

## Risk Summary

### Risk Overview

	Very Low Likelihood	Low Likelihood	Medium Likelihood	High Likelihood	Very High Likelihood
Critical impact	0	4	6	0	1
Major impact	2	5	4	6	1
Moderate impact	1	7	3	0	0
Minor impact	0	1	0	0	0
Negligible impact	0	0	0	0	0

Category	July 23	Sept 23
Green	23	22
Amber	11	10
Red	6	8

### Risk Themes (RTs)

Ref	Risk Theme	Action / Update	July 23	Sept 23
<b>RT4</b>	The Fund Investment Strategy is not appropriate to meet the Funds liabilities and cash flow requirements.	<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 specification reflects the Fund requirements regarding income and cashflow.</p> <p>Pension increase expected to be 6.7% in April 2024 which is higher than actuarial assumptions.</p>	Green	Green
<b>RT5</b>	Insufficient resources to comply with the Administering Authority's Regulatory responsibilities and ability to deliver the business plan.	<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, resourcing, delegations and accountabilities.</p> <p>Consultations are expected in 2023/24 along with the Pension Regulator combined code of practice which will assist with understanding of obligations.</p> <p>There are a number of corporate projects relating to payroll and pensions (not Local Government Pension Scheme (LGPS)) which are impacting on the team capacity.</p> <p>Audit of accounts underway.</p>	Amber	Amber

Ref	Risk Theme	Action / Update	July 23	Sept 23
<b>RT6</b>	Poor quality data resulting in error and misstatement.	<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> <p>Focussed activity on employers following end of year activity.</p>	Green	Green
<b>RT7</b>	Officer, Committee and Board knowledge and understanding resulting in poor decision making, disengagement on key issues and loss of professional investor status.	<p>Training provision reviewed and amended to reflect membership and needs of Committee and Board.</p> <p>Vacancy for employer on Pension Advisory Board and active recruitment is underway.</p> <p>Recruitment for Pension Advisory Board Independent Chairman to be considered at Governance Committee on 6 November.</p>	Amber	Amber
<b>RT9</b>	Failure to secure value for money through managing contracts with third parties	<p>Two significant procurements due in 23/24. One has been completed. One contract has been extended for six months to allow a full procurement to take place.</p> <p>Procurement and Legal teams within the County Council have been engaged to assist with process and ensure compliance and value for money.</p>	Green	Green
<b>RT11</b>	Conflict of interest for members and employers	<p>Specific Pension Fund Conflict of Interest Policy will be required following implementation of Scheme Advisory Board Good Governance project.</p> <p>Consultation on guidance expected later in 2023/24.</p>	Green	Green
<b>RT12</b>	Increase in variety and number of employers participating in the Scheme resulting in risk of non-compliance with obligations.	<p>Numbers of employers have consistently increased year on year.</p> <p>Continued increase in retrospective admissions where scheme employer has either not included pension provisions within procurement or not engaged with the Fund until after contract has been awarded.</p> <p>Increased impact on workload of team to ensure completed as soon as possible to mitigate the impact on the members.</p> <p>2023/24 Business Plan includes objective regarding engagement with employers.</p> <p>Work underway to improve communications with all employers to ensure they are aware of their pension's obligations. Focussed activity on employers following end of year activity.</p>	Green	Amber

Ref	Risk Theme	Action / Update	July 23	Sept 23
<b>RT13</b>	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
<b>RT14</b>	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>Regulations came into force on 1 October 2023 and members who are potentially impacted have been identified.</p> <p>Employers have provided data returns to the admin team.</p> <p>Admin team have increased resource based on their understanding of requirements.</p>	Amber	Amber
<b>RT15</b>	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 responded to. Government consultation indicated preference for pooling model which is not the model adopted by ACCESS authorities.</p>	Amber	Amber

Ref	Risk Theme	Action / Update	July 23	Sept 23
<b>RT16</b>	Political environment (locally or nationally) impacts on funding and/or investment strategy	<p>Awaiting changes to regulations on exit cap, employer management, climate related disclosures, investment pooling, Goodwin, Good Governance, the Pensions Regulator Single Code of Practice and Fair Deal 2.</p> <p>McCloud regulations came into force on 1 October 2023.</p> <p>Consultation on investment pooling has been responded to.</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
<b>RT17</b>	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 re-procurement of operator services.</p> <p>2023/24 is the penultimate year of the Operator Agreement.</p>	Amber	Amber
<b>RT18</b>	Climate risk has the potential to impact Pension Fund investment returns, inflation and life expectancies.	<p>Task Force on Climate Related Financial Disclosures consultation responded to in autumn 2022. Awaiting outcome.</p> <p>Engagement with managers and consultants to understand Fund exposure to risk.</p>	Amber	Amber

## Red Risk Overview

### New Red Risks

No	Theme	Description	Impact	Control/Action	Update	Impact	Likelihood	Score
PEN 25	RT 12	Increase in number of employers admitted to Fund	<ol style="list-style-type: none"> <li>1. Increase in the workload across the team</li> <li>2. Delays resulting in impact on members and benefit payments</li> <li>3. Additional complexity to be managed for business as usual processes</li> </ol>	<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 and Admin Team 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>Continued increase in retrospective admissions where scheme employer has either not included pension provisions within procurement or not engaged with the Fund until after contract has been awarded.</p> <p>Increased impact on workload of team to ensure completed as soon as possible to mitigate the impact on the members.</p> <p>Review of current processes to ensure efficiency planned.</p> <p>Work underway to improve communications with all employers to ensure are aware of their pensions obligations.</p>	4	4	16

No	Theme	Description	Impact	Control/Action	Update	Impact	Likelihood	Score
<b>PEN 42</b>	RT 12	Delay to admissions of employers to the Fund	<ol style="list-style-type: none"> <li>1. Members not admitted to the Fund in a timely manner</li> <li>2. Contributions not received on time resulting in increased workload to recover</li> <li>3. Inability to complete processes in a timely manner</li> <li>4. Delays resulting in impact on members and benefit payments</li> </ol>	<p>Work planning to identify new admissions.</p> <p>Clear processes in place for the admittance of new employers.</p> <p>Liaising with Actuary and Admin Team regularly to ensure employers are admitted appropriately</p>	<p>2023/24 Business Plan includes objective regarding engagement with employers.</p> <p>Continued increase in retrospective admissions where scheme employer has either not included pension provisions within procurement or not engaged with the Fund until after contract has been awarded.</p> <p>Increased impact on workload of team to ensure completed as soon as possible to mitigate the impact on the members.</p>	4	4	16

**Existing Red Risks**

No	Theme	Description	Impact	Control/Action	Update	Impact	Likelihood	Score
<b>PEN 19</b>	RT 5	Pensions team not resourced appropriately	<ol style="list-style-type: none"> <li>1. Key work deliverables are not completed.</li> <li>2. Key staff leaving due to work load.</li> <li>3. Lack of continuity and knowledge transfer.</li> </ol>	<p>Develop succession plan to manage key person risk. Document tasks and develop process notes where required.</p> <p>Review of Pensions Team work plan and resources. Regular team meetings to understand workload pressures and transfer knowledge. Develop training plan for officers. Document tasks and develop process notes where required.</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, resourcing, delegations and accountabilities.	4	4	16
<b>PEN 46</b>	RT 5	County Council not resourced appropriately to support Pensions functions	<ol style="list-style-type: none"> <li>1. Key work deliverables are not completed.</li> <li>2. Key staff leaving due to work load.</li> <li>3. Lack of continuity and knowledge transfer.</li> <li>4. Major employer in the Fund not complying with obligations.</li> <li>5. Reputational risk due to impact on IAS 19.</li> <li>6. Accuracy of data within accounts.</li> </ol>	<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>Officers are working with County Council to ensure appropriate process are in place to fulfil obligations.</p> <p>There are a number of corporate projects relating to payroll and pensions (not LGPS) which are impacting on the team capacity.</p>	4	4	16

No	Theme	Description	Impact	Control/Action	Update	Impact	Likelihood	Score
<b>PEN 48</b>	RT 5	New County Council financial system implementation impacts workload and resources	<ol style="list-style-type: none"> <li>1. Delay to implementation of financial system conflicts with valuation and/or end of year work.</li> <li>2. New system doesn't meet the Pension Fund needs due to lack of resource to fully test.</li> </ol>	<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>Review of requirements underway to ensure that they are achievable ahead of future decisions regarding project.</p>	4	4	16
<b>PEN 14</b>	RT 7	Level of expertise and ongoing development of the Pensions Committee and Pension Advisory Board does not comply with guidance.	<ol style="list-style-type: none"> <li>1. Poor decision making</li> <li>2. Fined by The Pension Regulator</li> <li>3. Non engagement of Committee and Board members.</li> <li>4. Inability to invest due to loss of Professional Investor status.</li> </ol>	<p>Maintain and implement Training Strategy which draws on guidance.</p> <p>Monitoring Pensions Committee, Pensions Advisory Board and Officer completion of LGPS Online Learning Academy 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>Recruitment underway for vacancy for employer representative on Pension Advisory Board.</p> <p>Recruitment for Pension Advisory Board Independent Chairman due to be considered by Governance Committee on 6 November.</p>	4	4	16



No	Theme	Description	Impact	Control/Action	Update	Impact	Likelihood	Score
<b>PEN 27</b>	RT 13	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.	<ol style="list-style-type: none"> <li>1. The Fund suffers significant financial loss or cost.</li> <li>2. The Fund's reputation is damaged.</li> <li>3. Member's and employer's trust in the Council is undermined.</li> <li>4. Partners will not share data or information with the Fund.</li> <li>5. Punitive penalties are made on the Fund.</li> </ol>	<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 &amp; 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
<b>PEN 23</b>	RT 16	Role of government policy on the management and benefits of the Scheme.	<ol style="list-style-type: none"> <li>1. Changes in legislation</li> <li>2. Changes to benefit structure</li> </ol>	<p>Keeping up to date with Government progress</p> <p>Maintain links with experts and advisers.</p>	<p>Awaiting changes to regs on Exit Cap etc.</p> <p>McCloud regulations came into force on 1 October 2023.</p> <p>Consultation on pooling has been responded to.</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>	4	4	16

No	Theme	Description	Impact	Control/Action	Update	Impact	Likelihood	Score
<b>PEN 32</b>	RT 16	Pressure from stakeholders and/or changes in Regulation or guidance results in change to investment strategy due to potential Environmental, Social or Governance factors.	<p>1. Fund Manager investments restricted resulting in impaired investment outcomes.</p> <p>2. Fund challenged regarding fiduciary duty.</p>	<p>Requirement for active engagement by Fund Managers and regular dialogue regarding rationale behind investment decisions.</p> <p>Make the Funds approach to responsible investment available to stakeholders and report on Fund progress to improve communication and transparency.</p> <p>Training for all decision makers regarding obligations and responsibilities</p> <p>Keep up to date with Scheme Advisory Board and Government guidance</p>	<p>Task Force &amp; Climate Related Disclosures consultation responded to in autumn. 2022 Awaiting outcome.</p> <p>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.</p> <p>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.</p> <p>Full impact is difficult to quantify until further information/guidance is received from Government and Scheme Advisory Board.</p>	4	5	20