











# Appendix 1 – Pension Fund Risk Register




Refreshed summary @ August 2023



Risk Code	Risk Owner	Risk Category	Description	Risk Score	Risk Rating
PF101	Director Finance & Procurement	Funding	Investment Strategy is inconsistent with Funding Strategy may lead to the fund not being managed properly through setting employer contribution rates incorrectly resulting in the future liabilities of the Fund not being able to be covered by its assets and requiring employers to increase contribution rates to address any funding gap. <i>(previous Risk 1.9)</i>	4 Minor - Unlikely	
PF102	Director Finance & Procurement	Funding	Failure of Funds investment returns to keep pace with growth in liabilities due to pay and CPI Inflation increase, which may lead to Funding Levels falling and potentially requiring increases in employer contribution rates. <i>(previous Risk 1.10)</i>	12 Moderate - Likely	
PF103	Director Finance & Procurement	Funding	Failure of a Scheme Employer may lead to a shortfall in the funding levels of whole Fund resulting in increases for all other employers contributions. <i>(previous Risk 2.3 plus amalgamation of Risks 2.1, 2.2, 2.5, 2.6 &amp; 2.7)</i>	6 Moderate - Unlikely	
PF104	Director Finance & Procurement	Funding	Significant differences between Actuarial Assumptions in the Triennial Valuation Reports and reality may lead to setting Funding and Investment Strategies which may result in insufficient cash flow to fund current obligations or insufficient funding to cover future liabilities. <i>(previous Risk 4.3 plus amalgamation of Risks 4.1 and 4.4)</i>	6 Minor - Possible	

Risk Code	Risk Owner	Risk Category	Description	Risk Score	Risk Rating
PF201	Director Finance & Procurement	Investment	Failure to achieve the target investment returns set out in the Statement of Investment Principles over the longer term may lead to significant increased employer contribution rates and costs of implementing changes to the investment strategy. <i>(previous Risk 1.1 plus amalgamation of Risks 1.7 and 1.8)</i>	12 Major - Possible	
PF202	Director Finance & Procurement	Investment	Failure to react to major changes in market/economic conditions may lead to an inability to manage the fund properly resulting in significant adverse impact on valuation of investment assets and assessment of Fund's future liabilities. <i>(previous Risk 1.6)</i>	9 Moderate - Possible	
PF203	Director Finance & Procurement	Investment	Failure to manage the liquidity required for the Fund's cash flows may lead to assets being sold at unattractive times or investment opportunities missed due to unavailability of cash, resulting in an adverse impact on the valuation of the Fund's assets. <i>(previous Risk 4.6 plus amalgamation of Risks 4.5, 4.7 and 5.8)</i>	4 Minor - Unlikely	
PF301	Director Finance & Procurement / Director People, Performance & Change	Administration	Over reliance on key officers may lead to significant knowledge gaps resulting in failure to manage the Fund effectively. <i>(previous Risk 3.1 plus amalgamation of Risk 3.5)</i>	4 Minor - Unlikely	
PF302	HR Shared Services Manager	Administration	Failure to process pension payments and lump sums on time may lead to financial distress for retiring staff and potential referral to the Pensions Regulator and/or external auditor resulting in the possibility of penalty costs and reputational damage. <i>(previous Risk 5.1)</i>	4 Minor - Unlikely	

Risk Code	Risk Owner	Risk Category	Description	Risk Score	Risk Rating
PF303	HR Shared Services Manager	Administration	Failure to collect and account for contributions from employers and employees on time may lead to adverse cash flow implications for the Fund potentially resulting in adverse external audit opinion, referral to the Pensions Regulator, reputational damage and requirement to divest investments to fund the cash flow deficit. <i>(previous Risk 5.2)</i>	4 Minor - Unlikely	
PF304	HR Shared Services Manager	Administration	Failure to hold personal data securely resulting in personal data loss, reputational damage and potential financial penalty <i>(previous Risk 5.5 plus amalgamation of Risk 5.6)</i>	4 Minor - Unlikely	
PF305	HR Shared Services Manager	Administration	Risk of cyber security breach <i>(previous Risk 6.6)</i>	10 Catastrophic - Unlikely	
PF401	Director Finance & Procurement / Director People, Performance & Change	Governance	Failure to understand and be involved in proposed structural changes in employers' engagement in the Scheme may lead to failure to manage the transition to a different level/type of participation by the employer in the Fund resulting in inappropriate employer contribution rates and insufficient management of contributions to cover future liabilities of that employer. <i>(previous Risk 2.4)</i>	4 Minor - Unlikely	
PF402	Director Finance & Procurement / Director People, Performance & Change	Governance	Failure to provide appropriate training and support and/or secure Board/Committee Member engagement in Training Programme may lead to ineffective management of the Fund as a result of poorly informed decision making. <i>(previous Risk 3.2 plus amalgamation of Risks 1.4, 3.3, 3.4 and 7.1)</i>	4 Minor - Unlikely	

Risk Code	Risk Owner	Risk Category	Description	Risk Score	Risk Rating
PF403	Director Finance & Procurement	Governance	Failure of the Fund's Governance arrangements may lead to ineffective management of the Fund resulting in reputational damage <i>(previous Risk 7.2 plus amalgamation of Risks 7.3, 7.4 and 7.5)</i>	4 Minor - Unlikely	
PF501	Director Finance & Procurement / HR Shared Services Manager	National Policy / Regulations	Failure to administer and manage Fund in line with requirements of legislation and other regulations e.g. LGPS regulations, HMRC may lead to benefits calculated incorrectly and/or breach legislation <i>(previous Risk 6.1)</i>	4 Minor - Unlikely	
PF502	Director Finance & Procurement	National Policy / Regulations	Changes in legislation and other regulatory frameworks may impact adversely on the Fund in terms of funding levels and governance structures <i>(previous Risk 6.2 plus amalgamation of Risk 6.5)</i>	16 Major - Likely	
PF503	Director Finance & Procurement	National Policy / Regulations	Pension Fund does not fulfil its fiduciary duties with appropriate regard with its ESG responsibilities <i>(previous Risk 7.6 plus amalgamation of Risk 1.12)</i>	4 Minor - Unlikely	