

# Risk Register report

DATE :

## Summary of Risks Ratings

Almost Certain	0	0	0	0	0
Likely	0	0	0	0	0
Possible	0	2	0	0	0
Unlikely	0	6	3	0	0
Rare	0	3	0	0	0
Unassigned 0	Insignificant	Minor	Moderate	Major	Severe

<b>Red Risks</b>		<b>Total:</b>	
<b>Risk Register</b>	<b>Risk Title</b>	<b>Net Risk Level</b>	<b>Risk Owner</b>

<b>New Risks</b>		<b>Total:</b>	
<b>Risk Register</b>	<b>Risk Title</b>	<b>Net Risk Level</b>	<b>Risk Owner</b>
			<b>Created Date</b>

<b>Changing Risks</b>		<b>Total:</b>	
<b>Risk Register</b>	<b>Risk Title</b>	<b>Net Risk Level</b>	<b>Risk Owner</b>
			<b>Change</b>

Governance Risk	Inability to deliver service as a result of the loss or over reliance of key personnel.	6	2	Chris Hurst
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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. Potential Reputational Risk.	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	4	01/02/2024	Review Summary: Performance collated monthly and reported back to Employers via newsletters quarterly and Pensions Committee/Board at each meeting.
						17/07/2023	Regular communications to Employers on the subject and further guidance training provided as/when required. Review Summary: This is currently being reviewed and performance monitored and fed back to Board and Committee as required.
Controls and Actions				Latest Control		Reviews	Review Date
	<ul style="list-style-type: none"> <li>Contributions received monitored on a monthly basis by Fund accounting staff .</li> <li>Contributions received monitored on a monthly basis by Fund accounting staff .</li> </ul>			Control In Place			
	<ul style="list-style-type: none"> <li>Requirement that each end of scheme year, Fund employers certify they have paid over contributions at the correct rates and time</li> <li>Requirement that each end of scheme year, Fund employers certify that they have paid over contributions at the correct rates and on time. regular Communications to Employers to remind them of their responsibilities. production of the Employer Policy to help Employers.</li> </ul>			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. Potential Reputational Risk. Pensioners not paid on time.	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. Pensioner members not paid on time.	Cllr David Thomas Chris Hurst	9	6	14/02/2024	Review Summary: Considered at Board meeting on 09.02.24. Wording updated to reflect risk to paying member benefits.
						05/05/2023	Considered at Pension Board meeting on 09.02.24. Risk updated to include risk of paying member benefits. Review Summary: Cashflow work to take place in Spring/Summer 2023.
Controls and Actions				Latest Control		Reviews	Review Date
	<ul style="list-style-type: none"> <li>cashflow forecast in place</li> <li>Funding strategy statement in place</li> </ul>			Control In Place			
	<ul style="list-style-type: none"> <li>review strategic asset allocation to keep positive cashflow</li> <li>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 liquidate assets on an unplanned basis.</li> </ul>			Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				

Detail

Governance Risk

GOVERN0003 27/09/2016	Inability to deliver service as a result of the loss or over reliance of key personnel.	Failure to provide service at all, or at an acceptable level	Cllr David Thomas Chris Hurst	9	6	14/02/2024	Review Summary: Risk scores updated to reflect significant risk of reliance on key/senior officers in the Pensions team.
						05/05/2023	Risk scores updated to reflect significant risk of reliance on key/senior officers in the Pensions team. Review Summary: Consideration given towards succession planning and knowledge sharing. The recent restructure was designed with that in mind, so need to ensure implementation

Controls and Actions			Latest Control	Reviews	Review Date
• 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.	Action In Progress	13/05/2020 08/09/2020	Review Summary: Regularly review BCP Review Summary: BCP reviewed 07.09.2020	07/03/2024	
• Keep Business Continuity Plan under review	Control In Place				
• Knowledge Gaps In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance. In the longer term, ensure succession plans are in place and appropriate.	Control In Place				

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews
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GOVERN0004 08/11/2016	Loss of funds through fraud or misappropriation	Financial loss to the Fund. Reputational damage.	Cllr David Thomas Chris Hurst	6	2	14/02/2024 10/01/2024	Review Summary: Updated to include reputational damage as a potential consequence. Updated to include reputational damage as a potential consequence. Review Summary: Risk Management Policy introduced in January 2024, and procedures remain in place.
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Controls and Actions			Latest Control	Reviews	Review Date
• 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 Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews
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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, 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	2	10/01/2024 03/07/2023	Review Summary: Regular Funding updates provided by actuary, so situation regularly monitored. Updated wording to better reflect increases in employer contributions. Review Summary: Valuation was positive and contribution rates reviewed and revised accordingly
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Controls and Actions			Latest Control	Reviews	Review Date
• 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	12/12/2022 13/05/2020	Review Summary: Policies due for review in 2023 Review Summary: Regular Covenant Assessments	07/03/2024	

**Detail**

**Governance Risk**

• 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      30/08/2022      Review Summary: Appropriate ill health assumptions made for 2022 valuation. Can consider the other factors as part of valuation work.      05/05/2024

12/12/2022      Review Summary: Considered in 2022 valuation work

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
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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	4	11/10/2023 04/10/2022	Review Summary: Work to progress in 2023 using valuation data. Review Summary: Actuary considering during 2022 valuation
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Controls and Actions				Latest Control	Reviews	Review Date	
<ul style="list-style-type: none"> <li>In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty</li> </ul> <p>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</p> <p>Consider risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty over the level of employer contribution rates control.</p>				Action In Progress	09/01/2023 05/02/2024	Review Summary: Ongoing and regularly reviewed. Review Summary: Ongoing	05/02/2025

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
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GOVERN0007 04/09/2017	Significant rises in employer contribution rates for employers with strong covenants as a result of poor/negative investment returns.	Employer contribution rates rise that result in Powys County Council being unable to provide appropriate services for its communities.	Cllr David Thomas Chris Hurst	6	2	10/01/2024 03/07/2023	Review Summary: Regular Funding updates and discussions held with Actuary. Review Summary: Work with actuary to commence on covenant assessments in summer 2023
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Controls and Actions				Latest Control	Reviews	Review Date
<ul style="list-style-type: none"> <li>Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection.</li> </ul> <p>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.</p>				Control In Place		
<ul style="list-style-type: none"> <li>Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classees</li> </ul> <p>Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classees and non-market led assets.</p>				Action In Progress	14/02/2024 12/12/2022	Review Summary: Updated to reflect better wording of the risk.      14/02/2025 Updated to reflect better wording of the risk. Review Summary: Continuing and reviewed at each Committee meeting. Interim review conducted and no plans to change strategy

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

Governance Risk

GOVERN0008 11/10/2017	Failure to comply with LGPS and other statutory regulations. Potential Reputational Risk. Complexity of the LGPS.	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; IDRP and Ombudsman appeals; TPR fines for non-compliance.	<i>Cllr David Thomas</i> Chris Hurst	8	6	14/02/2024  03/07/2023	Review Summary: Updated to included reference to internal audit for assurances.  Updated to included reference to internal audit for assurances. Review Summary: Processes regularly reviewed and updated as required
<b>Controls and Actions</b>				<b>Latest Control</b>		<b>Reviews</b>	<b>Review Date</b>
	<ul style="list-style-type: none"> <li>Rigorous checking/authorisation procedures for pension benefit calculations and payments, review governance policy; Regular review of governance compliance policy. Staff training and development. Internal Audit Report which focusses on administration and processing.</li> </ul>			Action Completed			
	<ul style="list-style-type: none"> <li>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 well established Pensions Board.</li> </ul>			Control In Place			
<b>Risk Ref</b> <b>Date Identified</b>	<b>Risk Identified</b>	<b>Potential Consequence</b>	<b>Portfolio</b> <b>Owner</b>	<b>Inherent</b>	<b>Residual</b>	<b>Latest Risk Reviews</b>	
GOVERN0009 25/01/2016	Lack of expertise of Pension Fund Officers and expertise of members of the Pensions & Investment Committee. Complexity of the LGPS means significant training of Officers and Committee required.	Poor decision making in relation to principal functions of the Pension Fund , particularly in relation to investments. Incorrect pension benefits paid to scheme members.	<i>Cllr David Thomas</i> Chris Hurst	8	6	14/02/2024  10/01/2024	Review Summary: Updated to reflect complexity of the LGPS as a risk.  Updated to reflect complexity of the LGPS as a risk. Review Summary: Training needs assessments conducted and plans put in place accordingly. next review due in April 2024.
<b>Controls and Actions</b>				<b>Latest Control</b>		<b>Reviews</b>	<b>Review Date</b>
	<ul style="list-style-type: none"> <li>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.</li> </ul>			Control In Place			
	<ul style="list-style-type: none"> <li>Training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both PIC &amp; 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 &amp; Investment Committee and the Pensions Board.</li> </ul> <p>Knowledge &amp; 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)</p>			Control In Place			
<b>Risk Ref</b> <b>Date Identified</b>	<b>Risk Identified</b>	<b>Potential Consequence</b>	<b>Portfolio</b> <b>Owner</b>	<b>Inherent</b>	<b>Residual</b>	<b>Latest Risk Reviews</b>	
GOVERN0011 26/01/2016	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	9	4	10/01/2024  03/07/2023	Review Summary: Public documents published bilingually and Welsh speakers available in the Pensions team.  Review Summary: Welsh website recently updated and relaunched (June 2023)

Detail							
Governance Risk							
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>The Fund maintains a Welsh Language register in respect of scheme members and employers .</li> <li>The Fund maintains a Welsh Language register in respect of scheme members and employers .</li> </ul>				Control In Place			
<ul style="list-style-type: none"> <li>To utilise technology to enable access to service and information for stakeholders with disabilities , other language needs etc.</li> <li>To utilise technology to enable access to service and information for stakeholders with disabilities , other language needs etc.</li> </ul>				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
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.	Cllr David Thomas Chris Hurst	6	4	13/07/2023	Review Summary: Monitoring continuing
25/01/2016						09/01/2023	Review Summary: Updated funding positions and assessments ongoing.
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>employer covenants, guarantor bonds, risk sharing agreements</li> <li>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.</li> </ul>				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0014	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	4	15/01/2024	Review Summary: Monitoring continues. Work with Actuary to carry out a review.
01/11/2017						13/07/2023	Review Summary: Monitoring continues
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>To seek funding guarantees wherever possible , from other Scheme employers or outside bodies</li> <li>To seek funding guarantees wherever possible , from other Scheme employers or outside bodies.</li> <li>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.</li> </ul>				Control In Place			
<ul style="list-style-type: none"> <li>Regular review of admitted body covenants and financial health.</li> <li>Regular review of admitted body covenants and financial health.</li> </ul>				Action In Progress		05/05/2023	Review Summary: Work to begin on latest review in 2023
						08/09/2020	Review Summary: Covenant Assessments commencing Q3 2020
Risk Ref	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0015	Appointment of new Pension Board Chair and membership of the Local Pension Board to ensure meetings are quorate.	Non compliance with Public Services Pension Act. Challenge and scrutiny from the Pensions Regulator. Reduced quality of governance.	Cllr David Thomas Chris Hurst	12	4	14/02/2024	Review Summary: Wording of risk updated to reflect quorate requirements. Pension Board Chair retiring in 2024, so requirement for succession planning.
09/10/2020						01/03/2023	Review Summary: Chair Continuing in position.
Controls and Actions				Latest Control		Reviews	Review Date

Detail							
Governance Risk							
<ul style="list-style-type: none"> <li>Pension Board Terms of Reference stipulate membership periods</li> <li>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.</li> </ul>				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
Date Identified							
GOVERN0016 29/03/2020	Pension Fund Personnel and/or key suppliers are unable to work due to extreme weather, fire, epidemics. Also potential impact of Employers not being able to function accordingly.	Inability to deliver administration services or investment of the Fund. Impact of welfare of Pensions Section Staff. Employers unable to provide information/payments to Pension Fund in accordance with legislation.	Cllr David Thomas Chris Hurst	9	6	14/02/2024	Review Summary: Updated to reflect risk to Employers as well, noting that it should also be included in their own risk management processes.
						10/01/2024	Updated to reflect similar risk to Employers, noting it should be on their own risk registers as well. Review Summary: Business Continuity Plan updated in December 2023
Controls and Actions					Latest Control Reviews		Review Date
<ul style="list-style-type: none"> <li>Business Continuity Plan</li> <li>Business Continuity Plan, assessment of Pensioner Payroll services. Electronic implementation of paperwork.</li> </ul>				Control In Place			