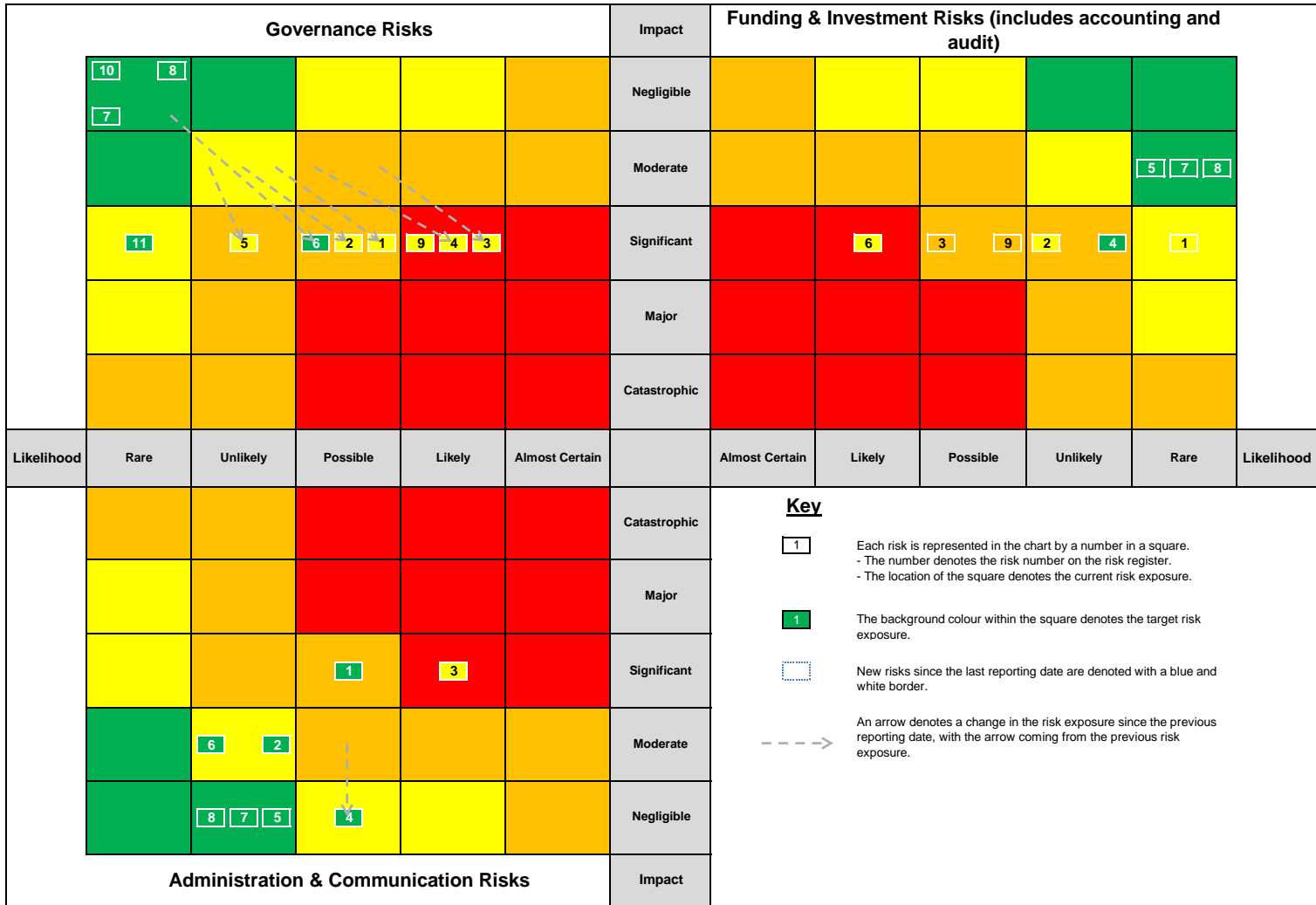


All Fund Risk Heat Map and Summary of Governance Risks



Clwyd Pension Fund - Control Risk Register
Governance Risks

Objectives can be found within a separate summary

Risk no:	Risk Event (this [event] could happen)	Risk cause (...due to [cause]...)	Risk Impact (...which may result in the following [impact] to our objectives)	Strategic objectives at risk (see key)	Current Impact (see key)	Current Likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?	Date Not Met Target From	Expected Back on Target	Further Action and Owner	Risk Manager	Next review date	Last Updated
1	Committee decision-making is inappropriate	<ul style="list-style-type: none"> - Lack of knowledge and/or failure to take appropriate advice - Poor engagement / preparation for Committee meetings - Irrelevant factors influence decisions and/or relevant factors are ignored - Conflicts of interest (including relating to non-PFC roles/responsibilities) are not appropriately managed - Excessive turnover in PFC membership - Failure to delegate - Lack of diversity in PFC membership 	<ul style="list-style-type: none"> - The Fund's legal or fiduciary responsibilities are not met - The Fund is not (seen as) professional providing excellent customer focused, reputable and credible service - Additional costs are incurred beyond the agreed budget - Service delivery to stakeholders is adversely affected, risk levels are inappropriate, strategic aims are not met - Fund stakeholders (members and/or employers) lose faith in the Fund's governance/risk management 	M1, G1, G2, G3, G4, G5, G6, G7, K1, K2, K3, E1	Significant	Possible	High	<ul style="list-style-type: none"> 1 - Independent and other professional advisers provide advice to PFC (with the former focused on governance) 2 - Oversight by Local Pension Board 3 - PFC Terms of Reference and Board Protocol in Constitution support continuity of membership through terms of appointment and are reviewed triennially to ensure they remain fit for purpose 4 - PFC and PB effectiveness surveys provide opportunity to review effectiveness of decision-making process 5 - Schedule of delegations allows urgent matters to be agreed outside of formal Committee 6 - Knowledge and Skills policy covers PFC and implementation is monitored to ensure objectives are met 7 - Conflicts of Interest policy, including interest declarations and register, applies to PFC 8 - Annual compliance check against TPR Code 9 - EDI Policy in place 10 - Additional formal and informal PFC meetings are held between formal scheduled meetings as required 11 - Project Snowdon - HCPF on Steering Group and also Joint Lead on legacy, local and passive asset workstream. Investment officer is also a member of this. 	Moderate	Unlikely	High	<p>Current impact 1 too high Current likelihood 1 too high</p>	18/12/2024	Jun 2025	<ul style="list-style-type: none"> 1 - Ensure new PFC members receive induction training including on COI (PL) 2 - Periodic review of K&S policy - est'd Q4 2024/25 (PL) 3 - Agree and implement EDI action list (PL) 4 - Consider/implement ways to encourage continuity of PFC membership 5 - Project Snowdon - Provide additional information to PFC members between formal PFC meetings (as required) (PL) 6 - Project Snowdon - clarify decisions that will be required, when and by whom (PL) 7 - Project Snowdon - identify knowledge gaps and training plan for PFC (potentially develop with WPP) (PL) 8 - Project Snowdon - consider actions above in light of FCC decision making as appropriate (PL) 	Phil Latham	25/02/2025	22/01/2025
2	Officer/delegated decision-making is inappropriate	<ul style="list-style-type: none"> - Lack of knowledge and/or failure to take appropriate advice - Poor engagement / preparation for Committee/Board/AP/officer meetings - Irrelevant factors influence decisions and/or relevant factors are ignored - Conflicts of interest (including relating to FCC roles/responsibilities) are not appropriately managed - Loss of knowledge through officers leaving - Insufficient resource - Inappropriate use of delegations - Lack of diversity / inclusion in senior management team 	<ul style="list-style-type: none"> - The Fund's legal or fiduciary responsibilities are not met - The Fund is not (seen as) professional providing excellent customer focused, reputable and credible service - Additional costs are incurred beyond the agreed budget - Service delivery to stakeholders is adversely affected, risk levels are inappropriate, strategic aims are not met - Fund stakeholders (members and/or employers) lose faith in the Fund's governance/risk management 	M1, G1, G2, G3, G4, G5, G6, G7, K1, K2, K3, E1	Significant	Possible	High	<ul style="list-style-type: none"> 1 - Independent and other professional advisers provide advice to officers and are part of AP 2 - Oversight by Local Pension Board 3 - All delegated decisions reported to PFC 4 - Documented process requirements for delegated decision making, with specific requirements relating to investment related decisions, including "local" investments 5 - Schedule of delegations reviewed triennially to ensure it remains fit for purpose 6 - Senior officers included in Knowledge and Skills Policy 7 - Conflicts of Interest policy, including interest declarations and register, applies to senior officers 8 - Annual compliance check against TPR Code 9 - EDI Policy in place 10 - Project Snowdon - HCPF on Steering Group and also Joint Lead on legacy, local and passive asset workstream. Investment officer is also a member of this. 	Moderate	Unlikely	High	<p>Current impact 1 too high Current likelihood 1 too high</p>	18/12/2024	Jun 2025	<ul style="list-style-type: none"> 1 - Finalise work on succession planning (PL) 2 - Review and implement sub-groups on AP (PL) 3- Periodic review of K&S policy - est'd Q4 2024/25 (PL) 4 - Agree and implement EDI action list (PL) 5 - Project Snowdon - clarify decisions that will be required, when and by whom (PL) 6 - Project Snowdon - identify knowledge gaps and training plan for delegated persons (potentially develop with WPP) (PL) 	Phil Latham	25/02/2025	22/01/2025
3	WPP delegated decision-making is inappropriate (particularly for CPF)	<ul style="list-style-type: none"> - Lack of knowledge and/or failure to take appropriate advice - Poor engagement / preparation for JCG/OWG meetings - CPF requirements not adequately explained/understood by other funds in WPP or WPP advisers/suppliers - Irrelevant factors influence decisions and/or relevant factors are ignored - Conflicts of interest are not appropriately managed - The Inter-Authority Agreement is not correctly followed - Lack of diversity / inclusion within WPP decision makers 	<ul style="list-style-type: none"> - The Fund's legal or fiduciary responsibilities are not met - The Fund is not (seen as) professional providing excellent customer focused, reputable and credible service - Additional costs are incurred beyond the agreed WPP and/or Fund budget - WPP services/deliverables Service delivery to stakeholders is adversely affected, Fund risk levels are inappropriate, strategic aims are not met/cannot be achieved, including investment objectives - Fund stakeholders (members and/or employers) lose faith in the Fund's governance/risk management 	M1, G1, G2, G3, G4, G5, G6, G7, K1, K2, K3, E1	Significant	Likely	Critical	<ul style="list-style-type: none"> 1 - Independent oversight and legal advisers provide advice to WPP on governance and related matters 2 - CPF PFC Chair involvement as member of WPP JGC 3 - CPF officers involvement including as part of WPP OWG and risk sub-group 4 - CPF K&S induction and training plan includes relationship with WPP 5 - Oversight/awareness via biannual Board Chairs' Engagement meetings 6 - WPP monitors against its Training Policy which covers the Host Authority, JGC and OWG 7 - WPP Col Policy and Procedures in place Including process for decision making for "local" investments 8 - Project Snowdon - HCPF on Steering Group and also Joint Lead on legacy, local and passive asset workstream. Investment officer is also a member of this. 	Moderate	Unlikely	High	<p>Current impact 1 too high Current likelihood 2 too high</p>	10/06/2024	Mar 2025	<ul style="list-style-type: none"> 1 - Finalise CPF structure and review AP sub-groups (for Deputy retirement/investment risk) (PL) 2 - Investment officer/Pension Finance Manager to be added onto OWG once appointed. (PL) 3 - Project Snowdon- CPF to engage with WPP and partner funds to gain greater clarity on decision making (what, when and how). (PL) 	Phil Latham	25/02/2025	22/01/2025
4	Decisions not implemented - resourcing issues	<ul style="list-style-type: none"> - Poor Business Planning and Fund management leading to insufficient resource - Difficulty in recruiting and/or retaining staff (including due to low pay grades) - Lack of, or poor quality, training - External events impacting resource (e.g. climate change/pandemics/HMT Review) - Failure to take appropriate advice 	<ul style="list-style-type: none"> - Poor quality organisation/papers etc for PFC, PB and AP meetings - Risk management not being adequately carried out - Increased pressure/expectations on staff - Additional costs (overtime / external support) - The Fund's legal or fiduciary responsibilities are not met 	M1,M2, G2, G4, G5, K1, B1	Significant	Likely	Critical	<ul style="list-style-type: none"> 1. Comprehensive and robust business planning annually, including budget/resourcing 2. Advisers support with business planning, including horizon scanning to ensure appropriate budget/resourcing 3. Ongoing discussions with FCC senior officers via AP on different roles and skills required for CPF to support recruitment/retention 4. Staff development plans/ongoing training and development of Fund staff 	Moderate	Unlikely	High	<p>Current impact 1 too high Current likelihood 2 too high</p>	03/09/2024	Mar 2025	<ul style="list-style-type: none"> 1 - Finalise CPF structure review (including consideration of impact of pay grades) (PL) 2 - Finalise work on succession planning (PL) 3- Periodic review of K&S policy - est'd Q4 2024/25 (PL) 4 - Carry out knowledge/skills gap analysis and ensure relevant training for new Management Team. (PL) 5 - Ensure additional adviser costs for Project Snowdon are monitored separately (PL) 6 - Ensure budgets are updated to include costs for Project Snowdon (PL) 7 - Ensure information is gathered to help CPF understand the resourcing impact of Project Snowdon work on CPF (PL) 	Phil Latham	25/02/2025	22/01/2025
5	Decisions not implemented - FCC barriers	<ul style="list-style-type: none"> - Uncompetitive pay/ inappropriate grading of roles - Insufficient separation of FCC role as local authority and administering authority of CPF - Lack of understanding of CPF specific issues within FCC - FCC conflicts of interest not appropriately managed 	<ul style="list-style-type: none"> - Resourcing issues - Risk management not being adequately carried out - Inadequate support for CPF relating to its IT, accommodation, legal requirements - Additional costs (overtime / external support) and time for officers - The Fund's legal or fiduciary responsibilities are not met 	M1, M2, G4, G5, B1, R1	Significant	Unlikely	Critical	<ul style="list-style-type: none"> 1. Business planning includes budget/resourcing and reinforces separation of FCC and CPF budgets 2. Inclusion of FCC senior officers on AP assists in regular reinforcing of differences between FCC and CPF via AP 3. FCC constitution and schedule of delegations reviewed annually to protect status of CPF within FCC 4. CPF Conflicts of Interest Policy regularly reviewed and extends to senior officers on AP 5 - Project Snowdon - HCPF on Steering Group and also Joint Lead on legacy, local and passive asset workstream. Investment officer is also a member of this. 	Moderate	Unlikely	High	<p>Current impact 1 too high</p>	18/12/2024	Mar 2026	<ul style="list-style-type: none"> 1 - Finalise CPF structure review (including consideration of impact of pay grades) (PL) 2 - Consider/implement ways to encourage continuity of PFC membership (PL) 3 - Accommodation move to be agreed/planned with FCC Property Team (KW) 4 - Engage with Leader, CE and MO and Leader on the implications of Project Snowdon (PL) 	Phil Latham	25/02/2025	22/01/2025

Risk no:	Risk Event (this [event] could happen)	Risk cause (...due to [cause]...)	Risk Impact (...which may result in the following [impact] to our objectives)	Strategic objectives at risk (see key)	Current Impact (see key)	Current Likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?	Date Not Met Target From	Expected Back on Target	Further Action and Owner	Risk Manager	Next review date	Last Updated
6	Decisions not implemented - provider failure	<ul style="list-style-type: none"> - Inappropriate contractual terms (particularly where contracts are extended or rolling contracts) - Lack of effective contract management - Providers or advisers have an unmanaged conflict of interest - Providers/advisers have insufficient experienced resource to meet the Fund's needs - Cyber attack or other business continuity incident at the provider not appropriately managed 	<ul style="list-style-type: none"> - Additional costs (overtime / external support) and time for officers - Increased pressure/expectations on staff - Service delivery to stakeholders is adversely affected, risk levels are inappropriate, strategic aims are not met - The Fund's legal or fiduciary responsibilities are not met 	M1, M2, G4, G5, K2, B1, R1, C1, BC1	Significant	Possible	High	<ol style="list-style-type: none"> 1. Regular procurement exercises undertaken, with support from procurement advisers, including questions on cyber and business continuity plans 2. Conflict of interest policy extends to key Fund advisers 3. Adviser budgets included in business plan and monitored 4. Regular informal review of adviser performance 5. Application of CMA requirements to investment consultants (and other advisers where appropriate) 6. Regular assessment of providers as part of CPF cyber security strategy 7 - Project Snowdon - HCPF on Steering Group and also Joint Lead on legacy, local and passive asset workstream. Investment officer is also a member of this. 	Negligible	Rare	Low	☹️ Current impact 2 too high Current likelihood 2 too high	18/12/2024	Jun 2025	<ol style="list-style-type: none"> 1 - Project Snowdon - Engage with WPP to ensure that the implementation plan will meet CPF's strategy requirements (PL) 2 - Engage with WPP around appropriate resourcing for existing requirements as well as Project Snowdon work. (PL) 3 - Project Snowdon - Feed into the draft WPP shareholder, client agreements, governance structure as the develop (PL) 4 - Feed into WPP business plan 2025/2026. (PL) 	Phil Latham	25/02/2025	22/01/2025
7	Ineffective oversight - PB	<ul style="list-style-type: none"> - Lack of knowledge and/or failure to take appropriate advice - Poor engagement / preparation for Board meetings, including agendas not being appropriate - Poor engagement / attendance at Board meetings - Conflicts of interest (including relating to non-PB roles/responsibilities) are not identified or not appropriately managed - Excessive turnover in PB membership - Lack of diversity on PB membership 	<ul style="list-style-type: none"> - Issues not identified, impacting on service delivery or other Fund objectives - TPR or other external regulator involvement - The Fund does not have / is not seen as having, a culture of risk awareness, financial governance or providing the highest quality, distinctive services 	M2, G1, G2, G4, G5, B1, R1, E1	Negligible	Rare	Low	<ol style="list-style-type: none"> 1 - Independent chair and professional advisers provide advice to PB 2 - Board Protocol supports continuity of membership through terms of appointment and is reviewed triennially to ensure it remains fit for purpose 3 - PB effectiveness surveys provide opportunity to review effectiveness of PB oversight 4 - Standard agenda items to ensure key matters are presented and considered 5 - Knowledge and Skills policy covers PB and implementation is monitored to ensure objectives are met 6 - Annual compliance check against TPR Code 7 - EDI Policy in place 	Negligible	Rare	Low	😊			<ol style="list-style-type: none"> 1 - Review PB scheme member (non-trade union) representative (PL) 2 - Agree and implement EDI action list (PL) 	Phil Latham	25/02/2025	22/01/2025
8	Ineffective oversight - internal and external audit	<ul style="list-style-type: none"> - Lack of knowledge/understanding of the LGPS - Insufficient resources to adequately carry out audit responsibilities - Conflicts of interest - Excessive turnover in audit personnel 	<ul style="list-style-type: none"> - Issues not identified, adversely impacting service delivery or other Fund objectives - Annual report and accounts not approved on time - Inefficiencies for CPF staff answering unnecessary questions - Inappropriate audit opinion and recommendations - TPR or other external regulator involvement - The Fund does not have/ is not seen as having, a culture of risk awareness, financial governance or providing the highest quality, distinctive services 	M2, G5, B1, R1	Negligible	Rare	Low	<ol style="list-style-type: none"> 1 - Internal Audit Strategic Plan agreed annually by FCC Governance and Audit Committee includes resource requirements and CPF-specific audit activities 2 - Fund officers (and advisers if required) liaise with internal audit as required to explain LGPS context 3 - Detailed Audit Plan provided to the PFC by Audit Wales, specific to the Fund (i.e. separate to the FCC Audit) 4 - Annual engagement between Head of CPF, PB Chair and internal audit to identify areas of focus 	Negligible	Rare	Low	😊			<ol style="list-style-type: none"> 1 - At end of this year's ARA audit, review to ensure more efficient process in future years. (DB) 	Phil Latham	25/02/2025	22/01/2025
9	Unable to adequately/ appropriately implement governance changes - external	<ul style="list-style-type: none"> - Number and/or extent of national governance-related changes is unmanageable within CPF resource constraints - Government requirements for pooling/fund merger incompatible with CPF-specific strategies 	<ul style="list-style-type: none"> - The Fund's objectives / legal responsibilities are not met or are compromised - Fund stakeholders (members and/or employers) lose faith in the Fund's governance/risk management 	G1, G5	Significant	Likely	High	<ol style="list-style-type: none"> 1. Comprehensive and robust business planning anticipates future developments 2. Advisers able to provide additional support where needed 3. Fund officers, PFC and PB members provide PFC perspective at national conferences, discussions and working groups 4. Fund responds to all relevant consultations, calls for evidence etc 4 - Standard agenda items to ensure key matters are presented and considered 5 - Project Snowdon - HCPF on Steering Group and also Joint Lead on legacy, local and passive asset workstream. Investment officer is also a member of this. 6. Project Snowdon - Weekly internal CPF discussions with advisors. 	Moderate	Unlikely	High	☹️ Current impact 1 too high Current likelihood 2 too high	10/06/2024	Jun 2025	<ol style="list-style-type: none"> 1 - Project Snowdon/HMT Review - continue to monitor/participate on national developments & engage with PFC and member/employer representatives (PL) 2 - Project Snowdon - Continue to engage with WPP as part of project team. (PL) 	Phil Latham	25/02/2025	22/01/2025
10	Fund adversely affected by Acts of fraud including corruption, bribery and money laundering	<ul style="list-style-type: none"> - Inadequate existence checking - Lack of, or poor quality, training - Loss of knowledge through officers leaving - Insufficient resource - Inadequate checking / sign off - Inadequate security checks (IT and otherwise) when dealing with members/employers/third parties 	<ul style="list-style-type: none"> - Loss of benefits to scheme members, or payments made to incorrect person - Loss of or inappropriate use of Fund assets - Criminal activity / not meeting legal requirements - Complaints / IDRPCs, rectification costs & reputational damage - Higher employer contributions (if assets lost) 	M2, G2, G4, G5, G7, R1, C1, BC1	Negligible	Rare	Low	<ol style="list-style-type: none"> 1. Internal controls in place as listed in CPF Fraud Policy which is reviewed triennially, including appropriate verification of all payments to/from the Fund and requests to update member details 2. CPF follows requirements of FCC policies including Anti-Fraud and Corruption Strategy, Anti-Money Laundering Policy, Whistleblowing Policy, Information Security Policy 3. Fund training plan includes fraud prevention measures 4. Internal and external audit check for fraud 5. Consideration given to any national fraud-prevention initiatives 	Negligible	Rare	Low	😊				Phil Latham	25/02/2025	22/01/2025
11	No or restricted access to our systems	<ul style="list-style-type: none"> - Business Continuity incident - Cyber attack - FCC system failure - Natural event (including impact of climate change) 	<ul style="list-style-type: none"> - Service provision interrupted - Errors due to manual workarounds - Services not being delivered, or delays in delivery - Data security breaches - Loss of assets and potentially higher employer contributions - Increased costs - Complaints / IDRPCs, rectification costs & reputational damage - Fund stakeholders (members and/or employers) lose faith in the Fund's governance/risk management 	M1, G4, G5, G7, B1, R1, C1, BC1	Significant	Rare	High	<ol style="list-style-type: none"> 1 - Business Continuity Policy and Plan in place, regularly reviewed and with regular testing including for lack of systems 2 - Cyber Security Policy, cyber incident response plan (CIRP) and other cyber security controls in place (including training), regularly reviewed and with regular testing including third party-providers 3 - Specialist support from FCC and regular engagement around FCC involvement in business continuity/cyber incident response 4 - Specialist support from consultants 5 - Hosting of Altair implemented, and lump sum payments processed via pensioner payroll facility 	Moderate	Rare	High	☹️ Current impact 1 too high	10/06/2024	Jun 2025	<ol style="list-style-type: none"> 1 - Review cyber security controls against latest TPR Guidance (KW) 2 - Finalise and implement testing schedules for BCP and CIFP (KW/DB/IH/PL) 3 - Periodic review of Cyber Strategy - Mar 25 (KW) 4 - Ensure new management structure are aware of their responsibilities for BC/cyber, etc, and ensure appropriately covered during transitional period. (KW) 5. Ensure WPP includes cyber in their business plan. 	Karen Williams	25/02/2025	22/01/2025

Clwyd Pension Fund - Control Risk Register

Objectives for Governance risks

Policy/Strategy	Reference	Objective
Mission Statement	M1	to be known as forward thinking, responsive, proactive and professional providing excellent customer focused, reputable and credible service to all customers
	M2	to have instilled a corporate culture of risk awareness, financial governance, and to provide the highest quality, distinctive services within the resource budget
	M3	to work effectively with partners, being solution focused with a 'can' - do approach
Governance Policy	G1	Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies.
	G2	Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise
	G3	Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
	G4	Understand and monitor risk
	G5	Strive to ensure compliance with the appropriate legislation and statutory guidance and to act in the spirit of other relevant guidelines and best practice guidance
	G6	Clearly articulate our objectives and how we intend to achieve those objectives through business planning, and continually measure and monitor success
	G7	Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved.
Knowledge and Skills Policy	K1	Ensure that the Clwyd Pension Fund is appropriately managed and that its services are delivered by people who have the requisite knowledge and skills, and that this knowledge and expertise is maintained within the continually changing Local Government Pension Scheme and wider pensions landscape.
	K2	Those persons responsible for governing the Clwyd Pension Fund have sufficient knowledge and skills to be able to evaluate and challenge the advice they receive, ensure their decisions are robust and well based, and manage any potential conflicts of interest.
	K3	Those persons responsible for the management and governance of the Clwyd Pension Fund are expected to be committed to attending and engaging with suggested training in accordance with the Knowledge and Skills Policy.
Breaches Procedure	B1	Ensure individuals responsible are able to meet their legal obligations and avoid placing any reliance on others to report. The procedure will also assist in providing an early warning of possible malpractice and reduce risk.
Risk Policy	R1	Understand and monitor risk, aiming to: -integrate risk management into the culture and day-to-day activities of the Fund - raise awareness of the need for risk management by all those connected with the management of the Fund (including advisers, employers and other partners) - anticipate and respond positively to change - minimise the probability of negative outcomes for the Fund and its stakeholders - establish and maintain a robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice - ensure consistent application of the risk management methodology across all Pension Fund activities, including projects and partnerships.
Cyber Policy	C1	- cyber risk management and cyber governance are integrated into the overall risk management approach of the Fund to reduce any potential loss, disruption or damage to scheme members, scheme employers or the Fund's data or assets. - all those involved in the management of the Fund understand cyber risks and their responsibilities in helping to manage it. - all data and asset flows relating to the Fund are identified and evaluated on a regular basis to identify the potential magnitude of cyber risk. - we maintain an incident response plan, which is regularly tested, to ensure any incidents are dealt with promptly and appropriately with the necessary resources and expertise available.
Business Continuity Policy	BC1	- Maintain and adapt recovery strategies and testing to be able to deliver business continuity solutions to agreed levels within agreed timescales as set out in the Business Continuity Plan - Ensure the Fund's business continuity approach encompasses key processes and addresses any continuity issues that may arise allowing the Fund to maintain key services and minimise any negative impact - Ensure normal operations can be restored as efficiently and effectively as possible following an incident - Ensure all Pension Fund staff, the Pension Fund Committee, Pension Board, Pension Fund Advisory Panel and other relevant stakeholders (such as advisers and suppliers) understand the Fund's business continuity management approach and their responsibilities in relation to it - Integrate business continuity management into business as usual activities and the culture of the Fund and regularly review its effectiveness.
EDI Policy	E1	In relation to EDI, we aim to ensure that where possible, those involved in managing the Fund, including the Pension Board and Pension Fund Committee, comprise individuals with a broad range of characteristics, life experiences, expertise, and skills.

Risk Evaluation and Likelihood and Impact Explanations

The following information outlines how risks are to be evaluated. It is based on the FCC evaluation system incorporated in its Risk Management & Strategy (January 2024) but has been customised in places to better fit the management of Clwyd Pension Fund.

Assessment of risk:

Likelihood How likely will the risk happen	5 Almost Certain	Amber 5	Amber 10	Red 15	Red 20	Red 25
	4 Likely	Yellow 4	Amber 8	Red 12	Red 16	Red 20
	3 Possible	Yellow 3	Amber 6	Amber 9	Red 12	Red 15
	2 Unlikely	Green 2	Yellow 4	Amber 6	Amber 8	Amber 10
	1 Rare	Green 1	Green 2	Yellow 3	Yellow 4	Amber 5
		1 Negligible	2 Moderate	3 Significant	4 Major	5 Catastrophic
Impact How severe would the outcomes be if the risk occurred						

Interpretation of risk exposure

Risk Exposure	Score	Approach	Action
Red	12-25	Unacceptable	Risks outside of the Fund's risk appetite
Amber	5-10	Tolerable	Risks within the Fund's risk appetite but not at a level which is acceptable.
Yellow	3-4	Adequate	Risks within the Fund's risk appetite which need to be monitored by Senior Management, if risk deteriorates.
Green	1-2	Accept	Risks within the Fund's risk appetite.

Criteria for assessing impact (based on FCC with CPF customisation):




Description	CPF Examples			
	Service Delivery	Financial	Reputation	Legal
5 Catastrophic	Unable to deliver most key strategic outcomes or priorities / statutory duties not delivered	<ul style="list-style-type: none"> The Fund's liquid assets (invested assets, contributions and asset cashflows) are fully exhausted and future benefits/contractual obligations cannot be paid Reduction in funding level (e.g. 30% or more since the last valuation) and/or expected returns outlook versus the last valuation assumption) which when combined is expected to persist at least to the next actuarial valuation which would result in unaffordable employer contributions which materially affect public services A shift in the demographic profile of the Fund which would result in unaffordable employer contributions which affect public services A material number of employers (including one or more of the major Councils) become insolvent and cannot pay required contributions which subsequently affects other employers in the Fund 	Public Inquiry or adverse national media attention	Legal action almost certain, unable to defend
	<ul style="list-style-type: none"> Major impact on workforce impacting more than half of CPF teams or more than 50% of staff Consistently missing both legal and Fund's agreed delivery timescales (greater than 50% of monitored timescales being missed) <ul style="list-style-type: none"> Incorrect actual benefit calculations affecting more than 500 members Incorrect general/estimate information being communicated that could impact 25%+ A, D or P members (categories separate or merged) Delay in paying pensioners by more than 3 working days 		Formal DLUHC/TPR/SAB or other regulatory intervention/exercise of their powers	Multiple IDPRs and Pension Ombudsman expected (100+), almost certain unable to defend
4 Major	Severe service disruption on a service level with many key strategic outcomes or proprieties delayed or not delivered	Financial	Intense public and media scrutiny	Legal action almost certain and difficult to defend
	<ul style="list-style-type: none"> Serious impact on workforce impacting at least two CPF teams (but less than half) or more than 20% to 50% of staff Missing some legal and Fund's agreed delivery timescales (20% to 50% of monitored timescales being missed) <ul style="list-style-type: none"> Incorrect actual benefit calculations affecting 250-500 members Incorrect general/estimate information being communicated that could impact 10-25% A, D or P members (categories separate or merged) Delay in paying pensioners by 1 or 2 working days 		Engagement from DLUHC/TPR/SAB relating to the situation (but not formal intervention/powers being exercised)	Some IDPRs and Pension Ombudsman expected (20 to 100)

3 Significant	Disruption to one or more services / a number of key strategic outcomes or priorities would be delayed or not delivered	- The Fund's liquid assets (invested assets, contributions and asset cashflows) are 40% as a proportion of total assets and the ability not to pay future benefits/obligations may have a major impact	Local media interest. Scrutiny by external committee or body	Legal action expected
	<ul style="list-style-type: none"> - Some impact on workforce impacting one CPF team or 10% to 20% of staff - Missing some legal and Fund's agreed delivery timescales (10% to 20% of monitored timescales being missed) - Incorrect actual benefit calculations affecting 100-250 members - Incorrect general/estimate information being communicated that could impact 5%-10% A, D or P members (separately or merged) 	<ul style="list-style-type: none"> - Reduction in funding level (e.g. 15-20% since the last valuation) and/or expected returns outlook versus inflation (e.g. 0.5% to 0.75% per annum versus the last valuation assumption) which when combined is expected to persist at least to the next actuarial valuation which would result in a significant increase in employer contributions which affect public services - A shift in the demographic profile of the Fund which would result in significant increase in employer contributions which affect public services - A significant number of large employers (non-Council) become insolvent and cannot pay required contributions which then impact on other remaining employers 	Negative national level information (e.g. outlier on LGPS league tables)	Some IDRPCs and Pension Ombudsman expected (5 to 20)
2 Moderate	Some temporary disruption to a single service areas / delay in delivery or one of the Council's key strategic outcomes or priorities	- The Fund's liquid assets (invested assets, contributions and asset cashflows) are 60% as a proportion of total assets and the ability not to pay future benefits/obligations may have a moderate impact	Internal scrutiny required to prevent escalation	Legal action possible but unlikely and defensible
	<ul style="list-style-type: none"> - Manageable impact on workforce impacting 5% to 10% of CPF staff - Missing some legal and Fund's agreed delivery timescales (5% to 10% of monitored timescales being missed) - Incorrect actual benefit calculations affecting 50-100 members - Incorrect general/estimate information being communicated that could impact 2%-5% A, D or P members (categories separate or merged) 	<ul style="list-style-type: none"> - Reduction in funding level (e.g. -5-15% since the last valuation) and/or expected returns outlook versus inflation (e.g. 0.25% to 0.5% per annum versus the last valuation assumption) which when combined is expected to persist at least to the next actuarial valuation which would result in a moderate increase in employer contributions which affect public services - A shift in the demographic profile of the Fund which would result in a moderate increase in employer contributions which affect public services - A number of smaller employers become insolvent and cannot pay required contributions which then impact on other remaining employers 	Negative regional level information (e.g. outlier on Welsh league tables)	Some IDRPCs and Pension Ombudsman expected (up to 5) but mainly informal complaints
1 Negligible	No Noticeable Impact	- The Fund's liquid assets (invested assets, contributions and asset cashflows) are >60% as a proportion of total assets and the ability not to pay future benefits/obligations may have a moderate impact	Internal review	Legal action very unlikely and defensible
	<ul style="list-style-type: none"> - Little impact on workforce involving less than 5% of CPF staff - Missing some legal and Fund's agreed delivery timescales (less than 5% of monitored timescales being missed) - Incorrect actual benefit calculations affecting less than 50 members - Incorrect general/estimate information being communicated that could impact less than 2% A, D or P members 	<ul style="list-style-type: none"> - Reduction in funding level (e.g. 0-5% since the last valuation) and/or expected returns outlook versus inflation (e.g. 0% to 0.25% per annum versus the last valuation assumption) which when combined is expected to persist at least to the next actuarial valuation which would result in a negligible increase in employer contributions which affect public services - A shift in the demographic profile of the Fund which would result in a negligible increase in employer contributions which affect public services - A low number of smaller employers become insolvent and cannot pay required contributions which then impact on other remaining employers 		Very small number of informal complaints (under 10) and unlikely to be any IDRPC or Pensions Ombudsman claims

Criteria for assessing likelihood

Likelihood		
5 Almost Certain	More than 95% Chance	Very likely to occur
4 Likely	50% Chance	Will probably occur
3 Possible		A chance it might occur
2 Unlikely	Less than 5% Chance	Could occur but unlikely
1 Rare		May only Occur in exceptional circumstances

Criteria for assessing the difference between the current and target risk exposures:

Symbol	Description
	The current Risk Exposure score, impact or likelihood of the risk, either individually or combined does not meet the criteria set out below.
	The Risk Exposure score is 11 or less; And the current impact and likelihood of the risk are individually no more than 2 classifications higher than the target, and/or the combined difference is no more than 3 classifications higher than the target.
	The Risk Exposure score is 11 or less And the current impact and likelihood of the risk are equal to, or less than, the target impact and likelihood.