

Project Title: Project Brunel Brunel Pension Partnership Full Business Case Annex 2.9.3a [for PC] [Annex 2 for Council / Board] Risk Register Summary

The Brunel Pension Partnership has created a formal risk register for the project and has assessed 31 risks with each being classified using a standard methodology; assigning a score of 1-5 in both Impact and Likelihood of each risk creating 5 levels of risk from very low to very high. The scoring criteria is provided below.

The individual risks can be viewed in the following ways:

Risk Category	Risk group	Timescale to realise target risk score	Risk Score	
Our integrity	Pool Structure and Sustainability	4 months (end FBC review period)	Very low	
Capacity to deliver	External drivers	9 months (Brunel company key appointments completed)	Low	
	Resources and skills	12 months (FCA application)	Medium	
	Governance	Stage 3b (programme implementation period)	High	
	Assets and performance	Stage 3b & 4		Very high
		Stage 4 (transition of assets period)		

The number of risks from each category is shown in the table below.

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Risk Count	Category	VH	H	M	L	VL	Total
Current	All	0	14	15	2	0	31
Target	All	0	0	10	18	3	31
Risk Count	Timescale to realise target risk score	VH	H	M	L	VL	Total
Current	4 months	0	3	3	0	0	6
Target	4 months	0	0	2	4	0	6
Current	9 months	0	1	0	0	0	1
Target	9 months	0	0	0	1	0	1
Current	12 months	0	1	1	0	0	2
Target	12 months	0	0	1	1	0	2
Current	Stage 3b	0	5	7	1	0	13
Target	Stage 3b	0	0	5	5	3	13
Current	Stage 3b&4	0	1	2	1	0	4
Target	Stage 3b&4	0	0	1	3	0	4
Current	Stage 4	0	3	2	0	0	5
Target	Stage 4	0	0	1	4	0	5
Risk Count	Risk Category	VH	H	M	L	VL	Total
Current	Our integrity	0	5	8	0	0	13
Target	Our integrity	0	0	2	9	2	13
Current	Capacity to Deliver	0	9	7	2	0	18
Target	Capacity to Deliver	0	0	8	9	1	18
Risk Count	Risk Group	VH	H	M	L	VL	Total
Current	Pool Structure and Sustainability	0	3	2	0	0	5
Target	Pool Structure and Sustainability	0	0	1	4	0	5
Current	External Drivers	0	1	2	1	0	4
Target	External Drivers	0	0	0	4	0	4
Current	Resources and Skills	0	5	3	1	0	9
Target	Resources and Skills	0	0	4	4	1	9
Current	Governance	0	2	4	0	0	6
Target	Governance	0	0	2	3	1	6
Current	Assets and Performance	0	3	4	0	0	7
Target	Assets and Performance	0	0	3	3	1	7

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The details of all the risks are provided below, including the mitigating actions that are being taken to reduce or manage the risks to an acceptable level. During the development of the full business case very high risks have been mitigated. There are currently 14 high risks. The mitigating actions identified aim to reduce all the high risks.

The 3 high risks that need to be reduced by the time the AAs become shareholders of the Brunel company are:

- Pool Structure and Sustainability: the collaboration/ partnership between the funds breaks down
- Resources and Skills: resources required for BPP implementation are not engaged in line with the project schedule or become unavailable
- Governance: the legal requirements or delegations for each Fund to pool are not in place or insufficiently scoped

The 2 high risks that need to be reduced in the next 9 – 12 months:

- Resources and Skills: key resources in funds become unavailable
- Resources and Skills: funds are unable to retain or recruit staff

The 5 high risks that need to be reduced by the time Brunel company is fully operational and ready to start transitioning assets are:

- Pool Structure and Sustainability: proposal is rejected by one or more administering authorities
- Pool Structure and Sustainability: FCA authorisation not achieved
- External drivers: changes in local government impact on decision making
- Resources and Skills: delays to delivery of key products impact critical path or interdependencies
- Resources and Skills: BPP Ltd is unable to recruit or retain staff

The remaining four high risks will need to be reduced either during stage 3b and or stage 4:

- Governance: the pool does not meet its liabilities and/or does not deliver on the SLA with a fund or funds
- Assets and performance: cost benefit ratio not achievable in pool
- Assets and performance: transition management is ineffective or excessive in costs
- Assets and performance: increased investment with "large" managers squeezes out smaller fund managers from market

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The risk grids for current risk scores and target risk scores are shown below indicating the number of risks in each risk group that fall within the 25 possible outcomes of assessing likelihood and impact of risk.

CURRENT RISK SCORE

Impact	5	PSS ED RS G AP	1	2			
	4	PSS ED RS G AP	1	1 2 1 1	1 1 5 3		
	3	PSS ED RS G AP		1 1 2	2 1 1		
	2	PSS ED RS G AP					
	1	PSS ED RS G AP			1		
			1	2	3	4	5
			Likelihood				

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TARGET RISK SCORE

Impact	5	PSS ED RS G AP	1				
	4	PSS ED RS G AP	3				
	3	PSS ED RS G AP	1 3 1	3 2 3	1		
	2	PSS ED RS G AP	1 1	1 4 2 3			
	1	PSS ED RS G AP	1				
			1	2	3	4	5
			Likelihood				

Project Brunel risk scoring

Likelihood scoring

Score	Description	Estimated probability	History
5	Very high	More than 80% chance of occurring.	A regular occurrence, circumstances found frequently.
4	High	51 - 80% chance of occurring.	Has occurred from time to time and may do so again in the future.
3	Medium	21 - 50% chance of occurring.	Has occurred previously but not often and may have been in a limited way.
2	Low	6 - 20% chance of occurring.	Has only happened in a very limited way.
1	Very low	Less than 5% chance of occurring.	Has rarely or never happened.

Impact scoring

Score	Description	Our integrity	Capacity to deliver
5	Very high Requires almost total management attention to manage.	o Serious operational failure/disruption - > 1 month recovery.	o Total failure to achieve aims/objectives.
		o Long term effect and difficult and/or expensive to recover.	o Prevents continuing with "business as usual".
		o Prolonged national attention and media coverage.	o Financial impact on assets/liabilities > £100m
		o Substantial reputation damage.	o Massive intellectual impact linked to impairment to key people/skills/judgement/time
		o Serious stakeholder concern.	o Massive increase in cost of servicing funds - staff related costs/use of advisors/IT.
		o Serious fraud, corruption or irregularity.	o National Audit Office qualifies the accounts.
4	High Requires major effort in terms of resource, time and urgency to manage.	o Significant operational failure/disruption - =< 1 week recovery	o Significant impact on the achievement of aims/objectives
		o Medium to long term effect and difficult and/or expensive to recover.	o Significant damage to ability to continue "business as usual".
		o Prolonged internal attention (including corporate) with specialist pension media coverage.	o Financial impact on assets/liabilities > £30m
		o Significant reputation damage.	o Substantial intellectual impact linked to impairment to key people/skills/judgement/time
		o Significant stakeholder concern.	o Substantial increase in cost of servicing funds - staff related costs/use of advisors/IT.
		o Moderate fraud, corruption or irregularity	o National Audit Office Management Letter identifies issues.
3	Medium Requires some immediate resource commitment to manage.	o Moderate operational failure/disruption - =< 24 hours recovery	o Moderate impact on the achievement of aims/objectives.
		o Medium term effect which may be difficult and /or expensive to recover.	o Moderate damage ability to continue "business as usual".
		o Prolonged internal attention with brief media coverage.	o Financial impact on assets/liabilities > £10m
		o Some reputation damage.	o Moderate intellectual impact linked to impairment to key people/skills/judgement/time
		o Moderate stakeholder concern.	o Moderate increase in cost of servicing funds - staff related costs/use of advisors/IT.
		o Some fraud, corruption or irregularity.	o National Audit Office comment on the accounts.
2	Low Requires some non-urgent resource commitment to manage.	o Minor operational failure/disruption - =<1 hour recovery	o Minor impact on the achievement of aims/objectives.
		o Short to medium term effect.	o Manageable inconveniences to "business as usual".
		o Attention within local operations; no media coverage.	o Financial impact on assets/liabilities > £3m
		o Minor reputation damage.	o Small intellectual impact linked to impairment to key people/skills/judgement/time
		o Minor stakeholder concern.	o Small increase in cost of servicing funds - staff related costs/use of advisors/IT.
1	Very low No or minimal resource impact.	o Insignificant operational failure/disruption.	o No/minimal impact on the achievement of aims/objectives.
		o Minor or no effect.	o Does not damage ability to continue "business as usual".
		o Does not damage ability to continue "business as usual".	o Financial impact on assets/liabilities > £1m
		o Contained within the business unit.	o Minimal or no intellectual impact linked to impairment to key people/skills/judgement/time
		o No/minimal stakeholder concern.	o Minimal or no increase in cost of servicing funds - staff related costs/use of advisors/IT.