

Risk Theme 1	The Fund Investment Strategy is not appropriate to meet the Funds liabilities and cash flow requirements.	Status - Green
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Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
PEN 1	Insufficient assets attributed to an employer to meet their pension obligations	Director of Finance and Support Services	<ol style="list-style-type: none"> Employers unable to meet Pension obligations on exit. Default by Employers resulting in liabilities being funded by remaining active employers in the Scheme. Affordability of the scheme is beyond employers. Increase in employer contribution rates. 	Treat	<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>Cashflow forecasting and modelling regularly carried out and reviewed.</p>	Fund requirements for income and cashflow set out in procurement documentation for Property Manager.	<p>Overall Score – 8</p> <p>Impact – 4 Likelihood - 2</p>	<p>Overall Score – 8</p> <p>Impact – 4 Likelihood - 2</p> <p>Status - Green</p>
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. 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. 	Treat	<p>Prudent assumptions adopted by the Fund Actuary.</p> <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>Funding level of whole Fund and employers reviewed regularly by officers.</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>	<p>Overall Score – 4</p> <p>Impact – 4 Likelihood - 1</p>	<p>Overall Score – 4</p> <p>Impact – 4 Likelihood - 1</p> <p>Status - GREEN</p>
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"> Default by Employers resulting in liabilities being funded by remaining active employers in the Scheme. Employers unable to meet Pension obligations. Employers are unable to plan and budget in the medium term. Adverse publicity, reputational damage. 	Treat	<p>Prudent assumptions adopted by the Fund Actuary.</p> <p>The Pension Fund pools certain employers to help manage fluctuations in contribution rates.</p> <p>The Pension Fund has 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. 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>Funding Strategy Statement (FSS) sets out how the Fund will manage contribution rates to reduce risk of rate fluctuation.</p>	<p>Most employers received a reduction in contribution rates following 2022 valuation.</p> <p>Since the last valuation the Fund has only received one employer request for a reduction in their contribution rates. This was considered, after advice from the Actuary, not to fulfil the requirements of the FSS and the regulations for a contribution rate review.</p>	<p>Overall Score – 3</p> <p>Impact – 3 Likelihood - 1</p>	<p>Overall Score – 3</p> <p>Impact – 3 Likelihood - 1</p> <p>Status - GREEN</p>

Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
PEN 4	Employer no longer actively participating in the Scheme due to insolvency, 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 the remaining active employers in the Scheme. Adverse publicity, reputational damage. 	Treat	<p>Prudent assumptions adopted by the Fund Actuary.</p> <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. Clear approach to exiting employers set out in 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>Processes have been put in place to ensure that the exit responsibilities are set out at the admission stage to ensure clarity.</p> <p>The Funding Strategy Statement has been updated to reflect the guarantee by DfE for admissions for outsourced academy employers.</p>	Overall Score – 4 Impact – 4 Likelihood – 1	Overall Score – 6 Impact – 3 Likelihood – 2 Status - GREEN
PEN 5	Declining membership numbers	Director of Finance and Support Services	<ol style="list-style-type: none"> Benefit payments are higher than contribution income. Employers unable to meet Pension obligations. Default by employers resulting in liabilities being funded by remaining active employers in the Scheme. 	Treat	<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>No exceptional changes in the active membership have been identified.</p> <p>Communications partner engaged to review communication methods and outputs.</p>	Overall Score – 12 Impact – 4 Likelihood – 3	Overall Score – 9 Impact – 3 Likelihood – 3 Status – GREEN
PEN 6	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. 	Treat	<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>Engagement with managers 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 carried out as part of 2022 valuation.</p> <p>Monitoring implementation against current investment strategy.</p> <p>Investment Strategy Statement reviewed.</p> <p>Fund requirements for income and cashflow set out in procurement documentation for Property Manager.</p>	Overall Score – 5 Impact – 5 Likelihood – 1	Overall Score – 10 Impact – 5 Likelihood – 2 Status – GREEN

Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
PEN 7	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. 	Treat	<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>The Pensions Committee have agreed a liquidity ladder setting out the management of cashflow should it be required.</p> <p>The Fund has worked with the Fund Actuary to model the exposure of the Fund to the cashflow negativity and tools have been developed to support the team monitoring and managing cashflow changes.</p> <p>Regular meetings with Treasury Management team to discuss cash balances.</p>	<p>Fund requirements for income and cashflow set out in procurement documentation for Property Manager.</p> <p>Pension increase of 6.7% in April 2024 which is higher than actuarial assumptions.</p>	<p>Overall Score – 6</p> <p>Impact – 3 Likelihood – 2</p>	<p>Overall Score – 9</p> <p>Impact – 3 Likelihood – 3</p> <p>Status - GREEN</p>

Risk Theme 2	Insufficient resources to comply with the Administering Authority's Regulatory responsibilities and ability to deliver the business plan.	Status - Amber
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Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
PEN 8	Pension Fund accounts not accurately maintained	Pension Fund Finance Manager	<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. 	Treat	<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.</p> <p>Training undertaken by officers.</p> <p>Audit team changing this year which could have an impact on the resources of the team.</p> <p>Proactive engagement with audit team ahead of end of year.</p> <p>Response to consultation still outstanding regarding accounting treatment and audit timetable for 23/24.</p>	<p>Overall Score – 8</p> <p>Impact – 4 Likelihood – 2</p>	<p>Overall Score – 12</p> <p>Impact – 4 Likelihood – 3</p> <p>Status - AMBER</p>
PEN 9	Failure to comply with changes to Regulations and/or Guidance	Director of Finance and Support Services	<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 the Fund for breach of regulations. Actuary impaired in making an assessment of an employers liabilities. Adverse publicity, reputational damage. 	Treat	<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>The Annual Report guidance was published on the 30 March 2024. Funds are expected to use best endeavours to comply with the guidance for 2023/24 Annual Report.</p> <p>The Pension Regulator General Code of Practice came into force on 28 March 2024.</p> <p>Government are currently working on draft regulations to enforce the response to the Investment Consultation issued in 23/24.</p>	<p>Overall Score – 8</p> <p>Impact – 4 Likelihood – 2</p>	<p>Overall Score – 12</p> <p>Impact – 4 Likelihood – 3</p> <p>Status - AMBER</p>

Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
PEN 10	Pensions team not resourced appropriately	Director of Finance and Support Services	<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. 	Treat	<p>Develop succession plan to manage key person risk & develop business continuity plan.</p> <p>Document tasks and develop process notes where required.</p> <p>Review of Pensions Team work plan and resources by whole team.</p> <p>Regular team meetings to understand workload pressures and transfer knowledge.</p> <p>Develop training plan for officers.</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, resourcing, delegations and accountabilities.</p> <p>S151 officer is leaving the Authority. Interim arrangements will be put in place. Uncertainty regarding timing and knowledge and understanding relating to Pension Fund matters.</p> <p>Consideration will need to be given to decision making on LGPS matters.</p>	<p>Overall Score – 9</p> <p>Impact – 3 Likelihood – 3</p>	<p>Overall Score – 16</p> <p>Impact – 4 Likelihood – 4</p> <p>Status - RED</p>
PEN 11	County Council not resourced appropriately to support Pensions functions	Pension Fund Governance Manager	<ol style="list-style-type: none"> Key work deliverables are not completed. Key staff leaving due to workload. 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. 	Tolerate	<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> <p>S151 officer is leaving the Authority. Interim arrangements will be put in place.</p>	<p>Overall Score – 6</p> <p>Impact – 3 Likelihood – 2</p>	<p>Overall Score – 16</p> <p>Impact – 4 Likelihood – 4</p> <p>Status - RED</p>
PEN 12	New County Council financial system does not meet Pension Fund requirements	Pension Fund Governance Manager	<ol style="list-style-type: none"> Potential loss of historical information (payroll and contributions). Replacement system does not meet Fund requirements. 	Tolerate	<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>Reviewing ways of working to ensure that the new system works for the Fund needs and the team adapt to the solution.</p>	<p>Team feeding into wider programme and attending regular meetings.</p>	<p>Overall Score – 6</p> <p>Impact – 3 Likelihood – 2</p>	<p>Overall Score – 15</p> <p>Impact – 5 Likelihood – 3</p> <p>Status - AMBER</p>
PEN 13	New County Council financial system implementation impacts workload and resources	Pension Fund Governance Manager	<ol style="list-style-type: none"> Delay to implementation of financial system conflicts with actuarial valuation and/or end of year work. New system doesn't meet the Pension Fund needs due to lack of resource to fully test. 	Tolerate	<p>Engagement with team working to implement new system to ensure Pension Fund needs are understood which will reduce workload later in the programme.</p> <p>Document processes so that non Pension Team member can test.</p> <p>Workload and resource planning to cover whole team including a review of the team ways of working to ensure that the new system works for the Fund needs and the team adapt to the solution.</p>	<p>Working with the wider project to ensure readiness for programme restart and tasks are banked where possible.</p>	<p>Overall Score – 9</p> <p>Impact – 3 Likelihood – 3</p>	<p>Overall Score – 16</p> <p>Impact – 4 Likelihood – 4</p> <p>Status - RED</p>
PEN 14	Freedom of Information requests not dealt with appropriately	Pension Fund Governance Manager	<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. 	Treat	<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> <p>Freedom of Information requirements included within all agreements.</p>	<p>Officers proactively liaising with colleagues within ASU to ensure compliance.</p>	<p>Overall Score – 6</p> <p>Impact – 3 Likelihood – 2</p>	<p>Overall Score – 6</p> <p>Impact – 3 Likelihood – 2</p> <p>Status – GREEN</p>

Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
PEN 15	Policies are not updated in adherence to new guidance issued	Pension Fund Governance Manager	<ol style="list-style-type: none"> Policies are not compliant. Challenge from stakeholders. Referral to the Pensions Regulator. 	Treat	<p>Register of policy documents maintained with clear timetable of review schedule for planning purposes.</p> <p>Policy documents compliance review included as a standing item of the Pension Advisory Board agendas. Constitution update to reflect lines of responsibility for policy documents.</p>	<p>Carry out review of policy register in line with best practice.</p> <p>Review best practice across LGPS to ensure Fund has all required policies in line with regulations and good governance.</p> <p>Work being undertaken to ensure compliance with Annual Report and General Code of Practice.</p>	<p>Overall Score – 4</p> <p>Impact – 2 Likelihood – 2</p>	<p>Overall Score – 4</p> <p>Impact – 2 Likelihood – 2</p> <p>Status - GREEN</p>

Risk Theme 3	Poor quality data resulting in error and misstatement.	Status - Green
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Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
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. 	Treat	<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>Meetings are held with employers who are rated red for the end of year process and where data quality concerns have been raised.</p>	<p>Positive feedback from Hymans on improvements in data.</p> <p>Risk rating reflects impact at whole fund level.</p> <p>Communication partner engaged to deliver a campaign about pension benefits and support members accessing information about their benefits.</p>	<p>Overall Score – 6</p> <p>Impact – 3 Likelihood – 2</p>	<p>Overall Score – 6</p> <p>Impact – 3 Likelihood – 2</p> <p>Status - GREEN</p>

Risk Theme 4	Officer, Committee and Board knowledge and understanding resulting in poor decision making, disengagement on key issues and loss of professional investor status.	Status - Amber
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Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
PEN 17	Level of expertise and ongoing development of the Pensions Committee and Pension Advisory Board does not comply with guidance.	Pension Fund Governance Manager	<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. 	Treat	<p>Maintain and implement Training Strategy which draws on guidance.</p> <p>Monitoring Pensions Committee, Pension Advisory Board and Officer completion of LGPS Online Learning Academy (LOLA) and Toolkit.</p> <p>Training provision reviewed and amended to reflect membership of Committee and Board.</p> <p>External training purchased.</p>	<p>Vacancy for employer representative on Pension Advisory Board and active recruitment is underway.</p> <p>New Chairman to the Board has been appointed and will start role following May Board meeting.</p> <p>Currently no members of the Pensions Committee and one member of of the Pension Advisory Board have completed the updated LOLA toolkit.</p>	<p>Overall Score – 3</p> <p>Impact – 3 Likelihood – 1</p>	<p>Overall Score – 4</p> <p>Impact – 4 Likelihood – 4</p> <p>Status - RED</p>
PEN 18	Pension Board Members and Pensions Committee Members do not declare conflicts of interest.	Pension Fund Governance Manager	<ol style="list-style-type: none"> Breach of regulations. Fined by The Pension Regulator. 	Treat	<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>Fund Conflict of Interest Policy to be developed in 24/25.</p>	<p>Overall Score – 2</p> <p>Impact – 2 Likelihood – 1</p>	<p>Overall Score – 4</p> <p>Impact – 4 Likelihood – 1</p> <p>Status - GREEN</p>

Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
PEN 19	Knowledge and understanding of Officers may not comply with the requirement to have the appropriate knowledge and understanding.	Pension Fund Governance Manager	<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. 	Treat	<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 Pensions Committee, Pension Advisory Board and Officer completion of LOLA and Toolkit.</p> <p>Officers proactively seek advice as appropriate.</p>	<p>Fund officers completed the Knowledge and Progress Assessment in 2023/24 and a training plan based on the responses will be developed in 2024/25.</p> <p>S151 officer is leaving the Authority. Interim arrangements will be put in place. Uncertainty regarding timing and knowledge and understanding relating to Pension Fund matters.</p>	<p>Overall Score – 6</p> <p>Impact – 3 Likelihood – 2</p>	<p>Overall Score – 12</p> <p>Impact – 4 Likelihood – 3</p> <p>Status - AMBER</p>

Risk Theme 5	Failure to secure value for money through managing contracts with third parties	Status - Green
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Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
PEN 20	Investment requirements not met by investment managers	Pension Fund Strategist	<ol style="list-style-type: none"> Impairment of investment outcomes. Breach in legislation. Poor provision of financial data provided to Pension Fund Team resulting in poor audit opinion. 	Treat	<p>Regular communication with all managers 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>	<p>Greater reliance on one contract managed outside of WSPF control. Officers are involved in the ACS Operator procurement of this contract in 2024/25.</p>	<p>Overall Score – 8</p> <p>Impact – 4 Likelihood – 2</p>	<p>Overall Score – 12</p> <p>Impact – 4 Likelihood – 3</p> <p>Status - AMBER</p>
PEN 21	Contracts expiring or becoming invalid	Pension Fund Governance Manager	<ol style="list-style-type: none"> No valid legal agreement in place with suppliers. Breach in legislation. Breach of County Council Standing Orders. Potential challenge from suppliers. 	Treat	<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 to be completed in 2024/25.</p> <p>Procurement and Legal teams within WSCC have been engaged to assist with process and ensure compliance.</p>	<p>Overall Score – 6</p> <p>Impact – 3 Likelihood – 2</p>	<p>Overall Score – 6</p> <p>Impact – 3 Likelihood – 2</p> <p>Status - GREEN</p>
PEN 22	Partnership expectations not met in delivery of administration	Director of Finance and Support Services	<ol style="list-style-type: none"> Failure to deliver high quality admin service to all stakeholders. Processes and procedures do not ensure that the Fund receives income due and payments are made correctly. Casework is not progressed by the team in line with SLA. Failure to account appropriately. 	Treat	<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>	<p>Team away day with administration team in April to review current processes following the 5 year anniversary of the partnership.</p>	<p>Overall Score – 8</p> <p>Impact – 4 Likelihood – 2</p>	<p>Overall Score – 8</p> <p>Impact – 4 Likelihood – 2</p> <p>Status - GREEN</p>

Risk Theme 6	Conflict of interest for members and employers	Status - Green
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Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
PEN 23	Conflict of interest between the County Council and the Fund	Director of Finance and Support Services	<ol style="list-style-type: none"> Advice and decisions taken in best interests of Council or Fund which may differ. Employers do not understand the difference between the Council and the Fund. 	Treat	<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 which will include the conflict between the Fund and the Council.</p>	<p>Overall Score – 6</p> <p>Impact – 3 Likelihood – 2</p>	<p>Overall Score – 6</p> <p>Impact – 3 Likelihood – 2</p> <p>Status - GREEN</p>

Risk Theme 7	Increase in variety and number of employers participating in the Scheme resulting in risk of non-compliance with obligations	Status - Amber
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Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
PEN 24	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. 	Treat	<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>Work underway to improve communications with all employers to ensure are aware of their pensions obligations.</p>	<p>Numbers of employers have consistently increased year on year.</p> <p>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>Review of communications with employers to ensure awareness of duties and requirements.</p>	<p>Overall Score – 9</p> <p>Impact – 3 Likelihood – 3</p>	<p>Overall Score – 16</p> <p>Impact – 4 Likelihood – 4</p> <p>Status - RED</p>
PEN 25	Employers do not pay contributions, pay incorrect amount, pay contributions late or do not provide required information	Pension Fund Finance Manager	<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. 	Treat	<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.</p> <p>Work is ongoing to engage with those employers who are not complying with the regulatory deadlines and ensuring all employer are aware of obligations and requirements.</p> <p>Review of controls in place to ensure issues are identified early with a clear action plan for non-compliance.</p>	<p>Overall Score – 2</p> <p>Impact – 2 Likelihood – 1</p>	<p>Overall Score – 4</p> <p>Impact – 2 Likelihood – 2</p> <p>Status - GREEN</p>
PEN 26	Reliance by employers on external payrolls (including outsourced providers)	Pension Fund Governance Manager	<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. Employers perceive they have outsourced responsibility. Employers may not have the knowledge to engage with their payroll provider. 	Treat	<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>	<p>Known change to two major employer systems being monitored.</p> <p>Work to be undertaken to model cashflow impact of late contribution receipt at a time of payroll change.</p> <p>Working with HPS to ensure changes in payroll are identified and communicated between the teams.</p>	<p>Overall Score – 6</p> <p>Impact – 3 Likelihood – 2</p>	<p>Overall Score – 15</p> <p>Impact – 5 Likelihood – 3</p> <p>Status - AMBER</p>
PEN 27	Changes to employer circumstances	Pension Fund Governance Manager	<ol style="list-style-type: none"> Delays in implementing changes. Reduced opportunity to manage the employers circumstances or exit. Wrong contact information is held. 	Treat	<p>Liaise with employers regularly.</p> <p>Monitor active membership of all employers.</p> <p>Work with Actuary to ensure managed exits.</p>	<p>Regular meetings in place between HPS and Fund to identify changes in circumstances.</p> <p>Review of controls in place to ensure issues are identified and communicated quickly is planned for 24/25.</p>	<p>Overall Score – 9</p> <p>Impact – 3 Likelihood – 3</p>	<p>Overall Score – 9</p> <p>Impact – 3 Likelihood – 3</p> <p>Status - AMBER</p>
PEN 28	Delay to admissions of employers to the Fund	Pension Fund Governance Manager	<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. 	Treat	<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> <p>The team is included within the Council Academy meetings to ensure early sight of new admissions.</p>	<p>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>Review of communications with employers to ensure awareness of duties and requirements.</p>	<p>Overall Score – 8</p> <p>Impact – 4 Likelihood – 2</p>	<p>Overall Score – 16</p> <p>Impact – 4 Likelihood – 4</p> <p>Status - RED</p>

Risk Theme 8	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.	Status - Red
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Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
PEN 28	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. 	Treat	<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> <p>External provision – procuring cyber security specialist.</p>	<p>Overall Score – 9</p> <p>Impact – 3 Likelihood – 3</p>	<p>Overall Score – 25</p> <p>Impact – 5 Likelihood – 5</p> <p>Status - RED</p>

Risk Theme 9	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.	Status - Amber
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Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
PEN 29	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. 	Treat	<p>Project team set up by admin team.</p> <p>Data has been collected from employers and pension administration software provider has adapted system.</p>	<p>Number of members affected has been identified.</p> <p>Significant administration task.</p> <p>Regulations came into force on 1 October 2023.</p>	<p>Overall Score – 9</p> <p>Impact – 3 Likelihood – 3</p>	<p>Overall Score – 15</p> <p>Impact – 5 Likelihood – 3</p> <p>Status – AMBER</p>
PEN 30	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. 	Treat	<p>Project team set up by admin team.</p> <p>Communication with employers letting them know requirements and to flag any issues.</p>	<p>209 employers have provided data returns to the admin team.</p> <p>Regulations came into force on 1 October 2023.</p>	<p>Overall Score – 9</p> <p>Impact – 3 Likelihood – 3</p>	<p>Overall Score – 10</p> <p>Impact – 5 Likelihood – 2</p> <p>Status – GREEN</p>
PEN 31	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. 	Treat	<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>Number of members affected has been identified.</p> <p>Significant administration task.</p> <p>Regulations came into force on 1 October 2023.</p>	<p>Overall Score – 9</p> <p>Impact – 3 Likelihood – 3</p>	<p>Overall Score – 15</p> <p>Impact – 5 Likelihood – 3</p> <p>Status – AMBER</p>

Risk Theme 10	Ability of asset pool to allow participating authorities to execute their locally decided investment strategies.	Status - Amber
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Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
PEN 32	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. 	Treat	<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 was responded to in Autumn 2023. Government are currently working to regulate their response to the consultation.</p> <p>Government consultation indicated preference for pooling model which is not the model adopted by ACCESS authorities.</p>	<p>Overall Score - 5</p> <p>Impact - 5 Likelihood - 1</p>	<p>Overall Score - 15</p> <p>Impact - 5 Likelihood - 3</p> <p>Status - AMBER</p>
PEN 33	Arrangements agreed via ACCESS do not meet the needs of West Sussex Pension Fund	Director of Finance and Support Services	<ol style="list-style-type: none"> The fund is unable to implement its ISS or choose best in class or appropriate managers. The fund takes on more risk than necessary. The funding level of the fund reduces. Negative impact on officer time and resources. 	Treat	<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>Regular review of the fund's investment strategy.</p>	<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>Overall Score - 10</p> <p>Impact - 5 Likelihood - 2</p>	<p>Overall Score - 10</p> <p>Impact - 5 Likelihood - 2</p> <p>Status - GREEN</p>

Risk Theme 11	Political environment (locally or nationally) impacts on funding and/or investment strategy	Status - Amber
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Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
PEN 34	Role of government policy on the management and benefits of the Scheme.	Director of Finance and Support Services	<ol style="list-style-type: none"> Changes in legislation. Changes to benefit structure. Changes to Investment Strategy due to requirements of Government. Restrictions placed on what asset classes the Fund can invest in. Funds required to invest to in asset classes specified by Government. Dilution of fiduciary duty responsibility. 	Tolerate	<p>Keeping up to date with Government progress.</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> <p>Maintain links with experts and advisers.</p>	<p>Awaiting changes to regs on Exit Cap, Investments, Pooling etc.</p> <p>Officers participating in DLUHC working group regarding viability of LGPS investing in Childrens Homes.</p> <p>Minister issued clear view that there should be consideration of consolidation of LGPS Funds at a recent conference.</p> <p>Spring 2024 budget set out expectations with regards to LGPS investments in the UK and supporting Childrens Homes.</p>	<p>Overall Score - 12</p> <p>Impact - 3 Likelihood - 4</p>	<p>Overall Score - 16</p> <p>Impact - 4 Likelihood - 4</p> <p>Status - RED</p>
PEN 35	Global events have an adverse impact on the pension fund investment portfolio and the Fund's cashflow.	Pension Fund Strategist	<ol style="list-style-type: none"> Pressure on rental income as tenants request rent free/reduced rent periods following pandemic. Ability to make changes to investments may be impacted. Members opt out of the Fund due to Cost of Living. 	Treat	<p>Communication with Fund Managers to understand their approach to Global events.</p> <p>Discuss options with investment advisors.</p> <p>Monitoring liabilities and member movements.</p>	<p>Fund remains in surplus.</p>	<p>Overall Score - 9</p> <p>Impact - 3 Likelihood - 3</p>	<p>Overall Score - 8</p> <p>Impact - 4 Likelihood - 2</p> <p>Status - GREEN</p>

Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
PEN 36	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	<ol style="list-style-type: none"> Fund Manager investments restricted resulting in impaired investment outcomes. Fund challenged regarding fiduciary duty. 	Tolerate	<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 for Climate Related Financial Disclosures consultation responded to in autumn. 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>	Overall Score – 12 Impact – 3 Likelihood – 4	Overall Score – 20 Impact – 4 Likelihood – 5 Status – RED

Risk Theme 12	Reliance on one contract for majority of investment management through the pool	Status - Amber
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Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
PEN 37	Reliance on one contract for majority of investment management through the pool.	Director of Finance and Support Services	<ol style="list-style-type: none"> Impairment of investment outcomes. Breach in legislation. 	Treat	<p>Engagement with legal and investment advisors to understand risks and options.</p> <p>Engagement with ACCESS Funds and Support Unit to plan and prepare for scenarios.</p> <p>Build scenario plans in to work plan for upcoming year.</p>	<p>Officers continue to engage with the ACCESS Support Unit over the management of the contract with the Operator.</p> <p>2024/25 is the last year of the Operator Agreement.</p> <p>Officers are actively involved in the procurement of an Operator.</p>	Overall Score – 8 Impact – 2 Likelihood – 4	Overall Score – 12 Impact – 4 Likelihood – 3 Status – AMBER

Risk Theme 13	Climate risk has the potential to impact Pension Fund investment returns, inflation and life expectancies.	Status - Amber
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Risk No	Risk Description	Risk Owner	Risk Impact	Risk Strategy	Risk Control/Action	Risk Update	Target Score	2024/25 Score
PEN 38	Climate risk has the potential to impact Pension Fund investment returns, inflation and life expectancies.	Director of Finance and Support Services	<ol style="list-style-type: none"> Inability to implement investment strategy requirements. Fund manager investments restricted resulting in impaired investment outcomes and reduced funding level. Loss of value to the Fund. 	Treat	<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>	Overall Score – 4 Impact – 2 Likelihood – 2	Overall Score – 12 Impact – 4 Likelihood – 3 Status – AMBER

Risk Overview

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

Category	April 2024
Green	19
Amber	11
Red	9