

# GWYNEDD PENSION FUND

## RISK REGISTER: July 2025

| Risk Assessment Matrix |        |    |    |    |    |
|------------------------|--------|----|----|----|----|
| Likelihood             | 5      | 10 | 15 | 20 | 25 |
|                        | 4      | 8  | 12 | 16 | 20 |
|                        | 3      | 6  | 9  | 12 | 15 |
|                        | 2      | 4  | 6  | 8  | 10 |
|                        | 1      | 2  | 3  | 4  | 5  |
|                        | Impact |    |    |    |    |

| Assessment of Impact |              |              |                                                                                                       |                                                                                                                                                 |
|----------------------|--------------|--------------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
|                      |              | Financial    | Reputation                                                                                            | Stakeholder/Customer                                                                                                                            |
| 1                    | Negligible   | < £35k       | Minimal and transient loss of public trust.                                                           | Minimal impact on stakeholders or customers.                                                                                                    |
| 2                    | Minor        | £35k - £300k | Slight loss of trust with no lasting impact. Little adverse publicity.                                | Minor impact on stakeholders or customers and customer dissatisfaction. Limited service disruption.                                             |
| 3                    | Moderate     | £300k - £3m  | Moderate loss of trust that receives significant adverse publicity locally with no lasting impact.    | No lasting impact. Moderate disruption to stakeholders, moderate impact on customers and customer dissatisfaction. Moderate service disruption. |
| 4                    | Major        | £3m - £30m   | Significant loss of trust and receives local media attention with potential for lasting impact.       | Significant service disruption and opposition from stakeholders and/or customers. Threat of legal action.                                       |
| 5                    | Catastrophic | > £30m       | Significant loss of trust and receives national media attention with potential for persisting impact. | Major service disruption and significant opposition from stakeholders and/or customers. Legal action. Long term public memory.                  |

| Assessment of Likelihood |                |                                                                                                 |                       |
|--------------------------|----------------|-------------------------------------------------------------------------------------------------|-----------------------|
|                          |                | Probability Descriptors                                                                         | Numerical Probability |
| 1                        | Rare           | This will probably never happen/recur.                                                          | Under 1%              |
| 2                        | Unlikely       | Do not expect it to happen/recur, but it is possible it may do so.                              | 1% - under 5%         |
| 3                        | Possible       | Might happen or recur occasionally.                                                             | 5% - under 20%        |
| 4                        | Likely         | Will probably happen/recur, but it is not a persistent issue or circumstances                   | 20% - under 50%       |
| 5                        | Almost Certain | Will undoubtedly happen/recur, possibly frequently. A project more likely to fail than succeed. | Over 50%              |

| Risk no       | Description of Risk and Potential Impact                                                                                                                                                                                                                                                                                                                           | Inherent Risk |            |                | Mitigating Controls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Current Risk |            |                | Risk Owner                                                               | Additional Plan | Timetable |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------|----------------|--------------------------------------------------------------------------|-----------------|-----------|
|               |                                                                                                                                                                                                                                                                                                                                                                    | Impact        | Likelihood | Combined Score |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Impact       | Likelihood | Combined Score |                                                                          |                 |           |
| 1. Governance |                                                                                                                                                                                                                                                                                                                                                                    |               |            |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |              |            |                |                                                                          |                 |           |
| 1.1           | <p>The Administering Authority does not have appropriate governance arrangements including the requirement for a Pension Board resulting in:</p> <ul style="list-style-type: none"><li>Non-compliance with legislation or best practice</li><li>Inability to determine policy, make effective decisions and deliver services.</li><li>Risk to reputation</li></ul> | 4             | 3          | 12             | <p>Gwynedd Pension Fund (GPF) has a Governance Policy Statement and a Governance Compliance Statement as required by the LGPS Regulations 2008.</p> <p>Both statements are reviewed and updated when required. Scheme employers are consulted when changes are proposed to ensure the policy is still appropriate.</p> <p>The Statement is available on the Gwynedd Pensions website:<br/>www.gwyneddpensionfund.wales</p> <p>GPF has a Pensions Committee to discharge the Council’s duties as Administering Authority/ trustee of the Pension Fund.</p> <p>Gwynedd Pension Board has been established as required by the Public</p> | 3            | 1          | 3              | <p>Head of Finance</p> <p>Investment Manager</p> <p>Pensions Manager</p> |                 |           |

|     |                                                                                                                                                                                                                                                                                                                                         |   |   |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |   |   |   |                                                                       |  |  |
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|     |                                                                                                                                                                                                                                                                                                                                         |   |   |    | <p>Service Pension Act 2013 and perform their role effectively.</p> <p>Support and training are being provided to ensure that the members of the board have the knowledge and skills to undertake their role.</p> <p>Suitable management arrangements mean that there is no significantly high turnover in the membership of the Committee or the Board.</p>                                                                                                                                                                                                   |   |   |   |                                                                       |  |  |
| 1.2 | Failure to act with integrity and be accountable to a stakeholder due to conflicts of interest etc.                                                                                                                                                                                                                                     | 2 | 2 | 4  | <p>Committee and Board members are aware of the legal responsibilities.</p> <p>All members of the Committee and Board declare any conflicts and potential conflicts at the beginning of each meeting.</p>                                                                                                                                                                                                                                                                                                                                                      | 1 | 2 | 2 | <p>Pension Committee</p> <p>Pensions Board</p> <p>Head of Finance</p> |  |  |
| 1.3 | <p>The Pensions Committee and the Pension Board are unable to fulfil their responsibilities effectively resulting in:</p> <ul style="list-style-type: none"> <li>Non-compliance with legislation or best practice</li> <li>Inability to determine policy, make decisions and / or deliver service.</li> <li>Reputation risk.</li> </ul> | 4 | 3 | 12 | <p>The Committee has adopted the CIPFA Code of Practice on Knowledge and Skills.</p> <p>A training and induction programme is available for new Committee and Board members.</p> <p>New Board and Committee members complete the LGPS Fundamental Course.</p> <p>The Fund has a Knowledge and Skills policy, and an annual training plan is adopted with relevant training offered to Committee members and Board members on an ongoing basis.</p> <p>The Fund subscribes to relevant bodies (eg LAPFF) and sends representatives to relevant conferences.</p> | 3 | 2 | 6 | <p>Investment Manager</p> <p>Pensions Manager</p>                     |  |  |

|                                   |                                                                                                                                                                                                                                                                                                                    |   |   |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |   |   |   |                                                   |                                                                                                                                                                                                      |      |
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|                                   |                                                                                                                                                                                                                                                                                                                    |   |   |    | Committee and Board members are made aware of and adhere to the Governance Compliance Statement and are encouraged to identify training requirements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |   |   |   |                                                   |                                                                                                                                                                                                      |      |
| 1.4                               | Failure to maintain effective governance arrangements and demonstrate compliance with The Pensions Regulator's General Code, leading to potential regulatory breaches, reputational damage, or sub-optimal decision-making.                                                                                        | 3 | 4 | 12 | <p>Adoption of a structured governance framework aligned to The Pensions Regulator's General Code, incorporating core modules such as governing body leadership, risk management, record-keeping, and member communications.</p> <p>Regular training and updates provided to Committee and Board members to ensure awareness of legal responsibilities and good practice.</p> <p>Annual governance review and self-assessment against the requirements of the General Code.</p> <p>Maintenance of robust policies and procedures, including conflicts of interest management and internal controls.</p> <p>Formal reporting mechanisms to ensure timely escalation of governance concerns.</p> | 3 | 2 | 6 | <p>Investment Manager</p> <p>Pensions Manager</p> | <p>Completion of gap analysis against the General Code.</p> <p>Development and delivery of a governance improvement plan.</p> <p>Regular updates to Committee on progress and compliance status.</p> | 2025 |
| <b>2. Funding and Investments</b> |                                                                                                                                                                                                                                                                                                                    |   |   |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |   |   |   |                                                   |                                                                                                                                                                                                      |      |
| 2.1                               | <p>The Committee Members and Investment Officers make inappropriate decisions as a result of insufficient knowledge of financial markets and inadequate investment and actuarial advice received resulting in:</p> <ul style="list-style-type: none"> <li>Poor Fund performance</li> <li>Financial loss</li> </ul> | 5 | 3 | 15 | <p>GPF Investment Strategy is set in accordance with LGPS investment regulations.</p> <p>The Investment Strategy takes the Fund's liabilities into account.</p> <p>The Investment Strategy is approved and reviewed by the Pensions Committee.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                             | 3 | 1 | 3 | <p>Head of Finance</p> <p>Investment Manager</p>  |                                                                                                                                                                                                      |      |

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|     | <ul style="list-style-type: none"> <li>Increased employer contributions</li> </ul>                                                                                      |   |   |    | <p>GPF uses an external investment advisor who provides specialist guidance to the Investment Panel and Pensions Committee regarding the Investment Strategy</p> <p>Members and Officers are encouraged to challenge advice and guidance received.</p> <p>Members and Officers receive relevant training on a timely basis.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |   |   |   |                    |  |  |
| 2.2 | <p>The Pension Fund has insufficient assets to meet its long term liabilities.</p> <p>The Pension Fund's investment strategy fails to produce the required returns.</p> | 5 | 3 | 15 | <p>Triennial actuarial valuations provide periodic indications of the growth in assets against liabilities. Employer contribution rates are set in response to this.</p> <p>The 2022 valuation showed that there is a funding provision of 120% in the Gwynedd Fund. However, the Fund continues to use prudent assumptions for the valuation.</p> <p>GPF investments are diversified across a range of different types of assets to minimise the impact of losses in individual markets and individual fund managers.</p> <p>As a result of the 2022 Valuation, the Committee has re-allocated assets to lower risk asset types.</p> <p>Fund-specific benchmarks and targets are set.</p> <p>Fund assets are kept under regular review as part of the Fund's performance management process.</p> <p>Fund managers are thoroughly vetted prior to appointment and performance is reviewed regularly against the benchmark and</p> | 4 | 1 | 4 | Investment Manager |  |  |

|     |                                                                                                                                                                                                           |   |   |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |   |   |   |                    |  |  |
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|     |                                                                                                                                                                                                           |   |   |    | <p>performance objectives by the Investment Panel.</p> <p>The Fund/ WPP replaces underperforming investment managers.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                     |   |   |   |                    |  |  |
| 2.3 | <p>Collapse of a fund manager or negligence, fraud or wilful default committed by a fund manager resulting in financial loss.</p>                                                                         | 4 | 3 | 12 | <p>Due diligence is performed whenever a new manager or fund is appointed, and the situation is constantly reviewed through quarterly monitoring by WPP the Investment Panel and investment consultants.</p> <p>Legal requirements for fund managers are set out in their management agreements, and they are expected to fully comply with the Financial Conduct Authority (FCA), the Pensions Regulator (TPR) and other regulatory requirements.</p> <p>The Fund uses a global custodian service to ensure that investment assets are separated from custody of assets.</p> | 2 | 3 | 6 | Investment Manager |  |  |
| 2.4 | <p>Market risk - Market crash leading to failure to reduce the deficit resulting in:</p> <ul style="list-style-type: none"> <li>Financial loss</li> <li>Increased employer contribution costs.</li> </ul> | 5 | 4 | 15 | <p>The Fund is diversified across a range of asset classes to mitigate the impact of poor performance in an individual market segment.</p> <p>Investment performance and monitoring arrangements exist which provide the investment officers with the flexibility to rebalance the portfolio in a timely manner.</p> <p>The long term nature of the liabilities significantly reduces the impact.</p>                                                                                                                                                                         | 4 | 2 | 8 | Investment Manager |  |  |

|     |                                                                                                                                                                         |   |   |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |   |   |   |                    |                                                                                                                                         |         |
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| 2.5 | Liquidity risk - insufficient funds to meet liabilities as they fall due.                                                                                               | 4 | 3 | 12 | <p>Management prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows.</p> <p>The 2023 Cash Flow Modelling report has identified that the Fund will have a positive cash flow until at least 2029.</p>                                                                                                                                                                                                                                                                                                                                                     | 3 | 1 | 3 | Investment Manager |                                                                                                                                         |         |
| 2.6 | Interest rate risk- Arises from the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. | 4 | 3 | 12 | The Fund's interest rate risk is routinely monitored in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.                                                                                                                                                                                                                                                                                                                                                             | 4 | 2 | 8 | Investment Manager |                                                                                                                                         |         |
| 2.7 | Currency risk- the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.                               | 4 | 3 | 12 | Establish & review strategic asset allocation (within global regions).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 4 | 2 | 8 | Investment Manager |                                                                                                                                         |         |
| 2.8 | The Fund fails to adequately account for climate change, climate risk and environmental, social and governance (ESG) factors.                                           | 5 | 3 | 15 | <p>The Fund has an active Responsible Investment policy and a net zero target of 2050 has been set.</p> <p><a href="#">Polisi Buddsoddi Cyfrifol 2022 (gwynedd-pensionfund.wales)</a></p> <p>As part of the Wales Pension Partnership a number of active steps take place including: responsible investment executive group, engagement and voting provider, PPC a signatory to the UK Stewardship Code.</p> <p>The Investment Panel will also constantly engage and challenge managers on how they consider the risk of climate change and ESG factors.</p> <p>The Fund aims to invest in impact</p> | 4 | 2 | 8 | Investment Manager | The Pension's Fund Net Zero target and Responsible Investment policy will be reviewed and updated following the 2025 valuation results. | 2025/26 |

|      |                                                                                                                                                                                     |   |   |    |                                                                                                                                                                                                                                                                                                                                                                                                                       |   |   |   |                    |  |  |
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|      |                                                                                                                                                                                     |   |   |    | investments that make a difference locally and in the wider world.                                                                                                                                                                                                                                                                                                                                                    |   |   |   |                    |  |  |
| 2.9  | Pay and price inflation are significantly more than anticipated leading to an increase in liabilities which is higher than the previous actuarial valuation estimate.               | 3 | 3 | 9  | <p>The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases.</p> <p>The breadth of the Fund's investments helps to mitigate this risk.</p>                                                                                                                                                                                                                           | 2 | 3 | 6 | Investment Manager |  |  |
| 2.10 | Increase in number of early retirements due to public service cuts and/or ill health leading to pension liabilities increasing.                                                     | 3 | 4 | 12 | <p>The Fund has coped with the impact of several years of austerity and arrangements are in place to deal with the cost-of-living cuts.</p> <p>Employers pay an additional capital cost for early retirements following each individual decision.</p> <p>The Employers' ill-health retirements are monitored, and small employers are required to take the ill- health retirement insurance provided by the Fund.</p> | 2 | 3 | 6 | Investment Manager |  |  |
| 2.11 | <p>The average life expectancy of pensioners is greater than assumed in actuarial assumptions.</p> <p>An increase in liabilities which exceeds the previous valuation estimate.</p> | 3 | 3 | 9  | <p>Life expectancy assumptions are reviewed in all valuations. Life expectancy has been leveled out in the 2022 Valuation data.</p> <p>The Fund uses bespoke assumptions based on the life expectancy across Gwynedd Pension Fund's area.</p> <p>Mortality assumptions include some allowance for future increases in life expectancy.</p>                                                                            | 3 | 2 | 6 | Investment Manager |  |  |
| 2.12 | Scheme employers' contributions to the Fund are not received or are processed or recorded completely and accurately.                                                                | 4 | 3 | 12 | Formal timescales for receipt of contributions.                                                                                                                                                                                                                                                                                                                                                                       | 2 | 2 | 4 | Investment Manager |  |  |

|      |                                                                                                                                                                                                                                                                                       |   |   |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |   |   |   |                                                                           |  |  |
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|      | This could result in a negative cash flow situation, delays in producing IAS19/ FRS102 reports and closing the accounts.                                                                                                                                                              |   |   |    | The team communicates regularly with scheme employers to ensure that contributions are made in a timely manner and are recorded correctly.<br><br>Details of any unpaid or late contributions are recorded and appropriate action is taken to recover payments.                                                                                                                                                                                                                                                                                                  |   |   |   |                                                                           |  |  |
| 2.13 | An employer ceases to exist with insufficient funding available to settle any outstanding debts, or refuses to pay the cessation value.<br><br>Departing employer does not fully meet its liabilities which leads to increased costs across the remaining scheme employers.           | 3 | 3 | 9  | The risk is mitigated by:<br><br>Vetting prospective employers before admission and ensuring that they fully understand their obligations.<br><br>Applications for admission to the Fund are considered carefully and a bond or guarantee is put into place if required.<br><br>Outstanding liabilities will be assessed and recovered from any successor bodies or spread amongst remaining employers.<br><br>The actuarial valuation attempts to balance recovery period with risk of withdrawal.<br><br>If necessary, appropriate legal action will be taken. | 2 | 3 | 6 | Head of Finance<br><br>Pensions Manager                                   |  |  |
| 2.14 | Pooling arrangements can lead to: <ul style="list-style-type: none"> <li>increase in costs, particularly over the next year, driven by the proposed reforms detailed in the 'Fit for the Future' consultation</li> <li>lower performance</li> <li>conflict within the pool</li> </ul> | 4 | 3 | 12 | The Fund's officers meet regularly with the Partnership to discuss issues and investment options.<br><br>The Fund has representation on all sub-groups and working groups of the Partnership.<br><br>The Chairman of the Gwynedd Pension Committee is a member of the Partnership's Joint Governance Committee.                                                                                                                                                                                                                                                  | 4 | 2 | 8 | Investment Manager<br><br>Head of Finance<br><br>Pensions Committee Chair |  |  |

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|                          | <ul style="list-style-type: none"> <li>lack of alignment to the Gwynedd Fund's investment strategy</li> </ul>                                                                                                                                                |   |   |    | <p>The Partnership has robust and transparent governance policies and procedures.</p> <p>The progress of the Partnership and the performance of the funds that the Gwynedd Fund has invested in are regularly reported to the Investment Panel and Pension Board.</p>                                                                                                                                                                                                                                                                                                                                   |   |   |   |                    |  |  |
| 2.15                     | <p>The Pension Fund's Final Accounts and Annual Report are not produced in accordance with statutory requirements, accounting standards or audit timetable.</p> <ul style="list-style-type: none"> <li>Risk to the reputation of the Pension Fund</li> </ul> | 4 | 3 | 12 | <p>The Fund's officers are Chartered Accountants and attend regular CIPFA training courses.</p> <p>A timetable is set to ensure that key dates are met when preparing the accounts.</p> <p>Clear and consistent communication with Audit Wales so that the final audited accounts can be published before the statutory date of 1st December.</p> <p>The Fund has robust systems (efinancials, iConnect, Altair) which accurately record the Fund's transactions.</p> <p>The Fund has access to statements from our Investment Managers to confirm transactions and the value of the Fund's assets.</p> | 4 | 1 | 4 | Investment Manager |  |  |
| 2.16                     | Failing to evolve and look for new opportunities.                                                                                                                                                                                                            | 4 | 3 | 12 | <p>Officers are kept up to date by attending WPP meetings and LGPS conferences.</p> <p>The consultants update the Investment Panel and officers about any opportunities.</p>                                                                                                                                                                                                                                                                                                                                                                                                                            | 4 | 1 | 4 | Investment Manager |  |  |
| <b>3. Custodian Role</b> |                                                                                                                                                                                                                                                              |   |   |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |   |   |   |                    |  |  |
| 3.1                      | <p>Failure of custodian leading to losses which results in:</p> <ul style="list-style-type: none"> <li>Failure to reduce the deficit</li> <li>Financial loss</li> </ul>                                                                                      | 5 | 3 | 15 | <p>A highly reliable Custodian with high accreditation was appointed.</p> <p>Fund assets are protected in the event of insolvency of the custodian.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2 | 2 | 4 | Investment Manager |  |  |

|                           |                                                                                                                                                                                                     |   |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |   |   |   |                  |                                                        |      |
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|                           |                                                                                                                                                                                                     |   |   |   | The Custodian must follow FCA and TPR financial regulations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |   |   |   |                  |                                                        |      |
| <b>4. Communication</b>   |                                                                                                                                                                                                     |   |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |   |   |   |                  |                                                        |      |
| 4.1                       | <p>Insufficient communication and engagement with the Pension Fund Stakeholders.</p> <p>Inability to determine policy, make effective decisions and/or deliver service.</p> <p>Reputation risk.</p> | 3 | 3 | 9 | <p>A Communications Policy is in place.</p> <p>The Gwynedd Pension Fund website is kept up to date.</p> <p>Fund Performance is reported to the Investment &amp; Pension Fund Committee on a regular basis.</p> <p>Meetings are held periodically with the Fund's employers.</p> <p>Annual Benefit Statements and newsletters are sent annually to active and deferred Fund members.</p> <p>The contact list for employers is updated regularly.</p> <p>An AGM is held for employers and Trade Unions.</p> <p>The annual report and accounts are published on the Gwynedd Pensions website.</p> <p>A Member Self Service website is available to members to calculate their own benefits.</p> | 3 | 2 | 6 | Pensions Manager | The Gwynedd Pension Fund website needs to be reviewed. | 2025 |
| <b>5. Data Protection</b> |                                                                                                                                                                                                     |   |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |   |   |   |                  |                                                        |      |
| 5.1                       | <p>The Pension Fund systems and data may not be secure and appropriately maintained.</p> <ul style="list-style-type: none"> <li>Loss of sensitive data</li> <li>Reputation risk</li> </ul>          | 3 | 2 | 6 | <p>It is a mandatory requirement for all employees to undertake Data Protection training and to adhere to Gwynedd's data protection policy.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 3 | 1 | 3 | Pensions Manager |                                                        |      |

|                                  |                                                                                                                                                                                                                                                                                            |   |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                          |   |   |   |                  |  |  |
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|                                  | Financial loss arising from legal action.                                                                                                                                                                                                                                                  |   |   |   | <p>Members' contribution and salary data are sent through the secure i-Connect portal directly to members' records.</p> <p>Egress (A secure email system) email system is used where possible to send emails to employers not listed on the Secure Email Organisation list.</p> <p>A secure document retention system is also operated by our actuary and consultants.</p>                                               |   |   |   |                  |  |  |
| <b>6. Pension Administration</b> |                                                                                                                                                                                                                                                                                            |   |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                          |   |   |   |                  |  |  |
| 6.1                              | <p>Pension benefits are not paid:</p> <ul style="list-style-type: none"> <li>• Risk of financial loss arising from compensation claims</li> <li>• Damage to reputation</li> </ul>                                                                                                          | 4 | 2 | 8 | <p>The payroll system is set up to pay pensioners monthly.</p> <p>Disaster recovery plan in place with Heywood which will restore data within 7 days in the event of system failure.</p>                                                                                                                                                                                                                                 | 4 | 1 | 4 | Pensions Manager |  |  |
| 6.2                              | <p>Failure of scheme membership data and pension benefit calculation processes leading to fraud, corruption or error.</p> <ul style="list-style-type: none"> <li>• Unauthorised payments under the Finance Act 2004</li> <li>• Risk of financial loss and damage to reputation.</li> </ul> | 3 | 2 | 6 | <p>Information and instructions are only accepted from authorised sources.</p> <p>Employers are required to review and confirm membership records annually.</p> <p>Benefit calculations are checked by senior colleagues.</p> <p>All transactions comply with Gwynedd Council's financial regulations and are subject to independent authorisation.</p> <p>Members approaching 75 are separately identified monthly.</p> | 3 | 1 | 3 | Pensions Manager |  |  |
| 6.3                              | Non-compliance with legislation and failure to correctly implement new legislation and regulations, resulting in:                                                                                                                                                                          | 3 | 3 | 9 | <p>LGA/External training.</p> <p>Project work approach to implementation of legislative changes.</p>                                                                                                                                                                                                                                                                                                                     | 2 | 2 | 4 | Pensions Manager |  |  |

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|     | <ul style="list-style-type: none"> <li>Incorrect payments being made.</li> <li>Risk of financial loss and damage to reputation</li> </ul>                                  |   |   |    | <p>In house training for all staff.</p> <p>Additional resources in place to implement the McCloud remedy.</p>                                                                                                                                                                                                                                                                                                                                 |   |   |    |                  |  |  |
| 6.4 | <p>Pension benefits continue to be paid to deceased pensioners.</p> <ul style="list-style-type: none"> <li>Risk of financial loss and damage to reputation.</li> </ul>     | 2 | 4 | 8  | <p>All pensioners are contacted annually.</p> <p>Pensioners are incorporated into National Fraud Initiative.</p> <p>Further targeted checks are conducted with credit reference agencies as appropriate.</p> <p>Monthly mortality screening is undertaken, and any positive matches are ceased immediately.</p> <p>Tell Us Once service is in operation.</p> <p>Annual proof of life exercise is undertaken for pensioners living abroad.</p> | 2 | 3 | 6  | Pensions Manager |  |  |
| 6.5 | <p>System failure</p> <ul style="list-style-type: none"> <li>Loss of sensitive data.</li> <li>Reputation risk.</li> </ul> <p>Financial loss arising from legal action.</p> | 5 | 2 | 10 | <p>The system is backed-up daily.</p> <p>A full disaster recovery plan is in place and tested annually (In line with Gwynedd Council's policy).</p>                                                                                                                                                                                                                                                                                           | 5 | 1 | 5  | Pensions Manager |  |  |
| 6.6 | <p>Member Self Service failure</p> <ul style="list-style-type: none"> <li>Reputation risk.</li> </ul>                                                                      | 4 | 2 | 8  | <p>Hosted by software provider Heywood.</p>                                                                                                                                                                                                                                                                                                                                                                                                   | 4 | 1 | 4  | Pensions Manager |  |  |
| 6.7 | <p>Cyber Attack</p> <ul style="list-style-type: none"> <li>Loss of sensitive data.</li> <li>Systems damaged or destroyed.</li> <li>Reputation risk.</li> </ul>             | 5 | 4 | 20 | <p>Firewall in operation.</p> <p>Software regularly updated with latest security features.</p> <p>The system is backed up daily.</p> <p>Password access is required.</p>                                                                                                                                                                                                                                                                      | 5 | 2 | 10 | Pensions Manager |  |  |

|      |                                                                                                                                                                                                                                                                                                |   |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |   |   |   |                  |  |  |
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|      | Financial loss arising from legal action.                                                                                                                                                                                                                                                      |   |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |   |   |   |                  |  |  |
| 6.8  | <p>Employing authorities not fulfilling their responsibilities e.g. not supplying us with correct employee data or not supplying it in a timely manner</p> <ul style="list-style-type: none"> <li>Incorrect benefit calculations</li> </ul> <p>Delays while we request missing information</p> | 3 | 2 | 6 | <p>The Administration Strategy sets out responsibilities and timetables that the employers must follow.</p> <p>The iConnect system in place to collect the data monthly.</p> <p>The employers are contacted for information if the Pensions department suspects that information is missing or contains errors.</p> <p>Advice and information is provided to the employers.</p> <p>Annual checks of data to highlight any gaps.</p> <p>Meetings for the employers are held from time to time.</p> <p>Guidance available on the website.</p> | 3 | 1 | 3 | Pensions Manager |  |  |
| 6.9  | <p>Failure to comply with disclosure regulations e.g. the requirement to issue information within a certain timescale after a request/event</p> <ul style="list-style-type: none"> <li>Complaints / Fines</li> </ul>                                                                           | 3 | 2 | 6 | Robust workflow management system in place.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 3 | 1 | 3 | Pensions Manager |  |  |
| 6.10 | <p>Failure to issue Annual Benefit statements to active and deferred members by 31st August:</p> <ul style="list-style-type: none"> <li>Reputational risk and complaints</li> <li>Fines</li> </ul>                                                                                             | 2 | 4 | 8 | <p>Project management approach</p> <ul style="list-style-type: none"> <li>Regular contact with employers to get data.</li> </ul> <p>Statements are presented online at the self-service web site.</p> <p>Monthly interfacing to reduce workload at year end with all employers (iConnect)</p>                                                                                                                                                                                                                                               | 2 | 1 | 2 | Pensions Manager |  |  |

|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |   |   |    |                                                                                                                                                                                                                                                                                                                                                                                                   |   |   |   |                  |  |      |
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|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |   |   |    |                                                                                                                                                                                                                                                                                                                                                                                                   |   |   |   |                  |  |      |
| 6.11 | Not enough resources to deal with new pressures and changes such as McCloud, Dashboards etc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 4 | 3 | 12 | <p>The Fund's resources are reviewed annually as necessary by the Committee.</p> <p>A recruitment package offering flexibility.</p>                                                                                                                                                                                                                                                               | 4 | 2 | 8 | Pensions Manager |  |      |
| 6.12 | <p>Failure to meet statutory requirements of the Pensions Dashboard Programme, resulting in non-compliance with legislation, reputational damage, or service disruption.</p> <ul style="list-style-type: none"> <li>• Reputational damage if member data is unavailable, inaccurate or delayed.</li> <li>• Financial penalties or regulatory scrutiny from the Pensions Regulator.</li> <li>• Increased member contact volumes due to data inconsistencies.</li> <li>• Strain on internal resource due to complex technical integration requirements.</li> </ul> | 3 | 3 | 12 | <p>Regular engagement with software provider to monitor development of dashboard connection tools.</p> <p>Internal project plan developed with milestones aligned to expected staging deadline.</p> <p>Ongoing data quality reviews and improvements ahead of onboarding.</p> <p>Staff training and resource planning to manage expected increases in member enquiries post-dashboard launch.</p> | 3 | 2 | 6 | Pensions Manager |  |      |
| 6.13 | The introduction of a new payroll system in 2026 to process payments for staff and pensioners presents potential risks relating to data migration, system integration, payment accuracy, and continuity of service. Any failure or delay in implementation could result in                                                                                                                                                                                                                                                                                       | 4 | 3 | 12 | <ul style="list-style-type: none"> <li>• Project governance structure established with clear roles and responsibilities</li> <li>• Detailed implementation plan with phased testing and contingency measures</li> </ul>                                                                                                                                                                           | 4 | 2 | 8 | Pensions Manager |  | 2026 |

|                                           |                                                                                                                                                                                                                                                                            |   |   |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |   |   |   |                                                   |                                            |  |
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|                                           | incorrect or missed payments, reputational damage, and increased administrative burden.                                                                                                                                                                                    |   |   |    | <ul style="list-style-type: none"> <li>Engagement with software provider and IT support for integration and training</li> <li>Regular communication with stakeholders, including pensioners and staff</li> <li>Data validation protocols and parallel run testing prior to go-live</li> </ul>                                                                                                                                                                                                                 |   |   |   |                                                   |                                            |  |
| <b>7. Internal Processes</b>              |                                                                                                                                                                                                                                                                            |   |   |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |   |   |   |                                                   |                                            |  |
| 7.1                                       | <p>Concentration of knowledge in a small number of officers and risk of departure of key staff.</p> <p>The risk of losing key staff could lead to a breakdown in internal processes and service delivery, causing financial loss and potential risk to reputation</p>      | 4 | 3 | 12 | <p>Key officers convey specialist knowledge to colleagues on a function or subject basis through mentoring.</p> <p>Training needs have been identified in a job description and reviewed each year with team members through the appraisal process.</p> <p>Specific relevant qualifications for administrative and investment staff.</p> <p>Internal 'How to..' guidelines are developed on all internal processes.</p> <p>External consultants and independent advisor available for short term support.</p> | 4 | 2 | 8 | <p>Pensions Manager</p> <p>Investment Manager</p> |                                            |  |
| <b>8. Uncontrollable External Factors</b> |                                                                                                                                                                                                                                                                            |   |   |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |   |   |   |                                                   |                                            |  |
| 8.1                                       | <p>Normal operations disrupted by uncontrollable external factors</p> <p>Service delivery threats from fire, bomb, extreme weather, electrical faults, sickness, epidemic, pandemic etc.</p> <p>Insufficient daily back up, disaster recovery, and IT cover to support</p> | 5 | 5 | 25 | <p>Working from home is happening with many of the staff now working hybrid.</p> <p>Disaster Recovery Plan for pension system.</p> <p>Business Continuity / Disaster.</p> <p>Recovery Plan for the Authority with IT firewalls.</p>                                                                                                                                                                                                                                                                           | 3 | 3 | 9 | Pensions Manager                                  | Continue to develop new methods of working |  |

|                                            |                                                                                                                                                                                                                                                                                                           |   |   |    |                                                                                                                                                                                                                                                                                     |   |   |    |                                                  |  |  |
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|                                            | systems.<br><br>Temporary loss of ability to provide service to stakeholders                                                                                                                                                                                                                              |   |   |    |                                                                                                                                                                                                                                                                                     |   |   |    |                                                  |  |  |
| <b>9. Response to 'Fit for the Future'</b> |                                                                                                                                                                                                                                                                                                           |   |   |    |                                                                                                                                                                                                                                                                                     |   |   |    |                                                  |  |  |
| 9.1                                        | <p>Risk that the WPP IM Co fails to obtain FCA authorisation in time for April 2026 go-live.</p> <p>Without FCA authorisation, the WPP IM Co cannot legally operate, causing major operational disruption.</p>                                                                                            | 4 | 4 | 16 | <p>Early and ongoing engagement with FCA.</p> <p>Rigorous preparation of the FCA application and compliance documentation.</p> <p>Engage external regulatory advisors to ensure application completeness.</p> <p>Develop contingency plans for delayed authorisation scenarios.</p> | 4 | 3 | 12 | <p>Head of Finance</p> <p>Investment Manager</p> |  |  |
| 9.2                                        | <p>Higher than anticipated costs related to project setup (£1.6M+), initial running costs (£5M-5.5M p.a.), and regulatory capital (£5M-10M) may strain budgets.</p> <p>Cost overruns could reduce funds available for investments or require additional contributions from administering authorities.</p> | 4 | 3 | 12 | <p>Develop detailed financial forecasts and regular budget reviews.</p> <p>Implement strict project cost controls and approval processes.</p> <p>Establish clear funding arrangements and contingencies with administering authorities.</p>                                         | 3 | 3 | 9  | <p>Head of Finance</p> <p>Investment Manager</p> |  |  |
| 9.3                                        | <p>Reliance on third party providers for key services on Day 1 of WPP IM Co operations may pose risks related to service quality, continuity, and integration.</p>                                                                                                                                        | 4 | 3 | 12 | <p>Conduct thorough due diligence on third party providers.</p> <p>Establish robust service level agreements (SLAs) and monitoring processes.</p> <p>Develop plans for gradual insourcing with clear timelines.</p>                                                                 | 3 | 3 | 9  | <p>Head of Finance</p> <p>Investment Manager</p> |  |  |

