

Report Title:	Risk Reporting
Contains Confidential or Exempt Information	No - Part I
Lead Member:	Councillor Simon Bond, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 19 June 2023
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None

www.rbwm.gov.uk



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 13 March 2023

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.

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, suggesting any amendments as required.**

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 (last reviewed July 2022).
- 2.2. As a live document, this risk register (attached at Appendix 1) 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. PEN001 – Moved from trending sideways to trending down, as future return forecasts have improved amid lower investment asset prices
 - 2.3.2. PREVIOUSLY PEN003 – Removed COVID-19 specific risk, instead wrapping up general affects in PEN002 (increased risk to global economic stability – unforeseen events such as global health and conflicts)
 - 2.3.3. PEN007 – Amended risk to focus on failure to perform in line with the rest of the LGPS, as the prior wording of underperformance against a market benchmark would not necessarily result in a wider deficit and higher contributions (provided the actuarial benchmark can be exceeded). In comparing to the wider LGPS, employer contributions can be better benchmarked and this risk can be managed. Also added “Treat” measure to ensure we are monitoring other LGPS funds
 - 2.3.4. PREVIOUSLY PEN008 – Removed risk relating to failure of fund manager, combing this with PEN006 to reflect risk of failure of any third party stakeholder or service provider, not limited to fund managers.
 - 2.3.5. RENUMBERED PEN008 – Moved from trending down to trending up, reflecting that the scope of those members covered by the longevity insurance contract reduces each year through mortality and those retiring outside of its scope. Also reflected as a “tolerate” action that those liabilities held in respect of members not covered by the Longevity insurance contract are exposed to longevity risk (improvements in mortality rates)
 - 2.3.6. PEN009 – Moved from trending up to trending down, reflecting that the scope of liabilities covered by the Longevity insurance contract reduces each year. Other than those affected by the contract, reducing mortality rates is positive for the Fund’s liabilities.
 - 2.3.7. PEN010 – Moved trending up to trending sideways to reflect the fact that economic data suggests that UK inflation has peaked in the near-term and the Bank of England predicts inflation will continue to fall over the longer-term..
 - 2.3.8. PEN019 – Updated risk controls and mitigating actions wording now that the employer covenant review work is complete
 - 2.3.9. PEN028 – Moved from trending sideways to trending up, reflecting recent personnel change and difficulty in backfilling vacant posts.
 - 2.3.10. PEN045 – Removed the treat measure concerning the retention of a legal firm, noting that this arrangement is not currently in place.
- 2.4. All risks that have been removed, from June 2023, are disclosed in the Risk Register for information purposes

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 1 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.

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 has been completed for 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 1 Appendix:

- Appendix 1 – Risk Register

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: Statutory Officers (or deputy)</i>			
Andrew Vallance	Head of Finance (Interim S151 Officer)	05/06/2023	09/06/2023
Elaine Browne	Head of Law and Governance (Interim Monitoring Officer)	05/06/2023	13/06/2023
<i>Deputies:</i>			
Jane Cryer	Principal Lawyer (Litigation) and Deputy Monitoring Officer	05/06/2023	
<i>Other consultees:</i>			
Cllr Simon Bond	Chairman – Berkshire Pension Fund Committee	02/06/2023	
Alan Cross	Chairman – Local Pension Board	02/06/2023	

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



22/05/2023

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					Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk	
				Fund	Employers	Reputation	TOTAL	Owner					Reviewed	
ASSET AND INVESTMENT RISKS														
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	<p>TREAT</p> <p>1) The LPPI/RCBPF Advisory Management Agreement (AMA) clearly states expectations in terms of investment performance targets.</p> <p>2) Investment manager performance is reviewed by LPPI and the committee on a quarterly basis with action taken as necessary.</p> <p>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</p> <p>4) Portfolio rebalancing is considered on a regular basis by the Pension Fund Committee.</p> <p>5) The Fund's investment management structure is highly diversified, which lessens the impact of manager risk compared with less diversified structures.</p> <p>6) Target return (actuarial) benchmark revised for monitoring from March 2023, above the actuarial discount rate</p> <p>TOLERATE</p> <p>1) The actuarial assumptions regarding asset performance are regarded as achievable over the long term in light of historical data.</p>	2	24	Damien Pantling	22/05/2023
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	<p>TREAT</p> <p>1) Maintaining a well diversified portfolio with significant allocation to both public and private markets, a variety of asset classes and a variety of geographical locations.</p> <p>2) Routinely receiving market updates from LPPI and independent advisors and acting upon the recommendations where appropriate - such as issuing additional/new guidance/instruction to LPPI.</p> <p>3) Examining portfolio at an individual investment level to fully understand exposure to effected regions and reacting as appropriate.</p>	2	18	Damien Pantling	22/05/2023
Asset & Investment Risk	PEN003		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	<p>TREAT</p> <p>1) Volatility is reduced through having a relatively low exposure to UK equities and is well diversified with a significant safe-haven focus.</p> <p>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</p> <p>3) Examining portfolio at an individual investment level to fully understand exposure to effected regions and reacting as appropriate.</p>	2	18	Damien Pantling	22/05/2023
Asset & Investment Risk	PEN004		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	<p>TREAT</p> <p>1) Published ISS in relation to published best practice (e.g. Stewardship Code) .</p> <p>2) Ensure fund managers are encouraged to engage and to follow the requirements of the published ISS.</p> <p>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.</p> <p>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.</p> <p>5) Officers regularly attend training events on ESG and TCFD regulations to ensure stay up to date with latest guidance.</p> <p>6) LPPI manage the funds investments and have their own strict ESG policies in place which align with those of the fund.</p>	2	18	Damien Pantling	22/05/2023
Asset & Investment Risk	PEN005		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	<p>TREAT</p> <p>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.</p>	1	11	Damien Pantling	22/05/2023
Asset & Investment Risk	PEN006		Financial failure of third party supplier including fund managers results in service impairment, financial loss, value and confidence loss, increased costs.	5	4	1	10	2	20	<p>TREAT</p> <p>1) Performance of third parties (other than fund managers) regularly monitored by Fund officers and the Pension Fund Committee.</p> <p>2) Regular meetings and conversations with global custodian take place.</p> <p>3) Actuarial services and investment management are provided by different providers.</p> <p>4) Review of internal control reports on an annual basis and regular Internal Audits are undertaken (at least annually)</p> <p>5) Credit rating kept under review through procurement processes.</p> <p>6) Fund is reliant upon current adequate contract management activity overseen by our investment managers LPPI.</p> <p>7) Fund is reliant upon alternative suppliers at similar prices being found promptly.</p>	1	10	Damien Pantling	22/05/2023
Asset & Investment Risk	PEN007		Global investment markets fail to perform in line with expectations (market benchmark) leading to deterioration in funding levels and increased contribution requirements from employers compared to the rest of the LGPS.	3	5	2	10	2	20	<p>TREAT</p> <p>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.</p> <p>2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal risk asset allocation.</p> <p>3) Full wholistic strategy review takes place every three years in line with the actuarial valuation.</p> <p>4) Investment strategy reviewed every year and LPPI undertake a health-check more frequently if required.</p> <p>5) Asset allocations and strategies of other LGPS funds is monitored routinely to determine best practice</p>	1	10	Damien Pantling	22/05/2023
LIABILITY RISKS														
Liability Risk	PEN008		Scheme members live longer than expected leading to higher than expected liabilities.	5	5	1	11	2	22	<p>TREAT</p> <p>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.</p> <p>TOLERATE</p> <p>1) 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, consideration of liability matching)</p>	1	11	Damien Pantling	22/05/2023
Liability Risk	PEN009		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	<p>TOLERATE</p> <p>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.</p> <p>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.</p>	2	22	Damien Pantling	22/05/2023
Liability Risk	PEN010		Long-term price inflation is significantly more than anticipated in the actuarial assumptions.	5	5	1	11	3	33	<p>TREAT</p> <p>1) Ensure sizeable holding in real assets (infrastructure and property) which generally act as protection against inflation.</p> <p>2) The fund's material allocation to equity will provide a degree of protection against inflation, both in dividend income and capital appreciation</p> <p>3) The actuary has taken a prudent view on inflation through the valuation process.</p> <p>4) Material deviations (unexpected increases in inflation) and their impacts are modelled by the actuary through stress test analysis.</p>	2	22	Damien Pantling	22/05/2023



22/05/2023

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					Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk	
				Fund	Employers	Reputation	TOTAL	Owner					Reviewed	
LIABILITY RISKS (CONTINUED)														
Liability Risk	PEN011	↔	Employee pay increases are significantly more than anticipated for employers within the Fund.	3	4	2	9	2	18	<p>TOLERATE</p> <p>1) Fund employers should monitor own experience and communicate with the Fund as appropriate</p> <p>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.</p> <p>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).</p> <p>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.</p>	2	18	Damien Pantling	22/05/2023
Liability Risk	PEN012	↗	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	<p>TREAT</p> <p>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.</p> <p>2) Actuary made prudent assumptions about diminishing workforce when carrying out the 2022 triennial actuarial valuation and will do so for future valuations</p> <p>3) Review maturity of scheme at each triennial valuation.</p> <p>4) 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.</p>	2	16	Damien Pantling	22/05/2023
Liability Risk	PEN013	↔	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	<p>TOLERATE</p> <p>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.</p>	2	14	Damien Pantling	22/05/2023
Liability Risk	PEN014	↘	Impact of increases to employer contributions following the 2025 actuarial valuation.	4	5	3	12	3	36	<p>TREAT</p> <p>1) Officers to consult and engage with employer organisations in conjunction with the actuary.</p> <p>2) Actuary will assist where appropriate with stabilisation and phasing in processes.</p> <p>TOLERATE</p> <p>1) For 2022 valuation (affecting contributions 2023-2026), 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</p>	2	24	Damien Pantling	22/05/2023
Liability Risk	PEN015	↔	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	<p>TREAT</p> <p>1) Cashflow forecast maintained and monitored regularly.</p> <p>2) Cashflow requirement is significant factor in the Fund's Investment Strategy Statement</p> <p>3) Maintain a material level of cash held within a short duration bond fund, which allows access at short notice.</p>	1	12	Damien Pantling	22/05/2023
Liability Risk	PEN016	↗	Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy.	5	3	3	11	2	22	<p>TREAT</p> <p>1) Active investment strategy and asset allocation monitoring by LPPI, overseen by Pension Fund Committee, officers and independent advisors.</p> <p>2) Strategic asset allocation review undertaken at regular intervals (last at March 2023)</p> <p>3) Setting of Fund specific benchmark relevant to the current position of fund liabilities approved at each Triennial valuation</p> <p>4) Fund manager targets set and based on market benchmarks or absolute return measures. Overall investment benchmark and out-performance target is fund specific.</p>	1	11	Damien Pantling	22/05/2023
Liability Risk	PEN017	↔	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	<p>TREAT</p> <p>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.</p>	1	10	Damien Pantling	22/05/2023
Liability Risk	PEN018	↔	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	<p>TREAT</p> <p>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.</p>	1	10	Damien Pantling	22/05/2023
EMPLOYER RISK														
Employer Risk	PEN019	↔	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	<p>TREAT</p> <p>1) Employer covenant risk assessment was conducted by BW in 2023 using 2022 valuation data. 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. Fund officers are in contact with the employers flagged through this review</p> <p>2) 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.</p> <p>3) Where appropriate seek to agree support from the relevant Local Authority.</p> <p>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</p>	2	24	Damien Pantling	22/05/2023
Employer Risk	PEN020	↔	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	<p>TREAT</p> <p>1) Transferee admission bodies (term no longer used) were required to have bonds or guarantees in place at time of signing the admission agreement.</p> <p>2) Regular monitoring of employers and follow up of expiring bonds.</p> <p>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.</p> <p>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</p>	1	11	Damien Pantling	22/05/2023
Employer Risk	PEN021	↔	Risk of unexpected employer contributions (primary and secondary) 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	<p>TREAT</p> <p>1) Employer contributions communicated at every triennial valuation setting levels for the following 3 years in the Rates & Adjustment certificate</p> <p>2) For largest employers, regular communication on likely contribution increases for budget planning purposes outside of triennial valuation process</p> <p>3) Early communication with any employer experiencing payment delays or similar issues</p> <p>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</p> <p>TOLERATE</p> <p>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</p>	2	22	Damien Pantling	22/05/2023



22/05/2023

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					Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk	
				Fund	Employers	Reputation	TOTAL	Owner					Reviewed	
RESOURCE AND SKILL RISK														
Resource & Skill Risk	PEN022		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	TREAT 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	22/05/2023
Resource & Skill Risk	PEN023		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	TREAT 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	22/05/2023
Resource & Skill Risk	PEN024		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	TREAT 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	22/05/2023
Resource & Skill Risk	PEN025		McCloud remedy will generate considerable additional workloads for the team resulting in potential resource concerns.	3	3	2	8	4	32	TREAT 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	22/05/2023
ADMINISTRATIVE AND COMMUNICATIVE RISK														
Administrative & Communicative Risk	PEN026		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	TREAT 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 from 1 April 2023, moving way from Gilt yields to "prudence plus" protecting the Fund in a higher rate environment	2	20	Damien Pantling	22/05/2023
Administrative & Communicative Risk	PEN027		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	TREAT 1) Training provided as and when Regulations are updated. 2) Competent software provider maintains up to date systems. 3) Competent external consultants and advisors. 4) Comprehensive policy in place on reporting suspected breaches of the law, informing internal stakeholders on process to minimise legal challenge in unlikely event of breach or suspected breach	1	13	Damien Pantling	22/05/2023
Administrative & Communicative Risk	PEN028		Administrators do not have sufficient staff or skills to manage the service leading to poor performance and complaints.	3	2	3	8	3	24	TREAT 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	22/05/2023
Administrative & Communicative Risk	PEN029		Failure of pension payroll system resulting in pensioners not being paid in a timely manner.	5	5	5	15	2	30	TREAT 1) System hosted and backed up in two separate locations. 2) Re-issue previous months BACS file in extreme circumstances.	1	15	Damien Pantling	22/05/2023
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	13	TREAT 1) Fund undertakes annual data quality exercise required by and reported to TPR. 2) Implementation of I-Connect to enable employers to submit membership data in real time. 3) Fund makes further data checks as part of year end processing. 4) Testing of Annual Pension Increase by senior officers begins immediately once Pension Increase Order issued and immediately uploaded to test system. 5) Fund undertakes additional data cleansing exercise with the actuary ahead of the triennial valuation. 6) Mortality screening checks undertaken as reported in Risk 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	Damien Pantling	22/05/2023
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	1	12	TREAT 1) Database hosted off-site and backed up in 2 separate locations every day. 2) Access to systems is limited to a defined number of users via dual password and user identification. 3) Data transferred is encrypted. 4) Compliant with RBWM data protection and IT policies. 5) No papers, files all managed via image and system documentation generation. 6) Confidential waste disposed of in line with RBWM policy.	1	12	Damien Pantling	22/05/2023



22/05/2023

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					Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk	
				Fund	Employers	Reputation	TOTAL	Owner					Reviewed	
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	2	5	11	3	33	<p>TREAT</p> <p>1) Fund to consider developing its own cyber security risk policy.</p> <p>2) System provider has robust accredited solutions in place to ensure any cyber-attack can be identified and prevented.</p> <p>3) Fund shares cyber security systems with the administering authority, these are well funded and up to date.</p> <p>4) Fund to engage consultancy in due course to independently test systems and recommend any further cyber security measures to implement.</p> <p>5) Administering authority engages in system penetration checks annually, fund to utilise this service going forward with specific checks in fund IT systems.</p> <p>6) New internal auditors appointed by administering authority, major focus on IT security going forward and recommendations to come out of internal audits.</p> <p>7) Mandatory staff training for new joiners on cyber security which is annually refreshed by all staff as part of performance appraisal process.</p>	2	22	Damien Pantling	22/05/2023
Administrative & Communicative Risk	PEN033		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	<p>TREAT</p> <p>1) Fund undertakes National Fraud Initiative (NFI) biannually.</p> <p>2) Fund is a registered adopter of the Governments Tell Us Once (TUC) service, receives notification of deaths registered with GRO instantly.</p> <p>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.</p> <p>4) Regulatory control reports from investment managers and the custodian are obtained.</p> <p>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</p> <p>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.</p>	1	10	Damien Pantling	22/05/2023
Administrative & Communicative Risk	PEN034		Payments continue to be made incorrectly at a potential cost to the Pension Fund. Distress caused to dependents.	3	3	4	10	2	20	<p>TREAT</p> <p>1) The fund undertakes a monthly mortality screening exercise.</p> <p>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.</p> <p>3) The fund participates in the biannual National Fraud Initiative (NFI).</p> <p>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.</p> <p>5) Fund immediately suspends payment of monthly pension on return of a rejected payment.</p>	1	10	Damien Pantling	22/05/2023
Administrative & Communicative Risk	PEN035		Inability to respond to a significant event leads to prolonged service disruption and damage to reputation.	1	2	5	8	2	16	<p>TREAT</p> <p>1) Fund has a business continuity plan.</p> <p>2) Systems hosted and backed up off-site in 2 locations.</p> <p>3) All officers have the ability to work from home or any location where secure internet access is available.</p>	1	8	Damien Pantling	22/05/2023
Administrative & Communicative Risk	PEN036		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	<p>TREAT</p> <p>1) Fund closely monitors receipts of contributions and will chase any employer that is late in making a payment.</p> <p>2) A notice of unsatisfactory performance will be sent to a Scheme employer who regularly misses the statutory deadline for payment.</p> <p>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.</p> <p>4) Large employers (unitaries) have opted to pay secondary contributions in advance.</p>	1	13	Damien Pantling	22/05/2023
Administrative & Communicative Risk	PEN037		Failure to communicate properly with stakeholders leading to Scheme members being unaware of the benefits the Scheme provides so take bad decisions and Scheme employers being unaware of their statutory responsibilities and duties in maintaining the Scheme for their employees.	4	4	2	10	2	20	<p>TREAT</p> <p>1) Fund has a Communication policy and a dedicated Communications Manager.</p> <p>2) Pension Fund website is maintained to a high quality standard.</p> <p>3) Fund provides all active, deferred and retirement scheme members secure online access to view and model their benefits according to status.</p> <p>4) Quarterly bulletins issued to Scheme employers providing details of any and all scheme updates.</p> <p>5) Training provided for Scheme employers.</p> <p>6) Newsletters available to all active, deferred and retired scheme members.</p> <p>7) Guides, factsheets and training notes are provided as relevant.</p>	1	10	Damien Pantling	22/05/2023
Administrative & Communicative Risk	PEN038		Lack of guidance and process notes leads to inefficiency and errors.	3	3	1	7	2	14	<p>TREAT</p> <p>1) Desktop procedures have been written for all administrative tasks and are kept under review.</p> <p>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.</p> <p>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.</p>	1	7	Damien Pantling	22/05/2023
Administrative & Communicative Risk	PEN039		Failure to identify GMP liability leads to ongoing costs for the pension fund.	5	2	1	8	2	16	<p>TREAT</p> <p>1) Fund has carried out and completed a GMP reconciliation against all pensions in payment.</p> <p>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.</p>	1	8	Damien Pantling	22/05/2023
Administrative & Communicative Risk	PEN040		Loss of office premises due to fire, bomb, flood etc. leading to temporary loss of service.	5	5	4	14	2	28	<p>TREAT</p> <p>1) All staff are now able to work remotely.</p> <p>2) A business continuity plan is in place.</p> <p>3) Systems are cloud hosted and backed up.</p>	1	14	Damien Pantling	22/05/2023



22/05/2023

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					Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood		Net Risk	
				Fund	Employers	Reputation	TOTAL							Owner	Reviewed
REPUTATIONAL RISK															
Reputational Risk	PEN041	↔	Financial loss of cash investments from fraudulent activity.	3	3	5	11	2	22	TREAT 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	22/05/2023	
Reputational Risk	PEN042	↘	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	TREAT 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	22/05/2023	
Reputational Risk	PEN043	↔	Inaccurate information in public domain leads to reputation damage and loss of confidence.	1	1	3	5	3	15	TREAT 1) Ensure that all requests for information (Freedom of Information, member and public questions at Council, etc.) are managed appropriately and that Part 2 Exempt items remain so. 2) Maintain constructive relationships with employer bodies, our communications team and LPPI's press team to ensure that news is well managed. 3) Hold Annual General Meeting every year for members and employers	2	10	Damien Pantling	22/05/2023	
REGULATORY AND COMPLIANCE RISK															
Regulatory & Compliance Risk	PEN044	↗	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	TREAT 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	22/05/2023	
Regulatory & Compliance Risk	PEN045	↔	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	TREAT 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 closely monitored. 3) Officers maintain knowledge of legal framework for routine decisions. 4) Maintain links with central government and national bodies to keep abreast of national issues. 5) Fund officers to ensure there are regular internal audits and that both internal and external audit recommendations are adhered to	2	14	Damien Pantling	22/05/2023	
Regulatory & Compliance Risk	PEN046	↔	Failure to comply with legislative requirements e.g. ISS, FSS, Governance Policy, Freedom of Information requests.	3	3	4	10	2	20	TREAT 1) Publication of all documents on external website and all appointed managers expected to comply with ISS and investment manager agreements. 2) Local Pensions Board acts as an independent scrutiny and assistance function. 3) Compliance with the legislative requirements are reviewed annually through the audit process.	1	10	Damien Pantling	22/05/2023	
Regulatory & Compliance Risk	PEN047	↔	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	TREAT 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	22/05/2023	
Regulatory & Compliance Risk	PEN048	↘	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	TREAT 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	22/05/2023	
Regulatory & Compliance Risk	PEN049	↔	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	TOLERATE 1) Pooled funds are not subject to OJEU rules, and most of our funds are in LPPI's pooled vehicles. TREAT 1) For those funds 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	22/05/2023	
DELETED RISKS (RISK REF. refers to its reference in the last report before deletion)															
Asset & Investment Risk	PEN003	REMOVED JUNE 2023	The global outbreak of COVID-19 poses economic uncertainty across the global investment markets.	3	3	2	8	3	24	TREAT 1) Routinely receiving market updates from independent advisors and acting upon the recommendations as appropriate TOLERATE 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	PEN008	REMOVED JUNE 2023	Financial failure of a fund manager leads to value reduction, increased costs and impairment.	4	3	3	10	2	20	TREAT 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	

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	A	(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	(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	C	(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	A + B + C	(Score 3 to 15) - A sum of the Impact on Fund, Employers and Reputation
Likelihood	D	(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	(A + B + C) x D	(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	E	(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	(A + B + C) x E	(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.

CIPFA risk categories	Types of risk for category	Description of risk
Asset and Investment Risk	<ul style="list-style-type: none"> Asset/liability mismatch risk inflation risk concentration risk investment pooling risk illiquidity risk currency risk manager underperformance risk transition risk counterparty default risk 	<p>the risk that pension fund assets do not grow in line with the developing cost of pension fund liabilities due to unexpected inflation increases the fund is unable to grow at the same rate as the increasing liabilities fund not sufficiently diversified and therefore has large exposure to one asset category/sub category/fund/security brings with it several new risks, one of the major risks being transition risk fund cannot meet short term liabilities due to not being sufficiently liquid</p> <p>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</p>
Liability Risk	<ul style="list-style-type: none"> financial demographic 	<p>assumptions based on inflation, discount rate, or salary increases turns out to be different to expected resulting in increased liabilities longevity, early retirement, ill-health retirement, regulatory risk</p>
Employer Risk	<ul style="list-style-type: none"> participating bodies 	<p>risks may arise related to individual bodies within the overall pension fund - funding risks, security risks, membership risks</p>
Resource and Skill Risk	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> failure of ICT over reliance on/loss of key staff data quality collaboration third party provider under-performance data protection cyber threats 	<p>may result in inability to make payments, monitor investments, collect income, communicate with stakeholders</p> <p>especially important is to note that bad data can lead to inefficiencies and waste working across different teams/partnerships fails or become inefficient payroll/pensions administrator/investment advisor/consultant not performing to expected standards leading to problems around inefficiencies or poor decision making GDPR</p>
Reputational Risk		
Regulatory and Compliance Risk	<ul style="list-style-type: none"> non-compliance with new or old piece of legislation or guidance that is issued 	

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

Control	Details required
Terminate	Stop what is being done.
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.
Tolerate	Do nothing because the cost outweighs the benefits and/or an element of the risk is outside our control.

Column Heading	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 (A)	(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)	(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 (C)	(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 (A+B+C)	(Score 3 to 15) - A sum of the Impact on Fund, Employers and Reputation.
Likelihood (D)	(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 ((A+B+C)xD)	(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 (E)	(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 ((A+B+C)xD)	(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.