

| Risk ID | Risk Description  | Risk Area        | Risk ID | Prior Risk ID | Risk Title  | Causes  | Effect   | Risk Owner | Likelihood (1-5) | Impact (1-5) | Overall Score | Key Existing Management Controls  | Planned Enhancements to Controls (Actions)   |
|---------|---|------------------|---------|---------------|---|---|--|------------|------------------|--------------|---------------|---|--|
| 1       | Employers unable/unwilling to make payments   | Service Delivery | 1A      | A18           | Structural or other employer changes mean they are unable or unwilling to make payments | Structural changes in an employer's membership or an employer fully/partially closing the scheme. Employer bodies transferring out of the pension fund or employer bodies closing to new membership. An employer ceases to exist with insufficient funding or adequacy of bond. | Insufficient funding   | PT         | 2                | 4            | 8             | TREAT/TOLERATE<br>1) Administering Authority actively monitors prospective changes in membership.<br>2) Maintain knowledge of employer future plans.<br>3) Contributions rates and deficit recovery periods set to reflect the strength of the employer covenant.<br>4) Periodic reviews of the covenant strength of employers are undertaken and indemnity applied where appropriate.<br>5) Risk categorisation of employers implemented as part of 20169 actuarial valuation.<br>6) Monitoring of gilt yields for assessment of pensions deficit on a termination basis.  |  |
| 2       | Employers delay making payments   | Service Delivery | 2A      | A16           | Rise in ill health retirements impact employer organisations                            | Rise in ill health retirements  | Impact on employer organisations leading to delay in payments  | PT         | 2                | 3            | 6             | TREAT<br>1) Self-insurance implemented across the fund<br>2) Reactive reposition investment strategy if necessary   | Jan 2022: Trend analysis is required to understand this risk. Reports need to be produced to substantiate the potential risk |
|         |   | Service Delivery | 2B      | A17           | Rise in inappropriate ill health retirements adversely affects self-insurance costs.    | Rise in ill health retirements  | Rise in self insurance costs impact employer organisations leading to delay in payments  | PT         | 1                | 2            | 2             | TREAT<br>1) Pension Fund monitors ill health retirement awards which contradict IRMP recommendations  | Jan 2022: Trend analysis is required to understand this risk. Reports need to be produced to substantiate the potential risk |
| 3       | Funding requirements higher due to actuarial assumptions materially different to experience | A&G - Funding    | 3A      | F1            | Price inflation variability   | Price inflation is significantly more or less than anticipated  | An increase in CPI inflation by 0.1% would increase the liability valuation by 1.4%  | PT         | 4                | 4            | 16            | TOLERATE-<br>1) The discount rate used for the 2019 actuarial valuation is derived from CPI inflation, so the value of Fund liabilities will be calculated with reference to CPI.<br>2) The assumptions of the Fund actuary are prudent and allow for variations in inflation and interest rate fluctuations.   |  |
|         |   | A&G - Funding    | 3B      | F2            | Life expectancy higher than anticipated   | Members living longer   | Adding one year to life expectancy would approximately increase the liability by 3-5%.   | PT         | 5                | 4            | 20            | TOLERATE-<br>1) The Fund Actuary uses long term longevity projections in the actuarial valuation process.<br>2) SCC has joined Club Vita, which would allow to monitor mortality rates that are employer and postcode specific.   |  |
|         |   | A&G - Funding    | 3C      | F3            | Pay increases lead to greater liabilities   | Pay increases are significantly more than anticipated for employers within the Fund.  | Pension liability increases  | PT         | 2                | 4            | 8             | TREAT / TOLERATE-<br>1) Fund employers should monitor own experience.<br>2) Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) should be long term assumptions, any employer specific assumptions above the actuary's long term assumption would lead to further review.<br>3) Employers to be made aware of generic impact that salary increases can have upon final salary linked elements of LGPS benefits.   |  |
|         |   | A&G - Funding    | 3D      | F5            | Higher employer contributions required following valuation                              | Actuarial work determines the need for increases to employer contributions  | Employers need to pay additional funds into the scheme   | PT         | 2                | 3            | 6             | TREAT-<br>1) Officers to consult and engage with employer organisations in conjunction with the actuary.<br>2) Actuary will assist where appropriate with stabilisation and phasing in processes.   |  |
|         |   | A&G - Funding    | 3E      | F6            | Impact of government policy on the employer workforce.                                  | Future member population and/or demographic changes as a result of government policy  | Employers need to pay additional funds into the scheme   | PT         | 2                | 2            | 4             | TREAT / TOLERATE-<br>1) The Fund actuary uses prudent assumptions on future of workforce. The fund has regular communications with employer to allow them to flag up major changes in workforce.<br>2) Need to make worst case assumptions about diminishing workforce when carrying out the actuarial valuation.   |  |
|         |   | A&G - Funding    | 3F      | F7            | HMT/SAB impacts resulting from cost management process                                  | HM Treasury and Scheme Advisory Board cost management process has a implied increase in employer contributions.   | Employers need to pay additional funds into the scheme   | PT         | 2                | 4            | 8             | TREAT / TOLERATE -<br>1) The Fund actuary stabilises employer contribution, which reduces the impact of conditions which could otherwise produce spikes in contribution rates.<br>2) Communicate with employers and explore the opportunity for the strengthening of their covenant by the provision of additional security to the Fund.  |  |
| 4       | Investment performance materially impacted by insufficient attention to ESG factors         | Investment       | 4A      | F16           | Environmental, social and governance (ESG) factors impact performance/reputation        | Insufficient attention to environmental, social and governance (ESG) factors  | Insufficient attention leads to underperformance and reputational damage.  | LW         | 1                | 4            | 4             | TREAT-<br>1) Review ISS in relation to published best practice (e.g. Stewardship Code).<br>2) Ensure fund managers are encouraged to engage and to follow the requirements of the BCPP Responsible Investment Policy.<br>3) The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and all assets held with BCPP are monitored by Robeco, this raises awareness of ESG issues and facilitates engagement with fund managers.<br>4) The Fund has approved a Stewardship Code and a share voting policy which provides specific guidance in the voting of company resolutions.<br>5) The Fund complies with the BCPP Responsible Investment Policy.<br>6) Fund reviewing a responsible investment approach, assisted by a dedicated Responsible Investment sub-committee.<br>7) Fund engaging with lobbying groups. | Change to risk owner to reflect new pensions team structure.<br>New Surrey Pension Fund Responsible Investment Policy.       |
|         |   | Investment       | 4B      | F17           | Risk to value of Fund's investments as a consequence of climate change issues           | Stranded assets, regulatory fines, failing to adapt to a low carbon economy, in light of IPCC's 2021 report on Climate Change.  | Detrimental impact on value of Fund's investments.   | LW         | 1                | 4            | 4             | TREAT-<br>1) Ensure fund managers are encouraged to engage and to follow the requirements of the BCPP Responsible Investment Policy, more specifically its Climate Change Engagement Policy.<br>2) The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and all assets held within BCPP are monitored by Robeco, this facilitates engagement with companies who operate in carbon intensive industries.<br>3) The Fund is also part of the BCPP Climate Change Working Group.<br>4) Continued review of carbon exposure within current portfolio; all global indexed assets now held in the LGIM Future World Index.<br>5) Fund reviewing a responsible investment approach, assisted by a dedicated Responsible Investment sub-committee.  | Impact score increased to 4 from 3.<br>TCFD report   |
| 5       | Investment strategy and proposed implementation materially affects investment performance   | Investment       | 5A      | F4            | Investment strategy or implementation impacts returns                                   | Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy.   | Investment returns not at expected level for the risk appetite   | LW         | 2                | 4            | 8             | TREAT-<br>1) Active investment strategy and asset allocation monitoring from Committee officers and consultants.<br>2) 2019 Investment strategy review is current.<br>3) Separate source of advice from Fund's independent advisor.<br>4) Setting of Fund specific benchmark relevant to the current position of fund liabilities.<br>5) Fund manager targets set and based on market benchmarks or absolute return measures. Overall investment benchmark and out-performance target is fund specific.   | Change to risk owner to reflect new pensions team structure.<br>Residual likelihood increase from 1 to 2                     |
|         |   | Investment       | 5B      | F21           | Changes to pooling impact investments   | Implementation of proposed changes to the LGPS (pooling) does not conform to plan or cannot be achieved within time scales.   | Investment returns not at expected level for the risk appetite   | LW         | 3                | 4            | 12            | TREAT / TOLERATE<br>1) Officers consult and engage with DHULC, LGPS Advisory Board, BCPP OOG, consultants, peers, seminars, conferences.<br>2) Officers engage in early planning for implementation against agreed deadlines.<br>3) Participation in Cross Pool Collaboration Groups.<br>4) Recent government guidance continues to endorse pooling.  | Change to risk owner to reflect new pensions team structure.   |
|         |   | Investment       | 5C      | F24           | Issues with Border to Coast resilience and/or strategy                                  | That the Border to Coast Pensions Partnership disbands or the partnership fails to produce a proposal deemed sufficiently ambitious.  | Investment returns not at expected level for the risk appetite   | LW         | 1                | 4            | 4             | TOLERATE-<br>1) Partners for the pool were chosen based upon the perceived expertise and like-mindedness of the officers and members involved with the fund to ensure compliance with the pooling requirements.<br>2) Ensure that ongoing fund and pool proposals are comprehensive and meet government objectives.<br>3) Engage with advisors throughout the process.  | Change to risk owner to reflect new pensions team structure.   |
| 6       | Investment returns impacted by market volatility/performance                                | Investment       | 6A      | F9            | Global financial stability impacted   | Increased risk to global financial stability. Outlook deteriorates in advanced economies because of heightened uncertainty and setbacks to growth and confidence, leading to tightened financial conditions, reduced risk appetite and raised credit risks.                     | Investment returns materially impacted   | LW         | 3                | 4            | 12            | TREAT / TOLERATE-<br>1) Increased vigilance and continued dialogue with managers as to events on and over the horizon.<br>2) Continued investment strategy involving portfolio diversification and risk control.<br>3) Investment strategy review will accompany the 2022 actuarial valuation.  | Residual likelihood decrease from 4 to 3   |
|         |   | Investment       | 6B      | F11           | Investment market volatility / poor performance   | Investment markets fail to perform in line with expectations  | Investment returns impacted leading to deterioration in funding levels and increased contribution requirements from employers. | LW         | 3                | 4            | 12            | TREAT / TOLERATE-<br>1) Proportion of asset allocation made up of equities, bonds, property and alternatives, limiting exposure to one asset category.<br>2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal asset allocation.<br>3) Actuarial valuation and asset/liability study take place automatically at least every three years.<br>4) FRS102/IAS19 data is received annually and provides an early warning of any potential problems.<br>5) The actuarial assumption regarding asset outperformance is a measure of CPI over gilts, which is regarded as achievable over the long term when compared with historical data.  | Change to risk owner to reflect new pensions team structure.   |

| Risk ID | Risk Description  | Risk Area        | Risk ID | Prior Risk ID | Risk Title   | Causes  | Effect  | Risk Owner | Likelihood (1-5) | Impact (1-5) | Overall Score | Key Existing Management Controls  | Planned Enhancements to Controls (Actions)  |   |
|---------|---|------------------|---------|---------------|--|---|---|------------|------------------|--------------|---------------|---|---|---|
| 6       | Investment returns impacted by third party or counter party performance/default                     | Investment       | 7A      | F10           | Investment targets not met due to investment manager performance | Investment Managers fail to achieve performance targets over the longer term  | A shortfall of 0.1% on the investment target will result in an annual impact of c£5m          | LW         | 3                | 4            | 12            | TREAT-<br>1) The Investment Management Agreements clearly state SCC's expectations in terms of performance targets.<br>2) Investment manager performance is reviewed on a quarterly basis.<br>3) The Pension Fund Committee should be positioned to move quickly if it is felt that targets will not be met.<br>4) Having Border to Coast as an external manager facilitates a smooth transition of assets into the pool and provides an additional layer of investment due diligence.<br>5) The Fund's investment management structure is highly diversified which lessens the impact of manager risk. | Change to risk owner to reflect new pensions team structure.<br>Residual likelihood increase from 2 to 3  |   |
|         |   | Investment       | 7B      | F14           | Financial loss due to fraud                                      | Financial loss of cash investments from fraudulent activity.  | Investment returns not at expected level  | LW         | 1                | 4            | 4             | 4   | TREAT / TOLERATE -<br>1) Policies and procedures are in place which are regularly reviewed to ensure risk of investment loss is minimised. Governance arrangements are in place in respect of the Pension Fund. External advisors assist in the development of the Investment Strategy. Fund Managers/BCPP have to provide SAS70 or similar (statement of internal controls).<br>2) The pensions team is currently working to get more direct control of pension fund banking.  | Change to risk owner to reflect new pensions team structure.  |
|         |   | Investment       | 7C      | F15           | Fund manager failure   | Financial failure of a fund manager   | Increased costs and service impairment.   | LW         | 1                | 4            | 4             | 4   | TREAT -<br>1) Fund is reliant upon current adequate contract management activity.<br>2) Fund is reliant upon alternative suppliers at similar price being found promptly.<br>3) Fund is reliant on the scale and risk management opportunity offered by BCPP.   | Change to risk owner to reflect new pensions team structure.<br>Residual likelihood decrease from 2 to 1  |
|         |   | Investment       | 7D      | F18           | Counterparty performance   | Counterparty poor performance or default  | Loss of investment return   | LW         | 1                | 2            | 2             | 2   | TOLERATE -<br>1) Lending limits with approved banks and other counterparties are set at prudent levels<br>2) The pension fund treasury management strategy is based on that of SCC.   | Change to risk owner to reflect new pensions team structure.  |
|         |   | Investment       | 7E      | F30           | Third party supplier performance                                 | Poor performance or financial failure of third party supplier   | Service impairment and financial loss.  | LW         | 2                | 3            | 6             | 6   | TOLERATE -<br>1) Performance of third parties (other than fund managers) monitored.<br>2) Regular meetings and conversations with Northern Trust take place.<br>3) Actuarial and investment consultancies are provided by two different providers.  | Change to risk owner to reflect new pensions team structure.<br>Impact score increase from 2 to 3   |
| 8       | Insufficient liquidity / lack of cash to meet obligations for collateral rebalancing / payments out | Investment       | 8A      | F19           | Insufficient liquidity   | Inaccurate cash flow forecasts or drawdown payments   | Shortfalls on cash levels and borrowing becomes necessary to ensure that funds are available. | LW         | 1                | 2            | 2             | 2   | TOLERATE / TREAT-<br>1) Borrowing limits with banks and other counterparties are set at levels that are more than adequate should cash be required at short notice.<br>2) Cashflow analysis of pension fund undertaken quarterly.<br>3) Comply with the Pension Fund Cash Management Strategy.<br>4) Annual Cash flow analysis on ongoing basis.  | Change to risk owner to reflect new pensions team structure.  |
| 9       | Skills / knowledge gaps lead to inefficiency and poor performance                                   | Service Delivery | 9A      | A4            | Capability deficit   | Lack of capability of the admin system  | Inefficiency and disruption.  | CH         | 2                | 3            | 6             | TREAT/TOLERATE<br>1) Ensure system efficiency is included in the annual improvement review.<br>2) Monitor system review and provide extra resource where business case supports it.   | Jan 2022: In addition to the work outlined in A2, we have also recently received reasonable assurance rating for the controls in place for Altair. We will work through the agreed actions with audit to further tighten up controls.<br><br>Oct 2021: 'All upgrades now undertake a thorough UAT approach to ensure any fixed updates are tested thoroughly. Where any new developments are optional and require configuration, these are decided internally by management to be in line with service objectives. Results of systems audit will be provided at the next board meeting. |   |
|         |   | Service Delivery | 9B      | A10           | Gaps in skills and knowledge                                     | Gaps in skills and knowledge due to key person/single point of failure and different skill requirements.  | Inefficiency and poor performance.  | CH         | 2                | 2            | 4             | TREAT<br>1) 'How to' notes in place.<br>2) Development of team members & succession planning needs to be improved.<br>3) Officers and members of the Pension Fund Committee will be mindful of the proposed CIPFA Knowledge and Skills Framework when setting objectives and establishing training needs.<br>4) Skills Matrices completed by all staff and standardised Personal Development Plans being introduced.  | Jan 2022: It is expected with the new Surrey Pensions Team structure being introduced, with the support of suitable training plans across the service, this risk will be mitigated fully.<br><br>Oct 2021: Training plans and matrices are now in place for all staff to enhance development, including formal external training which provides accreditation. The introduction of a Training Officer has formalised this and reduced the risk, giving the structure required.  |   |
|         |   | Service Delivery | 9C      | A14           | Productivity   | Lack of productivity  | Impaired performance.   | CH         | 4                | 1            | 4             | 4   | TREAT<br>1) Regular appraisals with focused objectives for pension fund and admin staff<br>2) Productivity outputs are being measured and reported on a monthly basis.<br>3) Enhance performance management   | Feb 2022: Risk retained<br><br>Jan 2022: Propose this risk be closed as there are controls in place to manage both individual and service performance.<br><br>Oct 2021: 'Weekly Team meeting and weekly 121 meetings have been in place over the last 9 months to create a focus on quickly and effectively making improvements, raising risks and celebrating successes. In conjunction with the introduction of the new allocation process, coupled with increased productivity as outlined in the administration report, this risk is being mitigated but should still be monitored. |
|         |   | Service Delivery | 9D      | F27           | Concentration of knowledge                                       | Concentration of knowledge in small number of officers and risk of departure of key staff.  | Poor performance and disruption   | CH         | 3                | 3            | 9             | TREAT-<br>1) 'How to' notes in place.<br>2) Development of team members & succession planning needs to be improved.<br>3) Officers and members of the Pension Fund Committee and Local Pension Board will be mindful of the proposed CIPFA Knowledge and Skills Framework and appropriate IPR Codes of Conduct when setting objectives and establishing training needs.<br>4) Skills Matrices completed by all staff and standardised Personal Development Plans being introduced.  |   |   |
| 10      | Data administration failure / fraud leads to data integrity issues                                  | Service Delivery | 10A     | A1            | Data errors  | Incorrect data due to employer error, user error or historic error.   | Service disruption, inefficiency and conservative actuarial assumptions.                      | CH         | 3                | 3            | 9             | TREAT<br>1) Update and enforce admin strategy to assure employer reporting compliance<br>2) Northern Trust provides 3rd party validation of performance and valuation data.<br>3) Pension Fund team, Pension Fund Committee and Local Board members are able to interrogate data to ensure accuracy.  | Jan 2022: Data cleansing is taking place, using tools at our disposal, including the Hymans Brain tool and the Common & Conditional data scores. Work to remove errors from valuation year 1 and 2 are well underway, as are work to remove C&C data errors.  |   |
|         |   | Service Delivery | 10B     | A5            | Process errors   | Poor reconciliation process   | Incorrect contributions.  | CH         | 2                | 2            | 4             | 4   | TREAT<br>1) Ensure reconciliation process notes are understood by Pension Fund team<br>2) Ensure that the Pension Fund team is adequately resourced to manage the reconciliation process<br>3) Officers to undertake quarterly reconciliation to ensure contributions are paid on time. With a view to moving to monthly reconciliation as employers engage with i-connect.   | Jan 2022: iConnect was introduced in Jan 2021 for all employers where the Surrey County payroll carry out the payroll services. With approximately 100 employers now providing monthly data and with a series of validation reports run to identify any anomalies such as incorrect contribution rates, it has led to more frequent data for a large proportion of the active membership. Work continues in the accounts section of the team as to how this can be best used to validate all contribution figures supplied.   |
|         |   | Service Delivery | 10C     | A19           | System integration issues - current system                       | The Pensions Payroll process had migrated onto the Altair system from SAP in Nov 17. Unlike the SAP payroll process the manual emergency payments made outside of the monthly payroll do not integrate with our banking processes or offer sound financial controls. This is due to these manual payments not being accounted for in the financial system when they occur and therefore payments made are not able to be checked. The risk of errors in the current process are increased by the core Altair payroll system not being integrated with the BACS generator application meaning items have to be recorded twice. | Process errors leading to incorrect contributions or benefits                                 | CH         | 2                | 2            | 4             | 4   | TREAT<br>1) Develop an automated process whereby the Altair payment log updated by the administration team, is then converted into a journal template on a daily basis. This is then processed onto SAP to ensure that all payments processed manually through Altair are accounted for and payments are then subject to the standard financial controls.   | Jan 2022: As stated below in October update, these controls are now in place, with daily output reports for payments produced, picked up by finance and reconciled. There has been no instances of errors occurring this area.<br><br>Oct 2021: Immediate payments and Admin to pay have provided tighter controls and there is now a process that is as close to fully automated as possible. The move to Unit 4 for Surrey County Council as its new payroll and financial system may provide opportunities which will be explored.   |
|         |   | Service Delivery | 10D     | A25 (new)     | Implementation of the new ledger                                 | Unit 4 - Emergency payments made manually outside of monthly payroll has been integrated (SAP & Altair) since Jan 2021 with SCC's banking processes to offer sound financial controls. However, SCC's ERP system is due to change to Unit 4 in 2022-23 and hence the integration between Unit 4 and Altair for monthly and daily payments need to be developed.   | Process errors leading to incorrect contributions or benefits                                 | CH         | 4                | 4            | 16            | 16  | TREAT<br>Integration between Unit 4 and Altair for monthly and daily payments needs to be developed.  | Will replace A19/10C  |

| Risk ID          | Risk Description   | Risk Area        | Risk ID   | Prior Risk ID  | Risk Title  | Causes   | Effect   | Risk Owner | Likelihood (1-5) | Impact (1-5)  | Overall Score  | Key Existing Management Controls  | Planned Enhancements to Controls (Actions)   |
|------------------|--|------------------|---|--|---|--|--|------------|------------------|---|--|---|--|
| 11               | Work volume mismatch with operational capacity leading to backlogs   | Service Delivery | 11A   | A2   | Non standard processes  | Processes do not all have a standardised approach  | This could lead to inefficiencies  | CH         | 2                | 2   | 4  | TREAT<br>1) Review processes to ensure workflows are in line with regulatory requirements<br>2) Document processes and ensure guidance and checklists are in place<br>3) Report updates to the Local Pension Board.   | Jan 2022: Partnership working with our system supplier Heywood began in December 2021 to carry out visual stream mapping, with the aim of understanding how efficient our processes are and where any improvements could be made. Plans are to revisit the death process to ensure we maximise the system, which will be followed by the transfer process in the coming weeks.<br><br>Oct 2021: The processes for immediate payments and Admin to Pay have given tighter controls around payments to members. The review of the death process and transfer process has reduced the risk of overpayments and created greater efficiencies.  |
|                  |  | Service Delivery | 11B   | A3   | Backlog consequences - reputation   | Failure to follow up on outstanding issues   | Inefficiency and damaged reputation.   | CH         | 3                | 3   | 9  | TREAT<br>1) Include monitoring of task follow-up times as part of the revised service standards in the Administration Strategy  | Jan 2022: A pilot to re-introduce the auto allocation functionality in our admin system has taken place during January within one hub team. The pilot has been successful, which has led to an expanded pilot to take place in Feb 2022. If all meets expected levels and there are no signs of any impact on the KPIs, we intend to roll this out in full for March 2022.<br><br>Oct 2021: 'New allocation approach has put controls around this and the tasks are now updated in Altair to ensure the task is flagged at each reply due check point.   |
|                  |  | Service Delivery | 11C   | A23  | Backlog consequences - financial  | Backlog cases in the administration system are not dealt with in a timely manner and require careful management to see a reduction moving forward. | Inefficiency and poor performance.   | CH         | 3                | 2   | 6  | TREAT<br>1) Ensure total backlog is recorded accurately (backlog should include cases in Altair)<br>2) Ensure only completed BAU cases are recorded in Key Performance Indicators.<br>3) Ensure total number of backlog cases is correctly recorded on the system and presented accurately in the quarterly Administration Performance Report.<br>4) Continuously work towards improving the accuracy of the reported figures.<br>5) Backlog to be closely monitored by the management board. | Jan 2022: In addition to the update laid out in A3, backlog work areas are being assessed inline with the BAU so we can carefully manage the reduction in these known backlog work areas. This remains a top priority and with the LOBO now having left, our flexible Hub 5 will focus on clearing down old cases and high priority cases to support this.<br><br>Oct 2021: The KPI reports now accurately show all work completed, pending or outstanding cases within the administration system. The introduction of the new work allocation process (as outlined in the administration/performance report) now ensures work is distributed by tasks, looking at the week ahead, to give increased focus on delivering BAU and lagging backlog. This has bought about more transparency, closer monitoring and tighter management control. |
| 12               | Business interruption or cyber security breach leads to data integrity issues or financial loss  | Service Delivery | 12A   | A13  | Business interruption   | Inability to respond to a significant event  | Prolonged service disruption and damage to reputation.   | CH         | 1                | 3   | 3  | TREAT/TOLERATE<br>1) Disaster recover plan to be closely monitored by the management board.<br>2) Ensure system security and data security is in place<br>3) Business continuity plans regularly reviewed, communicated and tested<br>4) Internal control mechanisms should ensure safe custody and security of LGPS assets.<br>5) Gain assurance from the Fund's custodian, Northern Trust, regarding their cyber security compliance<br>6) Tolerate consequences of McCloud judgement.      | Jan 2022: It has been planned to run the disaster recovery reversal program later in 2022. This will ensure we have fully tested the DR process should we encounter a major IT issue.  |
|                  |  | Service Delivery | 12B   | A24  | Cyber security breach   | Failure to implement proper cyber security policies.   | Prolonged service disruption and damage to reputation.   | CH         | 2                | 3   | 6  | TREAT<br>1) Ensure the Fund's memorandum of understanding and privacy notice is compliant with current legislation.<br>2) Regularly engage with the host authority IT team to ensure security protocols are up to date.<br>3) Maintain a central registry of key partners' business continuity plans.<br>4) Ensure staff are aware of their roles and responsibilities under Surrey's cyber security policy.<br>5) Ensuring members data is remotely and securely backed up.                  | Jan 2022: Recent review of the Pension Admin System has given reasonable assurance that as a service we have tight security controls. As part of our agreement with SCC IT, our system falls within approved security levels.  |
|                  |  | Service Delivery | 12C   | F28  | Personal data breach  | Failure to hold personal data securely.  | Personal financial impact and damage to reputation.  | CH         | 2                | 4   | 8  | TREAT-<br>1) Data encryption technology is in place, which allow secure the sending of data to external service providers.<br>2) Phasing out of holding records via paper files.<br>3) Pensions Admin records are locked daily in a secure safe.<br>4) SCC IT data security policy adhered to.<br>5) SCC carry's out Security Risk Assessments.<br>6) Pension Fund custodian proactively and reactively identify and respond to cyber threats.  | Change to risk owner to reflect new pensions team structure.   |
| 13               | Scheme is financially or reputationally impacted by failure to adhere to (changes in) regulatory and legislative compliance requirements | Service Delivery | 13A   | A9   | Regulatory compliance   | Non-compliance with regulation changes relating to the pension scheme or data protection   | Fines, penalties and damage to reputation.   | CH         | 3                | 4   | 12   | TREAT<br>1) There is generally good internal controls with regard to the management of the fund. These controls are assessed on an annual basis by internal and external audit as well as council officers.<br>2) Through strong governance arrangements and the active reporting of issues, the Fund will seek to report all breaches as soon as they occur in order to allow mitigating actions to take place to limit the impact of any  | Jan 2022: Breaches will be monitored, recorded and reported to LPB. Full update on this can be found in Pension Admin section of the LPB report.<br>Refunds: Full tracing to be explored to ensure we pay any unfound members that qualify. Any potential breaches will be reported as required.   |
|                  |  | Service Delivery | 13B   | A12  | GMP liability not correctly identified  | Failure to identify GMP liability  | Data or calculation errors leading to incorrect benefits and ongoing costs for the pension fund  | CH         | 2                | 2   | 4  | TREAT<br>1) GMP to be closely monitored by the management board<br>2) Stage 1 reconciliation reviews has been completed.<br>3) Mercer have been appointed to carry out an interim stage 2 review<br>4) GMP Reconciliation project is being progressed by Mercer (formerly JLT).<br>5) Separate updates being issued.  | Jan 2022: The project is ongoing with project management assigned, along with system specialists to support any testing. The risks of this are mitigated through agreed plans with the supplier and our teams, with work expected to be finished in the summer of 2022.<br><br>Oct 2021: 'Update in the admin report, please refer to this.  |
|                  |  | Service Delivery | 13C   | A21  | McCloud Judgement - Impact on resources   | Additional resources required to deal with consequences of McCloud judgement   | Backlog of processes; data or calculation errors leading to incorrect benefits and ongoing costs for the pension fund  | CH         | 2                | 3   | 6  | TOLERATE/TREAT<br>1) The Pension Fund Team can allocate additional funds / resources to mitigate the impact and avoid reputational damage.<br>2) The proposed remedy will require additional resource and members who have already left will be prioritised.  | Jan 2022: A business case has been drafted and will shortly be presented to Senior Officers to seek approval on preferred approach.  |
|                  |  | A&G - Funding    | 13D   | F8   | Additional costs as a result of the McCloud judgement.  | Additional resources required to deal with consequences of McCloud judgement; additional costs required to pay higher benefits                     | Backlog of processes; data or calculation errors leading to incorrect benefits and ongoing costs for the pension fund; possible impact on employers with additional contributions required | CH         | 3                | 3   | 9  | TOLERATE / TREAT -<br>1) Depending on DHULC's response to the ruling, the actuary may reconsider the funding position, the investment advisers may reposition assets to compensate and the Service Delivery Team may need more resource but ultimately, it is likely to have an impact on employers' contribution rates.  | Change to risk owner to reflect new pensions team structure.   |
|                  |  | A&G - Technical  | 13E   | F22  | Changes to LGPS regulations.  | Failure to comply with changes in LGPS regulations   | Incorrect benefits and ongoing costs for the pension fund; possible impact on employers with additional contributions required   | CH         | 2                | 3   | 6  | TREAT / TOLERATE-<br>1) Impact on contributions and cashflows will considered during the 2019 valuation process.<br>2) Fund will respond to consultations and statutory guidance.<br>3) Impact of LGPS (Management of Funds) Regulations 2016 to be monitored.  | Change to risk owner to reflect new pensions team structure.   |
| A&G - Governance | 13F  | F25              | Failure to comply with legislative requirements | Failure to comply with legislative requirements e.g. ISS, FSS, Governance Policy, Freedom of Information requests. | Backlog of processes; data or calculation errors leading to incorrect benefits and ongoing costs for the pension fund | CH   | 1  | 4          | 4                | TREAT-<br>1) Publication of relevant documents on external website.<br>2) Managers monitored on their compliance with ISS and IMA.<br>3) Pension fund committee and Local Pension Board self-assessments to ensure awareness of all relevant documents.<br>4) Annual audit review.<br>5) Pension team reorganisation has provided additional resource in this area. | Change to risk owner to reflect new pensions team structure. |   |  |
| 14               | Reputational issues due to inaccurate public domain information (external stakeholder relationships / comms) or inefficient service      | A&G - Comms      | 14A   | F29  | Public information inaccuracy   | Inaccurate information in public domain  | Damage to reputation and loss of confidence.   | PT         | 2                | 4   | 8  | 1) Ensure that all requests for information (Freedom of Information, Member & Public questions at Council, etc) are managed appropriately and that Part 2 items remain so.<br>2) Maintain constructive relationships with employing bodies to ensure that news is well managed.<br>3) Update website information as and when required and at least quarterly.   | Change to risk owner to reflect new pensions team structure.   |
|                  |  | Service Delivery | 14B   | F33  | Failure to deliver an accurate and effective pension administration service.  | Poor data processing, manipulation and transfer  | Incorrect contributions or benefits  | CH         | 3                | 4   | 12   | TREAT -<br>1) Improve metrics to better measure performance and monitor the pension administration service.<br>2) The pension administration function is being thoroughly overhauled by the Turnaround Programme (April 2020).<br>3) Weekly meetings of the Turnaround Programme are held to monitor performance and set priorities.  |  |

| Risk ID | Risk Description                               | Risk Area        | Risk ID | Prior Risk ID | Risk Title   | Causes   | Effect                                       | Risk Owner | Likelihood (1-5) | Impact (1-5) | Overall Score | Key Existing Management Controls  | Planned Enhancements to Controls (Actions) |
|---------|--|------------------|---------|---------------|--|--|--|------------|------------------|--------------|---------------|---|--|
| 15      | Internal protocols for governance not followed | A&G - Governance | 15A     | F20           | Decision making issues                               | Failure to take difficult decisions inhibits effective Fund management.  | Inefficiency and poor performance.           | PT         | 2                | 4            | 8             | TREAT-<br>1) Ensure activity analysis encourages decision making on objective empirical evidence rather than emotion.<br>2) Ensure that basis of decision making is grounded in ISS/FSS/Governance statement/Responsible investment policy and that appropriate advice is sought.<br>3) Ensure the Governance Matrix is made visible to all stakeholders in the pension fund enabling clear identification of roles and responsibilities. |  |
|         |  | A&G - Governance | 15B     | F23           | Member knowledge and understanding.                  | Change in membership of Pension Fund Committee or Local Pension Board leads to dilution of member knowledge and understanding.   | Inefficiency and poor performance.           | PT         | 2                | 4            | 8             | TREAT<br>1) Ongoing training of Pension Fund Committee and Local Pensions Board members.<br>2) Pension Fund Committee and Local Pensions Board new member induction programme.<br>3) Enhance the training for the new and existing Pension Fund Committee and Local Board members. As each bodies members are new to their respective roles.  |  |
|         |  | A&G - Governance | 15C     | F26           | Local pension board engagement issues                | Failure to comply with recommendations from the local pension board, resulting in the matter being escalated to the scheme advisory board and/or the pensions regulator.                                   | Damage to reputation and loss of confidence. | PT         | 1                | 4            | 4             | TOLERATE -<br>1) Ensure that an cooperative, effective and transparent dialogue exists between the pension committee and local pension board.<br>2) Officers to carry out annual measurement against TPR code of conduct.   |  |
|         |  | A&G - Governance | 15D     | F31           | Procurement processes not compliant with regulations | Procurement processes may be challenged if seen to be non-compliant with OJEU rules. Poor specifications lead to dispute. Unsuccessful fund managers may seek compensation following non compliant process | Damage to reputation and financial loss      | PT         | 1                | 4            | 4             | TREAT / TOLERATE -<br>1) Ensure that assessment criteria remains robust and that full feedback is given at all stages of the procurement process.<br>2) Use the National LGPS or other established procurement frameworks.  |  |

6