

## **PENSION FUND RISK REGISTER**

Mary Davis County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Pension Board before taking effect.

The board is recommended to note the Pension Fund Register and the additional actions proposed to mitigate risk.

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### **1. Summary**

- 1.1. Effective risk management is an essential part of any governance framework as it identifies risks and the actions required to mitigate their potential impact. For a pension fund, those risks will come from a range of sources including the funding position, investment performance, membership changes, benefits administration, costs, communications and financial systems. Good information is important to help ensure the complete and effective identification of significant risks and the ability to monitor those risks. The risks that have been identified are incorporated into the Fund's Risk Register.
- 1.2. The Pension Board monitors the Risk Register as part of its scrutiny role in relation to risk and compliance, and will raise any specific concerns to the Investment and Pension Fund Committee, as necessary. The Board previously considered the Risk Register at its meeting on 19<sup>th</sup> October 2020.
- 1.3. The Risk Register is attached at Appendix 1 to this report. It highlights the key risks in relation to the Pension Fund, the current processes in place to mitigate the risk, and the planned improvements in place to provide further assurance. It incorporates the risk register of both the Investments Team and Peninsula Pensions.
- 1.4. The Investment and Pension Fund Committee is the ultimate risk owner for the Pension Fund and the Risk Register is presented to the Committee on an annual basis. This version was approved by the Committee at its meeting held on 19<sup>th</sup> June 2020.

### **2. Introduction**

- 2.1. Risks are assessed in terms of the potential impact of the risk event should it occur, and in terms of the likelihood of it occurring. These are then combined to produce an overall risk score. Each risk is scored assuming no mitigation, and then on the basis of the mitigation in place.

- 2.2. In addition to the current mitigation in place, further actions are planned to provide a greater level of assurance, and these are detailed together with the planned timescale for the action to take place. The level of risk will be reviewed once these additional actions have been implemented.
- 2.3. Further risks are likely to arise from future decisions taken by the Investment and Pension Fund Committee, and from changes in legislation and regulations. Where such new risks arise, they will be added to the risk register, assessed, and mitigation actions identified.

### 3. Proposal

- 3.1. Several risks were reviewed prior to the last Pension Board meeting in relation to the Covid-19 pandemic. These include F2 and F6 in relation to the volatility of markets as a result of the pandemic. Since then, markets have recovered for the time being and a note to this effect is added under the last review details.
- 3.2. Risk F17 has been updated to reflect the fund's target of reducing its carbon footprint.
- 3.3. A new risk F18 has been added as requested by the board regarding the risk of negative interest rates being introduced by the Bank of England. Officers consider that this is unlikely and therefore this risk is recorded as low.
- 3.4. Risk13 has been updated following the Brexit deal reached late December.
- 3.5. There are now 47 risks recorded in the Risk Register. The following table summarises the number of risks assigned to low, medium and high-risk scores, before and after mitigation.

Risk Category	Number of Inherent Risks Identified	Number of Risks following mitigating action
<b>Devon Pension Fund</b>		
High	11	3
Medium	15	6
Low	3	20
<b>Peninsula Pensions</b>		
High	3	1
Medium	6	2
Low	9	15

3.6. Action taken to mitigate risks has reduced the number of high risks from 15 to 5. The remaining high risks are in respect of;

- Market Crash leading to a failure to reduce the deficit (F6)
- Investment strategy not providing sufficient returns longer term (F2)
- Failure of the Pensions Administration system (F17)
- Cost implications of the McCloud judgement (F16)

#### **4. Conclusion**

4.1. The Board are asked to note the Pension Fund Risk Register, and the additional actions proposed to mitigate risk.

Mary Davis  
County Treasurer

Electoral Divisions: All

**Local Government Act 1972:**

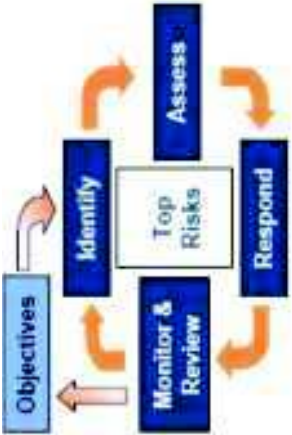
**List of Background Papers - Nil**

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# Devon Pension Fund Risk Register

Risk Management - is a modern management discipline and is about getting the right balance between innovation and change on the one hand, and the avoidance of shocks and crises on the other.

<p><b>1. Identify your risks</b></p> <p><b>Risk:</b> an event or action that will have affect our ability to achieve our <b>objectives</b></p> <p>Opportunities <b>and</b> Threats</p> <p>Event leads to Impact</p> <p>Identify in groups - by those responsible for delivery of the objectives</p> <p><b>When:</b></p> <p>Setting strategic aims</p> <p>Setting business objectives</p> <p>Early stages of project planning &amp; key stages</p> <p>Entering partnerships</p> <p><b>Categories can help:</b></p> <p>Political, Economic/Financial, Social, Technological, Legislative/Legal, Environmental, Community, Professional/Managerial, Physical, Partnership/Contractual.</p>	<p><b>2. Assess your risks</b></p> <p>Combination of the probability of an event and its consequences; Impact x Likelihood:</p> <table border="1" data-bbox="635 1115 938 1592"> <tr> <td></td> <td>6</td> <td>12</td> <td>18</td> <td>24</td> <td>30</td> </tr> <tr> <td>LIKELIHOOD</td> <td>5</td> <td>10</td> <td>15</td> <td>20</td> <td>25</td> </tr> <tr> <td></td> <td>4</td> <td>8</td> <td>12</td> <td>16</td> <td>20</td> </tr> <tr> <td></td> <td>3</td> <td>6</td> <td>9</td> <td>12</td> <td>15</td> </tr> <tr> <td></td> <td>2</td> <td>4</td> <td>6</td> <td>8</td> <td>10</td> </tr> <tr> <td></td> <td colspan="5">IMPACT</td> </tr> </table> <p><b>24 - 30 VERY HIGH (VIOLET)</b></p> <ul style="list-style-type: none"> <li>Immediate action</li> </ul> <p><b>15 - 20 HIGH (RED)</b></p> <ul style="list-style-type: none"> <li>Regular review to seek better control</li> </ul> <p><b>10 - 12 MEDIUM (AMBER)</b></p> <ul style="list-style-type: none"> <li>Review current controls / incorporate into action plan</li> </ul> <p><b>1 - 9 LOW (YELLOW)</b></p> <ul style="list-style-type: none"> <li>Limited action - long term plans</li> </ul>		6	12	18	24	30	LIKELIHOOD	5	10	15	20	25		4	8	12	16	20		3	6	9	12	15		2	4	6	8	10		IMPACT					<p><b>3. Respond to risks</b></p> <p>Concentrate on Top Risks:</p> <ul style="list-style-type: none"> <li>Set risk appetite</li> <li>Proportionate and cost-effective response</li> </ul> <p>Can we reduce likelihood?</p> <p>Can we reduce impact?</p> <p>Can we change the consequences?</p> <p>Treat</p> <p>Transfer</p> <p>Tolerate</p> <p>Terminate</p> <p>Devise Contingencies</p> <p>Business Continuity Planning</p>	<p><b>4. Monitor and Review</b></p> <p>Risk Registers:</p> <p>Baseline data to be prepared and monitored regularly; these should clearly indicate impacts, responses and contingencies as well as the risk owner.</p> <p>Use early warning indicators.</p> <p>Review Top Risks regularly as agenda item.</p> <p>Report progress to senior management.</p> 
	6	12	18	24	30																																		
LIKELIHOOD	5	10	15	20	25																																		
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	2	4	6	8	10																																		
	IMPACT																																						

## Risks: Peninsula Pensions

Risk status (score)	Overdue (0 - 0)	Low (1 - 9)	Medium (10 - 14)	High (15 - 23)	Very high (24 - 30)
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Mitigating controls	Not started	Green	Amber	Red	Completed
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Risk details	Status and Risk owner	Mitigating controls
<p>PP1 Annual Benefit Statements</p> <p>Cause/s</p> <p>Staffing Absences</p> <p>ICT Failures</p> <p>Poor data quality</p> <p>Event</p> <p>Annual Benefit statements are not sent to active and deferred members by 31st August.</p> <p>Impact</p> <p>Fines from the regulator</p> <p>Damage to reputation</p> <p>Increased complaints from Members</p> <p>Increased demand on resources to rectify the situation</p> <p>Creation of a backlog of other tasks due to diverted resource.</p>	<p>Inherent status : 8 Low</p> <p>Current status : 6 Low ( <input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: Daniel Harris</p> <p>Accountable officer: Martin Oram</p> <p>Category: Operational</p> <p>Last review: 19 Oct 2020</p> <p>Latest review details</p> <p>Risks and mitigating controls remain appropriate.</p> <p>Risk reviewed by the Devon Pension Board 19/10/2020.</p>	<p><b>Green</b> • Project management approach • Regular contact with employers to obtain data. • Monthly interfacing to reduce workload at year end • Statements to employers for 31/07 to allow time for distribution to staff prior to 31/08</p> <p><b>Amber</b> We are looking to increase employer take up of monthly interfaces and are exploring options to improve software processes.</p>

<p>PP2 Failure to provide Basic information about the LGPS</p> <p>Cause/s Inability to access basic LGPS information via the website due to IT issues or non publication. Starter Packs not being sent and/or received by members. General scheme literature not being made available to members. LGPS Administration team not informed of new members. Event Failure to make available provide Basic information about the LGPS including: how benefits are worked out; how member and employer contributions are calculated. Impact Negative reporting by or fines from the Pension's regulator. Damage to reputation.</p>	<p>Inherent status : 10 Medium Current status : 8 Low ( <input checked="" type="checkbox"/> Unchanged) Risk owner: Daniel Harris Accountable officer: Martin Oram Category: Operational Last review: 19 Oct 2020 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 19/10/2020.</p>	<p>Green Reviews of documentation/letters Green Website regularly updated Green Links to Pension Funds investment information and LGPS included on website Completed A revised New Starter pack has been designed and is now provided to members Amber Our methods and content of communication will be reviewed to ensure that members and employers are provided with accurate and relevant information.</p>
<p>PP3 - Non-compliance with legislation and failure to correctly implement new legislation and regulations</p> <p>Cause Lack of structure/process to identify new legislation as it is released. Event Non-compliance with legislation/regulations. Impact Incorrect benefit payments. Damage to reputation. Fines from Regulators.</p>	<p>Inherent status : 12 Medium Current status : 6 Low ( <input checked="" type="checkbox"/> Unchanged) Risk owner: Daniel Harris Accountable officer: Martin Oram Category: Operational Last review: 19 Oct 2020 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 19/10/2020.</p>	<p>Green LGA/External training Green Project work approach to implementation of legislative changes. Green In house training for all staff. • Use of Perspective and Bulletins Amber A Training and Technical team is now in place, following the Pension Review. The team has commenced delivering training across the teams.</p>

<p>PP4 - Failure of employing authority to provide timely and accurate member data</p> <p>Cause Employing authorities not fulfilling their responsibilities. Event Delays in the provision of pensions member data. Inaccuracies in the pension member data. Impact Incorrect benefit calculations. Financial Loss due to compensation to members. Incorrect benefit payments Delays to payments Additional work to request and correct information</p>	<p>Inherent status : 12 Medium Current status : 9 Low ( <input checked="" type="checkbox"/> Unchanged) Risk owner: Daniel Harris Accountable officer: Martin Oram Category: Operational Last review: 19 Oct 2020 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 19/10/2020.</p>	<p>Green Pension Administration Strategy in place since April 2015 and was revised in 2020. Employer duties are clearly identified in the PAS. Ability to fine employers is provided for in PAS and LGPS regulations. Green Employing authorities are contacted for outstanding information when it is identified that information is missing or contains errors. Green Outstanding data queries are passed to Employer and Communications Team to monitor Completed Guidance available on website Green Individual employer meetings include review of employer performance Amber An Employer and Communications team is now in place. The team will consider employer performance and take action to address any issues, as required.</p>
<p>PP6 - Communication of Entitlements</p> <p>Cause Insufficient communication and engagement with LGPS scheme members/employers. Event Employers and or Members are not made aware of their entitlements within LGPS resulting in Non-compliance with legislation and/or best practice. Impact Inability to determine policy Employees not joining the scheme. Inability to make effective decisions and/or deliver service</p>	<p>Inherent status : 12 Medium Current status : 9 Low ( <input checked="" type="checkbox"/> Unchanged) Risk owner: Daniel Harris Accountable officer: Martin Oram Category: Operational Last review: 19 Oct 2020 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 19/10/2020.</p>	<p>Green The Peninsula Pensions website is kept up to date Green Meetings between PP managers and Communications team on a regular basis, with a communications plan and strategy for the year ahead Green Meetings are held with the Funds Employing Authorities and on request for training Green Benefit illustrations are sent annually to contributing and deferred Fund members Green The contact list for employers is updated regularly. Green Annual forums are held for employers and Trade Unions</p>

		<p><b>Green</b> The annual report and accounts are published on the Peninsula Pensions website</p> <p><b>Amber</b> The Peninsula Pensions Senior Management team are in the process of reviewing our communication strategy and requirements to take the service forward.</p>
<p><b>PP7 - Non Payment of Pension Benefits</b></p> <p>Cause Systems Failures Lack of information from employers Poor internal processes Event Pension benefits are not paid. Impact Damage to Reputation. Financial loss arising from compensation claims.</p>	<p><b>Inherent status : 12 Medium</b> <b>Current status : 8 Low ( <input checked="" type="checkbox"/> Unchanged)</b> Risk owner: <b>Daniel Harris</b> Accountable officer: <b>Martin Oram</b> Category: Operational Last review: 19 Oct 2020 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 19/10/2020.</p>	<p><b>Green</b> The payroll system is set up to pay pensioners monthly.</p> <p><b>Green</b> Disaster recovery plan in place with Heywoods which will restore data within 7 days in the event of system failure</p> <p><b>Green</b> The payroll manual has been revised and updated following the introduction of RTI (Real Time Information) and new administration systems.</p> <p><b>Amber</b> Fully updated Pensioner Payroll Manual is now in place. An online training resource is being developed.</p>
<p><b>PP8 - Payment to deceased pensioners</b></p> <p>Cause LGPS Information is not updated as circumstances change. Poor internal processes. Event Pension benefits continue to be paid to deceased pensioners. Impact Damage to Reputation. Financial loss arising from overpayments. Additional resource to recover funds</p>	<p><b>Inherent status : 8 Low</b> <b>Current status : 6 Low ( <input checked="" type="checkbox"/> Unchanged)</b> Risk owner: <b>Daniel Harris</b> Accountable officer: <b>Martin Oram</b> Category: Operational Last review: 19 Oct 2020 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 19/10/2020.</p>	<p><b>Green</b> All pensioners are contacted annually.</p> <p><b>Green</b> Pension suspended if post is returned</p> <p><b>Green</b> Pensioners are incorporated into National Fraud Initiative</p> <p><b>Green</b> Further targeted checks are conducted with credit reference agencies as appropriate</p> <p><b>Green</b> Monthly mortality screening is undertaken and any positive matches are ceased immediately</p> <p><b>Green</b> Western Union overseas existence service undertaken bi annually</p> <p><b>Green</b> Tell us once service has been rolled out to LGPS. All relevant staff now have access and we are using fully utilising the service.</p>



<p>PP9 - Pensions transferred to other providers</p> <p>Cause Take up of Freedom of Choice Legislation.</p> <p>Event LGPS members transfer their pension pots to other pensions providers.</p> <p>Impact Significant cashflow out of the Fund. Reduction in assets greater than reduction in the Fund's liabilities.</p>	<p>Inherent status : 9 Low Current status : 6 Low ( <input checked="" type="checkbox"/> Unchanged ) Risk owner: Daniel Harris Accountable officer: Martin Oram Category: Operational Last review: 19 Oct 2020 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 19/10/2020.</p>	<p><b>Green</b> Effective communication of the benefits of remaining in the LGPS.</p> <p><b>Green</b> Actuarial calculation of transfer value should ensure current fair value and not be detrimental to the fund.</p> <p><b>Green</b> CLG monitoring CETVs nationwide and reviewing accordingly (may introduce regulations amendments to prohibit if thought necessary)</p>
<p>PP10 - Data and System Security</p> <p>Cause Insecure pensions and administration data.</p> <p>Event Loss/disclosure of Sensitive Data/Information.</p> <p>Impact Financial costs from legal action. Fines from ICO.</p>	<p>Inherent status : 9 Low Current status : 6 Low ( <input checked="" type="checkbox"/> Unchanged ) Risk owner: Daniel Harris Accountable officer: Martin Oram Category: Operational Last review: 19 Oct 2020 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 19/10/2020.</p>	<p><b>Green</b> Access and security controls exist and the system is tested regularly by Heywoods and PP.</p> <p><b>Green</b> The system is subject to regular checks by internal audit.</p> <p><b>Green</b> GDPR training was delivered to all team members throughout April and May 2018 to ensure that staff are fully aware of requirements under the new data protection legislation. All new staff also undertake GDPR training. A GDPR refresher will be rolled out to all staff during 2020/21.</p>
<p>PP11 - Personal Member Data</p> <p>Cause Error when printing/sorting/compiling data. Poor internal processes.</p> <p>Event Information issued to the wrong person/organisation.</p> <p>Impact Financial Costs from legal action.</p>	<p>Inherent status : 9 Low Current status : 6 Low ( <input checked="" type="checkbox"/> Unchanged ) Risk owner: Daniel Harris Accountable officer: Martin Oram Category: Operational Last review: 19 Oct 2020 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 19/10/2020.</p>	<p><b>Green</b> It is a mandatory requirement for all DCC employees every 2 years to undertake Data Protection training and to adhere to DCC's data protection policy.</p> <p><b>Completed</b> GDPR training was delivered to all team members throughout April and May 2018 to ensure that staff are fully aware of requirements under the new data protection legislation</p>

<p>Fines from ICO.</p>		<p><b>Completed</b> Internal E-Learning training 'Sharing personal data' was also undertaken by whole office during March 2018</p> <p><b>Amber</b> Staff are fully aware of requirements under GDPR legislation. New Data Protection ELearning to be undertaken when available.</p>
<p><b>PP12 - Knowledge Management</b></p> <p>Cause Departure or non-availability of staff who hold key knowledge. Event Breakdown in internal processes and service delivery. Impact Financial Loss due to costs of obtaining resource, or delays/inefficiencies in existing processes. Reputation Damage.</p>	<p><b>Inherent status : 16 High</b> <b>Current status : 12 Medium ( <input checked="" type="checkbox"/> Unchanged)</b> Risk owner: <b>Daniel Harris</b> Accountable officer: <b>Martin Oram</b> Category: Strategic Last review: 19 Oct 2020 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 19/10/2020.</p>	<p><b>Green</b> Knowledge of all tasks are shared by at least two team members and can in addition be covered by senior staff</p> <p><b>Green</b> Training requirements are set out in job descriptions.</p> <p><b>Amber</b> The Training and Technical are in the process of creating procedure notes for the team. These will help to ensure consistency across the teams and will assist with the training of new recruits.</p>
<p><b>PP13 - Scheme Membership Data</b></p> <p>Cause Incorrect information from employers. Fraudulent provision of data. System errors Poor internal processes. Event Unauthorised or invalid payments. Impact Financial loss Reputational Damage</p>	<p><b>Inherent status : 9 Low</b> <b>Current status : 6 Low ( <input checked="" type="checkbox"/> Unchanged)</b> Risk owner: <b>Daniel Harris</b> Accountable officer: <b>Martin Oram</b> Category: Operational Last review: 19 Oct 2020 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 19/10/2020.</p>	<p><b>Green</b> Information and instructions are only accepted from authorised sources.</p> <p><b>Green</b> Employers and scheme members are required to review and confirm membership records annually</p> <p><b>Green</b> Benefit calculations are checked by senior colleagues and are subject to independent authorisation</p> <p><b>Green</b> All transactions comply with DCC financial regulations and are subject to independent authorisation</p> <p><b>Green</b> All staff are covered by fidelity insurance up to £15 million</p> <p><b>Green</b> Members approaching 75 are separately</p>

		<p>identified monthly</p> <p><b>Green</b> Data accuracy checks undertaken by the systems team including address / NINO checks</p> <p><b>Amber</b> Employer Self Service being introduced to including a reporting element to assist Employers with checking their data annually and signing off as correct</p>
<p><b>PP14 - Compliance with Disclosure Regulations</b></p> <p>Cause Requirement to issue information within a certain timescale after a request/event. Event Failure to comply with disclosure regulations and to process accurate pension benefit payments in a timely manner. Impact Complaints which take up time to resolve. Additional Time spent chasing data Regulator Fines Compensation costs for members</p>	<p>Inherent status : 9 Low</p> <p>Current status : 6 Low ( <input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: Daniel Harris</p> <p>Accountable officer: Martin Oram</p> <p>Category: Operational</p> <p>Last review: 19 Oct 2020</p> <p>Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 19/10/2020.</p>	<p><b>Green</b> Robust workflow management system in place.</p> <p><b>Green</b> Payroll deadline procedures in place</p> <p><b>Green</b> Item in Business Continuity/Disaster Recovery Plan</p> <p><b>Green</b> Participate in National Fraud Initiative (NFI)</p> <p><b>Green</b> Life Certificates exercise carried out /mortality checks</p> <p><b>Amber</b> Full review of performance within PP being conducted to incorporate Employer performance and Admin strategies</p>
<p><b>PP15 - Fraud, Corruption &amp; Error</b></p> <p>Cause Poorly designed or implemented management practices/processes. Staff deliberately updating or providing fraudulent data. Event Fraud, corruption or error. Impact Financial Loss Reputational Damage</p>	<p>Inherent status : 12 Medium</p> <p>Current status : 9 Low ( <input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: Daniel Harris</p> <p>Accountable officer: Martin Oram</p> <p>Category: Operational</p> <p>Last review: 19 Oct 2020</p> <p>Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 19/10/2020.</p>	<p><b>Green</b> Transactions are authorised by senior staff</p> <p><b>Green</b> All staff are covered by fidelity insurance up to £15 million</p> <p><b>Green</b> Sufficient members in the team to cover absence and leave</p> <p><b>Green</b> Heywoods Audit trace report</p> <p><b>Green</b> Appropriate separation of duties exists</p> <p><b>Green</b> Up to date regulations and practices</p> <p><b>Green</b> Internal and external audit checks performed to ensure that appropriate and</p>

		effective controls are in place
<p><b>PP16 - Loss of Shared Service Partner</b></p> <p>Cause Shared service partner choosing to use a different pensions administrator. Event Pensions no longer operates on the same scale. Impact Reputational Damage. Loss of staff / redundancies.</p>	<p>Inherent status : 9 Low Current status : 9 Low ( <input checked="" type="checkbox"/> Unchanged ) Risk owner: Daniel Harris Accountable officer: Martin Oram Category: Strategic Last review: 19 Oct 2020 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 19/10/2020.</p>	<p><b>Green</b> Constant assessment of Performance <b>Green</b> Quarterly Shared Service meetings with key Fund colleagues <b>Green</b> Regular meetings between Peninsula Pensions and Employers <b>Green</b> Employer Newsletters <b>Amber</b> Full review of performance within PP being conducted to incorporate Employer performance and Admin strategies</p>
<p><b>PP17 - Pensions System Failure</b></p> <p>Cause Connection issues. Supplier fault Cyber Attack. Event The hosted Altair pensions system fails. Impact • Loss of sensitive data. • Reputation risk. • Financial loss arising from legal action</p>	<p>Inherent status : 15 High Current status : 15 High ( <input checked="" type="checkbox"/> Unchanged ) Risk owner: Daniel Harris Accountable officer: Martin Oram Category: Operational Last review: 12 Jan 2021 Latest review details Risks and mitigating controls remain appropriate. Risks are reviewed quarterly by the Devon Pension Board and updated as necessary. Reviewed by DH, pending review by DPB.</p>	<p><b>Green</b> The system is backed-up daily. System is hosted by Heywoods <b>Green</b> A full disaster recovery plan and Business Continuity Plan is in place and tested/updated annually.</p>
<p><b>PP18 - Cyber Attack</b></p> <p>Cause Cyber-attack on the Pensions ICT systems and or host systems. Event Loss of system access. Theft of confidential/personal data. Impact</p>	<p>Inherent status : 15 High Current status : 10 Medium ( <input checked="" type="checkbox"/> Unchanged ) Risk owner: Daniel Harris Accountable officer: Martin Oram Category: Operational Last review: 19 Oct 2020 Latest review details Risks and mitigating controls remain appropriate.</p>	<p><b>Green</b> Ensure that the relevant people are suitably vetted and trained, that administrators and service providers have measures in place to avoid security breaches <b>Green</b> A full disaster recovery plan and Business Continuity Plan is in place and tested/updated annually <b>Green</b> Information from The Pensions Regulator:</p>

<p>Inability to make payments to members. Fines from the ICO. Financial loss. Loss of membership data. Disclosure of sensitive data.</p>	<p>Risk reviewed by the Devon Pension Board 19/10/2020.</p>	<p>You can assess how secure your scheme is and find out more about protecting yourself on the government's Cyber Essentials website. And for more information about protecting against cyber threats, visit the National Cyber Security Centre's website.</p>
<p>PP19 - Member Self Service  Cause Member Self Service access is compromised due to insecurity or lack of maintenance. Event Data is accessed and or obtained inappropriately. Impact Damage to reputation Loss of data Fines from ICO.</p>	<p>Inherent status : 9 Low Current status : 6 Low ( <input checked="" type="checkbox"/> Unchanged) Risk owner: Daniel Harris Accountable officer: Martin Oram Category: Operational Last review: 19 Oct 2020 Latest review details Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 19/10/2020.</p>	<p>Green Information and Instructions are only accepted from authorised sources Green It is a mandatory requirement for all DCC employees to undertake Data Protection training and to adhere to DCC's Data Protection Policy Green Regular penetration testing Green Secure website (annual license renewal)</p>

12 Jan 2021

## Risks: Devon Pension Services

Risk status (score)	Overdue (0 - 0)	Low (1 - 9)	Medium (10 - 14)	High (15 - 23)	Very high (24 - 30)
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Mitigating controls	Not started	Green	Amber	Red	Completed
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Risk details	Status and Risk owner	Mitigating controls
<p><b>A1: Accounting</b></p> <p><b>Cause:</b> Lack of training/awareness around pension fund accounting regulations.</p> <p><b>Event:</b> Non compliance with accounting regulations and fin regs.</p> <p><b>Impact:</b> Reputational damage. Qualified accounts.</p> <p><b>Notes</b> 13/08/2019 - Risk wording updated and category added. 29/08/2019 - Risk wording updated</p>	<p><b>Inherent status :</b> 12 Medium</p> <p><b>Current status :</b> 9 Low ( <input checked="" type="checkbox"/> Unchanged)</p> <p><b>Risk owner:</b> Mark Gayler</p> <p><b>Accountable officer:</b> Angela Stirland</p> <p><b>Category:</b> Compliance</p> <p><b>Last review:</b> 24 Aug 2020</p> <p><b>Latest review details</b> Controls reviewed and confirmed</p>	<p><b>Green</b> Staff are kept up to date with changes to legislative requirements via network meetings, professional press, training and internal communication procedures.</p> <p><b>Green</b> Pension Fund financial management and administration processes are maintained in accordance with the CIPFA Code of Practice, International Financial Reporting Standards (IFRS), and the DCC Financial Regulations.</p> <p><b>Green</b> Regular reconciliations are carried out between in-house records and those maintained by the custodian and investment managers.</p> <p><b>Green</b> Internal Audits are carried out on an annual basis.</p> <p><b>Green</b> External Audit review the Pension Fund's accounts annually.</p>

<p><b>B1: Brunel Pension Partnership</b></p> <p><b>Cause:</b> The Devon Pension Fund has insufficient resources available to deliver the pooling proposal within the required timescale, without impacting the day-to-day management of the fund.</p> <p><b>Event:</b> The management of the Pension Fund is adversely affected due to existing resources concentrating on the pooling proposal.</p> <p><b>Impact:</b> Underperformance and failure to meet statutory obligations.</p> <p><b>Notes</b> 13/08/2019 - Risk wording updated and category added. 20/02/2020 - Now part way through the transition process and progress is on course</p>	<p><b>Inherent status : 16 High</b> <b>Current status : 12 Medium</b> ( <input checked="" type="checkbox"/> Unchanged )</p> <p><b>Risk owner:</b> Mark Gayler <b>Accountable officer:</b> Mark Gayler <b>Category:</b> Operational <b>Last review:</b> 24 Aug 2020 <b>Latest review details</b> The transition to Brunel is still ongoing, but the majority of assets have transitioned. In 12 months time, this will move to business as usual and the transition risk can be removed.</p>	<p><b>Completed</b> The Brunel Pension Partnership is now established as an FCA regulated company, fully staffed to meet the business case as approved by the 10 client LGPS funds.</p> <p><b>Completed</b> Governance arrangements are in place with an Oversight Board of elected members and a Client Group of fund officers from each of the LGPS client funds to oversee the service provided by Brunel and ensure that Brunel are delivering on their key objectives.</p> <p><b>Green</b> Regular update meetings are held between the County Treasurer and Assistant County Treasurer, as well as update meetings within the Devon Investment Services team, to review progress, workloads in order to identify and address any areas of concern.</p>
<p><b>B2: Brunel Pension Partnership</b></p> <p><b>Cause:</b> There is a Failure to control operational risks and transaction costs during the transition process</p> <p><b>Event:</b> Asset transition costs are greater than forecast.</p> <p><b>Impact:</b> An increase in the initial set-up costs forecast by the pooling proposal.</p> <p><b>Notes</b></p>	<p><b>Inherent status : 16 High</b> <b>Current status : 12 Medium</b> ( <input checked="" type="checkbox"/> Unchanged )</p> <p><b>Risk owner:</b> Mark Gayler <b>Accountable officer:</b> Mark Gayler <b>Category:</b> Operational <b>Last review:</b> 24 Aug 2020 <b>Latest review details</b> The transition to Brunel is still ongoing, but the majority of assets have transitioned. In 12 months time, this will move to business as usual and the transition risk can be removed.</p>	<p><b>Completed</b> Two asset transition management companies have analysed the costs of transitioning our current assets into the pool, under a variety of scenarios. The results of these analyses have been used as a basis for calculating the initial set-up costs of the Brunel Pension Partnership.</p> <p><b>Amber</b> The transition process includes selling securities from one portfolio and buying securities in another while systematically controlling operational risks and transaction costs. There may also be the opportunity to transfer securities in 'specie', that is to transfer a security directly from an existing portfolio into the new portfolio. The timing of sales</p>

<p>13/08/2019 - Risk wording updated and category added.</p>		<p>and purchases is also critical.</p> <p><b>Green</b> A transition management service will be used by Brunel to ensure assets are transitioned efficiently, with the objective of preserving asset values, managing risk and project managing the transition process to ensure that costs are monitored and controlled. A transition advisor will also be used to ensure that the transition process for each portfolio has been carried out in an efficient and effective manner</p>
<p><b>B3: Brunel Pension Partnership</b></p> <p>Cause: Ineffective governance of Brunel or departure of key people from Brunel</p> <p>Event: Ineffective management of the Fund's investments or at the extreme breakup of the partnership.</p> <p>Impact: Significant costs to the Fund and financial loss. Reputational damage.</p>	<p><b>Inherent status : 16 High</b></p> <p><b>Current status : 12 Medium</b> ( <input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: <b>Mark Gayler</b></p> <p>Accountable officer: <b>Mark Gayler</b></p> <p>Category: Operational</p> <p>Last review: 11 Jan 2021</p> <p>Latest review details Governance review remains amber, as still to be concluded.</p>	<p><b>Completed</b> Shareholder agreement in place sets out governance framework.</p> <p><b>Green</b> Strong team now in place at Brunel, so not dependent on one or two key individuals.</p> <p><b>Green</b> Brunel have their own risk register which is regularly monitored both by the Brunel Board and the Oversight Board and Client Group.</p> <p><b>Amber</b> Governance review still to be concluded, with some key issues left unresolved.</p>
<p><b>Cm1: Communication</b></p> <p>Cause: Inadequate communications plan and/or insufficient resource to action.</p> <p>Event: Insufficient communication and engagement with pension fund stakeholders.</p> <p>Impact: Damage to reputation. Uninformed policy decisions.</p>	<p><b>Inherent status : 12 Medium</b></p> <p><b>Current status : 9 Low</b> ( <input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: <b>Mark Gayler</b></p> <p>Accountable officer: <b>Charlotte. Thompson</b></p> <p>Category: Operational</p> <p>Last review: 24 Aug 2020</p> <p>Latest review details Controls reviewed and confirmed</p>	<p><b>Completed</b> A communications strategy is in place and was last reviewed and updated in November 2018.</p> <p><b>Green</b> The Devon Investment Services and Peninsula Pensions websites are kept up to date.</p> <p><b>Green</b> Fund Performance is reported to the Investment &amp; Pension Fund Committee on a regular basis.</p> <p><b>Green</b> Meetings are held regularly with the Fund's Employing Authorities.</p>



<p>Non compliance with legislation/best practice.</p>		<p><b>Green</b> Benefit illustrations are sent annually to contributing and deferred Fund members.</p> <p><b>Green</b> The contact list for employers is updated regularly.</p> <p><b>Green</b> Annual forums are held for employers and scheme members.</p> <p><b>Green</b> The annual report and accounts are published on the Peninsula Pensions website.</p>
<p>Notes 13/08/2019 - Risk wording updated and category added.</p>		<p><b>Green</b> The custodian contract is subject to regular review and periodic re-tendering by the Brunel Pension Partnership.</p> <p><b>Completed</b> Following the formation of the Brunel Pension Partnership, State Street were appointed as Third Party Administrator, and will provide a custody service to each of the Brunel client funds. The procurement process included an assessment of their financial standing.</p> <p><b>Green</b> The custodian must adhere to FCA and PRA financial regulations.</p> <p><b>Green</b> Fund assets are protected in the event of insolvency of the custodian</p>
<p><b>Cu1: Custody</b> Cause: Changing economic climate, fraud or changing financial position of the Custodian. Event: Failure of Pensions custodian. Impact: Financial loss. Failure to decrease deficit. Adverse media interest/damage to reputation.</p>	<p>Inherent status : 12 Medium Current status : 9 Low ( <input type="checkbox"/> Unchanged) Risk owner: <b>Mark Gayler</b> Accountable officer: <b>Charlotte. Thompson</b> Category: Operational Last review: 24 Aug 2020 Latest review details Controls reviewed and confirmed</p>	
<p>Notes 13/08/2019 - Risk wording updated and category added. 29/08/2019 - Risk wording updated. <b>D1: Data Protection</b> Cause: Failure to secure and maintain pension fund systems. Event: Loss of sensitive data. Impact: Reputation risk. Financial loss arising from legal action.</p>	<p>Inherent status : 9 Low Current status : 6 Low ( <input type="checkbox"/> Unchanged) Risk owner: <b>Charlotte. Thompson</b> Accountable officer: <b>Mark Gayler</b> Category: Operational Last review: 04 Dec 2020 Latest review details Review of controls</p>	<p><b>Completed</b> It is a mandatory requirement for all DCC employees to undertake Data Protection training and to adhere to DCC's data protection policy.</p>

<p>Notes 13/08/2019 - Risk wording updated and category added. 29/08/2019 - Risk wording updated.</p>		
<p><b>F 1: Funding and Investments</b>  Cause: The committee Members and Investment Officers have insufficient knowledge of financial markets and inadequate investment and actuarial advice received. Event: The committee Members and Investment officers make inappropriate decisions. Impact: Poor fund performance/financial loss. Increased employer contribution costs.</p>	<p>Inherent status : 16 High Current status : 12 Medium ( <input checked="" type="checkbox"/> Unchanged) Risk owner: Mark Gayler Accountable officer: Charlotte. Thompson Category: Financial Last review: 21 Sep 2020 Latest review details Controls reviewed. Training can be delivered virtually where required</p>	<p><b>Green</b> The Investment Strategy is set in accordance with LGPS investment regulations. <b>Green</b> The Investment Strategy is reviewed, approved and documented by the Investment and Pension Fund Committee. <b>Green</b> The Investment Strategy takes into account the Fund's liabilities. <b>Green</b> DCC employ an external investment advisor who provides specialist guidance to the Investment and Pension Fund Committee regarding the investment strategy. <b>Green</b> An Annual Training Plan has been agreed for 2020/21. Training programmes are available for Committee Members and Investment Staff. This can be delivered virtually where required <b>Green</b> Members and Officers are encouraged to challenge advice and guidance received when necessary. <b>Amber</b> Following discussion at the Pension Board, officers will look at the possibility of producing a handbook/manual for Board and Committee members by 31.03.21 to reflect new website <b>Green</b> Triennial actuarial valuations provide periodic indications of the growth in assets against liabilities. Employer contribution rates are set in response to this. The 2019 actuarial valuation includes provision for the fund to achieve full funding over 19 years.</p>
<p>Notes 13/08/2019 - Wording of risk updated and category added. 25/02/2020 - Wording of mitigation updated to reflect delay in producing handbook due to delay in new website</p> <p><b>F 2: Funding and Investments</b>  Cause: The Pension Fund's investment strategy and /or Fund Managers fail to produce the required returns.</p>	<p>Inherent status : 20 High Current status : 15 High ( <input checked="" type="checkbox"/> Unchanged) Risk owner: Mark Gayler Accountable officer: Mark Gayler Category: Financial Last review: 11 Jan 2021</p>	

<p><b>Event:</b> The Pension Fund has insufficient assets to meet its long term liabilities. Organisational changes / manager departures at a Fund Manager damage performance. <b>Impact:</b> Financial loss. Insufficient funds available to meet future obligations.</p>	<p><b>Latest review details</b> Returns during 2019/20 were severely impacted as a result of the Coronavirus COVID-19 pandemic. Markets have subsequently recovered with a return of over 20% in the nine months to December 2020, and the roll out of the vaccination programme has provided more hope to investors. It is still likely that there will be a long lasting impact on the global economy, however the mitigations are still relevant re longer term performance.</p>	<p><b>Green</b> The funding level is updated on a quarterly basis, based on roll forward of the Triennial valuation data and subsequent investment returns, pension and salary increases and reported to the Committee. <b>Green</b> The investment strategy is reviewed annually by the Pension Fund Committee with advice from the External Investment Advisor to determine whether any action needs to be taken to amend the fund's asset allocation strategy. <b>Green</b> The Fund's investments are diversified across a range of different types of assets to minimise the impact of losses in individual markets. <b>Green</b> Fund-specific benchmarks and targets are set. <b>Green</b> Fund assets are kept under regular review as part of the Fund's performance management framework. <b>Green</b> Fund managers have been thoroughly vetted prior to appointment and performance is reviewed regularly against the benchmark and performance objectives, and this is reported to Committee. Appropriate action may be taken if it is considered that an Investment Manager is underperforming. <b>Completed</b> The depth of expertise in the fund managers' teams have been assessed as part of the appointment process. <b>Green</b> Performance targets are agreed by the Investment and Pension Fund Committee and are based upon recommendations provided by the DCC in-house Investment Team and our external investment advisor.</p>
<p><b>Notes</b> 13/08/2019 - Wording of risk updated and category added.</p>		<p><b>Green</b> The Investment and Pension Fund Committee have the power to terminate a fund manager's</p>

		<p>contract if it is deemed that the manager has not performed as expected, or there are concerns about future performance due to organisational change / manager departures.</p> <p><b>Completed</b> External review of the Fund's investment strategy is commissioned on a regular basis. Mercers undertook an investment strategy review in 2016, which was then refreshed in February 2019. The 2019 report and recommendations were presented to the Investment and Pension Fund Committee in February 2019.</p> <p><b>Green</b> From April 2018, responsibility for new fund manager appointments and monitoring of the new managers appointed transferred to the Brunel Pension Partnership. The Devon Fund still has incumbent managers to monitor, but will primarily need to focus on monitoring of Brunel's performance.</p>
<p><b>F 3: Funding and Investments</b></p> <p><b>Cause:</b> Investment arrangements are structured poorly.</p> <p><b>Event:</b> The fund is exposed to unnecessary risks and avoidable costs.</p> <p><b>Impact:</b> Financial loss.</p>	<p><b>Inherent status : 10 Medium</b></p> <p><b>Current status : 8 Low ( <input checked="" type="checkbox"/> Unchanged)</b></p> <p><b>Risk owner:</b> Mark Gayler</p> <p><b>Accountable officer:</b> Mark Gayler</p> <p><b>Category:</b> Operational</p> <p><b>Last review:</b> 24 Aug 2020</p> <p><b>Latest review details</b> Controls reviewed and confirmed.</p>	<p><b>Green</b> The Fund's investments are diversified across a range of different types of assets to minimise the impact of losses in individual markets.</p> <p><b>Green</b> IMA disclosure tables are reviewed to ensure best execution by managers.</p> <p><b>Green</b> The new cost transparency initiative should ensure full transparency of costs</p> <p><b>Green</b> Specialist services (e.g. transitions, currency transfers) are considered where appropriate in order to reduce costs.</p> <p><b>Green</b> Banking and custodian arrangements are reviewed and re-tendered when appropriate.</p> <p><b>Green</b> The Brunel Pension Partnership has been set up as part of the investment pooling requirements of</p>
<p><b>Notes</b> 13/08/2019 - Risk wording updated and category added.</p>		

		Government. The investment arrangements under Brunel should provide for improved risk management and better risk adjusted investment returns
<p><b>F 4: Funding and Investments</b></p> <p><b>Cause:</b> Inadequate risk management policies on Environmental, Social and Governance Issues. Lack of awareness/training. <b>Event:</b> The fund fails to manage environmental, social and governance risks. <b>Impact:</b> Financial loss. Damage to reputation.</p> <p><b>Notes</b> 13/08/2019 - Risk wording updated and category added. 29/08/2019 - Risk wording updated</p>	<p><b>Inherent status : 15 High</b></p> <p><b>Current status : 8 Low ( <input checked="" type="checkbox"/> Unchanged )</b></p> <p><b>Risk owner:</b> Mark Gayler <b>Accountable officer:</b> Mark Gayler <b>Category:</b> Operational <b>Last review:</b> 24 Aug 2020 <b>Latest review details</b> Controls reviewed and updated</p>	<p><b>Green</b> The Fund requires the Brunel Pension Partnership, and its other fund managers, to monitor and manage the risks associated with ESG issues, and will review with managers on a regular basis how they are managing those risks. Brunel has a leading reputation for responsible investment.</p> <p><b>Green</b> The Fund will engage (through Brunel, its asset managers, the Local Authority Pension Fund Forum or other resources) with investee companies to ensure they can deliver sustainable financial returns over the long term.</p> <p><b>Green</b> The Fund holds annual meetings for both employers and scheme members to provide the opportunity for discussion of investment strategy and consideration of non-financial factors.</p>
<p><b>F 5: Funding and Investments</b></p> <p><b>Cause:</b> Collapse of a fund manager. Fraudulent activity (Internal/external). <b>Event:</b> Negligent or wilful loss of pension funds. <b>Impact:</b> Inability to meet financial obligations.</p> <p><b>Notes</b> 13/08/2019 - Risk wording updated and category added.</p>	<p><b>Inherent status : 12 Medium</b></p> <p><b>Current status : 9 Low ( <input checked="" type="checkbox"/> Unchanged )</b></p> <p><b>Risk owner:</b> Mark Gayler <b>Accountable officer:</b> Mark Gayler <b>Category:</b> Financial <b>Last review:</b> 24 Aug 2020 <b>Latest review details</b> Controls reviewed and updated</p>	<p><b>Green</b> The Fund has considered the financial stability of managers during past appointment processes and the situation is kept under review. Future selection processes will be the responsibility of the Brunel Pension Partnership. When Brunel is selecting managers we would expect them to consider financial stability of those managers, and will work with other Brunel clients to ensure that Brunel has in place robust procedures to do so.</p> <p><b>Completed</b> DCC use a global custodian service to ensure that there exists a separation of investment management arrangements from custody of assets.</p>

		<p><b>Completed</b> Legal requirements are in place for fund managers and are set out in the investment management agreements.</p> <p><b>Green</b> Fund managers are required to be fully compliant with FCA, PRA and other regulatory requirements.</p> <p><b>Green</b> The risk that a fund manager cannot provide a service during windup is mitigated by the availability of transition management arrangements put in place by the Brunel Pension Partnership.</p>
<p><b>F 6: Funding and Investments</b></p> <p>Cause: Global financial crisis. Substantial political changes.</p> <p>Event: The market crashes, reducing the value of investments. Impact: The deficit increases, or there is a failure to reduce the deficit. Financial loss. Increased employer contribution costs.</p> <p>Notes 13/08/2019 - Risk wording updated and category added.</p>	<p>Inherent status : 20 High</p> <p>Current status : 16 High ( <input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: <a href="#">Mark Gayler</a></p> <p>Accountable officer: <a href="#">Mark Gayler</a></p> <p>Category: Financial</p> <p>Last review: 11 Jan 2021</p> <p>Latest review details</p> <p>Markets incurred significant losses as a result of the Coronavirus COVID-19 pandemic. This had a significant impact on the value of the Fund as at 31 March 2020. Markets have subsequently recovered and the roll out of the vaccination programme has provided hope to investors. However, it is likely that there will be a long lasting impact on the global economy, hence uncertainty remains.</p>	<p><b>Green</b> The fund is well diversified and consists of a wide range of asset classes which aims to mitigate the impact of poor performance from an individual market segment.</p> <p><b>Amber</b> Investment performance reporting and monitoring arrangements exist which provide the committee and investment officers with the flexibility to rebalance the portfolio in a timely manner.</p> <p><b>Green</b> The long term nature of the liabilities provides some mitigation, in that markets tend to bounce back after crashes, such that the impact is significantly reduced.</p>
<p><b>F 7: Funding and Investments</b></p> <p>Cause: Substantial changes to UK or global economies.</p> <p>Event: Pay and price inflation are higher than</p>	<p>Inherent status : 12 Medium</p> <p>Current status : 9 Low ( <input checked="" type="checkbox"/> 3)</p> <p>Risk owner: <a href="#">Mark Gayler</a></p> <p>Accountable officer: <a href="#">Mark Gayler</a></p> <p>Category: Strategic</p> <p>Last review: 24 Aug 2020</p> <p>Latest review details</p>	<p><b>Green</b> The triennial actuarial valuation review focuses on the real returns on assets, net price and pay increases.</p> <p><b>Green</b> Employers pay for their own salary awards and are reminded of the geared effect on pension liabilities of any bias in pensionable pay rises</p>

<p>anticipated. Impact: There is an increase in liabilities which exceeds the previous valuation estimate.</p>	<p>Controls reviewed and updated. High global inflation not seen as likely in the current economic conditions</p>	<p>towards longer serving employees. <b>Green</b> The Fund is increasing its target allocation to investments in infrastructure funds with inflation linked returns, to act as a hedge against inflation increases. <b>Green</b> The Committee has received training on understanding liabilities and potential approaches to Liability Driven Investment.</p>
<p>Notes 13/08/2019 - Risk wording updated and category added.</p>	<p><b>Inherent status : 12 Medium</b> <b>Current status : 6 Low</b> (<input checked="" type="checkbox"/> <b>Unchanged</b>) Risk owner: <b>Charlotte Thompson</b> Accountable officer: <b>Mark Gayler</b> Category: Strategic Last review: 24 Aug 2020 Latest review details Controls reviewed and confirmed</p>	<p><b>Completed</b> Hymans Robertson were commissioned to produce a report which reviewed the strategy for the fixed interest and its role in managing inflation risk. The report was presented to the I&amp;PFC in September 2015, and recommendations partly implemented. This issue was also addressed in the strategic review carried out by Mercer in 2016/17 and the refresh in 2018/19.</p>
<p><b>F 8: Funding and Investments</b> Cause: Public services are cut and ill health increases. Event: There is an increase in the number of early retirements. Impact: There is an increase in liabilities which exceeds the previous valuation estimate.</p>	<p><b>Green</b> Employers are charged the extra capital cost of non ill health retirements following each individual decision. <b>Green</b> Employer ill health retirement experience is monitored.</p>	<p><b>Green</b> Employers are charged the extra capital cost of non ill health retirements following each individual decision. <b>Green</b> Employer ill health retirement experience is monitored.</p>
<p>Notes 13/08/2019 - Risk wording changed and category added.</p>		

<p><b>F9: Funding and Investments</b></p> <p><b>Cause:</b> The average life expectancy of pensioners is greater than assumed.</p> <p><b>Event:</b> The actuarial assumptions are incorrect.</p> <p><b>Impact:</b> There is an increase in liabilities which exceeds the previous valuation estimate.</p>	<p><b>Inherent status : 16 High</b></p> <p><b>Current status : 9 Low ( <input checked="" type="checkbox"/> Unchanged)</b></p> <p><b>Risk owner:</b> Mark Gayler</p> <p><b>Accountable officer:</b> Mark Gayler</p> <p><b>Category:</b> Strategic</p> <p><b>Last review:</b> 24 Aug 2020</p> <p><b>Latest review details</b></p> <p>Controls reviewed and updated</p>	<p><b>Green</b> Life expectancy assumptions are reviewed at each triennial valuation. For the 2022 Valuation this will include a review of the impact of COVID19 on mortality.</p> <p><b>Green</b> Mortality assumptions include an allowance for future increases in life expectancy.</p>
<p><b>Notes</b></p> <p>13/08/2019 - Risk wording updated and category added.</p> <p><b>F10: Funding and Investments</b></p> <p><b>Cause:</b> Inadequate training. Availability of staff. Cashflow issues for employers</p> <p><b>Event:</b> Scheme employers' contributions to the Fund are not received, processed and recorded completely and accurately.</p> <p><b>Impact:</b> There are increased costs across all remaining scheme employers.</p>	<p><b>Inherent status : 12 Medium</b></p> <p><b>Current status : 9 Low ( <input checked="" type="checkbox"/> +3 )</b></p> <p><b>Risk owner:</b> Mark Gayler</p> <p><b>Accountable officer:</b> Martyn Williams</p> <p><b>Category:</b> Operational</p> <p><b>Last review:</b> 31 Mar 2020</p> <p><b>Latest review details</b></p> <p>Cashflow for some employers might be impacted by the Coronavirus COVID-19 pandemic, increasing the likelihood that they may find it difficult to make contributions payments</p>	<p><b>Completed</b> The team has procedures in place to monitor the receipt of contributions to the fund.</p> <p><b>Green</b> The team communicates regularly with scheme employers to ensure that contributions are made in a timely manner and are recorded accurately.</p> <p><b>Green</b> Details of any outstanding and overdue contributions are recorded and appropriate action is taken in order to recover payments.</p>
<p><b>Notes</b></p> <p>13/08/2019 - Risk wording updated and category added.</p> <p><b>F11: Funding and Investments</b></p> <p><b>Cause:</b> An employer ceases to exist with insufficient</p>	<p><b>Inherent status : 12 Medium</b></p> <p><b>Current status : 6 Low ( <input checked="" type="checkbox"/> Unchanged)</b></p> <p><b>Risk owner:</b> Charlotte Thompson</p> <p><b>Accountable officer:</b> Mark Gayler</p>	<p><b>Green</b> Vetting prospective employers before admission and ensuring that they fully understand their obligations. Applications for admission to the Fund are considered carefully and a bond or</p>



<p>funding available to settle any outstanding debts, or refuses to pay the cessation value.  <b>Event:</b>  Departing employer does not fully meet their liabilities.  <b>Impact:</b>  Increased costs across the remaining scheme employers.</p>	<p>Category: Financial  Last review: 24 Aug 2020  Latest review details  Controls reviewed and updated</p>	<p>guarantee is put into place if required.  <b>Green</b> The Actuary has an objective of keeping contributions as stable as possible whilst ensuring the long term solvency of the Fund.  <b>Green</b> Outstanding liabilities will be assessed and recovered from any successor bodies or spread amongst remaining employers.  <b>Green</b> The actuarial valuation attempts to balance recovery period with risk of withdrawal.  <b>Green</b> If necessary, appropriate legal action will be taken.  <b>Completed</b> An Employer Covenant Risk Assessment was undertaken by the Fund Actuary, Barnett Waddingham, in conjunction with the 2019 Triennial Valuation of the Fund.  <b>Green</b> Bond levels for each relevant employer are reassessed following each triennial actuarial valuation.</p>
<p><b>F12: Funding and Investments</b>  <b>Cause:</b>  The Government's 'Freedom and Choice' legislation.  <b>Event:</b> A significant number of LGPS members transfer their pension pots to other pensions providers.  <b>Impact:</b>  Significant cashflow out of the Fund.  Reduction in assets greater than reduction in the Fund's liabilities.</p>	<p>Inherent status : 9 Low  Current status : 6 Low ( <input checked="" type="checkbox"/> Unchanged)  Risk owner: <a href="#">Charlotte Thompson</a>  Accountable officer: <a href="#">Mark Gayler</a>  Category: Financial  Last review: 24 Aug 2020  Latest review details  Controls reviewed and confirmed</p>	<p><b>Green</b> Effective communication of the benefits of remaining in the LGPS.  <b>Green</b> Actuarial calculation of transfer value should ensure transfer value does not exceed reduction in liability.</p>
<p><b>Notes</b>  13/08/2019 - Risk wording updated and category updated.</p>		

<p><b>F13: Funding and Investments</b></p> <p><b>Cause:</b> Significant economic instability and slowdown as a result of the decision to leave the European Union, <b>Event:</b> Lower investment returns. <b>Impact:</b> Financial loss, and/or failure to meet return expectations. Increased employer contribution costs.</p>	<p><b>Inherent status : 12 Medium</b></p> <p><b>Current status : 8 Low ( -8 )</b></p> <p><b>Risk owner:</b> <a href="#">Mark Gayler</a> <b>Accountable officer:</b> <a href="#">Mark Gayler</a> <b>Category:</b> Financial <b>Last review:</b> 14 Jan 2021 <b>Latest review details</b> A deal was agreed at the end of December, which has significantly reduced the level of uncertainty. However, there is still likely to be some economic disruption as arrangements settle down, and areas not covered by the deal are addressed. However, the level of risk is now reduced.</p>	<p><b>Amber</b> The long term nature of the Fund's liabilities provides some mitigation, as the impact of "Brexit" will reduce over time.</p> <p><b>Green</b> Diversification of the Fund's investments across the world, including economies where the impact of "Brexit" is likely to be smaller.</p>
<p><b>F14: Funding and Investments</b></p> <p><b>Cause:</b> UK Leaving the EU. <b>Event:</b> Updated Legislative and regulatory requirements. <b>Impact:</b> Additional work to ensure compliance. Fines for noncompliance. Damage to reputation. Loss of members.</p>	<p><b>Inherent status : 12 Medium</b></p> <p><b>Current status : 8 Low ( <input checked="" type="checkbox"/> Unchanged )</b></p> <p><b>Risk owner:</b> <a href="#">Mark Gayler</a> <b>Accountable officer:</b> <a href="#">Charlotte. Thompson</a> <b>Category:</b> Compliance <b>Last review:</b> 24 Aug 2020 <b>Latest review details</b> Controls reviewed and confirmed</p>	<p><b>Amber</b> The Government is likely to ensure that much of current EU regulation is enshrined in UK law.</p> <p><b>Green</b> Officers receive regular briefing material on regulatory changes and attend training seminars and conferences, in order to ensure that any regulatory changes are implemented in the management of the Fund.</p>
<p><b>Notes</b> 13/08/2019 - Risk wording updated and category added.</p>		

<p><b>F15: Funding and Investments</b></p> <p><b>Cause:</b> There is a failure to meet the requirements of the Markets in Financial Instruments Directive II.</p> <p><b>Event:</b> The Devon fund is downgraded to retail client status.</p> <p><b>Impact:</b> Assets are sold at less than fair value . The Fund is unable to access a range of investment opportunities. Failure to meet return expectations. Reduction in diversification.</p> <p><b>Notes</b> 13/08/2019 - Risk wording updated and category added.</p>	<p><b>Inherent status : 12 Medium</b></p> <p><b>Current status : 6 Low ( <input type="checkbox"/> Unchanged)</b></p> <p><b>Risk owner:</b> Mark Gayler</p> <p><b>Accountable officer:</b> Mark Gayler</p> <p><b>Category:</b> Strategic</p> <p><b>Last review:</b> 24 Aug 2020</p> <p><b>Latest review details</b> Controls reviewed and confirmed</p>	<p><b>Completed</b> All the Fund's current fund managers and financial counterparties have accepted Devon's application for elective professional client status.</p> <p><b>Green</b> Robust training plan to ensure committee and officers have required knowledge and experience to meet the qualitative criteria to opt up.</p> <p><b>Completed</b> Availability of LGA template to enable the Fund to make multiple applications to financial institutions to opt back up to professional client status, should any new applications or amendments be required.</p>
<p><b>F16: Funding and Investments</b></p> <p><b>Cause:</b> Remedies resulting from McCloud and Sargeant legal cases.</p> <p><b>Event:</b> Significant additional pension liabilities for the Fund.</p> <p><b>Impact:</b> Increased employer contribution costs.</p> <p><b>Notes</b> 13/08/2019 - Risk wording updated and category added. 29/08/2019 - Risk wording updated.</p>	<p><b>Inherent status : 16 High</b></p> <p><b>Current status : 15 High ( <input checked="" type="checkbox"/> Unchanged)</b></p> <p><b>Risk owner:</b> Mark Gayler</p> <p><b>Accountable officer:</b> Mark Gayler</p> <p><b>Category:</b> Strategic</p> <p><b>Last review:</b> 04 Dec 2020</p> <p><b>Latest review details</b> The consultation on proposals to remedy the discrimination has now closed, but the Government response is awaited.</p>	<p><b>Amber</b> A level of prudence was incorporated into the 2019 Triennial Valuation to take account of the potential consequences of McCloud/Sargeant</p>

<p><b>F17: Funding and Investments</b></p> <p><b>Cause:</b> Climate Change</p> <p><b>Event:</b> Impact on investee companies of the consequences of climate change and the transition to a low carbon economy</p> <p><b>Impact:</b> Financial loss and/or failure to meet return expectations Increases employer contribution costs</p>	<p><b>Inherent status : 16 High</b> <b>Current status : 12 Medium (Unchanged)</b></p> <p><b>Risk owner:</b> <a href="#">Mark Gayler</a> <b>Accountable officer:</b> <a href="#">Mark Gayler</a></p> <p><b>Category:</b> <b>Last review:</b> 11 Jan 2021 <b>Latest review details</b> Carbon footprint assessed as at 31 March 2019 and 31 December 2019, showing a 21% reduction in Weighted Average Carbon Intensity. The Fund is targeting a 7% per annum reduction in its carbon footprint on an ongoing basis.</p>	<p><b>Completed</b> 100% of Brunel's portfolios, across all asset classes, are carbon and climate aware. Consideration of climate change impacts is fully embedded into their manager selection process</p> <p><b>Green</b> Brunel integrates climate change into their risk management process, using carbon footprinting, assessing fossil fuel exposure and challenging managers on physical risks, and seek to reduce unrewarded climate and carbon risk.</p> <p><b>Green</b> The Devon Fund requires its non-Brunel investment managers to take climate change risks into account, engage with companies over their approach to climate change issues and report back regularly.</p> <p><b>Green</b> The Devon Fund will undertake an annual assessment of the carbon footprint of its investments. The assessment as at 31 December 2019 showed a 21% reduction in the Weighted Average Carbon Intensity of the Fund's equity investments compared with 31 March 2019</p> <p><b>Green</b> Cash balances to remain low</p>
<p><b>F18: Funding and Investments</b></p> <p><b>Cause:</b> Bank of England move to negative interest rates</p> <p><b>Event:</b> Money Market funds go negative</p> <p><b>Impact:</b> No or negative return on cash balances held which could impact on investment returns</p>	<p><b>Inherent status : 8 Low</b></p> <p><b>Current status :</b> <b>Risk owner:</b> <a href="#">Charlotte. Thompson</a> <b>Accountable officer:</b> <a href="#">Mark Gayler</a> <b>Category:</b> Financial <b>Last review:</b> 01 Jan 2021 <b>Latest review details</b></p>	

<p><b>G1: Governance Arrangements</b></p> <p><b>Cause:</b> The Administering Authority fails to have appropriate governance arrangements, including the requirement for a Pension Board.</p> <p><b>Event:</b> The administering authority is non compliant with legislation and/or best practice.</p> <p><b>Impact:</b> There is an inability to determine policy. There is an inability to make effective decisions. There is an inability to deliver service. Negative impact on reputation.</p> <p><b>Notes</b> 13/08/2019 - Wording of risk updated.</p>	<p><b>Inherent status : 12 Medium</b></p> <p><b>Current status : 8 Low ( <input checked="" type="checkbox"/> Unchanged)</b></p> <p><b>Risk owner:</b> <a href="#">Mark Gayler</a></p> <p><b>Accountable officer:</b> <a href="#">Charlotte. Thompson</a></p> <p><b>Category:</b> Strategic</p> <p><b>Last review:</b> 24 Aug 2020</p> <p><b>Latest review details</b> Controls reviewed and confirmed</p>	<p><b>Completed</b> DCC has produced a Governance Policy and Compliance Statement, as required by regulation 31 of the LGPS Regulations 2008.</p> <p><b>Green</b> The Governance Policy and Compliance Statement is reviewed and updated regularly and scheme employers are consulted to ensure that the policy remains appropriate.</p> <p><b>Completed</b> The Statement is published on the Devon Pensions website: <a href="https://www.peninsulapensions.org.uk/pension-fund-investments/devon-county-council-investments/devon-fund-key-documents/">https://www.peninsulapensions.org.uk/pension-fund-investments/devon-county-council-investments/devon-fund-key-documents/</a></p> <p><b>Green</b> Pension fund stakeholders are made aware of the Statement.</p> <p><b>Completed</b> DCC has appointed an Investment and Pension Fund Committee to discharge the duties of the Council as Administering Authority of the Pension Fund.</p> <p><b>Green</b> The Committee review and approve the annual statement of accounts of the Devon Pension Fund, consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from any audit that need to be brought to the attention of the Council.</p> <p><b>Completed</b> A Pension Board has been established as required by the Public Service Pension Act 2013.</p> <p><b>Green</b> Support and training are being provided to ensure that the Board is equipped to undertake its role.</p>
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<p><b>G2: Governance Arrangements</b></p> <p><b>Cause:</b> Poor governance arrangements.</p> <p><b>Event:</b> The Investment and Pension Fund Committee and Pension Board are unable to fulfil their responsibilities effectively.</p> <p><b>Impact:</b> Non-compliance with legislation and/or best practice. There is an inability to determine policy, make effective decisions and/or deliver service. There is a risk to reputation. Possibility of fines/sanctions.</p> <p><b>Notes</b> 13/08/2019 - Wording of risk updated and category added.</p>	<p><b>Inherent status : 12 Medium</b> <b>Current status : 9 Low ( <input type="checkbox"/> Unchanged)</b> <b>Risk owner: Mark Gayler</b> <b>Accountable officer: Charlotte. Thompson</b> <b>Category: Operational</b> <b>Last review: 25 Feb 2020</b> <b>Latest review details</b> Updated delivery date of member handbook to reflect delays in new website</p>	<p><b>Green</b> The Committee has adopted the CIPFA Code of Practice on Knowledge and Skills, and regular training is provided to ensure that members have the level of understanding required.</p> <p><b>Green</b> An Annual Training Plan is agreed by the Committee and Pension Board on an annual basis.</p> <p><b>Green</b> A training and induction programme is available for new Committee and Pension Board Members.</p> <p><b>Amber</b> Committee and Pension Board members are asked to complete the Pension Regulator Trustee Toolkit.</p> <p><b>Green</b> The Fund subscribes to relevant bodies (e.g. CIPFA, LAPFF, PLSA) and sends representatives to major conferences.</p> <p><b>Green</b> DCC organises at least two training days per year for Investment and Pension Fund Committee and Pension Board members, with an additional engagement day being held with the Brunel Pension Partnership.</p> <p><b>Green</b> Committee and Pension Board members are made aware of and adhere to the Governance Compliance Statement, and are encouraged to identify training requirements.</p> <p><b>Amber</b> Following discussion at the Pension Board, officers will look at the possibility of producing a handbook/manual for Board and Committee members 31/03/21 when new code of practice is available</p>
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<p><b>I1: Internal</b></p> <p><b>Cause:</b> Concentration of knowledge in a small number of staff.</p> <p><b>Event:</b> Loss of staff leading to a breakdown in internal processes and service delivery.</p> <p><b>Impact:</b> Financial loss and potential risk to reputation.</p>	<p><b>Inherent status : 16 High</b></p> <p><b>Current status : 12 Medium</b> ( <input checked="" type="checkbox"/> Unchanged)</p> <p><b>Risk owner:</b> Mark Gayler</p> <p><b>Accountable officer:</b> Charlotte. Thompson</p> <p><b>Category:</b> Strategic</p> <p><b>Last review:</b> 24 Aug 2020</p> <p><b>Latest review details</b> Controls reviewed and confirmed</p>	<p><b>Green</b> The Investment Manager is able to cover in the absence of the Assistant County Treasurer.</p> <p><b>Completed</b> In 2018 the Head of Peninsula Pensions and the Investment Manager swapped roles to improve the sharing of knowledge and the resilience of the Fund. The change of roles has now been made permanent, but the shared knowledge will continue to provide resilience.</p> <p><b>Green</b> Knowledge of all tasks shared by at least two team members and can in addition be covered by senior staff.</p> <p><b>Green</b> Training requirements are set out in job descriptions and reviewed annually with team members through the appraisal process.</p> <p><b>Green</b> A formal training record for officers is maintained centrally.</p> <p><b>Green</b> A procedure manual is in place which sets out work instructions for the majority of crucial tasks undertaken.</p> <p><b>Green</b> The Devon Investment Services procedure manual will continue to be refined and updated on an ongoing basis.</p> <p><b>Green</b> Ensure the review of CIPFA's knowledge and skills framework relating to officers results in key outcomes being delivered.</p>
<p><b>Notes</b></p> <p>13/08/2019 - Risk wording updated and category added.</p> <p>29/08/2019 - Risk wording updated.</p>	<p><b>Inherent status : 12 Medium</b></p> <p><b>Current status : 9 Low</b> ( <input checked="" type="checkbox"/> Unchanged)</p> <p><b>Risk owner:</b> Mark Gayler</p> <p><b>Accountable officer:</b> Mark Gayler</p> <p><b>Category:</b> Operational</p> <p><b>Last review:</b> 24 Aug 2020</p> <p><b>Latest review details</b></p>	<p><b>Green</b> Counterparty transactions are authorised by senior staff outside of the investment team.</p> <p><b>Green</b> All staff are covered by fidelity insurance up to £15 million</p> <p><b>Green</b> Sufficient members in the team to cover absence and leave - a weekly planner is produced in order to review cover requirements.</p>
<p><b>I2: Internal</b></p> <p><b>Cause:</b> Inadequate treasury management practices.</p> <p><b>Event:</b> Fraud, corruption or error.</p> <p><b>Impact:</b> Risk of financial loss.</p>		

<p>Damage to reputation.</p> <p>Notes</p> <p>13/08/2019 - Risk wording updated and category added.</p>	<p>Controls reviewed and updated. Enforced working at home as a result of the Coronavirus pandemic has demonstrated the effectiveness of the processes in place working remotely</p>	<p>Green Appropriate separation of duties exists.</p> <p>Green Treasury Management Practices are reviewed and updated regularly.</p> <p>Green Up to date financial regulations and practices.</p> <p>Green Processes in place ensure that all elements of the daily treasury management activity can be carried out remotely away from the office.</p>
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12 Jan 2021