

Appendix 1 - Risk Register

Number	Function	Risk	Impact	Pre Mitigants			Mitigating Actions / Control Framework	Current Impacting Factors	Post Mitigants			
				Impact	Likelihood	Score			Impact	Likelihood	Score	Trend
NR06	Governance	Cyber attack	Fund is unable to operate Members do not receive pension payment on time	Critical	Almost Certain	25	<ul style="list-style-type: none"> - Disaster recovery plan in place - Business continuity plan - B&NES cyber security policy and system defence - Implementation of recent internal cyber audit findings 	General high alert due to recent high profile external attacks Requested reassurances from Heywood	Critical	likely	20	→
NR01	Admin	Ability to deliver service to agreed standards	Poor member outcomes and/or breach of regulations	Critical	Almost Certain	25	<ul style="list-style-type: none"> - KPIs & complaints monitored and acted on - Plan to digitise will improve self-serve & operations efficiency - Actions to improve staff recruitment & retention - Process improvements being identified and implemented - Review of Top 10 Process Controls 	Digital transformation project Recruitment, skills and experience of staff Current backlogs of work New legislation (McCloud)	High	Likely	16	→
NR04	Governance	Governance of Fund not in accordance with APF policies Controls not adequate	Fines for non-compliance Disciplinary issues and reputational risk	High	Almost Certain	20	<ul style="list-style-type: none"> - Internal Audit is undertaking a review of the Fund's controls which we will implement during Q1 2024 - We have initiated a new project to correct errors in annual pension increments 	SAB Good Governance Review TPR General Code of Practice Pensions Increase Rectification Project and review of internal controls	High	Likely	16	→
NR18	Comms	Unforeseen events or service issues leads to reputational damage to the Fund amongst its stakeholders	Complaints Detrimental media coverage Loss of stakeholder confidence	High	Likely	16	<ul style="list-style-type: none"> - Regular communications to stakeholders; emergency communication possible through website and email - Press/media enquiries and issues dealt with in accordance to B&NES policy - Workshops and meetings held for current topics to gain stakeholder input - Contracts in place with legal advisors and PR professionals - Media monitoring undertaken 	Service delivery issues APF investments in contentious areas and poor financial performance Potential APF officer misconduct	Medium	Likely	12	↑
NR02	Regs	Regulatory changes	Breach of regulations Poor member outcomes Increased workloads for officers Changes to pooling could undermine delivery of investment strategy	High	Likely	16	<ul style="list-style-type: none"> - Regulatory changes monitored via LGA and professional advisors - Officers attend SWAPOG/Tech Group - Regulatory projects included in service plans - Officers respond to consultations 	McCloud judgement Pensions Dashboard Exit payment cap Levelling up agenda Future of pooling consultation	Medium	Likely	12	→
NR05	Governance	Failure to manage personal data per regulations	Personal data corrupted, compromised or illegally shared Fines and reputational damage	Critical	Almost Certain	25	<ul style="list-style-type: none"> - One West is Data Protection Officer for Fund and advises on data protection matters - Record of processing and privacy notice set out how data is managed - Processes reviewed as a result of data breaches - Regular officer training - Data sharing/transfer agreements and DPIAs implemented for all relevant projects 	Skills and experience of staff Electronically submitted data Rise in data breaches	High	Possible	12	→
NR10	Investments	Failure to earn investment returns	Scheme cannot meet liabilities and employer contributions could rise	Critical	Likely	20	<ul style="list-style-type: none"> - Diversified asset allocation - Professional and independent investment advice - Risk management strategy supports funding strategy - FRMG & Investment Panel monitor performance and risk - Periodic strategic investment review 	Heightened geo political risk Lower global growth and higher inflation/interest rates	High	Possible	12	→
NR11	Investments	Brunel fails to deliver client objectives regarding service delivery	Affects Fund's ability to achieve investment objectives	Critical	Possible	15	<ul style="list-style-type: none"> - Brunel governance framework for strategic and operational decision making - Robust performance reporting - Avon-Brunel working group (internal) 	Future of pooling is strategic challenge for pool as views differ	High	Possible	12	→
NR12	Investments	Failure to achieve decarbonisation targets	Government climate policies not moving fast enough or sufficiently enforced Significant reputational and financial risks to value of investments	Critical	Almost Certain	25	<ul style="list-style-type: none"> - Climate exposure assessed annually - climate risk analysis embedded into strategic decisions - Net Zero target of 2045 - by 2030 will divest from high emission companies that are not aligning to NZ - targets to reduce emissions by 2025 and 2030 - programme to engage with companies and policymakers - Brunel's comprehensive climate change policy and approach to investing underpins each portfolio 	Limited ability to control systemic risk Public policy is not driving agenda	Medium	Likely	12	→
NR08	Employers Funding	Employers unable to meet financial obligations to Fund	Financial cost to other employers in the Fund	High	Likely	16	<ul style="list-style-type: none"> - Policies on employer financial stability set out in FSS & ISS - Strong covenant management and information gathering processes - Quarterly review and mitigating action 	Challenging economic circumstances	Medium	Possible	9	↑
NR07	Employers Data	Employers do not comply with regulatory responsibilities	Poor member data Fines and greater scrutiny by TPR Employer liabilities incorrect if data is incorrect.	Critical	Likely	20	<ul style="list-style-type: none"> - Management of employers set out in admin strategy/MOU - Employer KPIs recorded and monitored vs TPR standards - Employer training - Reconciliation of Iconnect & Accounts in regards to contributions and data provided 	iConnect roll-out and TPR General Code of Practice	Medium	Possible	9	→
NR09	Investments	Operational risks of investment managers, custodian and other investment suppliers	Loss of assets Inability to trade is assets inaccessible	High	Possible	12	<ul style="list-style-type: none"> - Due diligence and audits of service providers, managers - Controls embedded in investment management agreements - Diversification across different asset managers - Quarterly service & risk review with Brunel and suppliers 	Data management and cyber risk	Medium	Possible	9	→
NR14	Investments	An increase in leverage materially reduces capital value leading to an unplanned and significant deviation in strategic asset allocation	LDI strategy may have to be unwound if insufficient collateral Inability to raise hedge ratio	High	Likely	16	<ul style="list-style-type: none"> - Maintain collateral at prudent level with materia buffer vs risks - Set hedge ratio at level that can be adequately collateralised - Auto pause when LDI hedge ratio hits 40% - Offsetting nature of synthetic equity and equity protection strategies dampens leverage requirements 	UK gilt market environment	High	Unlikely	8	→

NR16	Finance	Cashflow profile is maturing	Not enough cash in bank to meet pension payments	Critical	Almost Certain	25	<ul style="list-style-type: none"> - Monthly monitoring & forecast of cashflow - Prudent cash buffer - Tradeable assets can be swiftly sold 	Increased the cash balance that can be held in money market funds	High	Unlikely	8	→
NR03	Governance	Pension Committee cannot operate effectively	Delays in decision making for the Fund Failure to meet MIFID & TPR regulations	Medium	Almost Certain	15	<ul style="list-style-type: none"> - Representation of PC set out in Fund's representation policy - Knowledge requirements in Training policy - Compliance vs regulations defined in Compliance Statement - Decisions responsibilities set out in decision matrix 	Low engagement with training modules	Medium	Unlikely	6	→
NR13	Investments	Treasury investments	Loss of capital or income on cash Delayed return of principle or investment income	Medium	Possible	9	<ul style="list-style-type: none"> - Adopt B&NES Treasury management policy - Due diligene on banks - Diversification across multiple suppliers - Consultation with treasury management advisors 	Increased number of money market funds to invest in	Medium	Unlikely	6	→
NR17	Finance	Late / incorrect contributions from employers	Cashflow shortfalls Employer funding Deficits / Default TPR breach	Medium	Possible	9	<ul style="list-style-type: none"> - Monthly reconciliations of contributions - Management reviews and action - Mercer funding monitor tool - Larger employers pre pay contributions 	Employer budgets stretched by economic crisis	Low	Possible	6	→