk for category	Description of risk
Asset and Investment Risk	Asset/liability mismatch risk	the risk that Pension Fund assets do not grow in line with the developing cost of Pension Fund liabilities
	inflation risk	due to unexpected inflation increases the Fund is unable to grow at the same rate as the increasing liabilities
	concentration risk	Fund not sufficiently diversified and therefore has large exposure to one asset category/subcategory/fund/security
	investment pooling risk	brings with it several new risks, one of the major risks being transition risk
	illiquidity risk	Fund cannot meet short term liabilities due to not being sufficiently liquid
	currency risk	
	manager underperformance risk	
	transition risk	incurring unexpected costs when moving funds between managers. Losing value on assets whilst held in cash after being sold down to be used to subscribe elsewhere
	counterparty default risk	
Liability Risk	financial	assumptions based on inflation, discount rate, or salary increases turns out to be different to expected resulting in increased liabilities
	demographic	longevity, early retirement, ill-health retirement, regulatory risk
Employer Risk	participating bodies	risks may arise related to individual bodies within the overall Pension Fund - funding risks, security risks, membership risks
Resource and Skill Risk	inadequate staffing levels for the roles required	
	inadequate knowledge and skills for the roles required	
	inadequate resources to support staff in their roles	
	turnover amongst Elected Members and hence membership of pension committees	
Administrative and Communicative Risk	failure of ICT	may result in inability to make payments, monitor investments, collect income, communicate with stakeholders
	over reliance on/loss of key staff	n/a
	data quality	especially important is to note that bad data can lead to inefficiencies and waste
	collaboration	working across different teams/partnerships fails or become inefficient
	third party provider under-performance	payroll/pensions administrator/investment advisor/consultant not performing to expected standards leading to problems around inefficiencies or poor decision making
	data protection	GDPR
	cyber threats	
Reputational Risk		
Regulatory and Compliance Risk	non-compliance with new or old piece of legislation or guidance that is issued	

### 4.3. Stage 2 - Assessment

Focusing firstly on the identified risks before any mitigations or controls are considered, this stage assesses the impact of the identified risk on three key areas, scoring 1 – 5 for each:

- Fund (1-5)
- Employers (1-5)
- Reputation (1-5)

The above impact scores are then totalled, giving a “total impact” score of 3 (minimum) to 15 (maximum)

The likelihood of the risk transpiring into an issue, or the probability of the identified risk occurring as an issue is then assessed and scored 1-5, before any mitigations or controls are considered.

The total impact score is then multiplied by the likelihood score to compute a “gross risk score”, producing a total score anywhere between 3 (minimum) and 75 (maximum).

This Gross Risk Score is then flagged using a RAG rating as follows:

<b>GREEN = Score of 3 to 15</b>
<b>AMBER = Score of 16 to 25</b>
<b>RED = Score of 26 - 75</b>

The aim of the RAG rating is to firstly draw the attention of the reader to those risks that have the highest impact and likelihood (red rating), followed by those with lower impact and likelihood scores.

A breakdown of the impact and likelihood scoring matrix along with guidance of how each score is assessed is provided overleaf.

Table 2: RCBPF Risk Management Scoring Matrix

Scoring ( Impact )		
Impact Description	Category	Description
1 Very Low	Cost/Budgetary Impact	£0 to £25,000
	Impact on life	Temporary disability or slight injury or illness less than 4 weeks (internal) or affecting 0-10 people (external)
	Environment	Minor short-term damage to local area of work.
	Reputation	Decrease in perception of service internally only – no local media attention
	Service Delivery	Failure to meet individual operational target – Integrity of data is corrupt no significant effect
2 Low	Cost/Budgetary Impact	£25,001 to £100,000
	Impact on life	Temporary disability or slight injury or illness greater than 4 weeks recovery (internal) or greater than 10 people (external)
	Environment	Damage contained to immediate area of operation, road, area of park single building, short term harm to the immediate ecology or community
	Reputation	Localised decrease in perception within service area – limited local media attention, short term recovery
	Service Delivery	Failure to meet a series of operational targets – adverse local appraisals – Integrity of data is corrupt, negligible effect on indicator
3 Medium	Cost/Budgetary Impact	£100,001 to £400,000
	Impact on life	Permanent disability or injury or illness
	Environment	Damage contained to Ward or area inside the Borough with medium term effect to immediate ecology or community
	Reputation	Decrease in perception of public standing at Local Level – media attention highlights failure and is front page news, short to medium term recovery
	Service Delivery	Failure to meet a critical target – impact on an individual performance indicator – adverse internal audit report prompting timed improvement/action plan - Integrity of data is corrupt, data falsely inflates or reduces outturn of indicator
4 High	Cost/Budgetary Impact	£400,001 to £800,000
	Impact on life	Individual Fatality
	Environment	Borough wide damage with medium or long-term effect to local ecology or community
	Reputation	Decrease in perception of public standing at regional level – regional media coverage, medium term recovery
	Service Delivery	Failure to meet a series of critical targets – impact on a number of performance indicators – adverse external audit report prompting immediate action - Integrity of data is corrupt, data falsely inflates or reduces outturn on a range of indicators
5 Very High	Cost/Budgetary Impact	£800,001 and over
	Impact on life	Mass Fatalities
	Environment	Major harm with long term effect to regional ecology or community
	Reputation	Decrease in perception of public standing nationally and at Central Government – national media coverage, long term recovery
	Service Delivery	Failure to meet a majority of local and national performance indicators – possibility of intervention/special measures – Integrity of data is corrupt over a long period, data falsely inflates or reduces outturn on a range of indicators

Scoring ( Likelihood )	
Descriptor	Likelihood Guide
1. Improbable, extremely unlikely.	Virtually impossible to occur 0 to 5% chance of occurrence.
2. Remote possibility	Very unlikely to occur 6 to 20% chance of occurrence
3. Occasional	Likely to occur 21 to 50% chance of occurrence
4. Probable	More likely to occur than not 51% to 80% chance of occurrence
5. Likely	Almost certain to occur 81% to 100% chance of occurrence

#### 4.4. Stage 3 - Control

This stage seeks to focus on all of the identified risks in stage 2. Mitigation actions are then identified for each risk which will either reduce or eliminate the risk from turning into a live issue. The CIPFA framework suggests the “5 T’s” approach to controlling, managing and mitigating risks, which the Fund has adopted and is outlined below.

Table 3: 5 T’s of risk control

Control		Details required
Terminate	Stop what is being done.	A clear description of the specific actions to be taken to control the risk or opportunity
Treat	Reduce the likelihood of the risk occurring.	
Take	Circumstances that offer positive opportunities	
Transfer	Pass to another service best placed to deal with mitigations but ownership of the risk still lies with the original service.	The name of the service that the risk is being transferred to and the reasons for the transfer.
Tolerate	Do nothing because the cost outweighs the benefits and/or an element of the risk is outside our control.	A clear description of the specific reasons for tolerating the risk.

For the avoidance of doubt, each risk can have several controls and may have several categories of controls under the “5 T’s”.

Once these controls or mitigations have been identified and documented, the post-mitigation likelihood (or probability) of occurrence is then re-assessed. This takes the same methodology as documented in section 2 (rating of 1-5) but this time is only considered after the controls are in place or assumed to be in place. The post-control likelihood score (or revised likelihood score) is then multiplied by the total impact score as previously identified in section 2 to derive a “net risk score”:

**(Total Impact x Revised Likelihood = Net-Risk Score).**

Much like the Gross Risk Score, the Net Risk Score is then assessed using the same RAG rating scores as set out in stage 2.

As per the CIPFA framework and guidance, the focus of risk controls and risk mitigations should primarily seek to reduce the likelihood of occurrence, as such the post-control score seeks to keep the total impact as a constant and just re-assess the likelihood of occurrence. This is in fact a simplified approach as controls will inevitably also reduce the impact of said risks, but in line with the framework, risk impacts are not re-assessed after controls/mitigation are in place (or assumed to be in place).

#### 4.5. Stage 4 - Monitoring

Finally, this stage focuses on the regular monitoring of the Fund’s known risks, the responsibilities for managing, monitoring and mitigating these risks, and the continuous development of a dynamic risk framework over time.

For the avoidance of doubt, all risks are owned by the Pension Fund Committee, however, each identified risk is allocated to a responsible officer who is responsible for monitoring, managing and reporting their respective risks back to the Committee on a regular basis.

A detailed risk register is presented the Pension Fund Committee on a quarterly basis containing all information listed in section 5 of this policy document.

On an ongoing basis, the risk register is kept up to date by the Head of Pension Fund, in consultation with the relevant parties and risk owners where applicable.

All changes to the risk register from one meeting to the next are reported back to the Pension Fund Committee in a publicly accessible report on a quarterly basis, having been first reviewed and approved by Fund officers, statutory officers and the Local Pension Board.



Finally, in addition to the CIPFA framework, the Fund has added an additional monitoring process to the Risk Register, which seeks to track the risk over time reporting via three colour-coded infographics (example below) indicating whether the identified risk is increasing, decreasing or has stayed the same. For the avoidance of doubt, this tracking process looks at each risk from one quarterly cycle to the next and how it has developed over the two reporting periods.



## 5. RISK APPETITE

Risk appetite is the phrase used to describe where the Pension Fund considers itself to be on the spectrum ranging from willingness to take or accept risks through to an unwillingness or aversion to taking risks.

The Pension Fund has a set of core strategic and operational objectives and so its risk appetite can be set within appropriate limits whilst considering these.

A defined risk appetite reduces the likelihood of unpleasant surprises and considers:

- Risk capacity: the actual physical resources available and physical capability of the Pension Fund. The Fund's capacity will have limits and therefore its capacity is finite and breaching those limits may cause the Pension Fund problems that it cannot deal with;
- Risk tolerance: the factors that the Pension Fund can determine, can change and is prepared to bear. Risks falling within the Fund's tolerances for governance and administration services can be accepted.

For most categories, risk appetite is subjective, is difficult or impossible to measure and is not prescriptive. Therefore, as a general rule, the Pension Fund Committee seeks to prioritise attention to those risks with a higher net-risk score (usually Red/Amber net RAG score), with "net-risk score" referring to the revised score after mitigation have been considered. Whether or not any particular risk is seen as acceptable is a subjective matter that is considered on a case-by-case basis rather than through a prescriptive framework.

Investment and funding risks are easier to monitor and subsequently set tolerance limits, these are addressed in the following section.

## 6. RISK APPETITE STATEMENTS

The Royal County of Berkshire Pension Fund seeks to take all necessary action to minimise all risks to the achievement of its strategic and operational objectives as defined in section 3 of this risk management policy.

For many of the Fund's risks, the goal is to simply minimise the likelihood and impact of occurrence where possible (ultimately aiming to produce as low a net-risk score as possible) and this is reflected in the risk appetite statement above.

However, for several of the Fund's risks (mainly those concerning investment and funding) where these can be reliably measured, the Fund has taken a bespoke approach to address these with 4 specific risk appetite statements. These are referred to as **risk appetite statements for Investment and Funding risk** which seek to support the RCBPF's investment and funding strategic objectives through the monitoring of bespoke investment and funding risk measures.

The primary measures used are aligned with the main strategic objectives in section 3 of this document as well as those objectives in both the Investment Strategy Statement and Funding Strategy Statement.

The following four risk appetite statements for investment and funding risk were first set in March 2019 (based on 2016 triennial valuation outputs), were then adapted during the development of this policy document (May 2022) and were reviewed again in detail through the revision of this document in February 2023 now that the results of the 2022 triennial valuation are available.

The following four risk appetite statements for investment and funding risk are set by the Pension Fund Committee and monitored quarterly by LPPI.

### *6.1. Funding Level*

#### **Risk Appetite Statement:**

RCBPF will seek to achieve and maintain an expected triennial funding level above 100% and will seek to take action to prevent it falling below 75%. If, in 25% of scenarios, the funding level could be less than 75% (red limit) in 10 years' time, this will be deemed a breach of the risk level and will require appropriate action to be taken.

#### **Measurement:**

- 100% will be identified as the Amber warning level while 75% will be the Red limit level
- The projected triennial funding level is measured over a period of 10 years, alternative time periods may be provided for comparative purposes but 10 years is the principal time horizon.
- It is measured assuming total contributions as a percentage of gross pensionable pay are capped at 35% p.a. (the contribution Red limit) The expected funding level will change if different contribution or target recovery assumptions are used.
- 100% will be identified as the Amber warning level while 75% will be the Red limit level.
- An explicit limit of 25% of scenarios is set as the maximum level acceptable of scenarios where the projected funding level could be less than the Red limit of 75% over the measured time period.

### *6.2. Liquidity*

#### **Risk Appetite Statement:**

A sufficient buffer of cash and cash equivalent instruments will be maintained to meet more than 3 months of peak liability outflows and no less than 1 month of peak liability outflows.

#### **Measurement:**

- The peak liability outflow is measured as the maximum monthly actual liability outflows observed over the past 12 months.
- It is assumed there are no investment (including loans) inflows or outflows which are difficult to forecast.
- 1 month will be identified as the Red limit while 3 months as the Amber warning level

### *6.3. Employer Contributions*

#### **Risk Appetite Statement:**

The Fund shall seek to limit expected total (employer and employee) contributions (assessed on the triennial valuation basis at whole Fund level) to 35% of Gross Pensionable Pay while aiming for a total expected contribution rate of no more than 25%. If, in 1/3 (c33%) of scenarios, the projected total contribution could be more than the 35% (Red limit) in 3 years' time, this will be deemed a breach of the risk level and will require appropriate action to be taken.

#### **Measurement:**

- Red limit shall be set at 35% and Amber limit (warning level) shall be set at 25%, both of Gross Pensionable Pay

- Time horizon shall be principally measured in 3 years' time with other time periods (for example immediate) provided for comparison purposes
- Total Contributions shall include member, employer service cost (primary) and employer deficit recovery (secondary) contributions;
- In the event of a deficit at a triennial valuation date, it is assumed that employers will be responsible for recovery contributions to achieve full funding (given the assumptions made) by the target recovery date as used in the most recent triennial valuation;
- An explicit limit of 1 in 3 scenarios (or c33% of scenarios) is the maximum level acceptable of scenarios where the Total Contributions may be expected to be more than the Red limit over the measured time period.

#### *6.4. Asset Allocation*

##### **Risk Appetite Statement:**

The Fund shall aim to maintain investments within +/- 70% of agreed strategic asset allocation while observing agreed maximum and minimum levels at all times.

##### **Measurement:**

- The Strategic Asset Allocation (SAA) (within the Investment Strategy Statement) has been formulated to support the long-term investment objectives of the Fund;
- Any deviations between the current and strategic asset allocation may cause deviations from the long-term objectives;
- Maximum and minimum asset allocation levels as agreed in the Asset Management Agreement (AMA) will be identified as the limit while +/- 70% variation from the SAA benchmark will be the warning level.



27/02/2023		<b>Risk Calculation Key</b>	
Author: Damien Pantling, Head of Pension Fund		IMPACT (Total) = IMPACT (Fund) + IMPACT (Employers) + IMPACT (Reputation)	
Adele Taylor - Director of Resources (S.151 Officer)		Gross Risk Score = IMPACT (Total) x Likelihood	
Status: FINAL		Net Risk Score = IMPACT (Total) x Revised Likelihood	
GREEN = Score of 3 to 15		Scores all ranked 1 to 5	
AMBER = Score of 16 to 25		Please refer to final page for CIPFA guidance, Scoring Matrix and full column heading breakdown	
RED = Score of 26 - 75			

Risk Group	Risk Ref.	Trending	Risk Description	IMPACT				TOTAL	Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk	Owner	Reviewed
				Fund	Employers	Reputation									
<b>ASSET AND INVESTMENT RISKS</b>															
Asset & Investment Risk	PEN001	↔	Investment managers fail to achieve returns of at least the actuarial discount rate over the longer term.	5	4	3	12	3	36	<b>TREAT</b> 1) The LPPI/RCMPF Advisory Management Agreement (AMA) clearly states expectations in terms of investment performance targets. 2) Investment manager performance is reviewed by LPPI and the committee on a quarterly basis with action taken as necessary. 3) The Pension Fund Committee should be 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 4) Portfolio rebalancing is considered on a regular basis by the Pension Fund Committee. 5) The Fund's investment management structure is highly diversified, which lessens the impact of manager risk compared with less diversified structures. 6) Target return (actuarial) benchmark revised for monitoring from March 2023, expected to be above the actuarial discount rate	2	24	Damien Pantling	07/02/2023	
Asset & Investment Risk	PEN002	↗	Significant volatility and negative sentiment in global investment markets following disruptive geo-political uncertainty. Increased risk to global economic stability.	4	4	1	9	3	27	<b>TREAT</b> 1) Maintaining a well diversified portfolio with significant allocation to both public and private markets. 2) Maintaining a well diversified investment portfolio with significant allocations across a variety of asset classes such as (but not limited to) credit, equity and real-assets. 3) Routinely receiving market updates from independent advisors and acting upon the recommendations where appropriate - such as issuing additional/new guidance/instruction to LPPI. 4) Examining portfolio at an individual investment level to fully understand exposure to effected regions and reacting as appropriate.	2	18	Damien Pantling	07/02/2023	
Asset & Investment Risk	PEN003	↘	The global outbreak of COVID-19 poses economic uncertainty across the global investment markets.	3	3	2	8	3	24	<b>TREAT</b> 1) Routinely receiving market updates from independent advisors and acting upon the recommendations as appropriate <b>TOLERATE</b> 1) Global investment market returns in aggregate for our SAA have thus far not been adversely affected by the COVID-19 pandemic, therefore, no significant changes to the investment strategy or strategic asset allocation are recommended	1	8	Damien Pantling	07/02/2023	
Asset & Investment Risk	PEN004	↘	Volatility caused by uncertainty with regard to the withdrawal of the UK from the European Union and the economic after effects such as labour and supply chain shortages.	4	4	1	9	3	27	<b>TREAT</b> 1) Volatility is reduced through having a relatively low exposure to UK equities and is well diversified with a significant safe-haven focus. 2) Fund has removed the significant GBP hedge and is not undergoing any strategic currency hedging from 6th December 2021, but is currently under review again 3) Examining portfolio at an individual investment level to fully understand exposure to effected regions and reacting as appropriate.	2	18	Damien Pantling	27/02/2023	
Asset & Investment Risk	PEN005	↗	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 impact on LGPS schemes currently expected to come into force during 2023/24.	3	2	4	9	3	27	<b>TREAT</b> 1) Published ISS in relation to published best practice (e.g. Stewardship Code) . 2) Ensure fund managers are encouraged to engage and to follow the requirements of the published ISS. 3) 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. 4) An ESG statement and RI Policy was drafted for the Pension Fund as part of the ISS and approved in March 2021, the RI policy was comprehensively reviewed and published in October 2022 ensuring it is fit for purpose. 5) Officers regularly attend training events on ESG and TCFD regulations to ensure stay up to date with latest guidance. 6) LPPI manage the funds investments and have their own strict ESG policies in place which align with those of the fund.	2	18	Damien Pantling	07/02/2023	
Asset & Investment Risk	PEN006	↗	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	<b>TREAT</b> 1) Maintain links with central government and national bodies to keep abreast of national issues. Respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood by (external) policy makers and the Fund.	1	11	Damien Pantling	07/02/2023	
Asset & Investment Risk	PEN007	↔	Financial failure of third party supplier results in service impairment and financial loss.	5	4	1	10	2	20	<b>TREAT</b> 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 two different providers. 4) Review of internal control reports on an annual basis. 5) Credit rating kept under review through procurement processes.	1	10	Damien Pantling	07/02/2023	
Asset & Investment Risk	PEN008	↔	Financial failure of a fund manager leads to value reduction, increased costs and impairment.	4	3	3	10	2	20	<b>TREAT</b> 1) Fund is reliant upon current adequate contract management activity overseen by our investment managers LPPI. 2) Fund is reliant upon alternative suppliers at similar prices being found promptly.	1	10	Damien Pantling	07/02/2023	
Asset & Investment Risk	PEN009	↔	Global investment markets fail to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers.	3	5	2	10	2	20	<b>TREAT</b> 1) Proportion of total asset allocation made up 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. 2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal risk asset allocation. 3) Full wholistic strategy review takes place every three years in line with the actuarial valuation. 4) Investment strategy reviewed every year and LPPI undertake a health-check bi-annually. 5) The actuarial assumptions regarding asset performance are regarded as achievable over the long term in light of historical data.	1	10	Damien Pantling	07/02/2023	
<b>LIABILITY RISKS</b>															
Liability Risk	PEN010	↘	Scheme members live longer than expected leading to higher than expected liabilities.	5	5	1	11	2	22	<b>TREAT</b> 1) A longevity swap insurance contract was entered into in 2009 which effectively hedged 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. 2) All scheme members that were not part of the longevity swap contract group in 2009 (i.e. all active or deferred members as at 2009 or that have since joined the scheme) have liabilities exposed to longevity risk. 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, liability matching)	1	11	Damien Pantling	07/02/2023	
Liability Risk	PEN011	↗	Mortality rates decreasing, or increasing at a lower rate than those assumed in the 2009 longevity contract, leading to an increased contractual liability at present value.	3	4	4	11	2	22	<b>TOLERATE</b> 1) The opportunity cost in entering into the longevity contract was the loss of upside benefits associated with decreasing longevity rates - this was an active decision previously taken. 2) At present, the cost or even the option of exiting the contract has not been explored and may not be possible contractually. Any cost of exit if applicable is likely to far exceed the benefits.	2	22	Damien Pantling	07/02/2023	
Liability Risk	PEN012	↔	Long-term price inflation is significantly more than anticipated in the actuarial assumptions.	5	5	1	11	3	33	<b>TREAT</b> 1) Ensure sizeable 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 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	Damien Pantling	07/02/2023	



27/02/2023

**Risk Calculation Key**

Author: Damien Pantling, Head of Pension Fund  
 Adele Taylor - Director of Resources (S.151 Officer)  
 Status: FINAL  
 GREEN = Score of 3 to 15  
 AMBER = Score of 16 to 25  
 RED = Score of 26 - 75

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	IMPACT				TOTAL	Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk	Owner	Reviewed
				Fund	Employers	Reputation									
<b>LIABILITY RISKS (CONTINUED)</b>															
Liability Risk	PEN013		Employee pay increases are significantly more than anticipated for employers within the Fund.	3	4	2	9	2	18	<b>TOLERATE</b> 1) Fund employers should monitor own experience and communicate with the Fund as appropriate 2) 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. 3) 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). 4) Employer decisions to increase pay more than anticipated would result in increased contributions for that employer at the next triennial valuation to offset the liability impact.	2	18	Damien Pantling	07/02/2023	
Liability Risk	PEN014		Impact of economic and political decisions on the Pension Fund's employer workforce and government funding level affecting the Councils spending decisions. For example scheme matures more quickly than expected due to public sector spending cuts, resulting in contributions reducing and pension payments increasing.	5	2	1	8	3	24	<b>TREAT</b> 1) Actuary uses prudent assumptions on future of employees within the workforce. Employer responsibility to flag up potential for major bulk transfers outside of the fund. The potential for a significant reduction in the workforce as a result of the public sector financial pressures may have a future impact on the Fund. 2) Actuary will make prudent assumptions about diminishing workforce when carrying out the triennial actuarial valuation in 2022. 3) Review maturity of scheme at each triennial valuation. 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. 4) Cashflow position monitored monthly.	2	16	Damien Pantling	07/02/2023	
Liability Risk	PEN015		Ill health costs may exceed "budget" allocations made by the actuary resulting in higher than expected liabilities particularly for smaller employers.	4	2	1	7	2	14	<b>TOLERATE</b> 1) Review "budgets" at each triennial valuation and challenge actuary as required. Charge capital cost of ill health retirements to admitted bodies at the time of occurring. Occupational health services provided by the unitaries and other large employers to address potential ill health issues early.	2	14	Damien Pantling	07/02/2023	
Liability Risk	PEN016		Impact of increases to employer contributions following the actuarial valuation.	4	5	3	12	3	36	<b>TREAT</b> 1) Officers to consult and engage with employer organisations in conjunction with the actuary. 2) Actuary will assist where appropriate with stabilisation and phasing in processes. <b>TOLERATE</b> 1) For 2022 valuation, improved funding levels has broadly led to reduced deficit recovery contributions, these are largely offset by increased primary contributions but increase overall is less than previously communicated	2	24	Damien Pantling	07/02/2023	
Liability Risk	PEN017		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	24	<b>TREAT</b> 1) Cashflow forecast maintained and monitored. 2) Cashflow requirement is a factor in current investment strategy review. 3) Maintain a material level of cash held within a short duration bond fund, which allows access at short notice.	1	12	Damien Pantling	07/02/2023	
Liability Risk	PEN018		Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy.	5	3	3	11	2	22	<b>TREAT</b> 1) Active investment strategy and asset allocation monitoring by LPP, overseen by Pension Fund Committee, officers and independent advisors. 2) Strategic asset allocation review was approved in September 2021 with a move out of diversifying strategies and an increase in equities. 3) Setting of Fund specific benchmark relevant to the current position of fund liabilities to be approved in March 2023. 4) 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	Damien Pantling	07/02/2023	
Liability Risk	PEN019		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	20	<b>TREAT</b> 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.	1	10	Damien Pantling	07/02/2023	
Liability Risk	PEN020		Inadequate, inappropriate or incomplete investment or actuarial advice is actioned leading to a financial loss or breach of legislation.	5	3	2	10	2	20	<b>TREAT</b> 1) At time of appointment, ensure advisers have appropriate professional qualifications and quality assurance procedures in place. Committee, Board and officers scrutinise and challenge advice provided by all parties.	1	10	Damien Pantling	07/02/2023	
<b>EMPLOYER RISK</b>															
Employer Risk	PEN021		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.	3	5	4	12	3	36	<b>TREAT</b> 1) Employer covenant risk assessment was conducted by LPP in 2019 and presented to committee ( <i>formerly panel</i> ) on 19 December 2019 based on 2019 valuation results. This identified a number of key at-risk employers in the fund, those were all community admission body type employers at risk of cessation in the near future and without security in place. 2) A further review is to be commissioned by the actuary to re-evaluate these risks based on 2022 triennial figures, from this a number of employers can be contacted to discuss possible options and plans. 3) A number of employers have either had cessation arrangement decisions taken already through committee or have approached officers to discuss options, demonstrating the proactive rather than reactive nature of treating this risk. 4) Where appropriate seek to agree support from the relevant Local Authority. 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	2	24	Damien Pantling	07/02/2023	
Employer Risk	PEN022		Failure of an admitted or scheduled body leads to unpaid liabilities being left in the Fund to be met by others.	5	3	3	11	2	22	<b>TREAT</b> 1) Transferee admission bodies (term no longer used) were required to have bonds or guarantees in place at time of signing the admission agreement. 2) Regular monitoring of employers and follow up of expiring bonds. 3) Regular reviews of what were formally referred to as community admission bodies, which are deemed high risk as no bond or guarantee was put in place at the time of admission. 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	1	11	Damien Pantling	07/02/2023	
Employer Risk	PEN023		Risk of unexpected employer contributions (primary and secondary) as a result of poor budget management i.e. failure to plan and budget for the increased contribution costs. General risk of poor accountability and planning within employers. Payment delay or failures may increase liabilities primarily for that employer but may affect others in the event of failure	2	5	4	11	3	33	<b>TREAT</b> 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) Risk of increased liabilities resulting from poor budget management of the fund's expenses mitigated through robust business plan, budget setting and budget management <b>TOLERATE</b> 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	Damien Pantling	07/02/2023	





27/02/2023		<b>Risk Calculation Key</b>	
Author: Damien Pantling, Head of Pension Fund		IMPACT (Total) = IMPACT (Fund) + IMPACT (Employers) + IMPACT (Reputation)	
Adele Taylor - Director of Resources (S.151 Officer)		Gross Risk Score = IMPACT (Total) x Likelihood	
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Risk Group	Risk Ref.	Trending	Risk Description	IMPACT				TOTAL	Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk	
				Fund	Employers	Reputation							Owner	Reviewed
<b>RESOURCE AND SKILL RISK</b>														
Resource & Skill Risk	PEN024		Change in membership of Pension Fund Committee or Local Pensions Board leads to dilution of member knowledge and understanding - as such, Committee or Board members do not have appropriate skills or knowledge to discharge their responsibility leading to inappropriate decisions.	2	2	1	5	4	20	<b>TREAT</b> 1) Succession planning process to be considered. 2) Ongoing training of Pension Fund Committee members, training plan in place. 3) Pension Fund Committee new member induction programme. 4) Training to be based on the requirements of CIPFA Knowledge and Skills Framework under designated officer. 5) Training to be supported by external parties including but not limited to the actuary, auditor, investment advisor and independent advisors. 6) External professional advice is sought where required	3	15	Damien Pantling	07/02/2023
Resource & Skill Risk	PEN025		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. Succession planning is not in place leading to reduction of knowledge when an officer leaves.	4	3	3	10	2	20	<b>TREAT</b> 1) Person specifications are used in recruitment processes to appoint officers with relevant skills and experience. 2) Training plans are in place for all officers as part of the performance appraisal arrangements. 3) Officers maintain their CPD by attending training events and conferences.	1	10	Damien Pantling	07/02/2023
Resource & Skill Risk	PEN026		Concentration of knowledge in a small number of officers and risk of departure of key staff. Loss of technical expertise and experience. Risk identified in 2023 of key personnel potentially leaving the Fund.	4	3	3	10	3	30	<b>TREAT</b> 1) Practice notes in place. 2) Development of team members and succession planning improvements to be implemented. 3) Officers and members of the Pension Fund Committee to be mindful of the proposed CIPFA Knowledge and Skills Framework when setting objectives and establishing training needs for senior fund officers. 4) Training plans in place for all officers.	2	20	Damien Pantling	07/02/2023
Resource & Skill Risk	PEN027		McCloud remedy will generate considerable additional workloads for the team resulting in potential resource concerns.	3	3	2	8	4	32	<b>TREAT</b> 1) Statutory guidance to be issued by government setting out how remedy is to be managed. Regulations are expected to come into force from October 2023. 2) All Pension Committee, Advisory Panel and Board Members receive regular updates and actions will be taken by officers once guidance is issued. 3) If necessary, consider the recruitment of temporary staff.	3	24	Damien Pantling	07/02/2023
<b>ADMINISTRATIVE AND COMMUNICATIVE RISK</b>														
Administrative & Communicative Risk	PEN028		Structural changes in an employer's membership or an employer fully/partially closing the scheme. Employer bodies transferring out of the pension fund or employer bodies closing to new membership. An employer ceases to exist with insufficient funding or adequacy of bond placement.	2	4	4	10	3	30	<b>TREAT</b> 1) Administering Authority actively monitors prospective changes in membership, maintaining knowledge of employer future plans through regular communication. 2) Contribution rates and deficit recovery periods set to reflect the strength of the employer covenant. 3) Periodic reviews of the covenant strength and risk categorisation of employers are undertaken and indemnity applied where appropriate, last done in March 2023 using the results from the 2022 triennial valuation. 4) Change to minimum risk cessation basis, moving way from Gilt yields to "prudence plus" to protect the Fund in a higher rate environment	2	20	Kevin Taylor	07/02/2023
Administrative & Communicative Risk	PEN029		Failure to comply with Scheme regulations and associated pension law leading to incorrect pension payments being made. Risk of fines, adverse audit reports and breaches of the law.	5	4	4	13	1	13	<b>TREAT</b> 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	1	13	Kevin Taylor	07/02/2023
Administrative & Communicative Risk	PEN030		Administrators do not have sufficient staff or skills to manage the service leading to poor performance and complaints.	3	2	3	8	3	24	<b>TREAT</b> 1) Review of administration roles and responsibilities to be undertaken in 2023 2) Establishment of key training and development budget from 2022/23. 3) Key staff movements to be monitored closely. 4) Ongoing monitoring of administration statistical outcomes and KPI's via Local Pensions Board and Pension Fund Committee.	2	16	Damien Pantling	07/02/2023
Administrative & Communicative Risk	PEN031		Failure of pension payroll system resulting in pensioners not being paid in a timely manner.	5	5	5	15	2	30	<b>TREAT</b> 1) System hosted and backed up in two separate locations. 2) Re-issue previous months BACS file in extreme circumstances.	1	15	Kevin Taylor	07/02/2023
Administrative & Communicative Risk	PEN032		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	13	<b>TREAT</b> 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 PEN036 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 September 2024.	1	13	Kevin Taylor	07/02/2023
Administrative & Communicative Risk	PEN033		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	1	12	<b>TREAT</b> 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.	1	12	Kevin Taylor	07/02/2023



27/02/2023

**Risk Calculation Key**

Author: Damien Pantling, Head of Pension Fund

IMPACT (Total) = IMPACT (Fund) + IMPACT (Employers) + IMPACT (Reputation)

Adele Taylor - Director of Resources (S.151 Officer)

Gross Risk Score = IMPACT (Total) x Likelihood

Status: FINAL

Net Risk Score = IMPACT (Total) x Revised Likelihood

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Scores all ranked 1 to 5

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Please refer to final page for CIPFA guidance, Scoring Matrix and full column heading breakdown

RED = Score of 26 - 75

Risk Group	Risk Ref.	Trending	Risk Description	IMPACT				TOTAL	Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk	
				Fund	Employers	Reputation							Owner	Reviewed
<b>ADMINISTRATIVE AND COMMUNICATIVE RISK (CONTINUED)</b>														
Administrative & Communicative Risk	PEN034		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	2	5	11	3	33	<b>TREAT</b> 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	22	Kevin Taylor	07/02/2023
Administrative & Communicative Risk	PEN035		Loss of funds through fraud or misappropriation by an employer, agent or contractor leading to negative impact on reputation of the Fund as well as financial loss.	3	2	5	10	2	20	<b>TREAT</b> 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 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. New internal audit service is expected to enhance scrutiny in this regard. 4) Regulatory control reports from investment managers and the custodian are obtained. 5) Regulatory controls are in place and reviewed annually or, if earlier, immediately on receipt of guidance from the Local Government Association (LGA) to prevent and protect the Fund from pension scams 6) 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.	1	10	Kevin Taylor	07/02/2023
Administrative & Communicative Risk	PEN036		Payments continue to be made incorrectly at a potential cost to the Pension Fund. Distress caused to dependents.	3	3	4	10	2	20	<b>TREAT</b> 1) The fund undertakes a monthly mortality screening exercise. 2) Additional validation measures are put in place with our overseas payments provider to check the information held in regards to payments to non-UK bank accounts. 3) The fund participates in the biannual National Fraud Initiative (NFI). 4) 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. 5) Fund immediately suspends payment of monthly pension on return of a rejected payment.	1	10	Kevin Taylor	07/02/2023
Administrative & Communicative Risk	PEN037		Inability to respond to a significant event leads to prolonged service disruption and damage to reputation.	1	2	5	8	2	16	<b>TREAT</b> 1) Fund has a business continuity plan. 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.	1	8	Kevin Taylor	07/02/2023
Administrative & Communicative Risk	PEN038		Late or non-receipt of pension contributions from Scheme employers within statutory deadlines leading to loss of Fund 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	<b>TREAT</b> 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. 4) Large employers (unitaries) have opted to pay secondary contributions in advance.	1	13	Kevin Taylor	07/02/2023
Administrative & Communicative Risk	PEN039		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	<b>TREAT</b> 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	Kevin Taylor	07/02/2023
Administrative & Communicative Risk	PEN040		Lack of guidance and process notes leads to inefficiency and errors.	3	3	1	7	2	14	<b>TREAT</b> 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	Kevin Taylor	07/02/2023
Administrative & Communicative Risk	PEN041		Failure to identify GMP liability leads to ongoing costs for the pension fund.	5	2	1	8	2	16	<b>TREAT</b> 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	Kevin Taylor	07/02/2023
Administrative & Communicative Risk	PEN042		Loss of office premises due to fire, bomb, flood etc. leading to temporary loss of service.	5	5	4	14	2	28	<b>TREAT</b> 1) All staff are now able to work remotely. 2) A business continuity plan is in place. 3) Systems are cloud hosted and backed up.	1	14	Kevin Taylor	07/02/2023



27/02/2023

Author: Damien Pantling, Head of Pension Fund  
Adele Taylor - Director of Resources (S.151 Officer)

Status: FINAL

GREEN = Score of 3 to 15

AMBER = Score of 16 to 25

RED = Score of 26 - 75

**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	IMPACT				TOTAL	Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk	
				Fund	Employers	Reputation							Owner	Reviewed
<b>REPUTATIONAL RISK</b>														
Reputational Risk	PEN043	↔	Financial loss of cash investments from fraudulent activity.	3	3	5	11	2	22	<b>TREAT</b> 1) Policies and procedures are in place which are regularly reviewed to ensure risk of investment loss is minimised. Strong governance arrangements and internal controls are in place in respect of the Pension Fund. Internal Audit assist in the implementation of strong internal controls. Fund Managers have to provide annual SSAE16 and ISAE3402 or similar documentation (statement of internal controls) that are reviewed by auditors.	1	11	Damien Pantling	07/02/2023
Reputational Risk	PEN044	↘	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	<b>TREAT</b> 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. 4) Good governance recommendations regularly reviewed following governance review in 2020, also new Internal Audit team to engage on governance matters and propose additional recommendations where appropriate	2	22	Damien Pantling	07/02/2023
Reputational Risk	PEN045	↔	Inaccurate information in public domain leads to reputation damage and loss of confidence.	1	1	3	5	3	15	<b>TREAT</b> 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 Meeting every year.	2	10	Damien Pantling	07/02/2023
<b>REGULATORY AND COMPLIANCE RISK</b>														
Regulatory & Compliance Risk	PEN046	↗	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	<b>TREAT</b> 1) Data sharing with partners is end to end encrypted. 2) IT data security policy adhered to. 2) Implementation of and adherence to RBWM information governance policies and data retention schedules 3) Mandatory staff training for new joiners on GDPR data processing which is annually refreshed by all staff as part of performance appraisal process. 4) Administering Authority has an assigned data protection officer responsible for advising on data protection obligations. 5) Data protection compliance checks to be part of internal audit workplan going forward 6) Staff are aware of data breach process	2	22	Damien Pantling	07/02/2023
Regulatory & Compliance Risk	PEN047	↔	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	1	7	3	21	<b>TREAT</b> 1) Fund will respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood. 2) Impact of LGPS (Management of Funds) Regulations 2016 to be monitored. Impact of Regulation on compulsory pooling to be monitored. 3) Officers maintain knowledge of legal framework for routine decisions. 4) Eversheds retained for consultation on non-routine matters. 5) Maintain links with central government and national bodies to keep abreast of national issues. 6) Fund officers to ensure there are regular internal audits and that both internal and external audit recommendations are adhered to	2	14	Damien Pantling	07/02/2023
Regulatory & Compliance Risk	PEN048	↔	Failure to comply with legislative requirements e.g. ISS, FSS, Governance Policy, Freedom of Information requests.	3	3	4	10	2	20	<b>TREAT</b> 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 is an independent scrutiny and assistance function. 3) Compliance with the legislative requirements are reviewed annually through the audit process.	1	10	Damien Pantling	07/02/2023
Regulatory & Compliance Risk	PEN049	↔	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	<b>TREAT</b> 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	Damien Pantling	07/02/2023
Regulatory & Compliance Risk	PEN050	↘	Loss of flexibility to engage with Fund Managers and loss of elective professional status with any or all of the existing Fund managers and counterparties resulting in reclassification. (The Fund is a retail client to counterparties unless opted up).	3	2	2	7	2	14	<b>TREAT</b> 1) More reliance on LPPI to keep Officers and Committee updated, LPPI processing opt-up forms on behalf of the Fund as required. 2) Maintaining up to date information about the fund on relevant platforms. 3) Existing and new Officer appointments subject to requirements for professional qualifications and CPD. 4) MIFID2 regulations to be monitored by fund officers and LPPI.	1	7	Damien Pantling	07/02/2023
Regulatory & Compliance Risk	PEN051	↔	Procurement processes may be challenged if seen to be non-compliant with OJEU rules. Poor specifications lead to dispute. Unsuccessful fund managers may seek compensation following non compliant process.	2	2	3	7	2	14	<b>TOLERATE</b> 1) Pooled funds are not subject to OJEU rules, and most of our funds are in LPPI's pooled vehicles. <b>TREAT</b> 1) For those that are held directly, ensure that assessment criteria remains robust and that full feedback is given at all stages of the procurement process. 2) Ensure that procurement waivers are kept up to date where applicable	1	7	Damien Pantling	07/02/2023



Column Heading	Calculation	Explanation
Risk Group		One of the seven risk categories specified by CIPFA
Risk Ref.		Unique reference "PEN" and unique risk number; i.e.. PEN001
Trending		Illustration identifies trend from the last time the risk register was reviewed (usually the last quarter)
Risk Description		Description of the risk before any treatment or mitigation - the "naked" risk.
Impact: Fund	<b>A</b>	(Score 1 to 5 ) - This is the impact the "naked" or un-treated risk has on the overall fund - usually referring to all assets, all liabilities or the entire fund as a separate legal entity
Impact: Employers	<b>B</b>	(Score 1 to 5 ) - This is the impact the "naked" or un-treated risk has on the individual employers, or groups of employers if applicable - This could be the Unitaries, scheduled bodies, admitted bodies, or a specific individual employer.
Impact: Reputation	<b>C</b>	(Score 1 to 5 ) - This is the impact the "naked" or un-treated risk has on the reputation of the Royal County of Berkshire Pension Fund as an entity in its own right, the Royal Borough of Windsor and Maidenhead as the administering authority, or the LGPS as a whole depending on the nature of the risk.
Impact: Total	<b>A + B + C</b>	(Score 3 to 15) - A sum of the Impact on Fund, Employers and Reputation
Likelihood	<b>D</b>	(Score 1 to 5 ) - This is the likelihood of the "naked" or un-treated risk occurring, or it's probability of occurrence in the absence of any mitigating action
Gross risk score	<b>(A + B + C) x D</b>	(Score 3 to 75) - This is a sum total of the Impact of the risk on the Fund, Employers and Reputation multiplied by the Likelihood of the "naked" or untreated risk occurring
Mitigation actions		These are the actions taken by all interested parties to reduce the likelihood of a risk occurring or eliminate it entirely
Revised Likelihood	<b>E</b>	(Score 1 to 5 ) - This is the revised likelihood of the risk occurring, or it's probability of occurrence following the implementation of any documented mitigation action
Net risk score	<b>(A + B + C) x E</b>	(Score 3 to 75) - This is a sum total of the Impact of the risk on the Fund, Employers and Reputation multiplied by the revised likelihood of the risk occurring following the implementation of any mitigation action
Risk Owner		For the avoidance of doubt, this is the officer responsible for monitoring, reviewing and reporting any changes to the impact or likelihood of the risk allocated to the officers name. Risks are technically all "owned" by the Pension Fund Committee
Reviewed		Date of last review - to be updated following officer review to ensure regular monitoring and tracking of risk impacts and likelihood.

# Equality Impact Assessment

For support in completing this EQIA, please consult the EQIA Guidance Document or contact [equality@rbwm.gov.uk](mailto:equality@rbwm.gov.uk)

www.rbwm.gov.uk



## 1. Background Information

Title of policy/strategy/plan:	Risk Reporting
Service area:	Finance
Directorate:	Pension Fund

### **Provide a brief explanation of the proposal:**

- What are its intended outcomes?
- Who will deliver it?
- Is it a new proposal or a change to an existing one?

13 March 2023 Committee Meeting –

On 6 December 2021, the Pension Fund Committee adopted an updated risk management process based on the 2018 CIPFA framework “Managing risk in the Local Government Pension Scheme”. This updated process was detailed in the Fund’s risk management policy last approved by the Pension Fund Committee on 4 July 2022.

A risk register is now brought to the Pension Fund Committee quarterly for consideration of all known risks and their respective controls/mitigations, this report deals with the regular reporting of the revised risk register to the Pension Fund Committee.

In addition, this report addresses the re-approval of the risk management policy following several proposed revisions to the Risk Appetite Statements for Funding and Investment Risk, following appropriate advice and guidance by LPPI.

## 2. Relevance Check

### **Is this proposal likely to directly impact people, communities or RBWM employees?**

- If Yes, state ‘Yes’ and proceed to Section 3.
- If No, please explain why not, including how you’ve considered equality issues.
- Will this proposal need a EQIA at a later stage? (for example, for a forthcoming action plan)

No, full assessment not required as this report is unlikely to have a specific impact on individuals or groups of people with protected characteristics

If 'No', proceed to 'Sign off'. If unsure, please contact [equality@rbwm.gov.uk](mailto:equality@rbwm.gov.uk)

### 3. Evidence Gathering and Stakeholder Engagement

**Who will be affected by this proposal?**

For example, users of a particular service, residents of a geographical area, staff

**Among those affected by the proposal, are protected characteristics (age, sex, disability, race, religion, sexual orientation, gender reassignment, pregnancy/maternity, marriage/civil partnership) disproportionately represented?**

For example, compared to the general population do a higher proportion have disabilities?

**What engagement/consultation has been undertaken or planned?**

- How has/will equality considerations be taken into account?
- Where known, what were the outcomes of this engagement?

**What sources of data and evidence have been used in this assessment?**

Please consult the [EQIA Evidence Matrix](#) for relevant data. Examples of other possible sources of information are in the Guidance document (Section 2.3).

## 4. Equality Analysis

Please detail, **using supporting evidence**:

- How the protected characteristics below might influence the needs and experiences of individuals, in relation to this proposal.
- How these characteristics might affect the impact of this proposal.

Tick positive/negative impact as appropriate. If there is no impact, or a neutral impact, state 'Not Applicable'.

More information on each protected characteristic is provided in the EQIA Guidance document (available on the intranet).

	Details and supporting evidence	Potential positive impact	Potential negative impact
Age			
Disability			
Sex			
Race, ethnicity and religion			
Sexual orientation and gender reassignment			
Pregnancy and maternity			
Marriage and civil partnership			
Armed forces community			

Socio-economic considerations e.g. low income, poverty			
Children in care/Care leavers			

## 5. Impact Assessment and Monitoring

*If you have not identified any disproportionate impacts and the questions below are not applicable, leave them blank and proceed to Sign Off.*

<p><b>What measures have been taken to ensure that groups with protected characteristics are able to benefit from this change, or are not disadvantaged by it?</b> For example, adjustments needed to accommodate the needs of a particular group</p>
<p><b>Where a potential negative impact cannot be avoided, what measures have been put in place to mitigate or minimise this?</b></p> <ul style="list-style-type: none"> <li>For planned future actions, provide the name of the responsible individual and the target date for implementation.</li> </ul>
<p><b>How will the equality impacts identified here be monitored and reviewed in the future?</b></p>

## 6. Sign Off

<p><b>Completed by:</b> Damien Pantling</p>	<p><b>Date:</b> 18/02/2023</p>
<p><b>Approved by:</b></p>	<p><b>Date:</b></p>

If this version of the EQIA has been reviewed and/or updated:

**Reviewed by:**

**Date:**