

## 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	Loss of IT, including cyber attack & loss of power	Fund is unable to operate Members do not receive pension payment on time	Critical	Almost Certain	25	<ul style="list-style-type: none"> <li>- Business continuity plan reviewed and tested</li> <li>- B&amp;NES cyber security policy and system defence</li> <li>- Implementation of internal cyber audit findings</li> <li>- Heywood Business Continuity plan reviewed</li> </ul>	Move to hosted server with Heywood	Critical	Likely	20	→
NR01	Admin	Poor service levels below agreed standards	Service standards not met Poor member outcomes Breach of regulations	Critical	Almost Certain	25	<ul style="list-style-type: none"> <li>- KPIs and complaints monitored and acted on</li> <li>- Plan to digitise will improve self-serve and operations efficiency</li> <li>- Actions to improve staff recruitment and retention</li> <li>- Process improvements being identified and implemented</li> <li>- Review of Top 10 Process Controls</li> <li>- Plan to minimise effects of key people/resources</li> <li>- Business Continuity and Crisis Communications Plan in place</li> </ul>	Digital transformation project Recruitment, skills and experience of staff Current backlogs of work New legislation (McCloud) Implementation of controls following review	High	Likely	16	→
NR05	Governance	Failure to manage personal data per regulations	Personal data corrupted or illegally shared Member detriment Fines and reputational damage	Critical	Almost Certain	25	<ul style="list-style-type: none"> <li>- One West is Data Protection Officer for Fund and advises on data protection matters</li> <li>- Record of processing and privacy notice set out how data is managed</li> <li>- Processes reviewed and updated following minor breaches</li> <li>- Regular officer training</li> <li>- Data sharing/transfer agreements and DPIAs implemented for all relevant projects</li> </ul>	Skills and experience of staff Electronically submitted data Process review & bulk processing New telephone System	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"> <li>- Climate exposure assessed annually</li> <li>- climate risk analysis embedded into strategic decisions</li> <li>- Net Zero target of 2045</li> <li>- by 2030 will divest from high emission companies that are not aligning to NZ targets to reduce emissions by 2025 and 2030</li> <li>- programme to engage with companies and policymakers</li> <li>- Brunel's comprehensive climate change policy and approach to investing underpins each portfolio</li> </ul>	Limited ability to control systemic risk Public policy is not driving agenda	Medium	Likely	12	→
NR10	Investments	Failure to earn investment returns as per Funding Strategy	Employer contributions need to rise	Critical	Likely	20	<ul style="list-style-type: none"> <li>- Diversified asset allocation</li> <li>- Professional and independent investment advice</li> <li>- Risk management strategy supports funding strategy</li> <li>- FRMG &amp; Investment Panel monitor performance and risk</li> <li>- Periodic strategic investment review</li> </ul>	Heightened geo political risk Lower global growth and higher inflation/interest rates	High	Possible	12	→
NR07	Employers Data	Employers do not comply with regulatory responsibilities, LGPS regulations or the Funding Strategy Statement	Poor member data Fines and greater scrutiny by TPR Employer liabilities incorrect if data is incorrect Non-compliance with the FSS and funding policies Reputational risk of litigation	Critical	Likely	20	<ul style="list-style-type: none"> <li>- Management of employers set out in admin strategy/MOU</li> <li>- Employer KPIs recorded and monitored vs TPR standards</li> <li>- Employer training</li> <li>- Reconciliation of Iconnect and Accounts in regards to contributions and data provided</li> <li>- Specialist legal and actuarial advice needed to resolve employer issues</li> <li>- Clear policies in FSS set out process and employer obligations</li> </ul>	iConnect roll-out and TPR General Code of Practice	Medium	Likely	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"> <li>- Brunel governance framework for strategic and operational decision making</li> <li>- Robust performance reporting</li> <li>- Avon-Brunel working group (internal)</li> </ul>	Future of pooling is strategic challenge for pool as views differ	High	Possible	12	→
NR19	Investments	Structural reform to LGPS / Pooling	Increase in workload for officers addressing issue/involved in project Risk to staff retention (internally and in pool) Potential change to investment strategy or implementation of Government driven change removes control for the Fund	Medium	Likely	12	<ul style="list-style-type: none"> <li>- Participate fully in process at fund, pool and national level to influence direction of change</li> <li>- Disruption within pool minimised as underlying managers in each portfolio manage the assets but outside of Fund's control as mitigating actions do not affect scores</li> </ul>	Consultation still in progress. Pools submitting business plan of how will deliver government proposals. Implementation timeline unsure as will need Bill to be enacted first	Medium	Likely	12	→
NR04	Governance	Governance of Fund not in accordance with APF policies Controls not adequate	Member detriment Additional costs for Fund Fines for non-compliance Disciplinary issues and reputational risk	High	Almost Certain	20	<ul style="list-style-type: none"> <li>- Internal Audit plan in place</li> <li>- Fund policies regularly reviewed</li> <li>- Media enquiries dealt with per B&amp;NES policy</li> <li>- Contracts in place with legal advisors and PR professionals</li> <li>- Media monitoring undertaken</li> <li>- Review of TPR GCOP and SAB Good Governance requirements</li> </ul>	SAB Good Governance Review TPR General Code of Practice Review of internal controls	Medium	Possible	9	→
NR02	Regs	Regulatory changes	Breach of regulations Poor member outcomes Increased workloads for officers	High	Likely	16	<ul style="list-style-type: none"> <li>- Regulatory changes monitored via LGA and professional advisors</li> <li>- Officers attend SWAPOG/Tech Group</li> <li>- Regulatory projects included in service plans</li> <li>- Officers respond to consultations</li> <li>- Software providers are more responsive to regulatory change</li> </ul>	McCloud judgement Pensions Dashboard Exit payment cap Levelling up agenda Future of pooling consultation	Medium	Possible	9	→
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"> <li>- Policies on employer financial stability set out in FSS and ISS</li> <li>- Strong covenant management and information gathering processes</li> <li>- Quarterly review and mitigating action</li> </ul>	Challenging economic circumstances	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"> <li>- Due diligence and audits of service providers, managers</li> <li>- Controls embedded in investment management agreements</li> <li>- Diversification across different asset managers</li> <li>- Quarterly service &amp; risk review with Brunel and suppliers</li> </ul>	Data management and cyber risk	Medium	Possible	9	→
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"> <li>- Monthly monitoring &amp; forecast of cashflow</li> <li>- Prudent cash buffer</li> <li>- Tradeable assets can be swiftly sold</li> </ul>	Increased the cash balance that can be held in money market funds	High	Unlikely	8	→
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"> <li>- Maintain collateral at prudent level with materia buffer vs risks</li> <li>- Set hedge ratio at level that can be adequately collateralised</li> <li>- Auto pause when LDI hedge ratio hits 40%</li> <li>- Offsetting nature of synthetic equity and equity protection strategies dampens leverage requirements</li> </ul>	UK gilt market environment. Currently have high collateral buffer	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"> <li>- Representation of PC set out in Fund's representation policy</li> <li>- Knowledge requirements in Training policy</li> <li>- Compliance vs regulations defined in Compliance Statement</li> <li>- Decisions responsibilities set out in decision matrix</li> </ul>	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"> <li>- Adopt B&amp;NES Treasury management policy</li> <li>- Due diligence on banks</li> <li>- Diversification across multiple suppliers</li> <li>- Consultation with treasury management advisors</li> </ul>	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"> <li>- Monthly reconciliations of contributions</li> <li>- Management reviews and action</li> <li>- Mercer funding monitor tool</li> <li>- Larger employers pre pay contributions</li> </ul>	Employer budgets stretched by insufficient funding	Low	Possible	6	→