

Derbyshire Pension Fund Risk Register

Date Last Updated **08-Jul-21** 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	38
High Risk	4
Total Risks	47

Summary of Risk Scores Greater Than Eight

Risk Ranking	Main Risk Register No	Identification	
		Risk Area	High Level Risk
1	19	Funding & Investments	Fund assets insufficient to meet liabilities / Decline in funding level / Fluctuations in assets & liabilities
2	30	Funding & Investments	LGPS Central related underperformance of investment returns - failure to meet investment return targets against specified benchmarks
3	37	Funding & Investments	Impact of McCloud judgement on funding
4	44	Pensions Administration	Impact of McCloud judgement on administration
5	1	Governance & Strategy	Failure to implement an effective governance framework
6	2	Governance & Strategy	Failure to recruit and retain suitable Pension Fund staff/Over reliance on key staff
7	4	Governance & Strategy	Pensions & Investments Committee (PIC)/Pension Board (PB) members lack of understanding of their role & responsibilities leading to inappropriate decisions.
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
11	24	Funding & Investments	Covenant of new/existing employers. Risk of unpaid funding deficit
12	26	Funding & Investments	Employer contributions not received and accounted for on time
13	29	Funding & Investments	LGPS Central Ltd fails to deliver the planned level of long term cost savings
14	42	Pensions Administration	Delayed Annual Benefit Statements and/or Pension Savings Statements (also know as Annual Allowance Statements)
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/Member or Officer fraud
18	13	Governance & Strategy	Systems failure/Lack of disaster recovery plan/Cyber attack
19	16	Governance & Strategy	Failure of internal/external suppliers to provide services to the Pension Fund due to business disruption
20	18	Governance & Strategy	Risks arising from a potential significant acceleration of the academisation of schools.
21	20	Funding & Investments	Mismatch between liability profile and asset allocation policy
22	21	Funding & Investments	An inappropriate investment strategy is adopted/Investment strategy not consistent with Funding Strategy Statement/ Failure to implement adopted strategy and PIC recommendations
23	22	Funding & Investments	Failure to correctly assess the potential impact of climate change on investment portfolio and on funding strategy
24	23	Funding & Investments	Failure to consider the potential impact of Environmental, Social and Governance (ESG) issues on investment portfolio
25	27	Funding & Investments	The LGPS Central investment offering is insufficient to allow the Fund to implement its agreed investment strategy
26	28	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
27	40	Pensions Administration	Insufficient cyber-Liability Insurance relating to the pensions administration system
28	47	Pensions Administration	Administration issues with AVC provider

Risk Score
 0 - 4
 5 - 11
 12 and above

Low Risk
Medium Risk
High Risk

Current score			Target Score					Previous Score
Impact	Probability	Current Score	Risk Owner	Impact	Probability	Target Score	Actual Minus Target Score	
4	3	12	HoP/IM	4	2	8	4	12
4	3	12	HoP/IM	4	2	8	4	12
3	4	12	HoP	3	3	9	3	12
3	4	12	HoP	2	4	8	4	12
5	2	10	DoF/HoP	5	1	5	5	10
3	3	9	HoP	3	2	6	3	9
3	3	9	HoP	3	2	6	3	9
3	3	9	HoP/IM/TL	3	2	6	3	9
3	3	9	HoP/IM/TL	3	2	6	3	9
3	3	9	HoP	3	2	6	3	9
3	3	9	HoP/TL	3	2	6	3	9
3	3	9	HoP/TL	3	1	3	6	3
3	3	9	HoP/IM	3	2	6	3	8
3	3	9	HoP/TL	3	1	3	6	6
4	2	8	HoP	4	1	4	4	4
4	2	8	HoP/IM	4	2	8	0	6
4	2	8	HoP	4	1	4	4	6
4	2	8	HoP/IM/TL	4	1	4	4	8
4	2	8	HoP/IM	4	2	8	0	8
4	2	8	HoP/TL	4	2	8	0	N/A
4	2	8	HoP/IM	4	2	8	0	8
4	2	8	HoP/IM	4	2	8	0	12
4	2	8	HoP/IM	4	2	8	0	N/A
4	2	8	HoP/IM	4	1	4	4	8
4	2	8	HoP/IM	4	2	8	0	8
4	2	8	HoP	4	2	8	0	8
2	4	8	HOP/TLs	2	2	4	4	N/A