

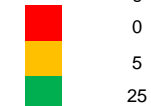
# Risk Register

## All Fund Risk Heat Map and Summary of Governance Risks

Number of actual risks



Number of target risks



		Governance Risks					Impact	Funding & Investment Risks (includes accounting and audit)						
							Insignificant							
							Minor				9	13		
		10	9	6			Moderate				10	11	12	
		5	4	1	3	2	Major				6	7	8	
		8	7				Critical				3	4	5	
											1	2		
Likelihood	Rare	Possible	Probable	Highly likely	Almost certain		Almost certain	Highly likely	Probable	Possible	Rare	Likelihood		
						Critical	<p><b>Key</b></p> <p>1 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.</p> <p>1 The background colour within the square denotes the target risk exposure.</p> <p>□ New risks since the last reporting date are denoted with a blue and white border.</p> <p>---&gt; An arrow denotes a change in the risk exposure since the previous reporting date, with the arrow coming from the previous risk exposure.</p>							
						Major								
		5	4			Moderate								
		8	7	6	2	3	Minor							
						Insignificant								
	<b>Operational Risks</b>					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	07/12/2023	11/09/2023	
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 cycle of Committee members. National Knowledge and Skills assessment results delivered in March 2023, results used to develop training plan for 2023/24. Next knowledge review schedule for March 2024.	Head of Pension Fund	07/12/2023	11/09/2023
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 2024	Recruitment to posts 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	07/12/2023	11/09/2023
4	Actuarial or investment advice is not sought, or is not heeded, 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	07/12/2023	11/09/2023	
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	07/12/2023	11/09/2023	
6	Failure to comply with the Myerns' 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	07/12/2023	11/09/2023	
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 - Internal audit confirmed arrangements are satisfactory 3 - Legal review update to GDPR Policy is being undertaken - November 2022	Major	Possible		😊			Legal review of the GDPR policy has been undertaken to ensure it is fully compliant. Draft amendment proposed and awaiting for feedback from information commissioner.	Head of Pension Fund	07/12/2023	11/09/2023	
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	07/12/2023	11/09/2023	
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		😊			The Fund has commenced drafting a Responsible Investment policy as an outcome of the workshop held in November 2022. Further work anticipated for October 2023, with policy scheduled to be considered by Committee in December 2023.	Head of Pension Fund	07/12/2023	11/09/2023	
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	07/12/2023	11/09/2023	

## 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		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		☺			Long term forecasting of Strategic Asset Allocation ongoing by Independent Advisor and reported quarterly to Committee	Head of Pension Fund	07/12/2023	11/09/2023
2	Inappropriate long-term investment strategy	- Impacts on achieving fully funded pension liabilities		Major	Possible		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		☺				Head of Pension Fund	07/12/2023	11/09/2023
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		1 - Stabilisation modelling at whole fund level including Inter-valuation monitoring 2 - Investment in bonds 3 - Strong deficit recovery plan	Moderate	Possible		☺				Head of Pension Fund	07/12/2023	11/09/2023
4	Increasing Pension Fund deficit	- Impacts on achieving fully funded pension liabilities		Moderate	Possible		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		☺				Head of Pension Fund	07/12/2023	11/09/2023
5	Active investment manager under-performance relative to benchmark.	- Impacts on achieving funding target		Moderate	Possible		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		☺				Head of Pension Fund	07/12/2023	11/09/2023
6	Pay and price inflation significantly more than anticipated.	- Impacts on achieving fully funded pension liabilities		Moderate	Possible		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		☺	21/09/2021	Mar 2023		Head of Pension Fund	07/12/2023	11/09/2023
7	Unexpected increase in employer's contribution rate	- Volatility of employer contribution rates leading to affordability pressures		Moderate	Possible		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		☺				Head of Pension Fund	07/12/2023	11/09/2023
8	A company, without a guarantor, admitted to the Fund as an admission body may become financially unviable, leaving a significant financial deficit with the Fund	- Likelihood of increased contribution requirements falling back on other Fund employers		Moderate	Possible		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		☹	31/03/2019	Mar 2024	Four Admitted Bodies without guarantors now remain within the Fund. At the 2022 valuation the contribution rates for these employers were calculated using a high likelihood of success. Annual engagement and review of the positions will be undertaken with these Employers.	Head of Pension Fund	07/12/2023	11/09/2023
9	Pensioners living longer, thus increasing cost to Fund.	- Impacts on achieving fully funded pension liabilities		Minor	Possible		1 - Mortality assumptions set with some allowance for future increases in life expectancy 2 - Life expectancy assumptions set using ClubVita - a specialised longevity firm 3 - Encouragement of employers concerned at costs to promote a later retirement culture	Minor	Possible		☺			Fund utilises specific Gloucestershire related data supplied by Club Vita analysis.	Head of Pension Fund	07/12/2023	11/09/2023
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		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		☺			Cashflow analysis has been undertaken by the actuary in response to the 2022 valuation and this was reviewed by Committee in December 2022	Head of Pension Fund	07/12/2023	11/09/2023
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		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		☺			IHLI 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	07/12/2023	11/09/2023

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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		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		☺				Head of Pension Fund	07/12/2023	11/09/2023
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		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		☺				Head of Pension Fund	07/12/2023	11/09/2023

## 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 having a detrimental impact on the Pension Fund service provided to members and/or to the collections of pension fund contributions and investments.	<ul style="list-style-type: none"> <li>- New retirees may not receive accurate and timely benefits</li> <li>- Contributions may not be received and invested</li> <li>- New investments may not be actioned</li> </ul>					<ul style="list-style-type: none"> <li>1 - Team members advised that if they display symptoms of Covid to not attend the office, thereby protecting team members.</li> <li>2- Agile and remote working practises and processes, that are continuing to be developed now mean service can operate without an office presence.</li> </ul>						03/03/2022	Mar 2023	As part of the administration review, system support will be reviewed in relation to further process efficiency gains that can be achieved.	Head of Pension Fund		20/02/2023					20/02/2023
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"> <li>- Inefficient management of the Fund</li> </ul>		Moderate	Probable		<ul style="list-style-type: none"> <li>1 - The Fund considers government consultation papers and comments where appropriate</li> <li>2 -Results of recent forms built into the valuation</li> <li>3 -Changes to contribution rates or benefit levels carefully communicated with membership to minimise potential opt outs or other adverse actions</li> </ul>	Moderate	Possible		☹️ Current likelihood 1 too high	03/03/2022	Mar 2024	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	07/12/2023	11/09/2023						
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"> <li>- Increase in member complaints due to standards not being met.</li> <li>- Increase in workloads if additional performance improvement activities needed.</li> <li>- Negative publicity.</li> <li>- Potential adverse financial implications</li> </ul>		Moderate	Highly likely		<ul style="list-style-type: none"> <li>1 - Additional Pension Officers recruited to improve KPIs</li> </ul>	Moderate	Probable		☹️ Current likelihood 1 too high	03/03/2022	Mar 2024	First phase recruitment plan now completed. Hymans Robertson have providing an onboarding training plan for new starters to reduce burden on current team members to enable administrative delivery. Second phase has now commenced	Head of Pension Fund	07/12/2023	11/09/2023						
4	Failure to collect and account for contributions from employers and employees on time	<ul style="list-style-type: none"> <li>- Potential for TPR to intervene.</li> <li>- Requirement to report on breaches log</li> </ul>		Moderate	Possible		<ul style="list-style-type: none"> <li>1 - Monitoring and reconciliation of contributions carried out monthly</li> <li>2 - Robust debt management process to recover late payments</li> </ul>	Moderate	Possible		😊					Head of Pension Fund	07/12/2023	11/09/2023					
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"> <li>- Non-compliance</li> <li>- Additional financial costs</li> <li>- Member dissatisfaction leading to complaints</li> </ul>		Moderate	Possible		<ul style="list-style-type: none"> <li>1 - A detailed reconciliation procedure is underway - resulting in a significant reduction in potential GMP liabilities</li> </ul>	Moderate	Possible		😊					Head of Pension Fund	07/12/2023	11/09/2023					
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"> <li>- Reputational damage</li> <li>- Detrimental impact on Fund if Brunel doesn't operate efficiently</li> </ul>		Moderate	Probable		<ul style="list-style-type: none"> <li>1 - Future recruitment of Pension Finance Officer</li> </ul>	Moderate	Possible		😊 Current likelihood 1 too high	03/03/2022	Mar 2024	Risk will return to target once operational capacity has been addresses	Head of Pension Fund	07/12/2023	11/09/2023						
7	Loss of funds through fraud or misappropriation	<ul style="list-style-type: none"> <li>- Significant reputational damage</li> <li>- Additional financial costs</li> <li>- Member dissatisfaction leading to complaints</li> </ul>		Moderate	Possible		<ul style="list-style-type: none"> <li>1 - Documented checking procedures and processes in place, and staff trained on implementing them</li> <li>2 - Multiple authorisation levels for claims and payments</li> <li>3 - Internal Auditors carry out regular reviews</li> </ul>	Moderate	Possible		😊					Head of Pension Fund	07/12/2023	11/09/2023					
8	Loss of Pensions Administration software usage due to expiration of the contract	<ul style="list-style-type: none"> <li>- Significant reputational damage</li> <li>- Additional financial costs</li> <li>- Member dissatisfaction leading to complaints</li> <li>- Inability to manage and pay benefits</li> </ul>		Moderate	Possible		<ul style="list-style-type: none"> <li>1- Procurement identified as part of Business Plan 2023/24</li> <li>2- Project plan being developed with internal procurement oversight</li> <li>3- Access to the LGPS National Frameworks</li> <li>4- Quarterly oversight of project by Committee and LPB</li> </ul>	Minor	Rare		☹️ Current impact 1 too high Current likelihood 1 too high	07/06/2022	Jun 2024	Project plan and procurement process ongoing and operating to plan.	Head of Pension Fund	07/12/2023	11/09/2023						