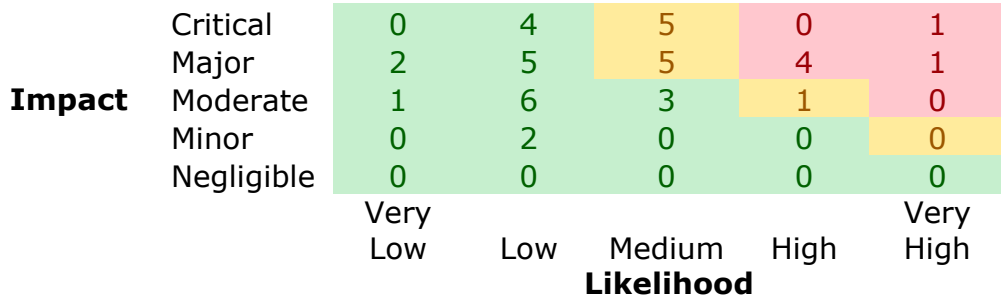


| Ref | Risk Theme | Action / Update | Jan-23 | Apr-23 |
|------|---|---|--------|--------|
| RT4 | The Fund Investment Strategy is not appropriate to meet the Funds liabilities and cash flow requirements. | Investment Strategy has been reviewed and advice confirms that the Fund is in a very strong position regarding future funding levels. Property Manager procurement specification will reflect the Fund requirements regarding income and cashflow. | Green | Green |
| RT5 | Insufficient resources to comply with the Administering Authority's Regulatory responsibilities and ability to deliver the business plan. | There is currently a vacancy with work being prioritised and managed across team members. External advice to be provided to consider the changing LGPS landscape and the management of conflicts, key person risks in certain areas, knowledge and training requirements, resourcing, delegations and accountabilities. A number of consultations are expected in 2023/24 along with the Pension Regulator combined code of practice which will assist with understanding of obligations. | Amber | Amber |
| RT6 | Poor quality data resulting in error and misstatement. | Positive feedback from Hyman on improvements in data. Data improvement included within Fund Business Plan for 2023/24. Risk rating reflects impact at whole fund level. | Green | Green |
| RT7 | Officer, Committee and Board knowledge and understanding resulting in poor decision making, disengagement on key issues and loss of professional investor status. | Training provision reviewed and amended to reflect membership and needs of Committee and Board. Vacancy for employer and member representatives on Pension Advisory Board and active recruitment is underway. | Amber | Amber |
| RT9 | Failure to secure value for money through managing contracts with third parties | Two significant procurements due in 23/24. Procurement and Legal teams within WSCC have been engaged to assist with process and ensure compliance and value for money. | Green | Green |
| RT11 | Conflict of interest for members and employers | Specific Pension Fund Conflict of Interest Policy will be required following implementation of SAB Good Governance project. Consultation on guidance expected in 2023/24. | Green | Green |
| RT12 | Increase in variety and number of employers participating in the Scheme resulting in risk of non-compliance with obligations. | Numbers of employers have consistently increased year on year. Review of current processes to ensure efficiency planned. 2023/24 Business Plan includes objective regarding engagement with employers. | Amber | Green |

| Ref | Risk Theme | Action / Update | Jan-23 | Apr-23 |
|------|---|---|--------|--------|
| RT13 | There is a risk of a successful cyber attack directly from external threats; or indirectly as a consequence of members or staff falling prey to social engineering or phishing attacks. The potential outcome may lead to service disruption, financial or data loss. | <p>Cyber security is one of the risks on the County Council Pension Fund and applies to the Pension Fund.</p> <p>Officers are taking appropriate advice in considering how risk can be managed/mitigated.</p> <p>Liaising with internal IT team and external providers, including Hampshire County Council to understand procedures in the event of cyber attack and gain continuing assurance on the actions and mitigations in place.</p> | Red | Red |
| RT14 | Fund not able to implement changes required as a result of McCloud judgement due to insufficient resources, incomplete information held by employers and continued delay from Government on remedy. | <p>Awaiting Government consultation on remedy.</p> <p>Employers have provided data returns to the admin team.</p> <p>Admin team are increasing resource based on their understanding of requirements.</p> | Amber | Amber |
| RT15 | Ability of asset pool to allow participating authorities to execute their locally decided investment strategies. | <p>All liquid assets are now invested via the ACCESS ACS.</p> <p>Officers actively participating at all levels of the pool to ensure that local requirements are understood and considered.</p> <p>Consultation on pooling expected.</p> | Amber | Amber |
| RT16 | Political environment (locally or nationally) impacts on funding and/or investment strategy | <p>Awaiting changes to regs on Exit Cap, McCloud etc. along with various consultations.</p> <p>Full impact is difficult to quantify until further information/guidance is received from Government and Scheme Advisory Board.</p> <p>Representatives on the Pensions Committee are not appointed to represent the body appointing them or of which they are a member nor any political or personal interest.</p> | Amber | Amber |
| RT17 | Reliance on one contract for majority of investment management through the pool. | <p>Officers continue to engage with the ACCESS Support Unit over the management of the contract with the Operator.</p> <p>Officers are supporting delivery of the ACCESS business plan in preparation for, and the commencement of, the reprocurement of operator services.</p> <p>2023/24 is the penultimate year of the Operator Agreement.</p> | Red | Amber |

| Ref | Risk Theme | Action / Update | Jan-23 | Apr-23 |
|------|--|---|--------|--------|
| RT18 | Climate risk has the potential to impact Pension Fund investment returns, inflation and life expectancies. | Task Force on Climate Related Financial Disclosures consultation responded to in autumn. Awaiting outcome. Engagement with managers and consultants to understand Fund exposure to risk. | | Amber |

Risk Overview



| | |
|-------|----|
| Green | 23 |
| Amber | 11 |
| Red | 6 |

| Risk No | Risk Description | Risk Owner | Risk Impact | Initial Impact Score | Initial Likelihood Score | Initial Score | Risk Strategy | Target Impact Score | Target Likelihood Score | Target Score | Risk Control/Action | Risk Update | 23/24 Impact Score | 23/24 Likelihood Score | 23/24 Score | 23/24 RAG Status |
|---------|--|--|---|----------------------|--------------------------|---------------|---------------|---------------------|-------------------------|--------------|--|--|--------------------|------------------------|-------------|------------------|
| PEN 1 | Insufficient funds to meet pension obligations resulting in higher employer contribution rates i.e. cash injection | Director of Finance and Support Services | <ol style="list-style-type: none"> Increase in Council Tax or budget reductions Employers unable to meet Pension obligations Default by Employers resulting in liabilities being funded by remaining active employers in the Scheme | 4 | 3 | 12 | Treat | 4 | 2 | 8 | <p>Prudent assumptions based on real returns on assets and bespoke mortality assumptions used when setting employer contribution rates.</p> <p>Modelling work undertaken regularly to monitor fund performance against its assumptions.</p> <p>Modelling work undertaken to understand the impact of contribution rate strategy.</p> <p>Monitor, maintain and review the Investment Strategy Statement and Funding Strategy Statement.</p> <p>Regularly review investment performance and funding levels.</p> <p>Monitor and review the cash flow of the Fund.</p> | <p>Regular cashflow planning built into work plans.</p> <p>Investment Strategy has been reviewed and advice confirms that the Fund is in a very strong position regarding future funding levels.</p> <p>Property Manager procurement needs to be completed by 31 March 2024. Specification will reflect the Fund requirements regarding income and cashflow.</p> | 4 | 2 | 8 | GREEN |
| PEN 2 | Funding level falls below 90% funded resulting in the Fund considering changing to a higher risk investment strategy | Director of Finance and Support Services | <ol style="list-style-type: none"> Higher volatility of investments returns leading to changes in employer contribution rates and potential increase in Council Tax or budget reductions Adverse publicity, reputational damage Employers unable to plan and budget in the medium term Default by Employers resulting in liabilities being funded by remaining active employers in the Scheme | 4 | 2 | 8 | Treat | 4 | 1 | 4 | <p>Monitor, maintain and review the investment strategy including parameters for any re-risking.</p> <p>Monitor and review the investment manager performance and processes.</p> <p>Regularly review investment performance and funding levels.</p> <p>Monitor, maintain and review the Investment Strategy Statement and Funding Strategy Statement.</p> <p>Modelling work undertaken regularly to monitor fund performance against its assumptions.</p> | <p>Prudent assumptions adopted by the Fund Actuary.</p> <p>2022 valuation complete with increase in funding level to 125%.</p> <p>Investment Strategy has been reviewed and advice confirms that the Fund is in a very strong position regarding future funding levels.</p> | 4 | 1 | 4 | GREEN |

| Risk No | Risk Description | Risk Owner | Risk Impact | Initial Impact Score | Initial Likelihood Score | Initial Score | Risk Strategy | Target Impact Score | Target Likelihood Score | Target Score | Risk Control/Action | Risk Update | 23/24 Impact Score | 23/24 Likelihood Score | 23/24 Score | 23/24 RAG Status |
|---------|---|--|--|----------------------|--------------------------|---------------|---------------|---------------------|-------------------------|--------------|---|--|--------------------|------------------------|-------------|------------------|
| PEN 3 | Employer contribution rates fluctuate between actuarial valuations due to membership experience | Director of Finance and Support Services | <ol style="list-style-type: none"> 1. Increase in Council Tax 2. Default by Employers resulting in liabilities being funded by remaining active employers in the Scheme 3. Employers unable to meet Pension obligations 4. Employers are unable to plan and budget in the medium term 5. Adverse publicity, reputational damage | 4 | 2 | 8 | Treat | 3 | 2 | 6 | <p>The Pension Fund pools certain employers to help manage fluctuations in contribution rates.</p> <p>The Pension Fund has also adopted a policy of stabilisation for large, secure employers i.e. contribution rates move within a threshold level reviewed at the Valuation.</p> <p>Strain costs are monitored and each employer has an ill health budget. Ill health insurance is offered to all employers.</p> <p>Regularly review investment performance and funding levels.</p> <p>Monitor, maintain and review the Investment Strategy Statement and Funding Strategy Statement.</p> | <p>Prudent assumptions adopted by the Fund Actuary.</p> <p>Most employers received a reduction in contribution rates following 2022 valuation.</p> <p>Funding Strategy Statement sets out how the Fund will manage contribution rates to reduce risk of rate fluctuation.</p> <p>Employer contribution rates may be amended by the Fund between valuations for any "significant change" to the liabilities or covenant of an employer.</p> | 3 | 1 | 3 | GREEN |

| Risk No | Risk Description | Risk Owner | Risk Impact | Initial Impact Score | Initial Likelihood Score | Initial Score | Risk Strategy | Target Impact Score | Target Likelihood Score | Target Score | Risk Control/Action | Risk Update | 23/24 Impact Score | 23/24 Likelihood Score | 23/24 Score | 23/24 RAG Status |
|---------|---|--|--|----------------------|--------------------------|---------------|---------------|---------------------|-------------------------|--------------|--|--|--------------------|------------------------|-------------|------------------|
| PEN 4 | Employer no longer actively participating in the Scheme but deficit/surplus exists. | Director of Finance and Support Services | <ol style="list-style-type: none"> Employers unable to meet Pension obligations Default by Employers resulting in liabilities being funded by remaining active employers in the Scheme Adverse publicity, reputational damage | 4 | 3 | 12 | Treat | 4 | 1 | 4 | <p>Covenant review at least every three years and contributions set on the basis of an employers ongoing participation in the fund and their security.</p> <p>Admission Agreements are regularly reviewed and enhanced by external advisers to reflect best practice and current Regulations and set out the employer obligations clearly.</p> <p>Bond / Guarantee Agreements in place which clearly set out level of a funding guarantee from another scheme employer, external body or government agency.</p> <p>Monitor, maintain and review the Investment Strategy Statement and Funding Strategy Statement.</p> <p>Membership changes are monitored regularly and employer costs, such as early retirement and ill health early retirement, are charged to an employer as appropriate.</p> | <p>Prudent assumptions adopted by the Fund Actuary.</p> <p>Admission process amended to reflect exit credit policy.</p> <p>Funding Strategy Statement revised to set out Fund approach to exiting employers.</p> <p>Work being undertaken to engage with employers to understand contractual position on exit.</p> | 3 | 2 | 6 | GREEN |

| Risk No | Risk Description | Risk Owner | Risk Impact | Initial Impact Score | Initial Likelihood Score | Initial Score | Risk Strategy | Target Impact Score | Target Likelihood Score | Target Score | Risk Control/Action | Risk Update | 23/24 Impact Score | 23/24 Likelihood Score | 23/24 Score | 23/24 RAG Status |
|---------|---|--|--|----------------------|--------------------------|---------------|---------------|---------------------|-------------------------|--------------|---|--|--------------------|------------------------|-------------|------------------|
| PEN 5 | Declining membership numbers from some employers | Director of Finance and Support Services | <ol style="list-style-type: none"> Employers unable to meet Pension obligations Benefit payments are higher than contribution income Default by Employers resulting in liabilities being funded by remaining active employers in the Scheme | 4 | 3 | 12 | Treat | 4 | 3 | 12 | <p>Membership numbers are monitored regularly and employers with low membership are contacted.</p> <p>Employers are required to pay additional contributions wherever an employee retires before attaining this age.</p> <p>Monitor, maintain and review the Investment Strategy Statement and Funding Strategy Statement.</p> <p>Engagement with employers to ensure workforce changes are identified at an early stage.</p> <p>Communication with employees of employers in the Fund setting out the benefits of the Scheme.</p> <p>Monitor and review the cash flow of the Fund.</p> | <p>Prudent assumptions adopted by the Fund Actuary.</p> <p>Improvements in data quality has provided more robust review and challenge.</p> <p>Increase in cost of living placing pressure on members prioritising expenditure.</p> <p>2023/24 Business Plan includes objective regarding engagement with members and employers.</p> | 3 | 3 | 9 | GREEN |
| PEN 9 | The Pension Fund does not provide a clear and suitable investment strategy for selection of investments | Director of Finance and Support Services | <ol style="list-style-type: none"> Volatility of investment returns and/or net performance impacting the funding level. The fund is unable to implement its investment strategy or choose best in class or appropriate managers. The fund takes on more risk than appropriate Negative impact on officer time and resources The funding level of the fund reduces | 5 | 2 | 10 | Treat | 5 | 1 | 5 | <p>Monitor, maintain and review the Investment Strategy Statement</p> <p>Investment performance is monitored quarterly against the performance of the fund-specific benchmark and the returns assumed in the actuarial valuation.</p> <p>Investment Managers held to account at Committee meetings.</p> <p>Investment documentation clearly set out the required benchmark and targets.</p> <p>The Fund takes appropriate advice from professional advisors</p> | <p>Asset liability modelling was been carried out as part of valuation.</p> <p>Monitoring implementation against current investment strategy.</p> <p>Investment Strategy Statement reviewed.</p> <p>Property Manager procurement needs to be completed by 31 March 2023. Specification will reflect the Fund requirements regarding income and cashflow.</p> | 5 | 2 | 10 | GREEN |

| Risk No | Risk Description | Risk Owner | Risk Impact | Initial Impact Score | Initial Likelihood Score | Initial Score | Risk Strategy | Target Impact Score | Target Likelihood Score | Target Score | Risk Control/Action | Risk Update | 23/24 Impact Score | 23/24 Likelihood Score | 23/24 Score | 23/24 RAG Status |
|---------|--|--------------------------------|---|----------------------|--------------------------|---------------|---------------|---------------------|-------------------------|--------------|---|---|--------------------|------------------------|-------------|------------------|
| PEN 29 | The benefits payable each month are more than the income received each month | Pension Fund Strategist | <ol style="list-style-type: none"> On a short term basis the Fund is not able to pay benefits or has to borrow money Inability to meet liabilities Need to recall monies from Investment Managers resulting in a loss of investment returns or sale of assets | 4 | 3 | 12 | Treat | 3 | 2 | 6 | <p>Cashflow monitor and projections implemented and reviewed on a monthly basis</p> <p>Work with Actuary to ensure long term planning of cash flow</p> <p>Investment strategy includes changing cash flow requirements and specific allocation to income generating assets.</p> <p>Regular meetings with Treasury Management team to discuss cash balances</p> | <p>Investment Strategy reviewed following valuation to ensure any reductions in contribution rates are sufficiently mitigated through investment in income generating assets.</p> <p>Property Manager procurement needs to be completed by 31 March 2023. Specification will reflect the Fund requirements regarding income and cashflow.</p> | 3 | 3 | 9 | GREEN |
| PEN 8 | Pension Fund accounts not accurately maintained | Finance Manager - Pension Fund | <ol style="list-style-type: none"> Adverse Audit opinion Under/overstatement of investments Investment decisions made on incorrect information resulting in higher risk Adverse publicity, reputational damage Negative impact on officer time and resources Pension information within employers accounts needing to be restated | 4 | 3 | 12 | Treat | 4 | 2 | 8 | <p>Detailed reconciliations are carried out on a regular basis.</p> <p>Plan to close down accounts with timetable including robust quality assurance.</p> <p>Ensure staff are trained appropriately</p> <p>Maintain a good working relationship with the Actuary and auditors.</p> <p>Involvement with CIPFA resulting in best practice being adopted.</p> <p>Engagement with employers to ensure requirements are met.</p> | <p>Accounts team established with good level of experience and expertise. Proactive engagement with audit team.</p> <p>Audit team stable.</p> | 4 | 2 | 8 | GREEN |
| PEN 10 | Failure to comply with changes to LGPS Regulations and/or HMRC Rules | Head of Finance | <ol style="list-style-type: none"> This could potentially create additional liabilities and administration difficulties for employers and the administering authority The Pensions Regulator can fine us for breach of regulations Actuary impaired in making an assessment of an employers liabilities Adverse publicity, reputational damage | 4 | 3 | 12 | Treat | 4 | 2 | 8 | <p>All consultation papers issued by the DHLUC, Revenue & Customs, and other bodies are commented on where appropriate.</p> <p>Officers to review all relevant regulation changes.</p> <p>Input from Actuary and other advisors as needed.</p> | <p>A number of consultations are expected in 2023/24 along with the Pension Regulator combined code of practice which will assist with understanding of obligations.</p> | 4 | 2 | 8 | GREEN |

| Risk No | Risk Description | Risk Owner | Risk Impact | Initial Impact Score | Initial Likelihood Score | Initial Score | Risk Strategy | Target Impact Score | Target Likelihood Score | Target Score | Risk Control/Action | Risk Update | 23/24 Impact Score | 23/24 Likelihood Score | 23/24 Score | 23/24 RAG Status |
|---------|---|---|--|----------------------|--------------------------|---------------|---------------|---------------------|-------------------------|--------------|--|--|--------------------|------------------------|-------------|------------------|
| PEN 19 | Pensions team not resourced appropriately | Head of Finance | <ol style="list-style-type: none"> Key work deliverables are not completed. Key staff leaving due to work load. Lack of continuity and knowledge transfer | 4 | 4 | 16 | Treat | 3 | 3 | 9 | <p>Develop succession plan to manage key person risk</p> <p>Document tasks and develop process notes where required</p> <p>Review of Pensions Team work plan and resources</p> <p>Regular team meetings to understand workload pressures and transfer knowledge</p> <p>Develop training plan for officers</p> | <p>There is currently a vacancy with work being prioritised and managed across team members.</p> <p>External advice to be provided to consider the changing LGPS landscape and the management of conflicts, key person risks in certain areas, knowledge and training requirements, reourcing, delegations and accountabilities.</p> | 4 | 4 | 16 | RED |
| PEN 46 | County Council not resourced appropriately to support Pensions functions | Finance Manager - Pension Fund Governance | <ol style="list-style-type: none"> Key work deliverables are not completed. Key staff leaving due to work load. Lack of continuity and knowledge transfer Major employer in the Fund not complying with obligations Reputational risk due to impact on IAS 19 Accuracy of data within accounts | 4 | 4 | 16 | Tolerate | 3 | 2 | 6 | <p>Document tasks and develop process notes where required</p> <p>Understanding of single point of failure</p> <p>Communication between CC teams</p> <p>Monitor regular tasks to ensure completion. Agree escalation route with managers.</p> <p>Reviewing practices and processes to maximise efficiency.</p> | <p>Working with County Council to ensure appropriate process are in place to fulfil obligations.</p> | 4 | 4 | 16 | RED |
| PEN 28 | New County Council financial system does not meet Pension Fund requirements | Finance Manager - Pension Fund Governance | <ol style="list-style-type: none"> Potential loss of historical information (payroll and contributions) Replacement system does not meet Fund requirements | 4 | 3 | 12 | Tolerate | 3 | 2 | 6 | <p>Early engagement</p> <p>Consider alternative archiving of key information.</p> <p>Be clear in requirements of the Fund with regards to reporting standards required</p> | <p>Team feeding in to wider project.</p> <p>Concern over timeframes and resource required to deliver.</p> <p>Working to understand archive options.</p> | 5 | 3 | 15 | AMBER |
| PEN 48 | New County Council financial system implementation impacts workload and resources | Finance Manager - Pension Fund Governance | <ol style="list-style-type: none"> Delay to implementation of financial system conflicts with valuation and/or end of year work New system doesn't meet the Pension Fund needs due to lack of resource to fully test | 3 | 4 | 12 | Tolerate | 3 | 3 | 9 | <p>Engagement with team working to implement new system to ensure Pension Fund needs are understood which will reduce workload later in the year.</p> <p>Document processes so that non Pension Team member can test.</p> <p>Work load and resource planning to cover whole team.</p> | <p>Delay to implementation, concern over timeframe and resource given work and resource required.</p> <p>Work load increasing as 'tidy up' of SAP is underway.</p> | 4 | 4 | 16 | RED |

| Risk No | Risk Description | Risk Owner | Risk Impact | Initial Impact Score | Initial Likelihood Score | Initial Score | Risk Strategy | Target Impact Score | Target Likelihood Score | Target Score | Risk Control/Action | Risk Update | 23/24 Impact Score | 23/24 Likelihood Score | 23/24 Score | 23/24 RAG Status |
|---------|---|---|--|----------------------|--------------------------|---------------|---------------|---------------------|-------------------------|--------------|--|---|--------------------|------------------------|-------------|------------------|
| PEN 30 | Freedom of Information requests not dealt with appropriately | Finance Manager - Pension Fund Governance | <ol style="list-style-type: none"> Breach of contract with Fund Managers where information is provided Challenge against statutory obligations if information is not provided Referral to Information Commissioners Office | 4 | 3 | 12 | Treat | 3 | 2 | 6 | <p>Liaise regularly with Fund Managers regarding requests.</p> <p>Liaise with legal advisers</p> <p>Ownership of process within the team to ensure compliance</p> <p>Keep accurate records of what has been responded to and reasons why information is provided/withheld</p> | Officers proactively liaising with colleagues within ACS to ensure compliance. | 3 | 2 | 6 | GREEN |
| PEN 31 | Policies are not updated in adherence to new guidance issued | Finance Manager - Pension Fund Governance | <ol style="list-style-type: none"> Policies are not compliant. Challenge from stakeholders Referral to the Pensions Regulator. | 3 | 3 | 9 | Treat | 2 | 2 | 4 | <p>Register of policy documents maintained to manage review expectations.</p> <p>Policy documents compliance review included as a standing item of the Pension Advisory Board agendas.</p> | <p>Carry out review of policy register in line with best practice.</p> <p>Review County Council policies to ensure currency.</p> | 2 | 2 | 4 | GREEN |
| PEN 16 | Inaccurate and/or incomplete data retained by the Pension Fund. Legislation specifies the records that must be kept and failure to comply is a breach of the law. | Director of Finance and Support Services | <ol style="list-style-type: none"> Pay incorrect pension amounts Impact on investment decisions Additional time and cost within the team and with external advisers Fined by the Pension regulator or fined by the Information Commissioner Actuary impaired in making an assessment of an employers liabilities due to quality of data (and through to their contribution rates). Members make decisions based on incorrect or incomplete information Adverse publicity, reputational damage | 4 | 4 | 16 | Treat | 3 | 2 | 6 | <p>All employers are provided with Administration and Employer Guides setting out their roles and responsibilities whilst participating in the Scheme.</p> <p>Escalation in place where employers fail to supply the correct data.</p> <p>Internal auditors undertake work on systems and processes.</p> <p>Review procedures and controls and implement changes where appropriate.</p> <p>Maintain and implement a Data Improvement Plan</p> <p>End of year returns from employers provides a control whereby data is checked annually.</p> | <p>Positive feedback from Hymans on improvements in data.</p> <p>Data improvement included within Fund Business Plan for 2023/24.</p> <p>Risk rating reflects impact at whole fund level.</p> | 3 | 2 | 6 | GREEN |

| Risk No | Risk Description | Risk Owner | Risk Impact | Initial Impact Score | Initial Likelihood Score | Initial Score | Risk Strategy | Target Impact Score | Target Likelihood Score | Target Score | Risk Control/Action | Risk Update | 23/24 Impact Score | 23/24 Likelihood Score | 23/24 Score | 23/24 RAG Status |
|---------|--|---|---|----------------------|--------------------------|---------------|---------------|---------------------|-------------------------|--------------|--|--|--------------------|------------------------|-------------|------------------|
| PEN 14 | Level of expertise and ongoing development of the Pensions Committee and Pension Advisory Board does not comply with guidance. | Finance Manager - Pension Fund Governance | <ol style="list-style-type: none"> Poor decision making Fined by The Pension Regulator Non engagement of Committee and Board members. Inability to invest due to loss of Professional Investor status. | 3 | 2 | 6 | Treat | 3 | 1 | 3 | <p>Maintain and implement Training Strategy which draws on guidance.</p> <p>Monitoring PC, PAB and Officer completion of LOLA and Toolkit.</p> | <p>Training provision reviewed and amended to reflect membership of Committee and Board.</p> <p>External training purchased.</p> <p>Training strategy approved by Pensions Committee.</p> <p>Vacancy for employer and member representatives on Pension Advisory Board and active recruitment is underway.</p> | 4 | 4 | 16 | RED |
| PEN 15 | Pension Board Members and Pensions Committee Members do not declare conflicts of interest. | Finance Manager - Pension Fund Governance | <ol style="list-style-type: none"> Breach of regulations Fined by The Pension Regulator | 3 | 1 | 3 | Treat | 2 | 1 | 2 | <p>Clear conflict of interest and disclosure requirements are maintained for the Pension Fund and the Pension Board in line with WSCC overriding policies.</p> <p>Members of the Pension Board and Pensions Committee are asked to make declarations at the start of and during each meeting as appropriate.</p> | <p>Review of Good Governance recommendations and development of Fund Conflict of Interest Policy.</p> | 4 | 1 | 4 | GREEN |
| PEN 20 | Knowledge and understanding of Officers may not comply with the requirement to have the appropriate knowledge and understanding. | Finance Manager - Pension Fund Governance | <ol style="list-style-type: none"> Poor decision making/recommendations Fined by The Pension Regulator Non compliance with County Council e.g. Standing Orders, Procurement Requirements Inability to invest due to loss of Professional Investor status. Non engagement of officers in required decision making | 4 | 2 | 8 | Treat | 3 | 2 | 6 | <p>Maintain and implement Training Strategy which draws on guidance.</p> <p>Training requirements identified at yearly appraisals</p> <p>Regular meetings between line managers and team members</p> <p>Monitoring PC, PAB and Officer completion of LOLA and Toolkit.</p> <p>Officers proactively seek advice as appropriate.</p> | <p>Training provision reviewed and amended to reflect needs of officers.</p> <p>External training purchased.</p> <p>Training strategy approved by Pensions Committee.</p> | 4 | 3 | 12 | AMBER |

| Risk No | Risk Description | Risk Owner | Risk Impact | Initial Impact Score | Initial Likelihood Score | Initial Score | Risk Strategy | Target Impact Score | Target Likelihood Score | Target Score | Risk Control/Action | Risk Update | 23/24 Impact Score | 23/24 Likelihood Score | 23/24 Score | 23/24 RAG Status |
|---------|--|---|---|----------------------|--------------------------|---------------|---------------|---------------------|-------------------------|--------------|--|---|--------------------|------------------------|-------------|------------------|
| PEN 21 | Contractual requirements not met by investment managers | Pension Fund Strategist | <ol style="list-style-type: none"> 1. Impairment of investment outcomes. 2. Breach in legislation 3. Poor provision of financial data provided to Pension Fund Team resulting in poor audit opinion | 4 | 4 | 16 | Treat | 4 | 2 | 8 | <p>Regular communication with all contracting entities and foster good working relationships.</p> <p>Service levels set out clearly in contract and monitored</p> <p>Continued strong involvement in the work of the ACCESS Group at officer and at Fund Chairman level.</p> <p>Compliance with procurement requirement and standing orders for provision of services to the Fund.</p> <p>Maintain and manage contract register.</p> | Greater reliance on one contract managed outside of WSPF control. | 4 | 3 | 12 | AMBER |
| PEN 22 | Contracts expiring or becoming invalid | Finance Manager - Pension Fund Governance | <ol style="list-style-type: none"> 1. No valid legal agreement in place with suppliers 2. Breach in legislation 3. Breach of County Council Standing Orders 4. Potential challenge from suppliers. | 3 | 3 | 9 | Treat | 3 | 2 | 6 | <p>Maintain and manage contract register.</p> <p>Engaging with procurement and legal to ensure compliance</p> <p>Compliance with procurement requirement and standing orders for provision of services to the Fund.</p> | <p>Two significant procurements due in 23/24.</p> <p>Procurement and Legal teams within WSCC have been engaged to assist with process and ensure compliance.</p> | 3 | 2 | 6 | GREEN |
| PEN 41 | Partnership expectations not met in delivery of administration | Head of Finance | <ol style="list-style-type: none"> 1. Failure to deliver high quality admin service to all stakeholders 2. Processes and procedures do not ensure that the Fund receives income due and payments are made correctly. 3. Casework is not progressed by the team in line with SLA 4. Failure to account appropriately | 4 | 3 | 12 | Treat | 4 | 2 | 8 | <p>Regular review through partnership meetings</p> <p>Close working between teams.</p> <p>Engagement with administration team to understand business priorities and development of service.</p> | Continuous review of processes and partnership working following changes within the team. | 4 | 2 | 8 | GREEN |
| PEN 33 | Conflict of interest between the County Council and the Fund | Director of Finance and Support Services | <ol style="list-style-type: none"> 1. Advice and decisions taken in best interests of Council or Fund which may differ. 2. Employers do not understand the difference between the Council and the Fund | 4 | 3 | 12 | Treat | 3 | 2 | 6 | <p>Be clear in requirements of the Fund and roles and responsibilities of all entities.</p> <p>Be clear in requirements of the County Council and roles and responsibilities of all entities.</p> | <p>Specific Pension Fund Conflict of Interest Policy will be required following implementation of SAB Good Governance project.</p> <p>Consultation on guidance expected in 2023/24.</p> | 3 | 2 | 6 | GREEN |

| Risk No | Risk Description | Risk Owner | Risk Impact | Initial Impact Score | Initial Likelihood Score | Initial Score | Risk Strategy | Target Impact Score | Target Likelihood Score | Target Score | Risk Control/Action | Risk Update | 23/24 Impact Score | 23/24 Likelihood Score | 23/24 Score | 23/24 RAG Status |
|---------|---|--------------------------------|--|----------------------|--------------------------|---------------|---------------|---------------------|-------------------------|--------------|---|--|--------------------|------------------------|-------------|------------------|
| PEN 25 | Increase in number of employers admitted to Fund | Pension Fund Strategist | <ol style="list-style-type: none"> Increase in the workload across the team Delays resulting in impact on members and benefit payments Additional complexity to be managed for BAU processes | 3 | 3 | 9 | Treat | 3 | 3 | 9 | <p>Work planning to ensure new admissions are anticipated and communicated appropriately</p> <p>Clear processes in place for the monitoring of contributions</p> <p>Liaising with Actuary regularly to ensure employers are admitted appropriately</p> <p>Guidance published and reviewed relating to the Scheme requirements.</p> | <p>Numbers of employers have consistently increased year on year.</p> <p>Review of current processes to ensure efficiency planned.</p> | 3 | 4 | 12 | AMBER |
| PEN 26 | Employers do not pay contributions, pay incorrect amount, pay contributions late or do not provide required information | Finance Manager - Pension Fund | <ol style="list-style-type: none"> Default by employers increasing obligation on the remaining employers in the Fund Increase in number of bonds/guarantees in place Reporting to the Pensions Regulator Benefits calculated incorrectly Employer contribution rates calculated incorrectly Increased liabilities which are not funded | 3 | 2 | 6 | Treat | 2 | 1 | 2 | <p>Clear employer guide in place setting out responsibility of employers regarding provision of information and contributions</p> <p>Clear admin strategy that can be reported on so that issues can be dealt with at an early stage</p> <p>Regular monitoring and reconciliation of contribution payments received with clear escalation process</p> <p>Identify issues to relevant parties including the Fund Actuary</p> | <p>Improvement in processes to ensure early identification of employer admissions and cessations.</p> <p>Review of current processes to ensure efficiency planned.</p> | 2 | 2 | 4 | GREEN |
| PEN 34 | Reliance on external payrolls (including outsourced providers) | Principal Pensions Consultant | <ol style="list-style-type: none"> Incorrect or insufficient information is provided by employers payroll providers Contribution income and remittances are not received Missing historical data due to changes in payroll providers/systems | 3 | 4 | 12 | Treat | 3 | 2 | 6 | <p>Provide clear guidance regarding what the requirements are for a payroll provider/system</p> <p>Provide clear guidance regarding what an employers responsibilities are</p> | Known change to two major employer systems being monitored. | 5 | 3 | 15 | AMBER |

| Risk No | Risk Description | Risk Owner | Risk Impact | Initial Impact Score | Initial Likelihood Score | Initial Score | Risk Strategy | Target Impact Score | Target Likelihood Score | Target Score | Risk Control/Action | Risk Update | 23/24 Impact Score | 23/24 Likelihood Score | 23/24 Score | 23/24 RAG Status |
|---------|---|--|---|----------------------|--------------------------|---------------|---------------|---------------------|-------------------------|--------------|---|---|--------------------|------------------------|-------------|------------------|
| PEN 35 | Changes to employer circumstances | Principal Pensions Consultant | <ol style="list-style-type: none"> Delays in implementing changes Reduced opportunity to manage the employers circumstances or exit. Wrong contact information is held | 4 | 4 | 16 | Treat | 3 | 3 | 9 | <p>Liaise with employers regularly</p> <p>Monitor active membership of all employers</p> <p>Work with Actuary to ensure managed exits</p> | Merger of large employers within the Fund completed. | 3 | 3 | 9 | AMBER |
| PEN 38 | Insolvency of an employer resulting in unpaid liability | Pension Fund Strategist | <ol style="list-style-type: none"> Employers not paying contributions or paying reduced contributions for either resourcing or finance reasons Impact on cashflow Employers exiting the Fund with little or no warning | 4 | 4 | 16 | Treat | 4 | 3 | 12 | <p>Communication with advisors to understand options regarding contribution regulations</p> <p>Implement cashflow monitor and projections and review on a monthly basis.</p> <p>Covenant review discussions</p> | <p>Employer covenant reviewed as part of valuation.</p> <p>Liaising with Legal to understand actions following insolvency.</p> <p>Strong funding position following valuation.</p> | 3 | 2 | 6 | GREEN |
| PEN 42 | Delay to admissions of employers to the Fund | Principal Pensions Consultant | <ol style="list-style-type: none"> Members not admitted to the Fund in a timely manner Contributions not received on time resulting in increased workload to recover Inability to complete processes in a timely manner Delays resulting in impact on members and benefit payments | 4 | 3 | 12 | Treat | 4 | 2 | 8 | <p>Work planning to identify new admissions.</p> <p>Clear processes in place for the admittance of new employers</p> <p>Liaising with Actuary regularly to ensure employers are admitted appropriately</p> | 2023/24 Business Plan includes objective regarding engagement with employers. | 4 | 3 | 12 | AMBER |
| PEN 27 | There is a risk of a successful cyber attack directly from external threats; or indirectly as a consequence of members or staff falling prey to social engineering or phishing attacks. The potential outcome may lead to service disruption, financial or data loss. | Director of Finance and Support Services | <ol style="list-style-type: none"> The Fund suffers significant financial loss or cost. The Fund's reputation is damaged. Member's and employer's trust in the Council is undermined. Partners will not share data or information with the Fund. Punitive penalties are made on the Fund | 4 | 4 | 16 | Treat | 3 | 3 | 9 | <p>Staff awareness of personal and business information security practices and identification of cyber-security issues including evolving threats.</p> <p>Have processes in place which assist with identifying cyber-attack early, that it is reporting & monitoring is effective, and recovery can be prompt.</p> <p>Robust arrangements in place with all data processors of the Fund's data</p> | <p>Cyber security is one of the risks on the County Council Pension Fund and applies to the Pension Fund.</p> <p>Officers are taking appropriate advice in considering how risk can be managed/mitigated.</p> <p>Liaising with internal IT team and external providers, including Hampshire County Council to understand procedures in the event of cyber attack and gain continuing assurance on the actions and mitigations in place.</p> | 5 | 5 | 25 | RED |

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|---------|--|--|--|----------------------|--------------------------|---------------|---------------|---------------------|-------------------------|--------------|---|--|--------------------|------------------------|-------------|------------------|
| PEN 43 | Fund not able to implement changes required as a result of McCloud judgement | Pension Fund Strategist | <ol style="list-style-type: none"> Not calculating members benefits in line with regulations Impact on funding Investigation by tPR Reputational damage | 5 | 3 | 15 | Treat | 3 | 3 | 9 | <p>Project team set up by admin team</p> <p>Communication with employers letting them know requirements and to flag any issues</p> <p>Data has been collected from employers and pension administration software provider has adapted system.</p> | Awaiting Government consultation on remedy. Some teachers are now retrospectively eligible due to which increases the complexity and may delay implementation. | 5 | 3 | 15 | AMBER |
| PEN 44 | Employers do not hold required information for the Fund to be able to complete the changes required as a result of the McCloud Judgement | Pension Fund Strategist | <ol style="list-style-type: none"> Not calculating members benefits in line with regulations Impact on funding Investigation by tPR Reputational damage | 5 | 3 | 15 | Treat | 3 | 3 | 9 | <p>Project team set up by admin team</p> <p>Communication with employers letting them know requirements and to flag any issues</p> | <p>Employers have provided data returns to the admin team.</p> <p>Awaiting Government consultation on remedy.</p> | 5 | 2 | 10 | GREEN |
| PEN 45 | Insufficient resources for the Fund to be able to complete the changes required as a result of the McCloud Judgement | Pension Fund Strategist | <ol style="list-style-type: none"> Not calculating members benefits in line with regulations Impact on funding Investigation by tPR Reputational damage | 5 | 3 | 15 | Treat | 3 | 3 | 9 | <p>Project team set up by admin team</p> <p>Communication with employers letting them know requirements and to flag any issues</p> | <p>Admin team are increasing resource based on their understanding of requirements.</p> <p>Awaiting Government consultation on remedy.</p> | 5 | 3 | 15 | AMBER |
| PEN 6 | Failure to comply with Government expectations on asset pooling or arrangements agreed via ACCESS | Director of Finance and Support Services | <ol style="list-style-type: none"> The Secretary of State takes over investment functions of the Fund and directs its investment strategy and to invest in specific assets. Impairment of the Fund's ability to meet its pension obligations Adverse publicity, reputational damage | 5 | 2 | 10 | Treat | 5 | 1 | 5 | <p>Continued strong involvement in the work of the ACCESS Group at officer and at Fund Chairman level.</p> <p>Involvement in the procurement work and the Pool's governance work</p> <p>Engagement with external advisers.</p> | <p>All liquid assets are now invested via the ACCESS ACS.</p> <p>Consultation on pooling expected.</p> | 5 | 2 | 10 | GREEN |

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| PEN 7 | Arrangements agreed via ACCESS do not meet the needs of West Sussex Pension Fund | Director of Finance and Support Services | 4. The fund is unable to implement it's ISS or choose best in class or appropriate managers. 5. The fund takes on more risk than necessary 6. The funding level of the fund reduces 7. Negative impact on officer time and resources | 5 | 3 | 15 | Treat | 5 | 2 | 10 | Continued strong involvement in the work of the ACCESS Group at officer and at Fund Chairman level. Involvement in the procurement work and the Pool's governance work Engagement with external advisers. Regular review of the funds investment strategy | All liquid assets are now invested via the ACCESS ACS. Officers actively participating at all levels of the pool to ensure that local requirements are understood and considered. Consultation on pooling expected. | 5 | 2 | 10 | GREEN |
| PEN 23 | Role of government policy on the management and benefits of the Scheme. | Head of Finance | 8. Changes in legislation 9. Changes to benefit structure | 4 | 4 | 16 | Tolerate | 3 | 4 | 12 | Keeping up to date with Government progress Maintain links with experts and advisers. | Awaiting changes to regs on Exit Cap, McCloud etc.. Expecting consultation. Representatives on the Pensions Committee are not appointed to represent the body appointing them or of which they are a member nor any political or personal interest. | 4 | 4 | 16 | RED |
| PEN 49 | Global events have an adverse impact on the pension fund investment portfolio and the Fund's cashflow. | Pension Fund Strategist | 10. Pressure on rental income as tenants request rent free/reduced rent periods following pandemic 11. Ability to make changes to investments may be impacted 12. | 4 | 4 | 16 | Treat | 3 | 3 | 9 | Communication with Fund Manager to understand their approach Discuss options with investment advisors Monitoring liabilities | Fund remains in surplus despite volatile markets. Investment Strategy Statement reviewed. | 4 | 2 | 8 | GREEN |

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|---------|--|--|--|----------------------|--------------------------|---------------|---------------|---------------------|-------------------------|--------------|---|--|--------------------|------------------------|-------------|------------------|
| PEN 32 | Pressure from stakeholders and/or changes in Regulation or guidance results in change to investment strategy due to potential Environmental, Social or Governance factors. | Director of Finance and Support Services | 13. Fund Manager investments restricted resulting in impaired investment outcomes. 14. Fund challenged regarding fiduciary duty 15. 16. | 4 | 4 | 16 | Tolerate | 3 | 4 | 12 | Requirement for active engagement by Fund Managers and regular dialogue regarding rationale behind investment decisions. Make the Funds approach to responsible investment available to stakeholders and report on Fund progress to improve communication and transparency. Training for all decision makers regarding obligations and responsibilities Keep up to date with Scheme Advisory Board and Government guidance | TCFD consultation responded to in autumn. Awaiting outcome. Public Service Pensions and Judicial Offices Bill accepted in the Lords stating that the Secretary of State can issue guidance that LGPS Funds may not make investment decisions that conflict with the UK's foreign and defence policy. Levelling Up white paper includes references to LGPS funds having plans for up to 5% of assets to be allocated to projects which support local areas. Full impact is difficult to quantify until further information/guidance is received from Government and Scheme Advisory Board. | 4 | 5 | 20 | RED |
| PEN 50 | Reliance on one contract for majority of investment management through the pool. | Director of Finance and Support Services | 17. Impairment of investment outcomes. 18. Breach in legislation 19. | 4 | 4 | 16 | Treat | 2 | 4 | 8 | Engagement with legal and investment advisors to understand risks and options. Engagement with ACCESS Funds and Support Unit to plan and prepare for scenarios Build scenario plans in to work plan for upcoming year | Officers continue to engage with the ACCESS Support Unit over the management of the contract with the Operator. Officers are supporting delivery of the ACCESS business plan in preparation for, and the commencement of, the reprocurement of operator services. 2023/24 is the penultimate year of the Operator Agreement. | 4 | 3 | 12 | AMBER |

| Risk No | Risk Description | Risk Owner | Risk Impact | Initial Impact Score | Initial Likelihood Score | Initial Score | Risk Strategy | Target Impact Score | Target Likelihood Score | Target Score | Risk Control/Action | Risk Update | 23/24 Impact Score | 23/24 Likelihood Score | 23/24 Score | 23/24 RAG Status |
|---------|--|--|--|----------------------|--------------------------|---------------|---------------|---------------------|-------------------------|--------------|--|--|--------------------|------------------------|-------------|------------------|
| PEN 51 | Climate risk has the potential to impact Pension Fund investment returns, inflation and life expectancies. | Director of Finance and Support Services | <p>20. Inability to implement investment strategy requirements.</p> <p>21. Fund manager investments restricted resulting in impaired investment outcomes and reduced funding level</p> <p>22. Loss of value to the Fund</p> <p>23.</p> | 4 | 3 | 12 | Treat | 2 | 2 | 4 | <p>Regularly review the Investment Strategy Statement.</p> <p>Investment managers are required to take account of both financial and nonfinancial factors in their investment decisions.</p> <p>Managers are challenged on their engagement activities in connection with environmental, social and governance (ESG) issues including climate risk.</p> <p>Scenario analysis performed with regards to Investment Strategy and Funding Strategy.</p> | <p>Task Force on Climate Related Financial Disclosures consultation responded to in autumn. Awaiting outcome.</p> <p>Engage with managers and consultants to understand Fund exposure to risk.</p> | 4 | 3 | 12 | AMBER |