

## Appendix - Leicestershire Pension Fund Risk Register January 2023

In the Fund's register there are six risk groups. Each risk sits within a risk group.

### Risk Groups

1. Investment Risk
2. Liability Risk
3. Employer Risk
4. Governance Risk
5. Operational Risk
6. Regulatory Risk

### Investment Risk

Risk no	Risk Area	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; <i>Tolerate</i> <i>Treat</i> <i>Terminate</i> <i>Transfer</i>	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
1	Investments	Invs	<b>Market investment returns are consistently poor, and this causes significant upward pressure onto employer contribution rates</b>	Poor market returns most probably caused by poor economic conditions and/ or shocks e.g. CV19.	Significant financial impact on employing bodies due to the need for large increases in employer contribution rates	Chris Tambini	Ensuring that strategic asset allocation is considered at least annually, and that the medium-term outlook for different asset classes is included as part of the consideration	5	2	10	Treat	Making sure that the investment strategy is sufficiently flexible to take account of opportunities and risks that arise but is still based on a reasonable medium-term assessment of future returns. Last reviewed January 2023.	4	2	8	Bhulesh Kachra
2	Investments	Invs	<b>Market returns are acceptable, but the performance achieved by the Fund is below reasonable expectations</b>	Poor performance of individual managers including LGPS Central, poor asset allocation policy or costs of transition of assets to LGPS Central is higher than	Opportunity cost in terms of lost investment returns, which is possible even if actual returns are higher than those allowed for within the actuarial valuation.	Chris Tambini	Ensuring that the causes of underperformance are understood and acted on where appropriate  Shareholders' Forum, Joint Committee and	3	3	9	Treat	After careful consideration, take decisive action where this is deemed appropriate. It should be recognised that some managers have a style-bias and	2	2	4	Bhulesh Kachra

Risk no	Risk Area	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; Tolerate Treat Terminate Transfer	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
				expected	Lower returns will ultimately lead to higher employer contribution rates than would otherwise have been the case		<p>Practitioners' Advisory Forum will provide significant influence in the event of issues arising.</p> <p>Appraisal of each LGPS Central investment product before a commitment to transition is made.</p> <p>Where appropriate a specialist transition manager will be appointed, with independent specialist oversight.</p> <p>Transitions are phased over time to allow capacity to be managed and lessons learned</p>					<p>that poorer relative performance will occur. Decisions regarding manager termination to consider multiple factors including performance versus mandate and reason for original inclusion.</p> <p>The set-up of LGPS Central is likely to be the most difficult phase. The Fund will continue to monitor how the company and products delivered evolve.</p> <p>Programme of LGPS Central internal audit activity, which has been designed in collaboration with the audit functions of the partner funds</p> <p>Each transition's approach is independently assessed with views from 8 partners sought.</p>				
3	Investments	Invs	<b>Failure to take account of ALL risks to future investment returns</b>	Some assets classes or individual investments perform poorly as a	Opportunity cost within investment returns, and potential for actual	Chris Tambini	Ensuring that all factors that may impact onto investment returns	3	4	12	Treat	Responsible investment aims to incorporate environmental	3	3	9	Bhulesh

Risk no	Risk Area	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; Tolerate Treat Terminate Transfer	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
			<b>within the setting of asset allocation policy and/or the appointment of investment managers</b>	result of incorrect assessment of all risks inherent within the investment.	returns to be low. This will lead to higher employer contribution rates than would otherwise have been necessary.		<p>are taken into account when setting the asset allocation.</p> <p>Only appointing investment managers that integrate responsible investment (RI) into their processes.</p> <p>Utilisation of dedicated RI team at LGPS Central and preparation of an annual RI plan , Climate Risk Report and Climate Stewardship Report. The Fund also produces an annual report as part of the Taskforce on Climate-related Financial Disclosures.</p> <p>The Fund is also member of the Local Authority Pension Fund Forum (LAPFF) and supports their work on shareholder engagement which is focused on promoting the highest standards of</p>					<p>(including Climate change), social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns.</p> <p>Annual refresh of the Fund's asset allocation allows an up to date view of risks to be incorporated and avoids significant short term changes to the allocation.</p> <p>Asset allocation policy allows for variances from target asset allocation to take advantage of opportunities and negates the need to trade regularly where investments under and over perform in a short period of time.</p> <p>The Fund is in the process of developing (final approval planned March 2023) a Net</p>				Kachra

Risk no	Risk Area	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; <i>Tolerate</i> <i>Treat</i> <i>Terminate</i> <i>Transfer</i>	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
							corporate governance and corporate responsibility.					Zero Climate Strategy to take into account the risk and opportunities related to climate change.				

### Liability Risk

Risk no	Risk Area	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; <i>Tolerate</i> <i>Treat</i> <i>Terminate</i> <i>Transfer</i>	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
4	Liability	Invs	<b>Assets held by the Fund are ultimately insufficient to pay benefits due to individual members</b>	Ineffective setting of employer contribution rates over many consecutive actuarial valuations	Significant financial impact on scheme employers due to the need for large increases in employer contribution rates.	Chris Tambini	Input into actuarial valuation, including ensuring that actuarial assumptions are reasonable and the manner in which employer contribution rates are set does not bring imprudent future financial risk	5	2	10	Treat	Actuarial assumptions need to include an element of prudence, and Officers need to understand the long-term impact and risks involved with taking short-term views to artificially manage employer contribution rates.  The 2019 valuation assessed the	4	2	8	Bhulesh Kachra

Risk no	Risk Area	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; <i>Tolerate</i> <i>Treat</i> <i>Terminate</i> <i>Transfer</i>	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
												<p>contribution rates with a view to calculating monetary contributions alongside employer percentages of salaries where appropriate.</p> <p>Regular review of market conditions and dialogue with the schemes biggest employers with respect to the direction of future rates. Planning for the 2022 valuation has commenced with the actuary with final approval of employer rates due in March 2023.</p> <p>GAD Section 13 comparisons.</p> <p>Funding Strategy Statement approach to increase the fund to over 100% funded.</p>				

## Employer Risk

Risk no	Risk Area	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; <i>Tolerate</i> <i>Treat</i> <i>Terminate</i> <i>Transfer</i>	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
5	Employer	Pens	<p><b>If the pensions fund fails to receive accurate and timely data from employers, scheme members pension benefits could be incorrect or late</b></p> <p><b>This includes data at year-end</b></p>	<p>A continuing increase in Fund employers is causing administrative pressure in the Pension Section. This is in terms of receiving accurate and timely data from these new employers who have little or no pension knowledge and employers that change payroll systems so require new reporting processes</p>	<p>Late or inaccurate pension benefits to scheme members</p> <p>Reputation</p> <p>Increased appeals</p> <p>Greater administrative time being spent on individual calculations</p> <p>Failure to meet statutory year-end requirements</p>	Ian Howe	<p>Training provided for new employers</p> <p>Guidance notes provided for employers</p> <p>Amended SLA and communication and administration guide distributed to employers making IConnect a statutory requirement by 31/3/2022)</p> <p>Year-end specifications provided</p> <p>Employers are monthly posting</p>	3	3	9	Treat	<p>Inform the Local Pension Board annually</p> <p>Continued development of wider bulk calculations</p> <p>Implemented automation of certain member benefits using monthly data posted from employers</p> <p>Pensions to develop a monthly tracker for employer postings</p>	3	2	6	Ian Howe
6		Pens	<b>If contribution bandings and contributions are</b>	Errors by Fund employers payroll systems when	Lower contributions than expected.	Ian Howe	Pension Section provides employers with the annual	4	2	8	Treat	Pension Officers check sample cases	4	1	4	Ian Howe

Risk no	Risk Area	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; <i>Tolerate</i> <i>Treat</i> <i>Terminate</i> <i>Transfer</i>	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
	Employer		not applied correctly, the Fund could receive lower contributions than expected	setting the changes	Incorrect actuarial calculations made by the Fund.  Possibly higher employer contributions set than necessary		bandings each year.  Pension Section provides employers with contributions rates (full and 50/50)  Internal audit check both areas annually and report their findings to the Pensions Manager					at year-end  Pension Officers to report major failings to internal audit before the annual audit process  Major failings to be reported to the Pensions Board				
7	Employer	Invs	Employer and employee contributions are not paid accurately and on time	Error on the part of the scheme employer  CV19 may reduce some employer's income so they are unable to make payment	Potentially reportable to The Pensions Regulator as late payment is a breach of The Pensions Act.	Ian Howe	Receipt of contributions is monitored, and late payments are chased quickly. Communication with large commercial employers with a view to early view of funding issues.  Internal Audit review on an annual basis and report findings to the Pensions Manager	2	4	8	Treat	Late payers will be reminded of their legal responsibilities.	2	3	6	Declan Keegan

Governance

Risk no	Risk Area	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; Tolerate Treat Terminate Transfer	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
8	Governance	Pens	If the Funds In House AVC provider (The Prudential) does not meet its service delivery requirements the Pension Fund is late in making payment of benefits to scheme members	<p>The Fund must offer AVCs as per the Regulations</p> <p>Prudential implemented a new administration system in November 2020</p> <p>Covid lockdown restrictions and home working</p>	<p>Failure to meet key performance target for making payments of retirement benefits to members</p> <p>Complaints</p> <p>Reputational damage</p> <p>Members may cease paying AVCs</p>	Ian Howe	<p>Written to all active scheme members with AVCs</p> <p>Reported it to the Chair of the Pension Boards and Senior Officers</p> <p>Reported to the LGA and other Funds</p> <p>Discussed with the Prudential</p> <p>Weekly list of outstanding cases sent to the Prudential for priority</p>	3	3	9	Treat	<p>Reported the delayed payment of benefits (due to the Prudential's delays) as a material breach to the Pensions Regulator</p> <p>Prudential attended a meeting with the Local Pension Board</p> <p>Prudential working through an improvement plan</p> <p>Prudential engage with Fund Officers positively to quickly resolve issues</p> <p>A national meeting with LGPS Funds and the Prudential took place to develop continued improvements. A further meeting is to follow.</p> <p>A national Framework is being scoped to enable Funds to review</p>	3	1	3	Ian Howe



Risk no	Risk Area	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; Tolerate Treat Terminate Transfer	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
												AVC providers				
9	Governance	Pens/Invs	Sub-funds of individual employers are not monitored to ensure that there is the correct balance between risks to the Fund and fair treatment of the employer	Changing financial position of both sub-fund and the employer	<p>Significant financial impact on employing bodies due to need for large increases in employer contribution rates.</p> <p>Risk to the Fund of insolvency of an individual employer. This will ultimately increase the deficit of all other employers.</p>	Ian Howe/ Declan Keegan	Ensuring, as far as possible, that the financial position of each employer is understood. Ongoing dialogue with them to ensure that the correct balance between risks and fair treatment continues.	5	2	10	Treat	<p>Dialogue with the employers, particularly in the lead up to the setting of new employer contribution rates.</p> <p>Include employer risk profiling as part of the Funding Strategy Statement update. To allow better targeting of default risks</p> <p>Investigate arrangements to de-risk funding arrangements for individual employers.</p> <p>Ensure that the implications of the independent, non-public sector status, of further education, sixth form colleges, and the autonomous, non-public sector status of higher education corporations is fully</p>	4	2	8	Ian Howe and Declan Keegan

Risk no	Risk Area	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; Tolerate Treat Terminate Transfer	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
												accounted for in the Funding Strategy				
10	Governance	Invs	Investment decisions are made without having sufficient expertise to properly assess the risks and potential returns	The combination of knowledge at Committee, Officer and Consultant level is not sufficiently high	Poor decisions likely to lead to low returns, which will require higher employer contribution rates	Chris Tambini	Continuing focus on ensuring that there is sufficient expertise to be able to make thoughtfully considered investment decisions	3	3	9	Treat	On-going process of updating and improving the knowledge of everybody involved in the decision-making process	2	2	4	Bhulesh Kachra

## Operational

Risk no	Risk Area	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; Tolerate Treat Terminate Transfer	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
11	Operational	Pens	If the Pension Fund fails to hold all pensioner data correctly, including Guaranteed Minimum Pension (GMP) data, individual member's annual Pensions Increase results could be wrong.	From 2018 the pensions section has had responsibility for GMPs creating the need to ensure that this is accounted for in the pensions increases	Overpaying pensions (i.e. for GMP cases pension increases are lower)  Reputation	Ian Howe	Checking of HMRC GMP data to identify any discrepancies.  Internal Audit run an annual Pensions Increase result test and provide an annual report of findings	3	3	9	Treat	Officers run the HMRC GMP check on a case by case basis and input the results into member records at retirement	2	1	2	Ian Howe

Risk no	Risk Area	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; <i>Tolerate</i> <i>Treat</i> <i>Terminate</i> <i>Transfer</i>	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
12	Operational	Pens	<b>If the Pensions Section fails to meet the information/cyber security and governance requirements, then there may be a breach of the statutory obligations.</b>	Pensions database now hosted outside of LCC. Employer data submitted through online portal. Member data accessible through member self-service portal (MSS). Data held on third party reporting tool (DART). Greater awareness of information rights by service users.	Diminished public trust in ability of Council to provide services. Loss of confidential information compromising service user safety. Damage to LCC reputation. Financial penalties.	Ian Howe	Regular LCC Penetration testing and enhanced IT health checks in place.  LCC have achieved PSN compliance.  New firewall in place providing two layers of security protection in line with PSN best practice.	5	2	10	Treat	Work with LCC ICT and Aquila Heywood (software suppliers) to establish processes to reduce risk, e.g. can Aquila Heywood demonstrate that they are carrying out regular penetration testing and other related processes take place.  Liaise with Audit to establish if any further processes can be put in place in line with best practice.  Good governance project and the expected TPR new code of practice to include internal audit reviews of both areas.  Report the findings to the Board.  Developed a new Cyber risk policy	5	1	5	Stuart Wells
13		Pens	<b>If immediate</b>	Human error when	Reputation	Ian	Benefit Team	5	2	10	Treat	A more automated	5	1	5	Ian Howe

Risk no	Risk Area	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; Tolerate Treat Terminate Transfer	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
	Operational		payments are not applied correctly, or there is human error in calculating a pension, scheme members pensions or the one off payments could be wrong	<p>setting up immediate payments or calculating a pension</p> <p>System failures</p> <p>Unable to meet weekly deadlines</p>	<p>Complaints/appeals</p> <p>Time resource used to resolve issues</p> <p>Members one off payments, not paid, paid late, paid incorrectly</p> <p>Over or under payments</p>	Howe	<p>Tracker process</p> <p>Benefits checked and authorised by different Officers</p> <p>Additional Assistant Team Manager resource provided</p> <p>Training provided to new staff</p> <p>Benefits are checked by a colleague</p> <p>Figures are provided to the member so they can see the value and check these are correct</p>					<p>one-off payment process in place</p> <p>Officers re-engineered the retirement process</p> <p>Monitor the structure of the Pension Section to resource the area sufficiently</p> <p>New immediate payments bank account checks system</p> <p>Officers developed an Insights report to identify discrepancies between administration and payroll sides of the system</p> <p>Ongoing officer training notes</p> <p>Continued develop the workflow tasks</p> <p>Funds over and under payment policy</p>				
14		Pens	If all the transfers out checks are not completely fully there could be	<p>Increasing demand for transfers out from members</p>	<p>Reputation</p> <p>Future bad advice claims brought</p>	Ian Howe	<p>TPR checks</p> <p>Follow LGA</p>	3	3	9	Treat	<p>Escalation process to Internal Legal Colleagues to check IFA, Company set</p>	3	2	6	Ian Howe

Risk no	Risk Area	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; Tolerate Treat Terminate Transfer	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
	Operational		<p><b>future bad advice challenges brought against the Fund's pension administration</b></p> <p><b>There are some challenges being lodged from Claims Management Companies on historic transfers out</b></p>	<p>Increased transfer out activity from Companies interested in tempting people to transfer out their pension benefits</p> <p>Increased complexity on how the receiving schemes are set up</p> <p>Increased challenges on historic transfers</p>	<p>against the Fund</p> <p>IDRP appeals (possible compensation payments)</p> <p>Increased administration time and cost</p>		<p>guidance</p> <p>Queries escalated to Team Manager then Pensions Manager</p>					<p>up, alleged scam activity</p> <p>Further escalation process to external Legal Colleagues</p> <p>Signed up to The Pension Regulator's national pledge "To Combat Pension Scams"</p> <p>National change requires checks on the receiving scheme's arrangements</p> <p>Internal audit review of both transfers in and out of the Fund.</p>				
15	Operational	Pens	<p><b>Failure to identify the death of a pensioner causing an overpayment, or potential fraud or other financial irregularity</b></p>	<p>Late or no notification of a deceased pensioner.</p> <p>Fraudulent attempts to continue to claim a pension</p>	<p>Overpayments or financial loss</p> <p>Legal cases claiming money back</p> <p>Reputational damage</p>	Ian Howe	<p>Faraday monthly reporting process of UK registered deaths</p> <p>Life certificates for overseas pensioners</p> <p>Defined process governing bank account changes</p>	3	3	9	Treat	<p>Moved to 6 monthly checks, (from one check every 2 years)</p> <p>National Fraud mortality screening for overseas pensioners</p> <p>Targeted review of status for pensioners where the Fund does not hold the current address e.g. care of County Hall or Solicitors</p>	3	1	3	Ian Howe

## Regulatory

Risk no	Risk Area	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; <i>Tolerate</i> <i>Treat</i> <i>Terminate</i> <i>Transfer</i>	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
16	Regulatory	Pens	<b>The resolution of the McCloud case and 2016 Cost Cap challenge could increase administration significantly resulting in difficulties providing the ongoing pensions administration service</b>	Mr McCloud winning his appeal on age discrimination on public sector pension schemes and the protection afforded to older members during the move to career average benefits, followed by Government losing their right of appeal.  The Unions challenge on the	Ultimate outcome on both McCloud and the cost cap are currently unknown but likelihood is;  Increasing administration  Revision of previous benefits  Additional communications  Complaints/appeals	Ian Howe	Guidance from LGA, Hymans, Treasury	3	3	9	<b>Treat once details are confirmed</b>	Employer bulletin to employers making them aware of the current situation on McCloud  Await proposed resolution from the employment tribunal  Assisting the LGA on the employer McCloud data template (missing hours April 2014 to date) and the wider	2	3	6	Ian Howe

Risk no	Risk Area	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; <i>Tolerate</i> <i>Treat</i> <i>Terminate</i> <i>Transfer</i>	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
				2016 cost cap, could result in possible benefit recalculations if the challenge is successful	Increased costs							<p>project</p> <p>No statutory deadline to be set for completion of the work</p> <p>Team set up in the Pension Section to deal with McCloud casework</p> <p>Data being received from the employers and loaded into the administration system</p> <p>System provider to resolve current data loading issues</p> <p>Internal Audit review to ensure guidance received is followed in relation to any members affected by the judgement.</p> <p>Internal Audit review of progress to date.</p> <p>Quarterly updates to the Board</p>				
17		Pens	<b>The implication of the national dashboard project could increase</b>	National decision to implement pension dashboards thereby enabling people to	Increased administration Data cleaning	Ian Howe	Initial data cleaning started Contract made with	3	3	9	<b>Treat once final details are confirmed</b>	Work with LCC's internal IT Team Security checked on	3	2	6	Ian Howe

Risk no	Risk Area	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; <i>Tolerate</i> <i>Treat</i> <i>Terminate</i> <i>Transfer</i>	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
	Regulatory		administration resulting in difficulties providing the ongoing pensions administration service	view all their pension benefits via one single dashboard	exercise on member records  Increased system costs  Additional communications  Timing of the national exercise (April 2024) potentially conflicts with McCloud (October 2023)		the system provider on building the data link					the required link to allow the access to secure member pension data  GDPR requirements  Quarterly updates to the Board				

### Risk Impact Measurement Criteria

Scale	Description	Departmental Service Plan	Internal Operations	People	Reputation	Financial per annum / per loss
1	Negligible	Little impact to objectives in service plan	Limited disruption to operations and service quality satisfactory	Minor injuries	Public concern restricted to local complaints	Pension Section <£50k Investments Losses expected to be recovered in the short term
2	Minor	Minor impact to service as objectives in service plan are not met	Short term disruption to operations resulting in a minor adverse impact on partnerships and minimal reduction in service quality.	Minor Injury to those in the Council's care	Minor adverse local / public / media attention and complaints	Pension Section £50k-£250k Minimal effect on budget/cost Investments Some underperformance, but within the bounds of normal market volatility



Scale	Description	Departmental Service Plan	Internal Operations	People	Reputation	Financial per annum / per loss
3	Moderate	Considerable fall in service as objectives in service plan are not met	Sustained moderate level disruption to operations / Relevant partnership relationships strained / Service quality not satisfactory	Potential for minor physical injuries / Stressful experience	Adverse local media public attention	Pension Section £250k - £500k Small increase on budget/cost: Handled within the team/service  Investment Underperformance by a manager requiring review by the Investment Sub-committee
4	Major	Major impact to services as objectives in service plan are not met.	Serious disruption to operations with relationships in major partnerships affected / Service quality not acceptable with adverse impact on front line services. Significant disruption of core activities. Key targets missed.	Exposure to dangerous conditions creating potential for serious physical or mental harm	Serious negative regional criticism, with some national coverage	Pension Section £500-£750k. Significant increase in budget/cost. Service budgets exceeded  Investment Underperformance of significant proportion of assets leading to a review of the Investment or Funding strategy
5	Very High/Critical	Significant fall/failure in service as objectives in service plan are not met	Long term serious interruption to operations / Major partnerships under threat / Service quality not acceptable with impact on front line services	Exposure to dangerous conditions leading to potential loss of life or permanent physical/mental damage. Life threatening or multiple serious injuries	Prolonged regional and national condemnation, with serious damage to the reputation of the organisation i.e. front-page headlines, TV. Possible criminal, or high profile, civil action against the Council/Fund, members or officers	Pension Section >£750k Large increase on budget/cost.  Investment Employer contributions expect to increase significantly above Funding Strategy requirement

## Risk Likelihood Measurement Criteria

Rating Scale	Likelihood	Example of Loss/Event Frequency	Probability %
1	Very rare/unlikely	EXCEPTIONAL event. This will probably never happen/recur.	<20%
2	Unlikely	Event NOT EXPECTED. Do not expect it to happen/recur, but it is possible it may do so.	20-40%
3	Possible	LITTLE LIKELIHOOD of event occurring. It might happen or recur occasionally.	40-60%
4	Probable /Likely	Event is MORE THAN LIKELY to occur. Will probably happen/recur, but it is not a persisting issue.	60-80%
5	Almost Certain	Reasonable to expect that the event WILL undoubtedly happen/recur, possibly frequently.	>80%

## Risk Scoring Matrix

	1 Very Rare/Unlikely	2 Unlikely	3 Possible/Likely	4	5 Almost certain
<b>Impact</b>					
5 Very High/Critical	5	10	15	20	25
4 Major	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Minor	2	4	6	8	10
1 Negligible	1	2	3	4	5

Probable/Likely

Likelihood of risk occurring over lifetime of objective (i.e. 12 mths)

This page is intentionally left blank