

Derbyshire Pension Fund Risk Register

Date Last Updated **11-Oct-24** Changes highlighted in blue font.

Objectives
The objectives of the Risk Register are to:

 I Identify key risks to the achievement of the Fund's objectives;
 I consider the risk identified; and
 I assess the significance of the risks.

Risk Assessment
 I 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).
 I 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.
 I The Risk Register also includes the target score; showing the impact of the risk occurring once additional proposed 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 | 4 |
| Medium Risk | 40 |
| High Risk | 5 |
| Total Risks | 49 |

| Risk Score | Low Risk | Medium Risk | High Risk | S/T | Short Term | < 1 Year |
|--------------|----------|-------------|-----------|-----|------------------------------|--------------|
| 0 - 4 | | | | M/T | Medium Term | 1 - 3 Years |
| 5 - 11 | | | | L/T | Long Term | Over 3 Years |
| 12 and above | | | | N/A | Target Score = Current Score | |

Summary of Risk Scores Eight & Above

| Risk Ranking | Main Risk Register No | Identification | |
|--------------|-----------------------|-------------------------|---|
| | | Risk Area | High Level Risk |
| 1 | 13 | Governance & Strategy | Systems failure/Lack of disaster recovery plan/Cybercrimeattack |
| 2 | 20 | Funding & Investments | Fund assets insufficient to meet liabilities / Decline in funding level / Fluctuations in assets & liabilities |
| 3 | 31 | Funding & Investments | LGPS Central related underperformance of investment returns - failure to meet investment return targets against specified benchmarks |
| 4 | 41 | Pensions Administration | Insufficient cyber-Liability Insurance relating to the pensions administration system |
| 5 | 45 | Pensions Administration | Impact of McCloud judgement on administration |
| 6 | 1 | Governance & Strategy | Failure to implement an effective governance framework |
| 7 | 2 | Governance & Strategy | Failure to recruit and retain suitable Pension Fund staff/Over reliance on key staff |
| 8 | 14 | Governance & Strategy | Failure to comply with General Data Protection Regulations (GDPR) |
| 9 | 15 | Governance & Strategy | Failure to communicate with stakeholders |
| 10 | 17 | Governance & Strategy | Risk of challenge to Exit Credits Policy/Determinations |
| 11 | 19 | Governance & Strategy | Failure to meet accessibility requirements |
| 12 | 30 | Funding & Investments | LGPS Central Ltd fails to deliver the planned level of long term cost savings |
| 13 | 43 | Pensions Administration | Delayed Annual Benefit Statements and/or Pension Savings Statements (also know as Annual Allowance Statements) |
| 14 | 49 | Pensions Administration | Failure to meet the required Pensions Dashboards deadlines. |
| 15 | 3 | Governance & Strategy | Failure to comply with regulatory requirements for governance |
| 16 | 5 | Governance & Strategy | An effective investment performance management framework is not in place |
| 17 | 10 | Governance & Strategy | Pension Fund financial systems not accurately maintained |
| 18 | 16 | Governance & Strategy | Failure of internal/external suppliers to provide services to the Pension Fund due to business disruption |
| 19 | 18 | Governance & Strategy | Risks arising from a potential significant acceleration of the academisation of schools. |
| 20 | 21 | Funding & Investments | Mismatch between liability profile and asset allocation policy |
| 21 | 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 |
| 22 | 23 | Funding & Investments | Failure to correctly assess the potential impact of climate change on investment portfolio and on funding strategy |
| 23 | 24 | Funding & Investments | Failure to consider the potential impact of Environmental, Social and Governance (ESG) issues on investment portfolio |
| 24 | 28 | Funding & Investments | The LGPS Central investment offering is insufficient to allow the Fund to implement its agreed investment strategy |
| 25 | 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 |

| Current score | | |
|---------------|-------------|---------------|
| Impact | Probability | Current Score |
| 4 | 3 | 12 |
| 4 | 3 | 12 |
| 4 | 3 | 12 |
| 4 | 3 | 12 |
| 3 | 4 | 12 |
| 5 | 2 | 10 |
| 3 | 3 | 9 |
| 3 | 3 | 9 |
| 3 | 3 | 9 |
| 3 | 3 | 9 |
| 3 | 3 | 9 |
| 3 | 3 | 9 |
| 3 | 3 | 9 |
| 3 | 3 | 9 |
| 4 | 2 | 8 |
| 4 | 2 | 8 |
| 4 | 2 | 8 |
| 4 | 2 | 8 |
| 2 | 4 | 8 |
| 4 | 2 | 8 |
| 4 | 2 | 8 |
| 4 | 2 | 8 |
| 4 | 2 | 8 |
| 4 | 2 | 8 |
| 4 | 2 | 8 |

| Risk Owner | Target Score | | | | |
|------------|--------------|-------------|--------------|--------------------|---------------------------|
| | Impact | Probability | Target Score | Expected Timescale | Actual Minus Target Score |
| HoP/IM/TL | 4 | 2 | 8 | M/T | 4 |
| HoP/IM | 4 | 2 | 8 | L/T | 4 |
| HoP/IM | 4 | 2 | 8 | L/T | 4 |
| HoP | 4 | 2 | 8 | M/T | 4 |
| HoP | 2 | 4 | 8 | S/T | 4 |
| DoF/HoP | 5 | 1 | 5 | M/T | 5 |
| HoP | 3 | 2 | 6 | M/T | 3 |
| HoP/IM/TL | 3 | 2 | 6 | M/T | 3 |
| HoP/IM/TL | 3 | 2 | 6 | M/T | 3 |
| HoP | 3 | 2 | 6 | S/T | 3 |
| HoP/TL | 3 | 2 | 6 | M/T | 3 |
| HoP/IM | 3 | 2 | 6 | L/T | 3 |
| HoP/TL | 3 | 2 | 6 | M/T | 3 |
| HOP/TL | 3 | 2 | 6 | M/T | 3 |
| HoP | 4 | 1 | 4 | M/T | 4 |
| HoP/IM | 4 | 2 | 8 | N/A | 0 |
| HoP | 4 | 1 | 4 | S/T | 4 |
| HoP/IM | 4 | 2 | 8 | N/A | 0 |
| HoP/TL | 2 | 4 | 8 | N/A | 0 |
| HoP/IM | 4 | 2 | 8 | N/A | 0 |
| HoP/IM | 4 | 2 | 8 | N/A | 0 |
| HoP/IM | 4 | 2 | 8 | N/A | 0 |
| HoP/IM | 4 | 2 | 8 | N/A | 0 |
| HoP/IM | 4 | 1 | 4 | M/T | 4 |
| HoP/IM | 4 | 1 | 4 | S/T | 4 |

| Trend Scores | | | | | | |
|--------------|----------|----------|----------|----------|----------|----|
| Q1 23-24 | Q2 23-24 | Q3 23-24 | Q4 23-24 | Q12 4-25 | Q2 24-25 | |
| 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| 8 | 8 | 8 | 8 | 8 | 8 | 8 |
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| 8 | 8 | 8 | 8 | 8 | 8 | 8 |