

**Date Last Updated** **14-Apr-23**  
 Changes highlighted in blue font.

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Risk Number	Description		Current score			Risk Mitigation Controls & Procedures				Target Score				Trend Scores											
	High Level Risk	Description of risk and potential impact	Impact	Probability	Current Score	Current	Proposed	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	Q4 22-23	
10	Pension Fund financial systems not accurately maintained	Increased risk of fraud, financial loss and reputational damage if financial systems are not accurately maintained.	4	2	8	Creation and documentation of Internal controls; internal/external audit; monthly key control account reconciliations; on-going training & CIPFA updates.	Development of Fund-wide Procedures Manual.	HoP	4	1	4	4	6	6	6	6	8	8	8	8	8	8	8	8	
11	Pension Fund accounts not properly maintained	Unfavourable audit opinion, financial loss, loss of stakeholder confidence and reputational damage.	3	2	6	Compliance with SORP; Compliance with DCC internal procedures (e.g. accounts closedown process); Dedicated CIPFA qualified Pension Fund Accountant; Support from Technical Section; Internal Audit; External Audit.		DoF/HoP	3	2	6	0	6	6	6	6	6	6	6	6	6	6	6	6	
12	Lack of appropriate procurement processes/procurement support leads to failure to procure a provider/ poor supplier selection/legal challenge.	Breach of Council Financial Regulations/challenge from alternative providers/reputational damage/service failure/service underperformance.	3	2	8	Database of external contracts maintained; Compliance with Financial Regulations; Procurement due diligence; Procurement advice; Quarterly review of contracts.	Ensure that procurement knowledge is shared amongst a wider number of team members. Continue to champion simplified procurement processes.	HoP	3	1	3	3	3	3	3	3	3	3	3	3	3	3	3	3	
13	Systems failure / Lack of disaster recovery plan / Cybercrime attack	Service failure, loss of sensitive data, financial loss and reputational damage.	4	3	12	Robust system maintenance; Password restricted to IT systems; IGG Compliance; Business continuity plan. Fund's Data Management Procedures include a section on cyber crime/cyber risk. Mapping exercise commenced to map and document the Fund's data to ensure that it is understood where it is held, on what systems, how it is combined and how, and where, it moves.	Review of Cyber Security Arrangements/Policies. Data mapping exercise to be completed and risks to be assessed and reviewed. Review of the information security arrangements of 3rd party suppliers to the Fund to be undertaken.	HoP/IM/TL	4	2	8	4	8	8	8	8	8	8	8	8	12	12	12	12	
14	Failure to comply with General Data Protection Regulations (GDPR)	Breaches in data security requirements could result in reputational damage and significant fines.	3	3	9	Privacy Notices and Memorandum of Understanding completed and published. GDPR requirements included in the Data Improvement Plan. Document Retention Schedule review completed (Oct 21); Pension Fund's updated information included in V6 of the Finance Retention Schedule published in Dec 21. The Fund's GDPR Working Group has been widened out to become a Data Management Working Group. Detailed Data Management Procedures have been developed, incorporating lessons learnt from previous data breaches, setting out: why the Fund needs to protect members' data; how the Fund should protect members' data; and what to do when things go wrong. The document includes practical guidance for Fund officers to be applied in day to day working practices when processing personal data. Any data breaches are considered by the Fund's Data Management Group and any lessons learnt/required changes to procedures agreed. The procedures have been rolled out to all of the Team.	GDPR matters will be reviewed as part of the ongoing consideration of the Fund's Data Improvement Plan.	HoP/IM/TL	3	2	6	3	9	9	9	9	9	9	9	9	9	9	9	9	
15	Failure to communicate with stakeholders	Employers being unaware of employer responsibilities could impact service levels to members or lead to statutory/data breaches. Employees being unaware of how the Fund is governed, the benefits of the scheme, how the Fund's assets are invested, the risk of breaching the annual pension savings allowance, the risk of pension scams and the importance of keeping contract details up to date could lead to disengagement between members and the Fund, financial impacts for members, and reputational damage to the Fund.	3	3	9	Communications Policy approved by PIC - April 2021. The Pension Administration Strategy (PAS) which sets out employer responsibilities is reviewed annually and highlighted to employers. For any material proposed changes to the PAS, employers are consulted. Stakeholders receive information and guidance in line with best practice discussed at the national LGPS Comms Forum, delivered by a fully resourced, specialist team. The Pension Fund website and clear Pension Fund branding helps stakeholders to be clear about the role of the Fund. The Fund's member self-service system 'My Pension Online' went live in June 2021. It gives registered members access to their Derbyshire LGPS pension information and allows them to carry out future benefit calculations.	Increase registrations to My Pension Online enabling more members to gain access to their Derbyshire LGPS information to improve their general understanding and support them with pension planning.	HoP/IM/TL	3	2	6	3	9	9	9	9	9	9	9	9	9	9	9	9	
16	Failure of internal/external suppliers to provide services to the Pension Fund due to business disruption.	The Pension Fund is reliant on other DCC Sections for: the provision and support of core IT; treasury management of Fund cash; CHAPs & VIM & Standard SAP BACs payments; pensioner payroll; and legal advice and administration support to PIC & PB. The Fund is reliant on external providers for: the pension administration system; provision of custodial services; hedging services; performance measurement and actuarial services. External fund managers are responsible for management of a large proportion of the Fund's assets on both a passive and an active basis. Business continuity failures experienced by any of these providers could have a material impact on the Fund.	4	2	8	The business continuity arrangements of all of these providers have been sought and received by the Pension Fund. During the COVID 19 outbreak, continuity arrangements worked well.	The Fund will keep up to date with the continuity arrangements of these providers and will continue to assess the risk of exposure to particular organisations/providers.	HoP/IM	4	2	8	0	N/A	8	8	8	8	8	8	8	8	8	8	8	
17	Risk of challenge to Exit Credits Policy/Determinations.	Exit credit payments were introduced into the LGPS in April 2018. Amending legislation came into force on 20 March 2020 allowing administering authorities to exercise their discretion in determining the amount of any exit credit due having regard to certain listed factors plus 'any other relevant factors'. This discretion is open to wide interpretation and potential challenge from employers.	3	3	9	Legal and actuarial advice was sought in the formulation of the Fund's Exit Credit Policy and has been sought to assist the Fund's first exit credit determination. The outcome of a recent judicial review (published May 2021) on the LGPS Amendment Regulations 2020 has been considered.	The Fund will keep up to date with developments with respect to exit credits. Further legal and actuarial advice will be sought where necessary.	HoP	3	2	6	3	N/A	9	9	9	9	9	9	9	9	9	9	9	
18	Risks arising from a potential significant acceleration of the academisation of schools.	Any further division of LGPS members into an increasingly wider pool of employers will increase pressure on: employer onboarding; collection of data & contributions; employer training; & actuarial matters. Also likely to lead to an increasing in the outsourcing of functions and services involving LGPS members which in turn would lead to a further increase in the number of employers in the Fund. The evolving landscape of multi-academy trusts is also introducing increased administrative and funding challenges as academies move between trusts and trusts consolidate their academies into single LGPS funds.	2	4	8	The Fund has a robust effective procedure for admitting new academies to the Fund, treating them as individual participating employers backed by robust administrative and actuarial arrangements; this helps to mitigate some of the issues that arise when academies move between trusts.	The Fund will continue to monitor local developments on academisation and the administrative resource required by the Fund to support any increase in participating employers. The funding implications of any academies consolidating in another LGPS fund will also be kept under review.	HoP/TL	2	4	8	0	N/A	N/A	N/A	N/A	N/A	8	8	8	8	8	8	8	
19	Electronic Information delivered or made available in formats which fail to meet accessibility requirements.	The Fund is subject to the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018. Compliance with the regulations is monitored by the Central Digital and Data Office (CDDO). Failure to adhere to the regulations could result in breaches of the law and enforce action from the Equality and Human Rights Commission. Risk of complaints from scheme members and other stakeholders about the accessibility of electronic information. Publication of a decision by CDDO confirming failure to meet accessibility standards would be reputationally damaging.	3	3	9	Regular liaison with specialist Digital Communications colleagues within DCC towards ensuring that the Fund's electronic platforms are accessible to as many people as possible, whatever their individual needs are. Use of web accessibility testing software from SilkTide, a specialist provider. The Fund's website and My Pension Online both include an accessibility statement.	Regular reviews of accessibility issues on the Fund's electronic platforms via internal checks and use of SilkTide software, and continued liaison with specialist colleagues. Feedback to Aquila Heywood (AH) of any accessibility issues with AH content on My Pension Online.	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	9	



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27	Employer contributions not received and accounted for on time	Late information and/or contributions from employers could lead to issues with completing the year end accounts, satisfying audit requirements, breaches of regulations, and, in extreme cases, could affect the Fund's cashflow. This risk could be amplified during a period of widespread business disruption.	3	2	6	The Fund ensures that employers are clearly and promptly informed about their contribution rates. Monitoring of the provision of employer information and the payment of contributions takes place within Pensions Section and performance is monitored by POM and disclosed in the half yearly pensions administration performance report to PIC & PB. The Fund has developed a late payment charging policy.	Late payment charges-applied to underperforming employers will be disclosed via PIC Reports and Employer Newsletters.	HoP/TL	3	1	3	3	3	9	9	9	9	9	6	6	6	6	6	6	6			
28	The LGPS Central Ltd investment offering is insufficient to allow the Fund to implement its agreed investment strategy	Failure to provide sufficient and appropriate product categories results in inability to deliver investment strategy and increases the risk of investment underperformance.	4	2	8	Continue to take a meaningful role in the development of LGPS Central; On-going HoP/IM involvement design and development of the LGPS Central product offering and mapping to the Fund's investment strategy; Participation in key committees including PAF, Shareholders' Forum and Joint Committee.	LGPS Central Partner Funds have agreed their priorities for determining the timetable for sub-fund launches: Projected level of cost savings; LGPSC/Partner Fund resource; Asset allocation/investment strategy changes; Number of parties to benefit; Net performance; Ensuring every Partner Fund has some savings; Risk of status quo & surfacing opportunities. Ensure the priorities are regularly assessed and applied.	HoP/IM	4	1	4	4	4	8	8	8	8	8	8	8	8	8	8	8	8			
29	The transition of the Fund's assets into LGPS Central Ltd.'s investment vehicles results in a loss of assets and/or avoidable or excessive transition costs	Failure to fully reconcile the unitisation of the Fund's assets and charge through of transition costs could have a financial impact on the Fund.	4	2	8	Reconcile the transition of the Fund's assets into each collective investment vehicle, including second review and sign-off. All costs and charges reconciled back to the agreed cost sharing principles. All transition costs to be signed off by HoP.	Obtain robust forecasts of transition cost as part of business case for transitioning into an LGPSC sub-fund. Continue to update control procedures now that LGPS Central has been launched and reporting structures have been established. Continue to take a meaningful role in PAF and support the Chair and Vice-Chair of the PIC to enable them to participate fully in the Joint Committee.	HoP/IM	4	1	4	4	4	8	8	8	8	8	8	8	8	8	8	8	8			
30	LGPS Central Ltd fails to deliver the planned level of long term cost savings	LGPS Central Ltd fails to deliver the planned level of cost savings either through transition delays, poor management of its cost base or failure to launch appropriate products at the right price could delay the point at which the Fund breaks even (with costs savings outweighing the costs of setting up and running the company).	3	3	9	Review and challenge annual budget and changes to key assumptions; Review, challenge and validate LGPS Central product business cases; Reconcile charged costs to the agreed cost sharing principles; Terms of Reference agreed for PAF, Shareholders Forum and Joint Committee. The DOF & ICT will represent DCC on the Shareholders' Forum with delegated authority to make decisions on any matter which required a decision by the shareholders of LGPS Central Ltd. A new simplified Cost Savings Model has been developed for the LGPS Central Pool which will enable actual and forecast savings to be monitored more easily and on a more regular basis. The Cost Savings Model is accompanied by a detailed Guidance Note which provides assurance on the derivation of the model's inputs and outputs.	Continue to take a meaningful role in PAF. Support the Chair of the PIC to enable full participation in the Joint Committee.	HoP/IM	3	2	6	3	8	8	8	8	9	9	9	9	9	9	9	9				
31	LGPS Central Ltd related underperformance of investment returns	LGPS Central Ltd related underperformance of investment returns against targets could lead to the Fund failing to meet its investment return targets.	4	3	12	Continuing to take a meaningful role in the development of LGPS Central Ltd; On-going HoP/IM involvement in design and development of the LGPS Central Ltd product offering and mapping to the Fund's investment strategy; Quarterly performance monitoring reviews by DPF and half yearly by Joint Committee. Monitor and challenge LGPS Central product development, including manager selection process, through the Joint Committee and PAF/IWG participation. Initially carry out due diligence on selection managers internally as confidence is built in the manager selection skills of the company.	Ensure the Partner Funds priorities for determining the sub-fund launch timetable listed under 28. are regularly assessed and applied. Hold LGPS Central Ltd to account for the investment performance of its products. Investigate alternative options if any underperformance is not addressed.	HoP/IM	4	2	8	4	12	12	12	12	12	12	12	12	12	12	12	12				
32	Failure to maintain liquidity in order to meet projected cash flows	Failure to maintain sufficient liquidity to meet projected cashflows, due to either poor cashflow forecasting or the failure of counterparties to make timely repayments, which could lead to financial loss from the inappropriate sale of assets to generate cash flow and/or lead to reputational damage. The risk is amplified during periods of market volatility/dislocation.	3	2	6	The Fund carries out internal cash flow forecasting and works closely with DCC's Senior Accountant Treasury Management who manages the Fund's cash balances.	The Fund's actuary is due to undertake a cashflow forecasting exercise for the Fund. DPF Investment Manager to have monthly catch ups with DCC's Treasury Management Accountant.	HoP/IM	3	2	6	0	6	6	6	6	6	6	6	6	6	6	6	6				
33	The introduction of The Markets in Financial Instruments Directive II (MiFID II) in January 2018 results in the investment status of the Fund being downgraded	Fund being unable to access a full range of investment opportunities and assets being sold at less than fair value should an external investment manager not opt-up the Fund to professional status.	4	1	4	Opt-up process complete; no issues identified.	Monitor ability to maintain opt-up status.	HoP/IM	4	1	4	0	4	4	4	4	4	4	4	4	4	4	4	4				
34	Inadequate delivery and reporting of performance by internal & external investment managers	Could lead to expected investment returns not being achieved.	3	2	6	Rigorous manager selection; Quarterly PIC performance monitoring; Asset class performance reported to PIC; Internal Investments Manager performance reviewed by HoP; My Plan reviews.	Updating the Investment Compliance Manual & Procedures Manual.	HoP/IM	3	2	6	0	6	6	6	6	6	6	6	6	6	6	6	6				
35	Investments made in complex inappropriate products and or unauthorised deals	Could lead to loss of investment return/assets.	4	1	4	Clear mandate for internal and external Investment Managers; Compliance Manual; HoP signs off all new investment; PIC approval required for unquoted investments in excess of £25m; PIC quarterly reports; On-going staff training and CPD; My Plans.	Updating Investment Compliance Manual & Procedures Manual	HoP/IM	4	1	4	0	4	4	4	4	4	4	4	4	4	4	4	4				
36	Custody arrangements are insufficient to safeguard the Fund's investment assets	Could lead to loss of investment return/assets.	4	1	4	Use of reputable custodian. Regular internal reconciliations to check custodian records / Regular review of performance / Periodic procurement exercises.		HoP/IM	4	1	4	0	4	4	4	4	4	4	4	4	4	4	4	4				



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