

Risk Register

All Fund Risk Heat Map and Summary of Governance Risks



Governance Risks					Impact	Funding & Investment Risks (includes accounting and audit)											
					Insignificant												
					Minor				9	13							
		10 9 6 5 4 1	3 2		Moderate		6		10 11 12 7 8 3 4 5								
		8 7			Major				1 2								
					Critical												
Likelihood	Rare	Possible	Probable	Highly likely	Almost certain		Almost certain	Highly likely	Probable	Possible	Rare	Likelihood					
						Critical	Key <div style="display: flex; align-items: flex-start; gap: 10px;"> <div style="border: 1px solid black; padding: 2px;">1</div> <div>Each risk is represented in the chart by a number in a square. - The number denotes the risk number on the risk register. - The location of the square denotes the current risk exposure.</div> </div> <div style="display: flex; align-items: flex-start; gap: 10px;"> <div style="background-color: green; width: 15px; height: 15px; border: 1px solid black;"></div> <div>The background colour within the square denotes the target risk exposure.</div> </div> <div style="display: flex; align-items: flex-start; gap: 10px;"> <div style="border: 1px dashed blue; width: 15px; height: 15px;"></div> <div>New risks since the last reporting date are denoted with a blue and white border.</div> </div> <div style="display: flex; align-items: center; gap: 10px;"> <div style="border-bottom: 1px dashed gray; width: 20px;"></div> <div>→</div> <div>An arrow denotes a change in the risk exposure since the previous reporting date, with the arrow coming from the previous risk exposure.</div> </div>										
					Major												
		5 4 8 7	6 2 3 1		Moderate												
					Minor												
					Insignificant												
	Administration & Communication Risks					Impact											

Risk Register - Governance Risks

Objectives extracted from Governance Policy

Risk no:	Risk Overview (this will happen)	Risk Description (if this happens)	Strategic objectives at risk (see above)	Current Impact (see key)	Current Likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?	Date Not Met Target From	Expected Back on Target	Further Action and Owner	Risk Manager	Next review date	Last Updated	
1	Administering Authority unaware of structural changes in an employer's membership (e.g. large fall in employee members, closing to new entrants)	- Impacts on achieving fully funded pension liabilities over the long term		Moderate	Possible		1 - Close relationship with employers and communicate required standards, e.g. for submission of data 2 - Actuary may revise Rates and Adjustments certificate to increase employers costs between triennial valuations	Moderate	Possible		😊				Head of Pension Fund	08/12/2022	14/09/2022	
2	Lack of experience, knowledge, skills on the Pension Committee or Pension Board, and/or the lack of adequate training, resulting in a negative impact on governance arrangements within the Gloucestershire LGPS.	- High turnover of PC and/or board members - Failure to take appropriate advice - Poor engagement /preparation / commitment - Poor oversight / lack of skills & knowledge - Poor and ineffective decision making processes		Moderate	Probable		1 - Training Policy, Plan and monitoring in place for PC and PB members. Training needs assessment now undertaken which has informed an appropriate training plan 2 - Range of professional advisors covering Fund responsibilities guiding the PC, PB and officers in their responsibilities	Moderate	Possible		😊	Current likelihood 1 too high	03/03/2022	Mar 2024	Delivery of training plan across the new cycle of Committee members and 1st annual assessment to determine training effectiveness.	Head of Pension Fund	08/12/2022	14/09/2022
3	Lack of relevant expertise, knowledge, skills and resources at officer level in relation to administering the LGPS	- Non-compliance potentially resulting in inaccurate benefit calculations - Increase in customer dissatisfaction and decrease in KPIs - Poor oversight / lack of officer skills & knowledge - Poor and ineffective decision making processes		Moderate	Probable		1 - Training needs assessment carried out for each individual officer 2 - Annual training plan produced 3 - Subscription to the CIPFA K&S framework 4 - Appropriate qualified external advisers and consultants used when necessary	Moderate	Possible		😊	Current likelihood 1 too high	03/03/2022	Mar 2023	Recruitment to post within the senior leadership team will provide greater resilience and reduce key person risk. Technical expertise from Hymans Robertson is now being made available to senior pension staff to assist in complex case management	Head of Pension Fund	08/12/2022	14/09/2022
4	Actuarial or investment advice is not sought, or is not headed, or proves to be insufficient in some way	- Inefficient management of the Fund		Moderate	Possible		1 - Close contact maintained with specialist advisers 2 - Advice delivered via formal meetings involving elected members and recorded appropriately 3 - Actuarial advice is subject to professional requirements	Moderate	Possible		😊				Head of Pension Fund	08/12/2022	14/09/2022	
5	Administering Authority fail to commission the Actuary to carry out a termination valuation for a departing Admission Body.	- Inefficient management of the Fund		Moderate	Possible		1 - Employers with Best Value contractors required to inform the Fund of forthcoming changes 2 - Contract periods of admission bodies monitored 3 - Regular monitoring of levels of active employees across all employers and further steps taken where necessary	Moderate	Possible		😊				Head of Pension Fund	08/12/2022	14/09/2022	
6	Failure to comply with the Myners Investment Principles	- Inefficient management of the Fund		Moderate	Possible		1 - Compliance regularly reviewed as detailed in the Investment Strategy statement and Governance statement	Moderate	Possible		😊				Head of Pension Fund	08/12/2022	14/09/2022	
7	Failure to comply with the General Data Protection Regulation	- Increase in data breaches - Negative publicity and reputational damage - Potential costs/fines. - Complaints from members		Major	Possible		1 - Guidance and support from GCC Information management team - website now contains info to meet GDPR requirements 2 - Recent Internal audit confirmed arrangements are satisfactory	Major	Possible		😊				Head of Pension Fund	08/12/2022	14/09/2022	
8	Failure to protect the Pension Fund's key information and data as a result of exploited technological vulnerabilities facilitated through malicious attack, primarily from external sources.	- Inability to pay member benefits - Member complaints - Permanent / temporary loss of member data - Financial impact of restoring systems		Major	Possible		1 - Anti-malware and internet security software in place 2 - Patch management policies and procedures in place 3 - Compliance with PSN 4 - Internal and external ICT security testing takes place regularly 5 - Managing user privileges	Major	Possible		😊				Head of Pension Fund	08/12/2022	14/09/2022	
9	Failing to adequately take account of, and monitor and report on, Environmental, Social and Governance ("ESG") factors, including Climate Change, in relation to the investment of the Funds' assets	- Negative ESG implications - Financial loss		Moderate	Possible		1 - Being a member of Brunel - ESG factors are integral to investment process 2 - ESG factors are considered for all Investment Manager appointments made by Brunel 3 - Robust process for on-going monitoring / reporting of ESG factors, so PC receives regular updates and assurance 4 - Adoption of Brunel Climate Change policy in January 2020	Moderate	Possible		😊				Head of Pension Fund	08/12/2022	14/09/2022	
10	Failure to internally hold personal data securely and keep pension records up-to-date and accurate	- Inefficient management of the Fund - Members potentially paid incorrect benefits - Risk of breaching GDPR Regulations		Moderate	Possible		1 - Personal data and scanned member documents are maintained in a secure password controlled online system 2 - Documented procedures for maintaining pension records are in place and regularly reviewed within the admin team 3 - Procedures regularly reviewed by internal auditors 4 - Physical access controls in operation within the Pension Fund office	Moderate	Possible		😊				Head of Pension Fund	08/12/2022	14/09/2022	

Risk Register - Funding & Investment Risks (includes accounting and audit)

Objectives extracted from Funding Strategy Statement and Investment Strategy Statement:

Risk no.	Risk Overview (this will happen)	Risk Description (if this happens)	Strategic objectives at risk (see above)	Current impact (see key)	Current likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?	Date Not Met Target From	Expected Back on Target	Further Action and Owner	Risk Manager	Next review date	Last Updated	
1	Fund assets fail to deliver returns in line with the anticipated returns underpinning valuation of liabilities over the long-term	- Impacts on achieving fully funded pension liabilities		Major	Possible	Yellow	1 - Assets invested on the basis of specialist advice, in suitably diversified manner, across asset classes, geographies and managers 2 - Analysis of progress at three yearly valuation for all employers 3 - Strategic asset allocation following valuation results re-examined by an investment specialist 4 - Inter-valuation roll-forward of liabilities between valuations at whole fund level	Major	Possible	Yellow	☺			Long term forecasting of Strategic Asset Allocation ongoing by Independent Advisor and reported quarterly to Committee	Head of Pension Fund	08/12/2022	14/09/2022	
2	Inappropriate long-term investment strategy	- Impacts on achieving fully funded pension liabilities		Major	Possible	Yellow	1 - Regular monitoring of Fund's cash flow and actuarial estimates of future cash flow positions 2 - Overall investment strategy options including diversification considered as an integral part of the funding strategy 3 - Use of asset modelling in place	Major	Possible	Yellow	☺			The new final strategic investment allocation and strategy was approved by the Pension Committee on 14th February 2020. Further reviews have taken place in January 2021 December 2021. Further review now underway	Head of Pension Fund	08/12/2022	14/09/2022	
3	Fall in risk-free returns on Government bonds, leading to rise in value placed on liabilities.	- Impacts on achieving fully funded pension liabilities		Moderate	Possible	Yellow	1 - Stabilisation modelling at whole fund level including Inter-valuation monitoring 2 - Investment in bonds 3 - Strong deficit recovery plan	Moderate	Possible	Yellow	☺				Head of Pension Fund	08/12/2022	14/09/2022	
4	Increasing Pension Fund deficit	- Impacts on achieving fully funded pension liabilities		Moderate	Possible	Green	1 - Triennial valuation plus regular update reports 2 - Regular consideration at PC meetings of investment performance relative to funding assumptions, funding position and strategy 3 - Strong deficit recovery plan	Moderate	Possible	Green	☺				Head of Pension Fund	08/12/2022	14/09/2022	
5	Active investment manager under-performance relative to benchmark.	- Impacts on achieving funding target		Moderate	Possible	Green	1 - Quarterly investment monitoring analyses market performance and Brunel portfolios relative to their index benchmark 2 - Diversification of investments across asset classes and across different fund managers 3 - Brunel's portfolios monitored against agreed performance targets and reported to PC quarterly	Moderate	Possible	Green	☺				Head of Pension Fund	08/12/2022	14/09/2022	
6	Pay and price inflation significantly more than anticipated.	- Impacts on achieving fully funded pension liabilities		Moderate	Highly likely	Yellow	1 - Focus of the valuation process on real returns on assets, net of price and pay increases 2 - Inter-valuation monitoring (provides early warning) 3 - Some investment in index-linked bonds 4 - Employers pay for their own salary awards	Moderate	Possible	Green	☺	Current likelihood 2 too high	21/09/2021	Mar 2023	Increased risk of a potential sustained inflationary environment is now a possibility. An ongoing review of the inflation and interest rate risks on the Fund is being included into the triennial valuation process and current SAA review.	Head of Pension Fund	08/12/2022	14/09/2022
7	Unexpected increase in employer's contribution rate	- Volatility of employer contribution rates leading to affordability pressures		Moderate	Possible	Green	1 - Explicit stabilisation mechanism has been agreed for eligible employers as part of funding strategy 2 - Additional measures to limit sudden increases in contributions 3 - Discussions take place with employers regarding their ability to absorb rises in their contribution level 4 - Option to use deficit spreading and phasing in of contribution increases, with appropriate security / analysis	Moderate	Possible	Green	☺				Engagement with Employer base for the 2022 Valuation has undertaken. The Contribution Strategy of the Fund is being tabled at the September Committee meeting	Head of Pension Fund	08/12/2022	14/09/2022
8	A company, without a guarantor, admitted to the Fund as an admission body may become financially unstable, leaving a significant financial deficit with the Fund	- Likelihood of increased contribution requirements falling back on other Fund employers		Moderate	Possible	Green	1 - Community admission bodies only admitted if have a funding guarantee from a tax-raising scheme employer 2 - A surety bond is required by the employer to cover costs if company goes into liquidation 3 - Value of surety bond reviewed regularly to ensure is adequate	Minor	Possible	Green	☺	Current impact 1 too high	31/03/2019	Mar 2023	Four Admitted Bodies without guarantors now remain within the Fund. At the 2019 valuation the contribution rates for these employers were calculated using a gilts based investment return, resulting in higher contributions, partially addressing this risk. Further engagement and review of the current position has been undertaken with these Employers as part of the 2022 valuation.	Head of Pension Fund	08/12/2022	14/09/2022
9	Pensioners living longer, thus increasing cost to Fund.	- Impacts on achieving fully funded pension liabilities		Minor	Possible	Green	1 - Mortality assumptions set with some allowance for future increases in life expectancy 2 - Life expectancy assumptions set using Club Vita - a specialised longevity firm 3 - Encouragement of employers concerned at costs to promote a later retirement culture	Minor	Possible	Green	☺				Fund utilises specific Gloucestershire related data supplied by Club Vita analysis.	Head of Pension Fund	08/12/2022	14/09/2022
10	Maturing Fund – i.e. proportion of actively contributing employees declines relative to retired employees leading to the possibility of there being insufficient liquid funds available to pay liabilities as they fall due	- Inefficient management of the Fund		Moderate	Possible	Green	1 - Monitored at each valuation - seeking monetary deficit amounts rather than % of pay 2 - Inter-valuation monitoring of level of active members, both at whole fund level and by individual employer 3 - Regular review of investment strategy 4 - Regular review of how cash flow positive the fund is (significant cash flow modelling recently undertaken by the Actuary)	Moderate	Possible	Green	☺				Head of Pension Fund	08/12/2022	14/09/2022	
11	Adverse demographic changes within employers, such as changing patterns of early retirements, reductions in payroll and more ill-health retirements than expected	- Volatility of employer contribution rates leading to affordability pressures		Moderate	Possible	Green	1 - Employers are charged the cost of non-ill-health retirements upfront following each individual decision 2 - Employers required to pay deficit recovery contributions as fixed monetary amounts rather than as a % of pay. 3 - Each employer's ill-health experience monitored on an ongoing basis, and may be charged additional contributions if this exceeds the assumed number of ill-health retirements. Ill health insurance is available to be purchased by individual employers	Moderate	Possible	Green	☺				IllJ procedure introduced in April 2020 applicable to all highest risk employers. All other employers covered under a central policy unless formally opt out, under procedures agreed by PC in September 2019. To date 3 employers have opted out.	Head of Pension Fund	08/12/2022	14/09/2022
12	Adverse effect on the Fund's investment strategy and employer contributions if large numbers of active members are outsourced on a "closed" (to new entrants) basis	- Impacts on achieving fully funded pension liabilities		Moderate	Possible	Green	1 - Advice provided by the actuary on likely impact on investment out-performance assumptions and employer contributions 2 - Monitoring of levels of outsourcing on a 'closed' basis and advise employers of implications 3 - Regular review of investment strategy and strategic asset allocation	Moderate	Possible	Green	☺				Head of Pension Fund	08/12/2022	14/09/2022	
13	Transfers out of the Fund into DC schemes due to introduction of "Freedom & Choice" resulting in a change in funding level	- Impacts on achieving fully funded pension liabilities		Minor	Possible	Green	1 - Advice provided by the actuary on the proportion of active and deferred members over 55, and the maximum exposure of the Fund to these transfers 2 - Consideration given to impact on funding level on different possible levels of take up	Minor	Possible	Green	☺				Head of Pension Fund	08/12/2022	14/09/2022	

Risk Register - Operational Risks

Objectives extracted from Administration Strategy and Communications Strategy:

Risk no.	Risk Overview (this will happen)	Risk Description (if this happens)	Strategic objectives at risk (see above)	Current impact (see key)	Current likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?	Date Not Met Target From	Expected Back On Target	Further Action and Owner	Risk Manager	Next review date	Last Updated	Previous Impact	Previous Likelihood	Previous Risk Status	Risk removed (date)		
1	COVID-19 Pandemic having a detrimental impact to the Pension Fund service provided to members and/or to the collections of pension fund contributions and investments.	<ul style="list-style-type: none"> - New retirees may not receive accurate and timely benefits - Contributions may not be received and invested - New investments may not be actioned 		Moderate	Highly likely	Yellow	<ul style="list-style-type: none"> 1 - Minimal service impact within finance and investment team due to remote working 2 - Due to paper-based nature of admin service, team split in two rotating home working with office working 3 - Future agile working requirements are being assessed for the admin team with a view to be rolled out in Q2 2022 	Moderate	Probable	Yellow		Current likelihood 1 too high	03/03/2022	Mar 2023	Review of operational process continues to develop to identify efficiencies that can be achieved, whilst ensuring robust process remain. As part of the administration system review, system support will be review in relation to further process efficiency gains that can be achieved.	Head of Pension Fund	08/12/2022	14/09/2022					
2	Significant additional costs resulting from changes to national pension requirements and/or HMRC rules e.g. public sector pensions reform, and/or more complex regulations requiring increased administration resources	<ul style="list-style-type: none"> - Inefficient management of the Fund 		Moderate	Probable	Yellow	<ul style="list-style-type: none"> 1 - The Fund considers government consultation papers and comments where appropriate 2 - Results of recent forms built into the valuation 3 - Changes to contribution rates or benefit levels carefully communicated with membership to minimise potential opt outs or other adverse actions 	Moderate	Possible	Green		Current likelihood 1 too high	03/03/2022	Mar 2023	Expected regulations in relation to McCloud, and additional wide reaching consultation on pooling guidance and levelling up white paper, that may impact on the Fund	Head of Pension Fund	08/12/2022	14/09/2022					
3	Under resourcing of Pension Administration staff resulting in a deterioration of performance against key performance indicators and/or intervention from the Pensions Regulator.	<ul style="list-style-type: none"> - Increase in member complaints due to standards not being met. - Increase in workloads if additional performance improvement activities needed. - Negative publicity. - Potential adverse financial implications 		Moderate	Highly likely	Yellow	<ul style="list-style-type: none"> 1 - Additional Pension Officers recruited to improve KPIs 	Moderate	Probable	Yellow		Current likelihood 1 too high	03/03/2022	Mar 2023	Recruitment ongoing. 2 x Group Pension Leaders post filled. 3 x Lead Pension Officer posts now filled. Pension Investment & Accounting Manager post appointed to. 2 x Pensions Officers appointed and starting in October. 4 x Pensions Officer posts advertised and currently being shortlisted and interviewed to. Hymans Robertson are providing an onboarding training plan for new starters to reduce burden on current team members to enable administrative delivery	Head of Pension Fund	08/12/2022	14/09/2022					
4	Failure to collect and account for contributions from employers and employees on time	<ul style="list-style-type: none"> - Potential for TPR to intervene. - Requirement to report on breaches log 		Moderate	Possible	Green	<ul style="list-style-type: none"> 1 - Monitoring and reconciliation of contributions carried out monthly 2 - Robust debt management process to recover late payments 	Moderate	Possible	Green						Head of Pension Fund	08/12/2022	14/09/2022					
5	Failure to undertake a full reconciliation of Guaranteed Minimum Pensions records held on the Altair system with those held by HMRC.	<ul style="list-style-type: none"> - Non-compliance - Additional financial costs - Member dissatisfaction leading to complaints 		Moderate	Possible	Green	<ul style="list-style-type: none"> 1 - A detailed reconciliation procedure is underway - resulting in a significant reduction in potential GMP liabilities 	Moderate	Possible	Green						Head of Pension Fund	08/12/2022	14/09/2022					
6	Having inadequate resource to provide sufficient input to the oversight of the Brunel to ensure it operates efficiently and effectively	<ul style="list-style-type: none"> - Reputational damage - Detrimental impact on Fund if Brunel doesn't operate efficiently 		Moderate	Probable	Yellow	<ul style="list-style-type: none"> 1 - Future recruitment of Pension Investment and Accounting Manager to provide greater resilience 	Moderate	Possible	Green		Current likelihood 1 too high	03/03/2022	Mar 2023	Recruitment to post within the senior leadership team will provide greater resilience and reduce key person risk	Head of Pension Fund	08/12/2022	14/09/2022					
7	Loss of funds through fraud or misappropriation	<ul style="list-style-type: none"> - Significant reputational damage - Additional financial costs - Member dissatisfaction leading to complaints 		Moderate	Possible	Green	<ul style="list-style-type: none"> 1 - Documented checking procedures and processes in place, and staff trained on implementing them 2 - Multiple authorisation levels for claims and payments 3 - Internal Auditors carry out regular reviews 	Moderate	Possible	Green						Head of Pension Fund	08/12/2022	14/09/2022					
8	Loss of Pensions Administration software usage due to expiration of the contract	<ul style="list-style-type: none"> - Significant reputational damage - Additional financial costs - Member dissatisfaction leading to complaints - Inability to manage and pay benefits 		Moderate	Possible	Green	<ul style="list-style-type: none"> 1- Procurement identified as part of Business Plan 2022/23 2- Project plan being developed with internal procurement oversight 3- Access to the LGPS National Frameworks 4- Quarterly oversight of project by Committee and LPB 	Minor	Rare	Green		Current impact 1 too high Current likelihood 1 too high	07/06/2022	Dec 2022	Project plan and procurement process ongoing	Head of Pension Fund	08/12/2022	14/09/2022					