

| 1. Risk Ref No: 2. Senior Risk Owner: | Description of Risk | Control measures already in place | Current Risk Score (with known controls in place) | | Combined score | Additional mitigating actions/control measures planned to achieve target score | Target Risk score | | combined score | Additional Control measure owner | Target Date | commentary following review, inc. date | Additional Information and explanation |
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| 1. PF - Gov 1 2. Pension Fund Committee | Failure of Pension Fund Committee to manage the fund effectively, particularly as a result of insufficient knowledge and skills | Policies and procedures adopted by Pension Fund Committee, specifically the committee training policy | 3 | 4 | 12 Amber | Undertake a review of Committee Knowledge and Skills. Follow up on Findings with revised training plan | 2 | 4 | 8 Green | | on-going with quarterly review | | Current score is influenced by the collective experience and consistency of the Pension Fund Committee, which has had a number of changes over the last 4 years. |
| 1. PF - Gov 2 2. Pension Fund Committee | Risk of Regulatory change: - Implementation of change risks - Consequences of change risks | Continuous engagement with DLUHC and other interested stakeholders | 4 | 3 | 12 Amber | | 4 | 3 | 12 Amber | | on-going with quarterly review | | The dictated change to pooling of investment arrangements and implementation of this presents a significant risk to the scheme. The frequency of new regulation and the relatively new role of the Pensions Regulator are also factors. |
| 1. PF - Gov 3 2. Anton Sweet | Failure to produce accurate and timely accounts leading to qualification of the accounts by external audit. | Regular reconciliations between the accounting records and other sources of information such as custody records. Training and professional standards of staff involved in production of the accounts. Engagement with CIPFA standards and requirements of the code. | 2 | 4 | 8 Green | | 2 | 4 | 8 Green | | Annual on receipt of the external auditors findings. | | |
| 1. PF - Inv1 2. Anton Sweet | The pension fund has insufficient available cash to meet its immediate (next 6 months) liabilities. | Cash flow forecasting of TM function Monthly review of asset allocation and cash levels | 2 | 4 | 8 Green | | 2 | 4 | 8 Green | | on-going with quarterly review | | |

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| 1. PF - Inv2 2. Pension Fund Committee | The pension fund has insufficient available assets to meet its long term liabilities. | Funding Strategy Statement Investment Strategy Statement Regular reporting of current position to Committee | 2 | 5 | 10 Amber | The triennial 2022 valuation includes provision for restoring the fund to full funding over 16 years. The current risk score partly reflects that the fund was 95% funded at the last valuation. An improvement in the funding level will reduce the likelihood of the risk occurring at some point in the future. | 2 | 5 | 10 Amber | | Review again at next Valuation - 2025 | Likelihood score reduced to reflect the better funding level reported as part of the 2022 valuation. | This risk encapsulates the purpose of the fund in trying to always have sufficient assets to meet uncertain future liabilities with a pool of assets with uncertain future investment performance There is also the need to balance the funding needs of the fund with the desire to keep contributions as low and constant as possible |
| 1. PF - Inv3 2. Pension Fund Committee | Under performance of pension investments due to ESG factors, including climate change. | ESG Policy within Investment Strategy Statement requiring ESG factors to be considered in all investment decisions. | 2 | 4 | 8 Green | | 2 | 4 | 8 Green | | on-going with quarterly review | | Moving all assets to the management of Brunel, which has a greater focus on ESG and climate change than the majority of our legacy investment managers, has considerably improved our management of these risks. |
| 1. PF - Inv4 2. Pension Fund Committee | Failure of Brunel to deliver either Fee savings or investment performance | Representation on the Brunel Client Group and Oversight Board | 2 | 4 | 8 Green | | 2 | 4 | 8 Green | | on-going with quarterly review | | |

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| 1. PF - Inv5 2. Anton Sweet | Insolvency of the fund's Global Custodian | Fund's assets held in client accounts not as assets of the custodian Additional oversight of custodian provided by Brunel for the assets they manage Review of credit worthiness and inherent business risk of custodian at tender phase | 2 | 4 | 8 Green | | 2 | 4 | 8 Green | | on-going with quarterly review | | The designation of the fund's assets as client assets ensures that they cannot be appropriated by creditors of the Custodian bank in the case of that entity going into administration. As a result we should be able to recover substantially all of the assets of the fund held in custody but there would be considerable administrative and liquidity disruption. |
| 1. PF - Admin1 2. Stephen Morton | Failure of Benefits Administration to perform their tasks, specifically leading to incorrect or untimely benefits payment. | Regular reporting to Committee Internal processes and procedures Regular review by Internal and External audit | 2 | 3 | 6 Green | | 2 | 3 | 6 Green | | on-going with quarterly review | | The greater resilience gained from the Peninsula Pensions shared service has been balanced by greater complexity coming into the sceme benefits. |
| 1. PF - Admin2 2. Stephen Morton | Legal challenge to fund, particularly in respect of the payment of pension benefits | Internal processes and procedures Regular review by Internal and External audit | 3 | 3 | 9 Amber | Receipt of revised regulations in respect of the exit cap, McCloud and Goodwin | 2 | 3 | 6 Green | | on-going with quarterly review | | |
| 1. PF - Admin3 2. Stephen Morton | Fraud, corruption, or error either within investment assets or benefits administration | Internal controls and processes Regular review of controls, processes and outputs by internal and external audit | 2 | 4 | 8 Green | | 2 | 4 | 8 Green | | on-going with quarterly review | | Brunel provides an extra layer of scrutiny and control with respect to the activities of external fund managers and related third parties |
| 1. PF - Admin4 2. Stephen Morton | The insolvency of an employer or other significant change in circumstances places additional liabilities on the fund and ultimately the remaining employers. | Admission agreements Guarantee bonds or other similar security | 2 | 3 | 6 Green | | 2 | 3 | 6 Green | | on-going with quarterly review | | To ensure the on-going suitability of the guarantees in place a review should be undertaken after each formal valuation. |

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| 1. PF - Admin5 2. SC Section 151 Officer | Vulnerability to long-term staff sickness and/or retention and recruitment issues, especially for higher graded posts, within Somerset Council and Peninsula Pensions. | None, other than experience of other staff within the sections | 3 | 3 | 9 Amber | | 2 | 3 | 6 Green | | on-going with quarterly review | Risk clarified and likelihood score increased following discussion at April Pension Fund Board meeting. | Size and depth of staff resources at Peninsula Pensions helps to mitigate the risk Brunel provides some extra mitigation with respect to investment asset management Additional use of consultants and advisors could be used to manage loss of internal staff |
| 1. PF - Admin6 2. SC Section 151 Officer | Resilience of IT including a breach of cyber security | SCC and DCC internal IT security measures Additional cyber security and resilience provided by hosting of benefits administration database and investment accounting database by outside parties | 3 | 4 | 12 Amber | | 2 | 4 | 8 Green | | on-going with quarterly review | | |

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| 1. PF - Admin7 2. SC Section 151 Officer | Breach of Data security or related data protection / GDPR issue | DCC internal IT security measures Additional cyber security and resilience provided by hosting of benefits administration database and investment accounting database by outside parties | 3 | 4 | 12 Amber | | 2 | 4 | 8 Green | | on-going with quarterly review | | |
| 1. PF - Admin8 2. SC Section 151 Officer | Civil Contingency Event | SCC and Peninsula would follow their established business continuity plans | 3 | 2 | 6 Green | | 3 | 2 | 6 Green | | on-going with quarterly review | | Amended from COVID risk December 2022 at Board's request. |