

<u>Risk Ref</u>	<u>Risk Identified</u>	<u>Potential Consequence</u>	<u>Date Identified</u>	<u>Inherent Profile</u>	<u>Owner</u>	<u>Portfolio Holder</u>	<u>Director or Head of Service</u>	<u>Residual Profile</u>
PEN0001	Failure to pay pensions and lump sums on time	Financial difficulty for the scheme member concerned, reputational risk to the Pension Fund, and additional cost to the employer where interest is payable as a result of late payment.	01/12/2016	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Low
PEN0002	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.	02/12/2019	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0003	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.	03/10/2016	High	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0004	Inability to deliver service as a result of loss of pensions administration system, or any other system used in the provision of service (eg. pensioner payroll). Failure of any system used by the service as a result of a breach of cyber security.	Failure to provide service. 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.	04/10/2016	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Low
PEN0005	Inability to deliver service as a result of the loss of key personnel	Failure to provide service at all, or at an acceptable level	27/09/2016	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0006	Loss of funds through fraud or misappropriation	Financial loss to the Fund	08/11/2016	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Low
PEN0007	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.	04/09/2017	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Low
PEN0008	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	04/10/2016	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0009	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.	04/09/2017	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Low
PEN0010	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; IDR and Ombudsman appeals; TPR fines for non-compliance.	11/10/2017	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0011	Failure to hold scheme member's personal data securely.	Poor data quality, compromised data; fines	12/06/2017	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0012	Failure to maintain and hold up to date and accurate pension records.	Payment of incorrect pension benefits; late payment of benefits; assessment of incorrect liability values. Resulting in loss of customer confidence and satisfaction; IDR and Ombudsman appeals; and, incorrect assessment of employer contribution rates.	29/08/2017	High	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0013	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.	25/01/2016	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0014	Over-reliance on key Officers	When senior Officers leave or are absent due to long term sickness, large knowledge gaps remain.	25/01/2016	High	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0015	Failure to communicate effectively with stakeholders.	Scheme members unaware of their rights under the LGPS and make poor decisions in relation to pension rights. Employers unaware of the scheme regulations, the procedures and their responsibilities, resulting in poor or inappropriate decision-making and may adversely effect the flow of pensions data to the Pension Fund.	25/01/2016	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0016	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.	26/01/2016	High	Chris Hurst	Clr Aled Davies	Jane Thomas	
PEN0017	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.	25/01/2016	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0018	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.	25/01/2016	High	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0019	Pension Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities over the long-term.	Increased employer contribution rates.	25/01/2016	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0020	Inappropriate long-term investment strategy.	Failure to meet funding objectives.	25/01/2016	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0021	Active investment manager under-performance relative to the benchmark.	Failure to meet funding objectives.	25/01/2016	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Low
PEN0022	To permit deficits to be eliminated over a recovery period rather than immediately, introduces the risk that action to restore solvency is insufficient between successive measurements.	Increased employer deficit recovery payments.	29/01/2018	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Low
PEN0023	Permitting contribution rate changes to be introduced by annual steps rather than immediately, introduces a risk that action to restore solvency is insufficient between successive measurements.	Increased employer contribution rates.	25/01/2016	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0024	Pensioners living longer and, changing retirement patterns.	Increased employer contribution rates.	30/01/2017	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Low
PEN0025	Deteriorating patterns of ill health or other early retirements.	Increase in employer contribution rates and deficit recovery payments.	30/01/2017	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Low
PEN0026	Pay and price inflation significantly more than anticipated.	Increased employer contribution rates and deficit recovery payments.	30/01/2017	High	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0027	Failure to reconcile all relevant active, deferred and pensioner member GMP records against the data held by DWP in respect of the cessation of contracting out.	Increase in Fund liabilities; increased employer contribution rates and deficit recovery payments; and, payment of incorrect pension benefits.	02/01/2017	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium

PEN0028	Insolvency of an investment manager investing Pension Fund assets.	A reduction in the capital value of the Fund; a loss of liquidity as creditors agree on distribution of assets; the costs of legal representation; and, reputational damage.	03/03/2016	High	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0029	Pooling of Pension Fund assets with other LGPS Pension Funds.	Investment of Fund Officer and Committee time and other resource with unknown outcomes; front loaded costs before potential savings are realised; potential loss of local accountabilities; and, the loss of the primacy of the Fund and its strategic needs.	30/03/2017	High	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0030	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.	01/11/2017	Medium	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0032	Appointment of new Pension Board Chair in July 2021 and additional Scheme member and Employer Representatives.	Non compliance with Public Services Pension Act. Challenge and scrutiny from the Pensions Regulator. Reduced quality of governance.	09/10/2020	High	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0033	Cessation of Service Contract for Pensions Administration System	Failure to meet legislative requirements and administer the LGPS. Risk of intervention by the Pensions Regulator, legal challenges, reputational risk 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; IDR and Ombudsman appeals; TPR fines for non-compliance. Reputational Risk	09/10/2020	High	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0034	Failure to comply with LGPS and other statutory regulations.	Reputational Risk	01/01/2015	High	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0035	Fall in the returns on Government bonds.	Increase to the value placed on Fund liabilities.	01/01/2015	High	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0036	MIFID II ongoing compliance	Financial implications of not being treated as an institutional investor	01/10/2019	High	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium
PEN0037	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.	29/03/2020	High	Chris Hurst	Clr Aled Davies	Jane Thomas	Medium