

PENSION FUND RISK REGISTER

Report of the Director of Finance and Public Value

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

Recommendation: that the Committee approves the Pension Fund Register and the additional actions proposed to mitigate risk.

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### **1. Introduction**

- 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> July 2022, and comments made at board meetings have been taken on board in updating the register.
- 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 last reviewed the Risk Register in September 2021.

### **2. Assessment of Risk**

- 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. As a result of the incorporation of the risk register into the Authority's risk management system, there is now a more rigorous system in place for regular review of the risks identified, enabling better risk management.
- 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. Revisions to the Risk Register

- 3.1 An internal audit of the risk register was undertaken earlier this year which suggested some risks were similar and should be consolidated. This has now been actioned. Risk F5, F13 and F15 have been archived after being merged with Risks F3, F2 and F14 respectively. Risk F18 regarding negative interest rates has also been archived. The risks have been renumbered but the old reference numbers are shown in brackets.
- 3.2 At the May Pension Board meeting the board queried with officers some of the risk scores assigned on the pension fund register. Officers have now reviewed all the risk scores and have revised these on four risks. This has lowered the initial risk score and sometimes the assessed score as well.

|           | Old Inherent risk | Old Assessed risk | New Inherent risk | New assessed risk |
|-----------|-------------------|-------------------|-------------------|-------------------|
| Cu1       | 12                | 9                 | 9                 | 6                 |
| F7 (F8)   | 12                | 6                 | 9                 | 6                 |
| F8 (F9)   | 16                | 9                 | 12                | 9                 |
| F12 (F16) | 20                | 15                | 10                | 10                |

- 3.3 An additional mitigation has been added to risk F8 regarding pensioner longevity following initial mortality assumptions results arising from the 2022 valuation exercise indicating that the improvements to life expectancy are slowing down.
- 3.4 Taking account of the revisions above there are now 40 risks recorded in the Risk Register, 22 of which relate to Devon Pension Fund management and 18 to Peninsula Pensions. 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                      | 8                                   | 2                                           |
| Medium                    | 11                                  | 6                                           |
| Low                       | 3                                   | 14                                          |
| <b>Peninsula Pensions</b> |                                     |                                             |
| High                      | 3                                   | 0                                           |
| Medium                    | 7                                   | 4                                           |
| Low                       | 8                                   | 14                                          |

3.5 Across Devon Pension Fund management and Peninsula Pensions, action taken to mitigate risks has reduced the number of high risks from 11 to 2. The remaining high risks are in respect of:

- F5- Global Financial Crisis leading to a failure to reduce the deficit.
- F2 -Investment strategy not providing sufficient returns longer term.

#### **4. Conclusion**

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

Angie Sinclair  
Director of Finance

Electoral Divisions: All

Local Government Act 1972:

List of Background Papers: Nil

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# Appendix 1



## 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.

| 1. Identify your risks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2. Assess your risks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 3. Respond to risks | 4. Monitor and Review |    |    |    |    |   |    |    |    |    |   |   |    |    |    |   |   |   |    |    |   |   |   |   |    |  |        |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                             |
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| <p><b>Risk:</b> an event or action that will have affect our ability to achieve our <b>objectives</b></p> <p>Opportunities <u>and</u> 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> <ul style="list-style-type: none"> <li>Setting strategic aims</li> <li>Setting business objectives</li> <li>Early stages of project planning &amp; key stages</li> <li>Entering partnerships</li> </ul> <p><b>Categories can help:</b></p> <ul style="list-style-type: none"> <li>Political, Economic/Financial, Social, Technological, Legislative/Legal, Environmental, Community, Professional/Managerial, Physical, Partnership/Contractual.</li> </ul> | <p>Combination of the probability of an event and its consequences; Impact x Likelihood:</p> <table border="1" data-bbox="651 639 1117 935"> <tr> <td rowspan="5">LIKELIHOOD</td> <td>6</td> <td>12</td> <td>18</td> <td>24</td> <td>30</td> </tr> <tr> <td>5</td> <td>10</td> <td>15</td> <td>20</td> <td>25</td> </tr> <tr> <td>4</td> <td>8</td> <td>12</td> <td>16</td> <td>20</td> </tr> <tr> <td>3</td> <td>6</td> <td>9</td> <td>12</td> <td>15</td> </tr> <tr> <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> | LIKELIHOOD          | 6                     | 12 | 18 | 24 | 30 | 5 | 10 | 15 | 20 | 25 | 4 | 8 | 12 | 16 | 20 | 3 | 6 | 9 | 12 | 15 | 2 | 4 | 6 | 8 | 10 |  | IMPACT |  |  |  |  | <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>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>  |
| LIKELIHOOD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                     | 12                    | 18 | 24 | 30 |    |   |    |    |    |    |   |   |    |    |    |   |   |   |    |    |   |   |   |   |    |  |        |  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                             |
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

## Risks: Devon Pension Fund

|                     |                 |             |                  |                |                     |
|---------------------|-----------------|-------------|------------------|----------------|---------------------|
| Risk status (score) | Overdue (0 - 0) | Low (1 - 9) | Medium (10 - 14) | High (15 - 23) | Very high (24 - 30) |
| Mitigating controls | Not started     | Green       | Amber            | Red            | Completed           |


| Risk details                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Status and Risk owner                                                                                                                                                                                                                                                                                                                     | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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| <p><b>A1: Accounting</b></p> <p>Cause:<br/>Lack of training/awareness around pension fund accounting regulations.</p> <p>Event:<br/>Non compliance with accounting regulations and fin regs.</p> <p>Impact:<br/>Reputational damage.<br/>Qualified accounts.</p> <p>Notes<br/>13/08/2019 - Risk wording updated and category added.<br/>29/08/2019 - Risk wording updated<br/>10/11/2021 - Advice sought from Charlotte Thompson re update required to account</p> | <p><b>Inherent status : 12 Medium</b></p> <p><b>Current status : 9 Low (Unchanged)</b></p> <p>Risk owner: <b>Mark Gayler</b></p> <p>Accountable officer: <b>Philip Edwards</b></p> <p>Category: Compliance</p> <p>Last review: 7 July 2022</p> <p>Latest review details<br/>Controls reviewed and confirmed. Risk score also reviewed</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> |


| Risk details                                                                                                                                                                                                                                                                                                                                          | Status and Risk owner                                                                                                                                                                                                                                                                                                                             | Mitigating controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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| <p>for Angela Stirland having left DCC. Risk record to be updated accordingly and Angela Stirland to be removed as a system user. DAP risk management team.</p>                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                   | <p><b>Green</b> External Audit review the Pension Fund's accounts annually.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p><b>B3: Brunel Pension Partnership</b></p> <p>Cause:<br/>Ineffective governance of Brunel or departure of key people from Brunel</p> <p>Event:<br/>Ineffective management of the Fund's investments or at the extreme breakup of the partnership.</p> <p>Impact:<br/>Significant costs to the Fund and financial loss.<br/>Reputational damage.</p> | <p><b>Inherent status : 16 High</b></p> <p><b>Current status : 12 Medium (Unchanged)</b></p> <p>Risk owner: <b>Charlotte. Thompson</b><br/>Accountable officer: <b>Mark Gayler</b><br/>Category: Operational<br/>Last review: 7 July 2022<br/>Latest review details<br/>Review of mitigating actions following audit.<br/>Risk score reviewed</p> | <p><b>Green</b> Shareholder agreement in place sets out governance framework and is regularly reviewed</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>Cm1: Communication</b></p> <p>Cause:<br/>Inadequate communications plan and/or insufficient resource to action.</p> <p>Event:<br/>Insufficient communication and engagement with pension fund stakeholders.</p> <p>Impact:<br/>Damage to reputation.<br/>Uniformed policy decisions.<br/>Non compliance with legislation/best practice.</p>     | <p><b>Inherent status : 12 Medium</b></p> <p><b>Current status : 9 Low (Unchanged)</b></p> <p>Risk owner: <b>Charlotte. Thompson</b><br/>Accountable officer: <b>Mark Gayler</b><br/>Category: Operational<br/>Last review: 7 July 2022<br/>Latest review details<br/>Controls reviewed and updated. Risk score reviewed</p>                      | <p><b>Amber</b> A communications strategy is in place and is due to be reviewed during 2022.</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><b>Green</b> Benefit illustrations are sent annually to contributing and deferred Fund members.</p> |

| Risk details                                                                                                                                                                                                                                                                                         | Status and Risk owner                                                                                                                                                                                                                                                                                                                     | Mitigating controls                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Notes<br/>13/08/2019 - Risk wording updated and category added.</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>Amber</b> The annual report and accounts are published on the Devon Pension Fund website.</p>                                                          |
| <p><b>Cu1: Custody</b></p> <p>Cause:<br/>Changing economic climate, fraud or changing financial position of the Custodian.</p> <p>Event:<br/>Failure of Pensions custodian.</p> <p>Impact:<br/>Financial loss.<br/>Failure to decrease deficit.<br/>Adverse media interest/damage to reputation.</p> | <p><b>Inherent status : 9 Low</b></p> <p><b>Current status : 6 Low</b></p> <p>Risk owner: <b>Charlotte. Thompson</b></p> <p>Accountable officer: <b>Mark Gayler</b></p> <p>Category: Operational</p> <p>Last review: 7 July 2022</p> <p>Latest review details</p> <p>Controls reviewed and confirmed. Risk score reviewed and revised</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>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>Notes<br/>13/08/2019 - Risk wording updated and category added.<br/>29/08/2019 - Risk wording updated.</p>                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                    |



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| <p><b>D1: Data Protection</b></p> <p>Cause:<br/>Failure to secure and maintain pension fund systems.</p> <p>Event:<br/>Loss of sensitive data.</p> <p>Impact:<br/>Reputation risk. Financial loss arising from legal action.</p>                                                                                                                                                                                                                                                                             | <p>Inherent status : 9 Low</p> <p>Current status : 6 Low (  Unchanged)</p> <p>Risk owner: <a href="#">Charlotte. Thompson</a></p> <p>Accountable officer: <a href="#">Mark Gayler</a></p> <p>Category: Operational</p> <p>Last review: 7 July 2022</p> <p>Latest review details</p> <p>Review of controls and risk score</p>      | <p><b>Green</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</p> <p>13/08/2019 - Risk wording updated and category added.</p> <p>29/08/2019 - Risk wording updated.</p> <p>17/09/2021 - Devon Audit Partnership risk management team note Gov.UK press release 28.06.21 which may be of relevance</p> <p><a href="https://www.gov.uk/government/news/eu-adopts-adequacy-decisions-allowing-data-to-continue-flowing-freely-to-the-uk">https://www.gov.uk/government/news/eu-adopts-adequacy-decisions-allowing-data-to-continue-flowing-freely-to-the-uk</a></p> |                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                  |
| <p><b>F 1: Funding and Investments</b></p> <p>Cause:<br/>The committee Members and Investment Officers have insufficient knowledge of financial markets and inadequate investment and actuarial advice received.</p> <p>Event:<br/>The committee Members and Investment officers make inappropriate decisions.</p>                                                                                                                                                                                           | <p>Inherent status : 16 High</p> <p>Current status : 12 Medium (  Unchanged)</p> <p>Risk owner: <a href="#">Charlotte. Thompson</a></p> <p>Accountable officer: <a href="#">Mark Gayler</a></p> <p>Category: Financial</p> <p>Last review: 7 July 2022</p> <p>Latest review details</p> <p>Controls and risk score reviewed</p> | <p><b>Green</b> The Investment Strategy is set in accordance with LGPS investment regulations and takes into account the Fund's Liabilities</p> <p><b>Green</b> The Investment Strategy is reviewed, approved and documented by the Investment and Pension Fund Committee.</p> <p><b>Green</b> DCC employ an external investment advisor who provides specialist guidance to</p> |



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| <p>Impact:<br/>Poor fund performance/financial loss.<br/>Increased employer contribution costs.</p> <hr/> <p>Notes<br/>13/08/2019 - Wording of risk updated and category added.<br/>25/02/2020 - Wording of mitigation updated to reflect delay in producing handbook due to delay in new website</p>                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                | <p>the Investment and Pension Fund Committee regarding the investment strategy.</p> <p><b>Green</b> An Annual Training Plan has been agreed for 2022/23. Training programmes are available for Committee Members and Investment Staff. This can be delivered virtually where required</p> <p><b>Green</b> Members and Officers are encouraged to challenge advice and guidance received when necessary.</p> <p><b>Green</b> Sharepoint site dedicated to training and knowledge in development is in place</p> <p><b>Green</b> An induction session and pack will be provided for new members of the Committee and Board.</p>                                                                                     |
| <p><b>F 2: Funding and Investments</b></p> <p>Cause:<br/>The Pension Fund's investment strategy / strategic asset allocation fails to produce the required returns.</p> <p>Event:<br/>Volatility in the global and/or UK economy due to e.g. geo-political instability, changes to interest rates, Brexit, etc.</p> <p>Impact:<br/>Financial loss.<br/>Insufficient funds available to meet future obligations.</p> | <p>Inherent status : 20 High<br/>Current status : 15 High (  Unchanged)</p> <p>Risk owner: <a href="#">Charlotte. Thompson</a><br/>Accountable officer: <a href="#">Mark Gayler</a><br/>Category: Financial<br/>Last review: 7 July 2022<br/>Latest review details<br/>Controls and risk score reviewed</p> | <p><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><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.</p> <p><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</p> |


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| <p>Notes<br/>13/08/2019 - Wording of risk updated and category added.</p>                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                   | <p>taken to amend the fund's asset allocation strategy.</p> <p><b>Green</b> The Fund's investments are diversified across a range of different types of assets and globally to minimise the impact of losses in individual markets.</p> <p><b>Green</b> Fund-specific benchmarks and targets are set. Assets are under regular review as part of the fund's performance management framework</p> <p><b>Green</b> Long term nature of the Fund provides some mitigation as the volatility caused by issues such as Brexit will reduce over time.</p> <p><b>Green</b> External review of the Fund's investment strategy is commissioned at minimum every three years. The last review was undertaken by Mercers who presented their review to the Investment and Pension Fund committee in February 2022.</p> |
| <p><b>F 3: Funding and Investments</b></p> <p>Cause:<br/>Collapse of Fund manager, investment arrangements are structured poorly, fraud.<br/>Event:<br/>The fund is exposed to unnecessary risks and avoidable costs.<br/>Impact:<br/>Financial loss.</p> | <p><b>Inherent status : 10 Medium</b></p> <p><b>Current status : 8 Low (  Unchanged)</b></p> <p>Risk owner: <b>Charlotte. Thompson</b><br/>Accountable officer: <b>Mark Gayler</b><br/>Category: Operational<br/>Last review: 7 July 2022<br/>Latest review details<br/>Controls and risk score reviewed</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> 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>                                                                                                                                                                                                                                                                                                                                                                                                  |

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| <p>Notes<br/>13/08/2019 - Risk wording updated and category added.</p>                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                         | <p><b>Green</b> The Investment and Pension Fund Committee will monitor investment arrangements under Brunel to ensure they provide for effective risk management and risk adjusted returns across the portfolios.</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 4: Funding and Investments</b></p> <p>Cause:<br/>Inadequate risk management policies on Environmental, Social and Governance Issues.<br/>Lack of awareness/training.</p> <p>Event:<br/>The fund fails to manage environmental, social and governance risks.</p> <p>Impact:<br/>Financial loss.<br/>Damage to reputation.</p> | <p><b>Inherent status : 15 High</b></p> <p><b>Current status : 8 Low (Unchanged)</b></p> <p>Risk owner: <b>Charlotte. Thompson</b><br/>Accountable officer: <b>Mark Gayler</b><br/>Category: Operational<br/>Last review: 7 July 2022<br/>Latest review details<br/>Controls and risk score reviewed and confirmed.</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>Notes<br/>13/08/2019 - Risk wording updated and category added.<br/>29/08/2019 - Risk wording updated</p>                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                         | <p><b>Green</b> The Fund holds annual meetings for both employers and scheme members to provide the opportunity for discussion of</p>                                                                                                                                                                                                                                                                                                                                                                                                                        |


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|                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                        | investment strategy and consideration of non-financial factors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <p><b>F 5: Funding and Investments</b></p> <p>Cause:<br/>Global financial crisis.<br/>Substantial political changes.</p> <p>Event:<br/>The market crashes, reducing the value of investments.</p> <p>Impact:<br/>The deficit increases, or there is a failure to reduce the deficit.<br/>Financial loss.<br/>Increased employer contribution costs.</p> <p>Notes<br/>13/08/2019 - Risk wording updated and category added.</p> | <p>Inherent status : 20 High</p> <p>Current status : 16 High (  Unchanged)</p> <p>Risk owner: <a href="#">Charlotte. Thompson</a><br/>Accountable officer: <a href="#">Mark Gayler</a><br/>Category: Financial<br/>Last review: 7 July 2022<br/>Latest review details<br/>Controls and risk score reviewed and confirmed</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>Green</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 6: Funding and Investments</b></p> <p>Cause:<br/>Substantial changes to UK or global economies.</p> <p>Event:<br/>Pay and price inflation are higher than anticipated.</p> <p>Impact:<br/>There is an increase in liabilities which exceeds the previous valuation estimate.</p>                                                                                                                                       | <p>Inherent status : 16 High</p> <p>Current status : 12 Medium (  Unchanged)</p> <p>Risk owner: <a href="#">Charlotte. Thompson</a><br/>Accountable officer: <a href="#">Mark Gayler</a><br/>Category: Strategic<br/>Last review: 7 July 2022<br/>Latest review details<br/>(F7) Controls and risk score reviewed and confirmed</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 towards longer serving employees.</p> <p><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.</p>                                                                       |

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| <p>Notes<br/>13/08/2019 - Risk wording updated and category added.</p>                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                         | <p><b>Green</b> The Committee has received training on understanding liabilities and potential approaches to Liability Driven Investment.</p> <p><b>Green</b> Inflation risk was addressed in the strategic reviewed undertaken by Mercer which was presented to the Investment and Pension Fund committee in February 2022.</p> |
| <p><b>F 7: Funding and Investments</b></p> <p>Cause:<br/>Public services are cut and ill health increases.</p> <p>Event:<br/>There is an increase in the number of early retirements.</p> <p>Impact:<br/>There is an increase in liabilities which exceeds the previous valuation estimate.</p> | <p><b>Inherent status : 9 Low</b><br/><b>Current status : 6 Low</b><br/>Risk owner: <b>Charlotte. Thompson</b><br/>Accountable officer: <b>Mark Gayler</b><br/>Category: Strategic<br/>Last review: 7 July 2022<br/>Latest review details<br/>(F8) Controls reviewed and confirmed. Risk score reviewed and revised</p>                 | <p><b>Green</b> Employers are charged the extra capital cost of non ill health retirements following each individual decision.</p> <p><b>Green</b> Employer ill health retirement experience is monitored.</p>                                                                                                                   |
| <p>Notes<br/>13/08/2019 - Risk wording changed and category added.</p>                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                  |
| <p><b>F 8: Funding and Investments</b></p> <p>Cause:<br/>The average life expectancy of pensioners is greater than assumed.</p> <p>Event:<br/>The actuarial assumptions are incorrect.</p> <p>Impact:</p>                                                                                       | <p><b>Inherent status : 12 Medium</b><br/><b>Current status : 9 Low (Unchanged)</b><br/>Risk owner: <b>Charlotte. Thompson</b><br/>Accountable officer: <b>Mark Gayler</b><br/>Category: Strategic<br/>Last review: 7 July 2022<br/>Latest review details<br/>(F9) Controls reviewed and confirmed. Risk score reviewed and revised</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>                                       |

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| <p>There is an increase in liabilities which exceeds the previous valuation estimate.</p>                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                | <p><b>Green</b> Early indications from the 2022 valuation suggest that life expectancy improvements are slowing down</p>                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <p>Notes<br/>13/08/2019 - Risk wording updated and category added.</p>                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <p><b>F9: Funding and Investments</b></p> <p>Cause:<br/>Inadequate training.<br/>Availability of staff.<br/>Cashflow issues for employers</p> <p>Event:<br/>Scheme employers' contributions to the Fund are not received, processed and recorded completely and accurately.</p> <p>Impact:<br/>There are increased costs across all remaining scheme employers.</p> | <p><b>Inherent status : 12 Medium</b><br/><b>Current status : 9 Low (Unchanged)</b></p> <p>Risk owner: <b>Charlotte. Thompson</b><br/>Accountable officer: <b>Mark Gayler</b><br/>Category: Operational<br/>Last review: 7 July 2022<br/>Latest review details<br/>(F10) Review of controls and risk score</p> | <p><b>Green</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>Green</b> Contribution monitoring report is presented to the Pensions Board at each meeting for review</p> |
| <p>Notes<br/>13/08/2019 - Risk wording updated and category added.</p>                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <p><b>F10: Funding and Investments</b></p> <p>Cause:<br/>An employer ceases to exist with insufficient funding available to settle any outstanding debts, or refuses to pay the cessation value.</p> <p>Event:<br/>Departing employer does not fully meet</p>                                                                                                       | <p><b>Inherent status : 12 Medium</b><br/><b>Current status : 6 Low (Unchanged)</b></p> <p>Risk owner: <b>Charlotte. Thompson</b><br/>Accountable officer: <b>Mark Gayler</b><br/>Category: Financial<br/>Last review: 7 July 2022<br/>Latest review details<br/>(F11) Controls and risk score reviewed</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 guarantee is put into place if required.</p> <p><b>Green</b> The Actuary has an objective of keeping contributions as stable as possible</p>                                                                                                                                                                                           |

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| <p>their liabilities.<br/>Impact:<br/>Increased costs across the remaining scheme employers.</p> <hr/> <p>Notes<br/>13/08/2019 - Risk wording updated and category added.</p>                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                | <p>whilst ensuring the long term solvency of the Fund.</p> <p><b>Green</b> Outstanding liabilities will be assessed and recovered from any successor bodies or spread amongst remaining employers.</p> <p><b>Green</b> The actuarial valuation attempts to balance recovery period with risk of withdrawal.</p> <p><b>Green</b> If necessary, appropriate legal action will be taken.</p> <p><b>Green</b> Bond levels for each relevant employer and Employer covenant risks are re-assessed following each triennial actuarial valuation.</p> <p><b>Green</b> Following changes to regulations, new policies have been put into place with regard to Deferred Debt and Debt Spreading Agreements. These will assist in managing exiting employer deficits.</p> |
| <p><b>F11: Funding and Investments</b></p> <p>Cause:<br/>Failure to meet regulatory requirements<br/>Event:<br/>Updated Legislative and regulatory requirements.<br/>Impact:<br/>Additional work to ensure compliance.<br/>Fines for noncompliance.<br/>Damage to reputation.<br/>Loss of members.</p> | <p><b>Inherent status : 12 Medium</b><br/><b>Current status : 8 Low (  Unchanged)</b><br/>Risk owner: <b>Charlotte. Thompson</b><br/>Accountable officer: <b>Mark Gayler</b><br/>Category: Compliance<br/>Last review: 7 Jul 2022<br/>Latest review details<br/>(F14) Controls and risk score reviewed</p> | <p><b>Amber</b> Currently much of the EU regulation has been retained in UK law following Brexit although this could change</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>Green</b> All the Fund's current fund managers and financial counterparties have accepted</p>                                                                                                                                                                                                                                                                                            |



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| <p>Notes<br/>13/08/2019 - Risk wording updated and category added.</p>                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                  | <p>Devon's application for elective professional client status<br/><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>F12: Funding and Investments</b><br/>Cause:<br/>Remedies resulting from McCloud and Sargeant legal cases.<br/>Event:<br/>Significant additional pension liabilities for the Fund.<br/>Impact:<br/>Increased employer contribution costs.</p>                 | <p><b>Inherent status : 10 Medium</b><br/><b>Current status : 10 Medium</b><br/>Risk owner: <b>Charlotte. Thompson</b><br/>Accountable officer: <b>Mark Gayler</b><br/>Category: Strategic<br/>Last review: 7 July 2022<br/>Latest review details<br/>(F16) Controls reviewed. Risk score reviewed and revised</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<br/><b>Amber</b> DLUHC has issued recommendations on how funds should take the McCloud remedy into account in the 2022 valuation.</p>                                                                                                      |
| <p>Notes<br/>13/08/2019 - Risk wording updated and category added.<br/>29/08/2019 - Risk wording updated.</p>                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p><b>F13: Funding and Investments</b><br/>Cause:<br/>Climate Change<br/>Event:<br/>Impact on investee companies of the consequences of climate change and the transition to a low carbon economy<br/>Impact:<br/>Financial loss and/or failure to meet return</p> | <p><b>Inherent status : 16 High</b><br/><b>Current status : 12 Medium (</b> <b>)</b><br/><b>Unchanged)</b><br/>Risk owner: <b>Charlotte. Thompson</b><br/>Accountable officer: <b>Mark Gayler</b><br/>Category:<br/>Last review: 7 July 2022<br/>(F17) Controls and risk score reviewed</p> | <p><b>Green</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<br/><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,</p> |




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| <p>expectations<br/>Increases employer contribution costs</p>                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                         | <p>and seek to reduce unrewarded climate and carbon risk.</p> <p><b>Green</b> The Devon Fund requires its non-Brunel investment managers (Infrastructure and Private Debt) to take climate change risks into account 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 2020 showed a 37% reduction in the Weighted Average Carbon Intensity of the Fund's equity investments compared with 31 March 2019</p> <p><b>Completed</b> The Fund has moved its UK and Smart Beta passive allocations to new UK Climate Transition and Global Paris Aligned funds to significantly reduce exposure to fossil fuel reserves.</p> |
| <p><b>G1: Governance Arrangements</b></p> <p>Cause:<br/>The Administering Authority fails to have appropriate governance arrangements, including the requirement for a Pension Board.</p> <p>Event:<br/>The administering authority is non compliant with legislation and/or best practice.</p> <p>Impact:<br/>There is an inability to determine policy.</p> | <p><b>Inherent status : 12 Medium</b></p> <p><b>Current status : 8 Low (Unchanged)</b></p> <p>Risk owner: <b>Charlotte. Thompson</b></p> <p>Accountable officer: <b>Mark Gayler</b></p> <p>Category: Strategic</p> <p>Last review: 7 July 2022</p> <p>Latest review details</p> <p>Controls and risk score reviewed</p> | <p><b>Green</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>Green</b> The Statement is published on the Devon Pensions website:<br/><a href="https://www.devonpensionfund.org.uk/fund-policies/important-documents/">https://www.devonpensionfund.org.uk/fund-policies/important-documents/</a></p>                                                                                                                                                                   |

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| <p>There is an inability to make effective decisions.<br/>There is an inability to deliver service.<br/>Negative impact on reputation.</p>                                                                                                                                           |                                                                                                                                                                                                                                                                                                             | <p><b>Green</b> Pension fund stakeholders are made aware of the Statement.</p> <p><b>Green</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>Green</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> |
| <p>Notes<br/>13/08/2019 - Wording of risk updated.</p>                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <p><b>G2: Governance Arrangements</b></p> <p>Cause:<br/>Poor governance arrangements.<br/>Event:<br/>The Investment and Pension Fund Committee and Pension Board are unable to fulfil their responsibilities effectively.<br/>Impact:<br/>Non-compliance with legislation and/or</p> | <p><b>Inherent status : 12 Medium</b></p> <p><b>Current status : 9 Low ( Unchanged)</b></p> <p>Risk owner: <b>Charlotte. Thompson</b><br/>Accountable officer: <b>Mark Gayler</b><br/>Category: Operational<br/>Last review: 7 July 2022<br/>Latest review details<br/>Controls and risk score reviewed</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. The plan has been adapted to ensure provision of on-line sessions given the Coronavirus pandemic</p>                                                                                                                                                                                                                                                                                                                                                                                                              |

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| <p>best practice.<br/>There is an inability to determine policy, make effective decisions and/or deliver service.<br/>There is a risk to reputation.<br/>Possibility of fines/sanctions.</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 by the end of 2021</p>                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <p>Notes<br/>13/08/2019 - Wording of risk updated and category added.</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>Amber</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>Green</b> Following a request by the Pension Board, officers have produced a web based handbook to act as a knowledge hub</p> |

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| <p><b>I1: Internal</b></p> <p><b>Cause:</b><br/>Concentration of knowledge in a small number of staff.</p> <p><b>Event:</b><br/>Loss of staff leading to a breakdown in internal processes and service delivery.</p> <p><b>Impact:</b><br/>Financial loss and potential risk to reputation.</p> | <p><b>Inherent status : 16 High</b></p> <p><b>Current status : 12 Medium (Unchanged)</b></p> <p>Risk owner: <b>Charlotte. Thompson</b><br/>Accountable officer: <b>Mark Gayler</b><br/>Category: Strategic<br/>Last review: 7 July 2022<br/>Latest review details<br/>Controls and risk score reviewed</p> | <p><b>Green</b> The Investment Manager is able to cover in the absence of the Head of Investments</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>Notes</b><br/>13/08/2019 - Risk wording updated and category added.<br/>29/08/2019 - Risk wording updated.</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> The review of CIPFA's knowledge and skills framework relating to officers should result in key outcomes being delivered.</p> |  |

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| <p>I2: Internal</p> <p>Cause:<br/>Inadequate treasury management practices.</p> <p>Event:<br/>Fraud, corruption or error.</p> <p>Impact:<br/>Risk of financial loss.<br/>Damage to reputation.</p> | <p>Inherent status : 12 Medium</p> <p>Current status : 9 Low (  Unchanged)</p> <p>Risk owner: <a href="#">Charlotte. Thompson</a></p> <p>Accountable officer: <a href="#">Mark Gayler</a></p> <p>Category: Operational</p> <p>Last review: 7 July 2022</p> <p>Latest review details</p> <p>Controls and risk score reviewed</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>Green</b> Appropriate separation of duties exists.</p> <p><b>Green</b> Treasury Management Practices are reviewed and updated regularly.</p> <p><b>Green</b> Up to date financial regulations and practices.</p> <p><b>Green</b> Processes in place ensure that all elements of the daily treasury management activity can be carried out remotely away from the office.</p> |  |
| <p>Notes</p> <p>13/08/2019 - Risk wording updated and category added.</p>                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |

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| <p>PP 1 - Annual Benefit Statements</p> <p>Cause/s<br/>Staffing Absences<br/>ICT Failures<br/>Poor data quality<br/>Event<br/>Annual Benefit statements are not sent to active and deferred members by 31st August.<br/>Impact<br/>Fines from the regulator<br/>Damage to reputation<br/>Increased complaints from Members<br/>Increased demand on resources to rectify the situation<br/>Creation of a backlog of other tasks due to diverted resource.</p> | <p>Inherent status : 8 Low<br/>Current status : 6 Low (Unchanged)<br/>Risk owner: Rachel Lamb<br/>Accountable officer: Martin Oram<br/>Category: Operational<br/>Last review: 19 July 2022<br/>Latest review details<br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 19/07/2022</p> | <p>Green • 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<br/>Amber Following the completion of the historic data sign off exercise, employers will move to monthly interfacing which will reduce the number of queries at year-end. Target date for completion is 31st March 2023.</p> |
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| <p>PP 2 - Failure to provide basic information about the LGPS</p> <p>Cause/s<br/>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.<br/>General scheme literature not being made available to members.<br/>LGPS Administration team not informed of new members.</p> <p>Event<br/>Failure to make available provide Basic information about the LGPS including: how benefits are worked out; how member and employer contributions are calculated.</p> <p>Impact<br/>Negative reporting by or fines from the Pension's regulator.<br/>Damage to reputation.</p> | <p>Inherent status : 10 Medium<br/>Current status : 8 Low (Unchanged)</p> <p>Risk owner: Rachel Lamb<br/>Accountable officer: Martin Oram<br/>Category: Operational<br/>Last review: 19 July 2022<br/>Latest review details<br/>Risks and mitigating controls remain appropriate Risk reviewed by the Pension Board on 19/07/2022</p> | <p>Green Reviews of documentation/letters<br/>Green Website regularly updated<br/>Completed Links to Pension Funds investment information and LGPS included on website<br/>Completed A revised New Starter pack has been designed and is now provided to members<br/>Completed Our methods and content of communication will be reviewed to ensure that members and employers are provided with accurate and relevant information.</p> |
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| <p>PP 3 - Non-compliance with legislation and failure to correctly implement new legislation and regulations</p> <p>Cause<br/>Lack of structure/process to identify new legislation as it is released.</p> <p>Event<br/>Non-compliance with legislation/regulations.</p> <p>Impact<br/>Incorrect benefit payments.<br/>Damage to reputation.<br/>Fines from Regulators.</p>                                                                                                                            | <p>Inherent status : 12 Medium</p> <p>Current status : 6 Low (Unchanged)</p> <p>Risk owner: Rachel Lamb</p> <p>Accountable officer: Martin Oram</p> <p>Category: Operational</p> <p>Last review: 19 July 2022</p> <p>Latest review details</p> <p>Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 19/07/2022</p> | <p>Green LGA/External training</p> <p>Green Project work approach to implementation of legislative changes.</p> <p>Green In house training for all staff. • Use of Perspective and Bulletins</p> <p>Completed A Training and Technical team is now in place, following the Pension Review. The team has commenced delivering training across the teams.</p>                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p>PP 4 - Failure of employing authority to provide timely and accurate member data</p> <p>Cause<br/>Employing authorities not fulfilling their responsibilities.</p> <p>Event<br/>Delays in the provision of pensions member data.<br/>Inaccuracies in the pension member data.</p> <p>Impact<br/>Incorrect benefit calculations.<br/>Financial Loss due to compensation to members.<br/>Incorrect benefit payments<br/>Delays to payments<br/>Additional work to request and correct information</p> | <p>Inherent status : 12 Medium</p> <p>Current status : 9 Low (Unchanged)</p> <p>Risk owner: Rachel Lamb</p> <p>Accountable officer: Martin Oram</p> <p>Category: Operational</p> <p>Last review: 19 July 2022</p> <p>Latest review details</p> <p>Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 19/07/2022</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.</p> <p>Green Employing authorities are contacted for outstanding information when it is identified that information is missing or contains errors.</p> <p>Green Outstanding data queries are passed to Employer and Communications Team to monitor</p> <p>Completed Guidance available on website</p> <p>Green Individual employer meetings include review of employer performance</p> <p>Completed 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> |



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| <p>PP 5 - Withdrawal of support for Employer Self Service</p> <p><b>Cause</b><br/>Pensions software provider withdrawing support for ESS</p> <p><b>Event</b><br/>Employers will no longer be able to access member records, run estimates or submit and receive information via ESS.</p> <p><b>Impact</b><br/>Increased workloads and reduced efficiency for PP which may result in delays in information being provided to employers, possible breaches and an increase in complaints.</p> | <p><b>Inherent status : 12 Medium</b><br/><b>Current status : 12 Medium</b></p> <p>Risk owner: Rachel Lamb<br/>Accountable officer: Martin Oram<br/>Category: Operational<br/>Last review: 19 July 2022<br/>Latest review details<br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 19/07/2022</p> | <p><b>Green</b> Software provider is required to give 12 months' notice before any change to the contract</p> <p><b>Amber</b> Consideration is being given to a number of options. The development of an internal solution is being prioritised to ensure continued service delivery. The E&amp;C team have commenced work on this project and are aiming to have a solution in place by 31/12/2022</p> |
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| <p><b>PP 6 - Communication of Entitlements</b></p> <p><b>Cause</b><br/>Insufficient communication and engagement with LGPS scheme members/employers.</p> <p><b>Event</b><br/>Employers and or Members are not made aware of their entitlements within LGPS resulting in Non-compliance with legislation and/or best practice.</p> <p><b>Impact</b><br/>Inability to determine policy<br/>Employees not joining the scheme.<br/>Inability to make effective decisions and/or deliver service</p> | <p><b>Inherent status : 12 Medium</b></p> <p><b>Current status : 9 Low (Unchanged)</b></p> <p>Risk owner: <b>Rachel Lamb</b></p> <p>Accountable officer: <b>Martin Oram</b></p> <p>Category: Operational</p> <p>Last review: 19 July 2022</p> <p>Latest review details</p> <p>Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 19/07/2022</p> | <p><b>Green</b> The Peninsula Pensions website is kept up to date</p> <p><b>Green</b> Meetings between PP managers and Communications team on a regular basis, with a communications plan and strategy for the year ahead</p> <p><b>Green</b> Meetings are held with the Funds Employing Authorities and on request for training</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 Trade Unions</p> <p><b>Green</b> The annual report and accounts are published on the Peninsula Pensions website</p> <p><b>Amber</b> A Communication Policy exists for the Devon Pension Fund, which includes Peninsula Pensions. The Peninsula Pensions Senior Management team are considering creating a separate communication policy for Peninsula Pensions which will be brought to the Board for consideration during 2023</p> |
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| <p>PP 7 - Non Payment of Pension Benefits</p> <p>Cause<br/>Systems Failures<br/>Lack of information from employers<br/>Poor internal processes</p> <p>Event<br/>Pension benefits are not paid.</p> <p>Impact<br/>Damage to Reputation.<br/>Financial loss arising from compensation claims.</p>                                                                  | <p>Inherent status : 12 Medium<br/>Current status : 8 Low (Unchanged)</p> <p>Risk owner: Rachel Lamb<br/>Accountable officer: Martin Oram<br/>Category: Operational<br/>Last review: 19 July 2022<br/>Latest review details<br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 19/07/2022</p> | <p>Green The payroll system is set up to pay pensioners monthly.</p> <p>Green Disaster recovery plan in place with Heywoods which will restore data within 7 days in the event of system failure</p> <p>Green The payroll manual has been revised and updated following the introduction of RTI (Real Time Information) and new administration systems.</p> <p>Amber Fully updated Pensioner Payroll Manual is now in place. An online training resource is being developed and will be completed during 2022.</p>                                                                                                  |
| <p>PP 8 - Payment to deceased pensioners</p> <p>Cause<br/>LGPS Information is not updated as circumstances change.<br/>Poor internal processes.</p> <p>Event<br/>Pension benefits continue to be paid to deceased pensioners.</p> <p>Impact<br/>Damage to Reputation.<br/>Financial loss arising from overpayments.<br/>Additional resource to recover funds</p> | <p>Inherent status : 8 Low<br/>Current status : 6 Low (Unchanged)</p> <p>Risk owner: Rachel Lamb<br/>Accountable officer: Martin Oram<br/>Category: Operational<br/>Last review: 19 July 2022<br/>Latest review details<br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 19/07/2022</p>     | <p>Green All pensioners are contacted annually.</p> <p>Green Pension suspended if post is returned</p> <p>Green Pensioners are incorporated into National Fraud Initiative</p> <p>Green Further targeted checks are conducted with credit reference agencies as appropriate</p> <p>Green Monthly mortality screening is undertaken and any positive matches are ceased immediately</p> <p>Green Western Union overseas existence service undertaken bi annually</p> <p>Green 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> |

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| <p>PP10 - Data and System Security</p> <p>Cause<br/>Insecure pensions and administration data.</p> <p>Event<br/>Loss/disclosure of Sensitive Data/Information.</p> <p>Impact<br/>Financial costs from legal action.<br/>Fines from ICO.</p>                                 | <p>Inherent status : 9 Low<br/>Current status : 6 Low (Unchanged)</p> <p>Risk owner: Rachel Lamb<br/>Accountable officer: Martin Oram<br/>Category: Operational<br/>Last review: 19 July 2022<br/>Latest review details<br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 19/07/2022</p> | <p>Green Access and security controls exist and the system is tested regularly by Heywoods and PP.</p> <p>Green The system is subject to regular checks by internal audit.</p> <p>Green In-house GDPR training is delivered to all new and existing team members on an annual basis to ensure that staff are fully aware of requirements under the data protection legislation. In addition to this, all staff are required to complete DCC's GDPR e-learning assessment annually.</p>                                                                                                                                                                              |
| <p>PP11 - Personal Member Data</p> <p>Cause<br/>Error when printing/sorting/compiling data.<br/>Poor internal processes.</p> <p>Event<br/>Information issued to the wrong person/organisation.</p> <p>Impact<br/>Financial Costs from legal action.<br/>Fines from ICO.</p> | <p>Inherent status : 9 Low<br/>Current status : 6 Low (Unchanged)</p> <p>Risk owner: Rachel Lamb<br/>Accountable officer: Martin Oram<br/>Category: Operational<br/>Last review: 19 July 2022<br/>Latest review details<br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 19/07/2022</p> | <p>Green 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>Green In-house GDPR training is delivered to all new and existing team members on an annual basis to ensure that staff are fully aware of requirements under the data protection legislation. In addition to this, all staff are required to complete DCC's GDPR e-learning assessment annually.</p> <p>Completed Internal e-Learning training 'Sharing personal data' was also undertaken by whole office during March 2018. All staff are required to complete DCC's e-learning assessment annually.</p> |

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| <p>PP12 - Knowledge Management</p> <p>Cause<br/>Departure or non-availability of staff who hold key knowledge.</p> <p>Event<br/>Breakdown in internal processes and service delivery.</p> <p>Impact<br/>Financial Loss due to costs of obtaining resource, or delays/inefficiencies in existing processes.<br/>Reputation Damage.</p> | <p>Inherent status : 16 High<br/>Current status : 12 Medium<br/>(Unchanged)</p> <p>Risk owner: Rachel Lamb<br/>Accountable officer: Martin Oram<br/>Category: Strategic<br/>Last review: 19 July 2022<br/>Latest review details<br/>Risks and mitigating controls remain appropriate. Risk reviewed by Devon Pension Board on 19/07/2022</p> | <p>Green Knowledge of all tasks are shared by at least two team members and can in addition be covered by senior staff</p> <p>Green Training requirements are set out in job descriptions.</p> <p>Amber The Training and Technical team have created training and procedure notes for the team covering all major processes. These will help to ensure consistency across the teams and will assist with the training of new recruits. Training notes are kept under review and updated as and when regulations come into effect.</p> |
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| <p>PP13 - Scheme Membership Data</p> <p>Cause<br/> Incorrect information from employers.<br/> Fraudulent provision of data.<br/> System errors<br/> Poor internal processes.</p> <p>Event<br/> Unauthorised or invalid payments.</p> <p>Impact<br/> Financial loss<br/> Reputational Damage</p> | <p>Inherent status : 9 Low<br/> Current status : 6 Low (Unchanged)</p> <p>Risk owner: Rachel Lamb<br/> Accountable officer: Martin Oram<br/> Category: Operational<br/> Last review: 19 July 2022<br/> Latest review details<br/> Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 19/07/2022</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 identified monthly</p> <p><b>Green</b> Data accuracy checks undertaken by the systems team including address / NINO checks</p> <p><b>Completed</b> Employer Self Service introduced.</p> <p><b>Amber</b> Employers are currently in the process of undertaking a historic data sign off exercise. Once an employer has been signed off, they will move to monthly data submissions. Target date for completion is 31st March 2023.</p> |
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| <p><b>PP14 - Compliance with Disclosure Regulations</b></p> <p>Cause<br/>Requirement to issue information within a certain timescale after a request/event.</p> <p>Event<br/>Failure to comply with disclosure regulations and to process accurate pension benefit payments in a timely manner.</p> <p>Impact<br/>Complaints which take up time to resolve.<br/>Additional Time spent chasing data<br/>Regulator Fines<br/>Compensation costs for members</p> | <p><b>Inherent status : 9 Low</b><br/><b>Current status : 6 Low (Unchanged)</b><br/>Risk owner: <b>Rachel Lamb</b><br/>Accountable officer: <b>Martin Oram</b><br/>Category: Operational<br/>Last review: 19 July 2022<br/>Latest review details<br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 19/07/2022</p>     | <p><b>Green</b> Robust workflow management system in place.<br/><b>Green</b> Payroll deadline procedures in place<br/><b>Green</b> Item in Business Continuity/Disaster Recovery Plan<br/><b>Green</b> Participate in National Fraud Initiative (NFI)<br/><b>Green</b> Life Certificates exercise carried out /mortality checks<br/><b>Amber</b> Full review of performance within PP being conducted to incorporate Employer performance and Admin strategies. Target date for completion 31/12/22 (with ongoing reviews and development after this date).</p> |
| <p><b>PP15 - Fraud, Corruption and Error</b></p> <p>Cause<br/>Poorly designed or implemented management practices/processes.<br/>Staff deliberately updating or providing fraudulent data.</p> <p>Event<br/>Fraud, corruption or error.</p> <p>Impact<br/>Financial Loss<br/>Reputational Damage</p>                                                                                                                                                          | <p><b>Inherent status : 12 Medium</b><br/><b>Current status : 9 Low (Unchanged)</b><br/>Risk owner: <b>Rachel Lamb</b><br/>Accountable officer: <b>Martin Oram</b><br/>Category: Operational<br/>Last review: 19 July 2022<br/>Latest review details<br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 19/07/2022</p> | <p><b>Green</b> Transactions are authorised by senior staff<br/><b>Green</b> All staff are covered by fidelity insurance up to £15 million<br/><b>Green</b> Sufficient members in the team to cover absence and leave<br/><b>Green</b> Heywoods Audit trace report<br/><b>Green</b> Appropriate separation of duties exists<br/><b>Green</b> Up to date regulations and practices<br/><b>Green</b> Internal and external audit checks performed to ensure that appropriate and effective controls are in place</p>                                              |

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| <p><b>PP16 - Loss of Shared Service Partner</b></p> <p>Cause<br/>Shared service partner choosing to use a different pensions administrator.</p> <p>Event<br/>Peninsula pensions no longer operates on the same scale.</p> <p>Impact<br/>Reputational Damage.<br/>Loss of staff / redundancies.</p>                                                              | <p>Inherent status : 9 Low<br/>Current status : 9 Low (Unchanged)</p> <p>Risk owner: Rachel Lamb<br/>Accountable officer: Martin Oram<br/>Category: Strategic<br/>Last review: 19 July 2022<br/>Latest review details<br/>Risks and mitigating controls remain appropriate. Risk reviewed by Devon Pensions Board on 19/07/2022</p>   | <p>Green Constant assessment of Performance<br/>Green Quarterly Shared Service meetings with key Fund colleagues<br/>Green Regular meetings between Peninsula Pensions and Employers<br/>Green Employer Newsletters<br/>Amber Full review of performance within PP being conducted to incorporate Employer performance and Admin strategies. Target date for completion 31/12/22 (with ongoing reviews and development after this date).</p> |
| <p><b>PP17 - Pensions System Failure</b></p> <p>Cause<br/>Connection issues.<br/>Supplier fault<br/>Cyber Attack.</p> <p>Event<br/>The hosted Altair pensions system fails.</p> <p>Impact<br/> <ul style="list-style-type: none"> <li>• Loss of sensitive data.</li> <li>• Reputation risk.</li> <li>• Financial loss arising from legal action</li> </ul> </p> | <p>Inherent status : 15 High<br/>Current status : 10 Medium (-5)</p> <p>Risk owner: Rachel Lamb<br/>Accountable officer: Martin Oram<br/>Category: Operational<br/>Last review: 19 July 2022<br/>Latest review details<br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Devon Pension Board 19/07/2022.</p> | <p>Green The system is backed-up daily. System is hosted by Heywoods<br/>Green A full disaster recovery plan and Business Continuity Plan is in place and tested/updated annually.</p>                                                                                                                                                                                                                                                       |



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| <p>PP18 - Cyber Attack</p> <p>Cause<br/>Cyber-attack on the Pensions ICT systems and or host systems.</p> <p>Event<br/>Loss of system access.<br/>Theft of confidential/personal data.</p> <p>Impact<br/>Inability to make payments to members.<br/>Fines from the ICO.<br/>Financial loss.<br/>Loss of membership data.<br/>Disclosure of sensitive data.</p> | <p>Inherent status : 15 High<br/>Current status : 10 Medium<br/>(Unchanged)</p> <p>Risk owner: Rachel Lamb<br/>Accountable officer: Martin Oram<br/>Category: Operational<br/>Last review: 19 July 2022<br/>Latest review details<br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 19/07/2022</p> | <p>Green Ensure that the relevant people are suitably vetted and trained, that administrators and service providers have measures in place to avoid security breaches</p> <p>Green A full disaster recovery plan and Business Continuity Plan is in place and tested/updated annually</p> <p>Green Information from The Pensions Regulator: 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</p> <p>Cause<br/>Member Self Service access is compromised due to insecurity or lack of maintenance.</p> <p>Event<br/>Data is accessed and or obtained inappropriately.</p> <p>Impact<br/>Damage to reputation<br/>Loss of data<br/>Fines from ICO.</p>                                                                          | <p>Inherent status : 9 Low<br/>Current status : 6 Low (Unchanged)</p> <p>Risk owner: Rachel Lamb<br/>Accountable officer: Martin Oram<br/>Category: Operational<br/>Last review: 19 July 2022<br/>Latest review details<br/>Risks and mitigating controls remain appropriate. Risk reviewed by the Pension Board on 19/07/2022</p>           | <p>Green Information and Instructions are only accepted from authorised sources</p> <p>Green 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>Green Regular penetration testing</p> <p>Green Secure website (annual license renewal)</p>                                                                                                                                                                                                                                                                  |