

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"> - Business continuity plan reviewed and tested - B&NES cyber security policy and system defence - Implementation of internal cyber audit findings - Heywood Business Continuity plan reviewed | Move to hosted server with Heywood Implementation of General Code of Practice Requirements | 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"> - KPIs and complaints monitored and acted on - Plan to digitise will improve self-serve and operations efficiency - Actions to improve staff recruitment and retention - Process improvements being identified and implemented - Review of Top 10 Process Controls - Plan to minimise effects of key people/resources - Business Continuity and Crisis Communications Plan in place | Digital transformation project Recruitment, skills and experience of staff Current backlogs of work New legislation (McCloud) Implementation of controls following review Pensions Dashboard | High | Likely | 16 | → |
| NR19 | Investments | Move to new asset pool | Uncertain outcome Challenging timeline Significant increase in workload Risk to staff retention in pool Potential impact to investment strategy Government driven change removes control for the Fund Increased costs due to transition of assets plus possible wind down of Brunel Ltd | High | Almost Certain | 20 | <ul style="list-style-type: none"> - Work with pool to assess options to move as pool/sub group of pool - Advisors to assess options as pool and for APF individually so have analysis for decision - Prioritise work until Sept, when initial decision should be made by APF - Disruption within pool minimised as external managers in each portfolio manage the assets | Full Government response not received so other requirements are unclear Project team set up in Brunel to lead strategy/discussions on pool basis Seeking strategic and legal advice regarding implications of dismantling Brunel pool | Medium | Almost certain | 15 | ↓ |
| 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"> - 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 and updated following minor breaches - Regular officer training - Data sharing/transfer agreements and DPIAs implemented for all relevant projects | 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"> - 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 | 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"> - 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 | → |
| 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"> - Management of employers set out in admin strategy/MOU - Employer KPIs recorded and monitored vs TPR standards - Employer training - Reconciliation of Iconnect and Accounts in regards to contributions and data provided - Specialist legal and actuarial advice needed to resolve employer issues - Clear policies in FSS set out process and employer obligations | TPR General Code of Practice Currently drafting new administration strategy and data improvement plan | Medium | Possible | 9 | ↑ |
| 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"> - Internal Audit plan in place - Fund policies regularly reviewed - Media enquiries dealt with per B&NES policy - Contracts in place with legal advisors and PR professionals - Media monitoring undertaken - Review of TPR GCOP and SAB Good Governance requirements | SAB Good Governance Review TPR General Code of Practice Review of internal controls | Medium | Possible | 9 | → |

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| NR02 | Regs | Regulatory changes | Breach of regulations Poor member outcomes Increased workloads for officers | 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 - Software providers are more responsive to regulatory change | McCloud judgement Pensions Dashboard Exit payment cap Access and fairness consultation 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"> - Policies on employer financial stability set out in FSS and ISS - Strong covenant management and information gathering processes - Quarterly review and mitigating action | Challenging economic circumstances Valuation in progress | 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 | → |
| 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 | → |
| 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. 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"> - 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 diligence 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 insufficient funding | Low | Possible | 6 | → |