

Risk Register report

DATE :

Summary of Risks Ratings

Almost Certain	0	0	0	0	0
Likely	0	0	0	0	0
Possible	0	3	0	0	0
Unlikely	0	6	3	0	0
Rare	0	3	0	0	0
Unassigned 1	Insignificant	Minor	Moderate	Major	Catastrophic

Red Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner
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New Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner	Created Date
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Changing Risks Total:

Risk Register	Risk Title	Net Risk Level	Change	Risk Owner
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Detail

Governance Risk

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0001 02/12/2019	Failure to collect and account for pension contributions being paid over to the Fund on time by Fund employers.	Adverse audit opinion, potential delays to Fund employer financial reporting; and potential delay to production of annual report and accounts.	Cllr David Thomas Chris Hurst	6 GOVERN	4 GOVERN	13/05/2020	Review Summary: Process refined recently and ongoing monitoring in place.
						08/09/2020	Review Summary: Ongoing
							Contribution return monitored by Finance Staff (in conjunction with Pensions Admin Manager)

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Contributions received monitored on a monthly basis by Fund accounting staff . Contributions received monitored on a monthly basis by Fund accounting staff . Requirement that each end of scheme year, Fund employers certify they have paid over contributions at the correct rates and time Requirement that each end of scheme year, Fund employers certify that they have paid over contributions at the correct rates and on time. 	Control In Place			
	Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0002 03/10/2016	Insufficient Fund cashflow to meet liabilities as they fall due.	Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now.	Cllr David Thomas Chris Hurst	9 GOVERN	6 GOVERN	01/11/2021	Review Summary: Cashflow Review conducted in Summer 0f 2021
						13/05/2020	Review Summary: Asset Allocation review completed end of 2020 and Funding Strategy Statement updated following completion of triennial valuation

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> cashflow forecast in place Funding strategy statement in place review strategic asset allocation to keep positive cashflow Strategic asset allocation review completed to ensure that cashflow remains positive (on a targeted and monitored basis) whilst at the same time ensuring that the Fund is not forced to liqutate assets on an unplanned basis. 	Control In Place			
	Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0003 27/09/2016	Inability to deliver service as a result of the loss of key personnel	Failure to provide service at all, or at an acceptable level	Cllr David Thomas Chris Hurst	6 GOVERN	4 GOVERN	05/07/2021	Review Summary: BCP Updated June 2021
						13/05/2020	Review Summary: Regularly review BCP

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Keep Business Continuity Plan under review Business Continuity Plan in place for the pensions administration service Assurances received from all systems providers in relation to their current resilience to the threat of a failure in cyber security. 	Control In Place			
	Action In Progress	01/04/2023	13/05/2020	Review Summary: Regularly review BCP
			08/09/2020	Review Summary: BCP reviewed 07.09.2020

Detail

Governance Risk

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0004 08/11/2016	Loss of funds through fraud or misappropriation	Financial loss to the Fund	Cllr David Thomas Chris Hurst	6 GOVERN	2 GOVERN	05/07/2021 13/05/2020	Review Summary: No change Review Summary: Regular audit review and due diligence/legal review carried out at each managerial appointment. As the WPP establishes more sub funds, they will appoint the managers

Controls and Actions	Status	Review Date	Latest Control	Reviews
• audit and control tests, due diligence done when new manager appointed Internal and External Audit regularly test that appropriate controls are in place and are working effectively. Due diligence is carried out whenever a new investment manager is appointed.	Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0005 04/09/2017	Significant rise in employer contribution rates for Fund employers with strong covenants, as consequence of increases in liabilities.	Employer contribution rates rise to unacceptable levels, putting upward pressure on Council Tax rates and the ability of Powys County Council to continue to deliver services to its communities.	Cllr David Thomas Chris Hurst	6 GOVERN	2 GOVERN	13/05/2020 08/09/2020	Review Summary: Regular Covenant Assessments Review Summary: Covenant Assessment due to commence imminently (Sept/Oct 2020)

Controls and Actions	Status	Review Date	Latest Control	Reviews
• Employers have Discretionary Powers Policies that help to control liabilities Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control.	Action In Progress	04/11/2022	13/05/2020 08/09/2020	Review Summary: Regular Covenant Assessments Review Summary: Covenant assessments due to commence Q3 20/21
• insurance options investigated Investigate further liability mitigations such as ill health strain insurance; developing guidance to assist employers to manage liability increases derived from their actions or inactions; and, work closely with the Fund actuary to determine appropriate valuation assumptions and deficit recovery strategies.	Action In Progress	30/11/2022	30/08/2022 13/05/2020	Review Summary: Appropriate ill health assumptions made for 2022 valuation. Can consider the other factors as part of valuation work. Review Summary: Regular Covenant Assessments

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0006 04/10/2016	Significant rises in employer contribution rates for Fund employers with weak covenants as a consequence of increases in liabilities.	Employer contribution rates rise to unsustainable levels that cause employers to become insolvent	Cllr David Thomas Chris Hurst	8 GOVERN	4 GOVERN	13/05/2020 08/09/2020	Review Summary: Regular Covenant Assessments Review Summary: Covenant assessment due to start Q3 20/21

Controls and Actions	Status	Review Date	Latest Control	Reviews
• In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control.	Action In Progress	08/10/2022	13/05/2020 08/09/2020	Review Summary: Review Risk Sharing Agreement/Approach Review Summary: Work ongoing (Sept 2020)
In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty over the level of employer contribution rates control.				

Detail

Governance Risk

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0007	Significant rises in employer contribution rates for employers with strong covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unacceptable levels that result in Powys County Council being unable to provide appropriate services for its communities.	Cllr David Thomas Chris Hurst	6	2	08/09/2020	Review Summary: Ongoing
04/09/2017				GOVERN	GOVERN	18/12/2020	Review Summary: Ongoing Dec 2020

Controls and Actions			Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Quarterly investment performance reports presented to Pension Fund. Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets. 			Control In Place			
			Action In Progress	04/11/2022	08/09/2020	Review Summary: Continuing and reviewed at each Committee meeting
					18/12/2020	Review Summary: Continuing and reviewed at each Committee meeting

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0008	Failure to comply with LGPS and other statutory regulations.	Payment of incorrect pension benefits; provision of incorrect benefit estimates; failure to comply with governance standards; failure to meet HMRC tax requirements. Resulting in: loss of customer satisfaction / confidence; IDRPs and Ombudsman appeals; TPR fines for non-compliance.	Cllr David Thomas Chris Hurst	8	6	08/09/2020	Review Summary: Processes checked and efficiencies ongoing
11/10/2017				GOVERN	GOVERN	18/12/2020	Review Summary: Continuing and reviewed at each Committee meeting

Controls and Actions			Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> rigorous checking/authorisation procedures for pension benefit calculations and payments, review governance policy; Rand, regular review of governance compliance policy. Staff training and development. Closer partnership working with employer payrolls to facilitate accurate data receipts; Closer partnership working with employer payrolls to facilitate accurate data receipts; increased compliance oversight provided by newly established Pensions Board. 			Action Completed			
			Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0009	Lack of expertise of Pension Fund Officers and Senior Officers	Poor decision making in relation to principal functions of the Pension Fund, particularly in relation to investments.	Cllr David Thomas Chris Hurst	8	4	08/09/2020	Review Summary: Regular training attended and provided by LGPS professionals
25/01/2016				GOVERN	GOVERN	21/12/2020	Review Summary: Regular training attended and provided by LGPS professionals







Controls and Actions			Status	Review Date	Latest Control	Reviews

Governance Risk

- training and performance reviews, conferences, seminars to upskill and develop knowledge Officers ensure that they receive appropriate training and are required to keep up to date with developments in pensions matters, as part of their periodic Individual Performance Reviews and by attending relevant conferences and seminars, by reading and through discussions with consultants and peers.
- Training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both PIC & PB
Formalised Officer training via individual training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both Pensions & Investment Committee and the Pensions Board.

Control In Place

Control In Place

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0010	Over-reliance on key Officers	When senior Officers leave or are absent due to long term sickness, large knowledge gaps remain.	<i>Cllr David Thomas</i> Chris Hurst	 GOVERN	 GOVERN	08/09/2020	Review Summary: Reflected in BCP
25/01/2016						21/12/2020	Review Summary: Reflected in BCP
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> • In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance • In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance from consultants. • Formalise succession planning by including in Officer individual training plans for less senior Officers. 				Action In Progress	11/01/2023	08/09/2020	Review Summary: Reflected in BCP
						21/12/2020	Review Summary: Reflected in BCP
				Action In Progress	11/01/2023	08/09/2020	Review Summary: Reflected in BCP
						21/12/2020	Review Summary: Reflected in BCP
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0011	Failure to provide the pensions service in accordance with principles of equality.	Some stakeholders may be unable to access the service fully or at all. In the worst case scenario, this could result in court action against the Fund.	<i>Cllr David Thomas</i> Chris Hurst	 GOVERN	 GOVERN	08/09/2020	Review Summary: Operate LGPS in accordance with the Regulations
26/01/2016						21/12/2020	Review Summary: Operate LGPS in accordance with the Regulations
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> • The Fund maintains a Welsh Language register in respect of scheme members and employers . • The Fund maintains a Welsh Language register in respect of scheme members and employers . • To utilise technology to enable access to service and information for stakeholders with disabilities , other language needs etc. • To utilise technology to enable access to service and information for stakeholders with disabilities , other language needs etc. 				Control In Place			
				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0012	Failure to collect payments due from ceasing employers with no active members.	Failure to collect cessation payments from ceasing employers results in relevant liabilities being funded by the Powys Pension Fund and the active employers.	<i>Cllr David Thomas</i> Chris Hurst	 GOVERN	 GOVERN	08/09/2020	Review Summary: Ensure data provided to Actuary in a timely manner
25/01/2016						21/12/2020	Review Summary: Covenant review ongoing Dec 2020
Controls and Actions				Status	Review Date	Latest Control	Reviews

Detail

Governance Risk

- employer covenants, guarantor bonds, risk sharing agreements

The Fund undertakes periodic reviews of the strength of employer covenants. For existing employers, the Fund requires that a guarantor, bond or 'risk sharing agreement' is in place. For all new employers, the Fund insists on either a guarantor or a bond being in place.

Control In Place

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0013 25/01/2016	Lack of expertise of members of Pensions & Investment Committee	Poor decision making in relation to all aspects of the Fund, particularly those in relation to investment.	Cllr David Thomas Chris Hurst	9 GOVERN	6 GOVERN	08/09/2020 21/12/2020	Review Summary: Annual training Needs Assessments conducted Review Summary: Training encouraged and more access to online training in 2020

Controls and Actions

- Knowledge & Skills Framework in place

Knowledge & Skills Framework in place and published. Annual Training Needs Analysis carried out and training made available to Committee and Board regularly (provided by Fund, WPP and 3rd parties)

Status: Control In Place
Review Date: Latest Control Reviews

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0014 01/11/2017	An admitted body ceasing to exist with insufficient funding or level of a bond available to meet all its Fund liabilities.	Unfunded pension liabilities being orphaned without sufficient funding/guarantees in place, resulting on increased liabilities falling on other Fund employers.	Cllr David Thomas Chris Hurst	6 GOVERN	4 GOVERN	08/09/2020 21/12/2020	Review Summary: Covenant Assessments starting Q3 2020 Review Summary: Covenant Assessments continuing Q4 2020

Controls and Actions

- To seek funding guarantees wherever possible, from other Scheme employers or outside bodies
- To seek funding guarantees wherever possible, from other Scheme employers or outside bodies. To require, in all cases, a bond or other form of security to protect the Fund in the case of unexpected cessation and insolvency. Ensuring that admitted bodies are fully aware of their obligations and responsibilities to the Pension Fund and the benefits of their employees.
- Regular review of admitted body covenants and financial health.
- Regular review of admitted body covenants and financial health.

Status: Control In Place
Review Date: 08/10/2022
Latest Control Reviews: 08/09/2020, 21/12/2020
Reviews: Review Summary: Covenant Assessments commencing Q3 2020, Review Summary: Review commenced with actuary Dec 2020

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0015 09/10/2020	Appointment of new Pension Board Chair and membership of the Local Pension Board	Non compliance with Public Services Pension Act. Challenge and scrutiny from the Pensions Regulator. Reduced quality of governance.	Cllr David Thomas Chris Hurst	12 GOVERN	6 GOVERN	07/06/2021 10/02/2021	Review Summary: No appointment made following recruitment exercise. Work ongoing to secure a Chair as soon as possible Review Summary: Working with Commercial Services February 2021 and ready to go to Sell2Wales to advertise

Controls and Actions

- Pension Board Terms of Reference stipulate membership periods

Pension Board Terms of Reference stipulate membership periods and work with Pension Board members and administering authority to ensure appropriate recruitment processes are in place.

Status: Control In Place
Review Date: Latest Control Reviews

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
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Governance Risk

GOVERN0016 29/03/2020	Pension Fund Personnel and/or key suppliers are unable to work due to extreme weather, fire, epidemics	Inability to deliver administration services or investment of the Fund. Impact of welfare of Pensions Section Staff.	<i>Cllr David Thomas</i> Chris Hurst	9	6	26/03/2021 01/11/2021	Review Summary: Regularly reviewed Review Summary: Regularly reviewed
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Controls and Actions			Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Business Continuity Plan Business Continuity Plan, assessment of Pensioner Payroll services. Electronic implementation of paperwork.			Control In Place			