Derbyshire Pension Fund Risk Register

Date Last Updated **09-Jan-23**

Changes highlighted in blue font.

Objectives

The objectives of the Risk Register are to:

- identify key risks to the achievement of the Fund's objectives;
- consider the risk identified; and
- access the significance of the risks.

Risk Assessment

- Identified risks are assessed separately and assigned a risk score. The risk score reflects a combination of the risk occurring (probability) and the likely severity (financial impact).
- A low risk classification is based on a score of 4 or less; a medium risk score ranges between 5 and 11; and a high risk score is anything with a score of 12 and above.
- The Risk Register also includes the target score; showing the impact of the risk occurring once the planned risk mitigations and controls have been completed.

Risk Assessment	Impact	Probability
Level 1	Negligible	Rare
Level 2	Low	Unlikely
Level 3	Medium	Possible
Level 4	High	Probable
Level 5	Very High	Almost certain

Officer Risk Owners	
DoF	Director of Finance & ICT
HoP	Head of Pension Fund
TL	Team Leader
IM	Investments Manager

Summary of Risk Scores	
Low Risk	5
Medium Risk	39
High Risk	5
Total Risks	**49**

Risk Score

0 - 4 Low Risk
5 - 11 Medium Risk
12 and above High Risk

Summary of Risk Scores Greater Than Eight

		Identification		Current score			Target Score					Trend Scores										
Risk Ranking	*Main Risk Register No*	**Risk Area**	**High Level Risk**	*Impact*	*Probability*	*Current Score*	**Risk Owner**	*Impact*	*Probability*	*Target Score*	*Actual Minus Target Score*	Q1 20-21	Q2 20-21	Q3 20-21	Q4 20-21	Q1 21-22	Q2 21-22	Q3 21-22	Q4 21-22	Q1 22-23	Q2 22-23	Q3 22-23
1	13	Governance & Strategy	Systems failure/Lack of disaster recovery plan/Cybercrimeattack	4	3	12	HoP/IM/TL	4	2	8	4	8	8	8	8	8	8	8	8	12	12	12
2	20	Funding & Investments	Fund assets insufficient to meet liabilities / Decline in funding level / Fluctuations in assets & liabilities	4	3	12	HoP/IM	4	2	8	4	12	12	12	12	12	12	12	12	12	12	12
3	31	Funding & Investments	LGPS Central related underperformance of investment returns - failure to meet investment return targets against specified benchmarks	4	3	12	HoP/IM	4	2	8	4	12	12	12	12	12	12	12	12	12	12	12
4	42	Pensions Administration	Insufficient cyber-Liability Insurance relating to the pensions administration system	4	3	12	HoP	4	2	8	4	8	8	8	8	8	8	8	8	12	12	12
5	46	Pensions Administration	Impact of McCloud judgement on administration	3	4	12	HoP	2	4	8	4	12	12	12	12	12	12	12	12	12	12	12
6	1	Governance & Strategy	Failure to implement an effective governance framework	5	2	10	DoF/HoP	5	1	5	5	N/A	10	10	10	10	10	10	10	10	10	10
7	2	Governance & Strategy	Failure to recruit and retain suitable Pension Fund staff/Over reliance on key staff	3	3	9	HoP	3	2	6	3	N/A	9	9	9	9	9	9	9	9	9	9
8	4	Governance & Strategy	Pensions & Investments Committee (PIC)/Pension Board (PB) members lack of understanding of their role & responsibilities leading to inappropriate decisions.	3	3	9	HoP	3	2	6	3	9	9	9	9	9	9	9	9	9	9	9
9	14	Governance & Strategy	Failure to comply with General Data Protection Regulations (GDPR)	3	3	9	HoP/IM/TL	3	2	6	3	9	9	9	9	9	9	9	9	9	9	9
10	15	Governance & Strategy	Failure to communicate with stakeholders	3	3	9	HoP/IM/TL	3	2	6	3	9	9	9	9	9	9	9	9	9	9	9
11	17	Governance & Strategy	Risk of challenge to Exit Credits Policy/Determinations	3	3	9	HoP	3	2	6	3	N/A	9	9	9	9	9	9	9	9	9	9
12	19	Governance & Strategy	Failure to meet accessibility requirements	3	3	9	HoP/TL	3	2	6	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9	9	9
13	25	Funding & Investments	Covenant of new/existing employers. Risk of unpaid funding deficit	3	3	9	HoP/TL	3	2	6	3	9	9	9	9	9	9	9	9	9	9	9
14	30	Funding & Investments	LGPS Central Ltd fails to deliver the planned level of long term cost savings	3	3	9	HoP/IM	3	2	6	3	8	8	8	8	9	9	9	9	9	9	9
15	38	Funding & Investments	Impact of McCloud judgement on funding	3	3	9	HOP	3	3	9	0	12	12	12	12	12	12	12	12	12	12	9
16	41	Pension Administration	Insufficient controls relating to the governance of the pension administration system	3	3	9	HoP/TL	3	2	6	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9	9	9
17	44	Pensions Administration	Delayed Annual Benefit Statements and/or Pension Savings Statements (also know as Annual Allowance Statements)	3	3	9	HoP/TL	3	2	6	3	9	9	9	9	9	9	9	9	9	9	9
18	3	Governance & Strategy	Failure to comply with regulatory requirements for governance	4	2	8	HoP	4	1	4	4	4	4	4	4	8	8	8	8	8	8	8
19	5	Governance & Strategy	An effective investment performance management framework is not in place	4	2	8	HoP/IM	4	2	8	0	6	6	6	6	8	8	8	8	8	8	8
20	10	Governance & Strategy	Pension Fund financial systems not accurately maintained	4	2	8	HoP	4	1	4	4	6	6	6	6	8	8	8	8	8	8	8
21	16	Governance & Strategy	Failure of internal/external suppliers to provide services to the Pension Fund due to business disruption	4	2	8	HoP/IM	4	2	8	0	N/A	8	8	8	8	8	8	8	8	8	8
22	18	Governance & Strategy	Risks arising from a potential significant acceleration of the academisation of schools.	2	4	8	HoP/TL	2	4	8	0	N/A	N/A	N/A	N/A	N/A	8	8	8	8	8	8
23	21	Funding & Investments	Mismatch between liability profile and asset allocation policy	4	2	8	HoP/IM	4	2	8	0	8	8	8	8	8	8	8	8	8	8	8
24	22	Funding & Investments	An inappropriate investment strategy is adopted/Investment strategy not consistent with Funding Strategy Statement/ Failure to implement adopted strategy and PIC recommendations	4	2	8	HoP/IM	4	2	8	0	8	8	8	8	8	8	8	8	8	8	8
25	23	Funding & Investments	Failure to correctly assess the potential impact of climate change on investment portfolio and on funding strategy	4	2	8	HoP/IM	4	2	8	0	N/A	12	12	12	8	8	8	8	8	8	8
26	24	Funding & Investments	Failure to consider the potential impact of Environmental, Social and Governance (ESG) issues on investment portfolio	4	2	8	HoP/IM	4	2	8	0	N/A	N/A	N/A	N/A	8	8	8	8	8	8	8
27	28	Funding & Investments	The LGPS Central investment offering is insufficient to allow the Fund to implement its agreed investment strategy	4	2	8	HoP/IM	4	1	4	4	8	8	8	8	8	8	8	8	8	8	8
28	29	Funding & Investments	The transition of the Fund's assets into LGPS Central's investment vehicles results in a loss of assets/and or excessive transition costs	4	2	8	HoP/IM	4	1	4	4	8	8	8	8	8	8	8	8	8	8	8
29	49	Pensions Administration	Administration issues with AVC provider	2	4	8	HOP/TLs	2	2	4	4	N/A	N/A	N/A	N/A	8	8	8	8	8	8	8