

Risk Register



Pensions Dashboard

In line with best practice and the Pensions Regulator (tPR) Code of Practice, NESPF maintains a risk register to ensure the risks the Fund faces are properly understood, and risk mitigation actions are in place.

This Risk Register is reviewed and updated quarterly, with reporting to the Pensions Committee.

The Pensions Committee is responsible for receiving assurance on the effectiveness of NESPF risk management arrangements as per their Terms of Refence.

Risk Scoring Process

In order to apply an assessment rating (score) to a risk, NESPF implements a 4 x 6 matrix. The 4 scale represents the impact of a risk and the 6 scale represents likelihood of a risk event occurring.

4	Very Serious	4	8	12	16	20	24
3	Serious	3	6	9	12	15	18
2	Marginal	2	4	6	8	10	12
1	Negligible	1	2	3	4	5	6
Impact		1	2	3	4	5	6
	Likelihood	Almost Impossible	Very Low	Low	Significant	High	Very High

Current Heat Map (where risks NESPF001 through 029 fall)

4	Very Serious						
3	Serious						
2	Marginal						
1	Negligible						
Impact		1	2	3	4	5	6
	Likelihood	Almost Impossible	Very Low	Low	Significant	High	Very High

Red = High Priority (urgent action required)

Orange = Medium Priority (assess adequacy of current controls, consider further action required to mitigate risk)

Green = Low Priority (no immediate action subject to exceptions, continue to review)

Code	Risk Description	Mitigating Controls	Current Risk				Approach	Additional Actions/Latest Notes	Owner & Timescale
			Impact	Likelihood	Score	Movement			
Pension Fund Level									
NESPFO01	Risk: Lack of effective risk controls	<ul style="list-style-type: none">NESPF risk register is reviewed and updated quarterly by senior management teamConsideration by Pensions Committee & Board at quarterly meetingsNESPF specific Risk Management Policy in place and reviewed annually	4	1	4	↔	TREAT		Ongoing
	Causes: Failure to implement risk management framework								
	Potential Impact: Operational, financial and reputational issues								
NESPFO02	Risk: Poor Governance	<ul style="list-style-type: none">Annual review of Funds Governance Compliance Statement and supporting policies and proceduresAdherence to Council’s Scheme of GovernanceCommittee Effectiveness Service Update to support good governance	3	2	6	↔	TREAT	ACC Scheme of Governance annual review approved by Council April 2025.	Ongoing
	Causes: Lack of robust and effective governance framework and supporting policies and procedures								
	Potential Impact: Regulatory compliance issues, inability to determine policies and make effective decisions leading to poor service delivery and reputational risk								
NESPFO03	Risk: Lack of performance measures	<ul style="list-style-type: none">Statutory and local KPI’sPension Administration Strategy published quarterlyInvestment performance (against benchmark)	3	2	6	↔	TREAT	PAS reporting review underway.	M Suttie, Apr’26
	Causes: Failure to develop performance reporting framework								
	Potential Impact: Lack of transparency, poor								

Code	Risk Description	Mitigating Controls	Current Risk				Approach	Additional Actions/Latest Notes	Owner & Timescale
			Impact	Likelihood	Score	Movement			
	performance could go unaddressed	reported to Committee quarterly in AIMP report							
NESPF004	Risk: Failure of Pensions Committee and Pension Board to operate effectively Causes: Poor attendance/commitment to role, high turnover of members, lack of training Potential Impact: Non-compliance with regulatory requirements, inability to make decisions or policies, reputational risk	<ul style="list-style-type: none"> Publication of Pension Board Annual Report Training Policy reviewed annually and training register in place Nomination & Appointment procedure Annual Committee Effectiveness Service Update Quarterly Committee & Board Bulletin Monthly Hymans LOLA Progress Report 	3	4	12	↔	TREAT	Pension Board Annual Report and Training Policy approved June 2025. 2 long term Committee vacancies and 1 vacancy x Independent. Risk score remains static.	Ongoing
NESPF005	Risk: Operational Disaster; unable to access the workplace Causes: Major incident, natural disaster Potential Impact: Loss of service delivery, staff downtime	<ul style="list-style-type: none"> ACC Disaster Recovery policy in place NESPF Business Continuity Plan to address loss/disruption to benefit administration system 	3	2	6	↔	TOLERATE	Disaster Recovery Testing ongoing.	Ongoing
NESPF006	Risk: Failure to recruit, retain and develop staff Causes: Limited pool of resources/competition with private sector, lack of training/development opportunities, resource drain from wider priorities	<ul style="list-style-type: none"> All staff have individual development plans, reviewed regularly through CR&D Training register to monitor 	3	2	6	↔	TREAT	Structure review ongoing, reviewing existing and anticipating future requirements of the Fund, with particular focus on retention of key	Ongoing

Code	Risk Description	Mitigating Controls	Current Risk				Approach	Additional Actions/Latest Notes	Owner & Timescale
			Impact	Likelihood	Score	Movement			
	Potential Impact: Loss of service delivery, risk to succession planning	<ul style="list-style-type: none">• 3 dedicated training & development staff• Internal 2 year training programme for benefit admin staff• Future-focused staffing structure, subject to ongoing review• TEC Module adopted in Altair						staff and succession planning. Update to Dec’25 meeting.	
NESPFO07	Risk: Pay and price inflation valuation assumptions either higher or lower	<ul style="list-style-type: none">• Quarterly funding updates to Committee (using FRM)• Tri-ennial valuation• Individual employer contribution rates	2	3	6	↔	TOLERATE	Healthy funding position, prudent assumptions in 2023 valuation led to decreased risk score at last review.	Ongoing
	Causes: Economic factors								
	Potential Impact: Potential increase in employer contribution rates and liabilities								
NESPFO08	Risk: Over reliance on services provided by the Administering Authority (e.g. HR, Payroll, Legal, IT)	<ul style="list-style-type: none">• Internal controls including policies and procedures• Pensions Administration Strategy in place• Communication between Pensions Manager and ACC Chief Officers	4	4	16	↔	TREAT	Operating Model review by Hymans ongoing. Short term recommendations agreed. Update to Dec’25 meeting.	Ongoing
	Causes: VS/ER exercise leading to loss of knowledge and expertise, recruitment freeze, poor service provision, cost constraints								
	Potential Impact: Ability to meet regulatory and tPR requirements, staff downtime, loss of service delivery/delays and staff								

Code	Risk Description	Mitigating Controls	Current Risk				Approach	Additional Actions/Latest Notes	Owner & Timescale
			Impact	Likelihood	Score	Movement			
	time, cyber and IT risk, legal and reputational risk								
Governance									
NESPFO09	Risk: Failure to adhere to relevant pensions legislation and guidance	<ul style="list-style-type: none"> Six monthly compliance review, with annual reporting to Pensions Committee and Board Active participation at LGPS events, Testing Working Party for administration software updates Established processes for staff training Oversight by Pensions Board Regular benefit admin team meetings to share knowledge Participations in consultations 	3	2	6	↔	TREAT	<p>Six monthly compliance review completed Dec'25 including review against TPR's General Code.</p> <p>Onboarded with Dashboards in advance of 31st October deadline.</p> <p>Wider central Government pensions reform progressing and Scottish Elections in 2026.</p>	Ongoing
	Causes: Political and legislative changes, increased administrative complexity, staff training issue								
	Potential Impact: Audit criticism, legal challenge, reputational risk, financial loss and tPR action								
NESPFO10	Risk: Failure to comply with FOI or SAR requests	<ul style="list-style-type: none"> Internal written procedures in place FOI/SAR log to record & monitor Online process through GovServices 	3	1	3	↔	TREAT		Ongoing
	Causes: Missed statutory deadlines due to training or resource issues								
	Potential Impact: Audit criticism, legal challenge, reputational risk								
NESPFO11	Risk: Conflicts of Interest		2	3	6	↔	TREAT		Ongoing

[illegible]

Code	Risk Description	Mitigating Controls	Current Risk				Approach	Additional Actions/Latest Notes	Owner & Timescale
			Impact	Likelihood	Score	Movement			
NESPFO13	Risk: Insufficient assets to meet the Funds long term liabilities	<ul style="list-style-type: none">Quarterly assessment of investment performance and funding updatesTri-ennial valuation and investment strategy reviewDiversification of assetsDue diligence of fund managersExternal advisor for specialist guidance on strategy	4	1	4	↔	TREAT	Planning underway for 2026 valuation with the Scheme Actuary.	Ongoing
	Causes: Failure of investment strategy or fund managers to produce expected returns								
	Potential Impact: Increase in employer contribution rates, investment risk, audit criticism, financial loss								
NESPFO14	Risk: Failure to monitor investment managers and assets	<ul style="list-style-type: none">Quarterly assessment and reporting of asset performanceRegular meetings with investment managers	3	2	6	↔	TREAT		Ongoing
	Causes: Lack of internal procedures								
	Potential Impact: Audit criticism, legal challenge, reputational risk								
NESPFO15	Risk: Failure of world stock markets	<ul style="list-style-type: none">Diversification of Scheme assetsTri-ennial valuationInvestment strategy review alongside valuation	4	2	8	↔	TOLERATE	Next tri-ennial valuation will be carried out by the new scheme actuary, Hymans, with effect from 31 March 2026.	Ongoing
	Causes: Systemic								
	Potential Impact: Increase in employer contribution rates, financial loss								
NESPFO16	Risk: Negligence/Fraud/Default	<ul style="list-style-type: none">Due diligence on appointment and appropriate clause in legal agreements	2	1	2	↔	TOLERATE		Ongoing
	Causes: Dishonesty by fund managers, lack of care or human error								

[illegible]

Code	Risk Description	Mitigating Controls	Current Risk				Approach	Additional Actions/Latest Notes	Owner & Timescale
			Impact	Likelihood	Score	Movement			
NESPFO19	Risk: Poor financial reporting	<ul style="list-style-type: none">Comprehensive policies and procedures in place and review of <i>the Code</i>Attending CIPFA meeting and reviewsRegular reconciliations e.g. fund managers, custodianInternal/External Audits	3	2	6	↔	TREAT	Annual accounts approved at September 2025 meeting.	Ongoing
	Causes: Lack of internal policies and procedures, failure to keep up to date with changes in the Code of Practice and other overriding changes, training issues								
	Potential Impact: Qualified accounts								
Systems									
NESPFO20	Risk: Failure to secure and manage personal data in line with data protection requirements	<ul style="list-style-type: none">Annual information governance training for staffPolicies and procedures in place and reviewed regularly (Breaches, Data Protection, Systems Access, Retention Schedule, Cyber Incident Response Plan)Secure physical storage measuresAdmin system providers implement range of protections against cyber threats including encryption, firewalls, annual 3rd party penetration testing etc	4	2	8	↔	TREAT	Information governance 2025 refresher underway Cyber training for Committee & Board and Cyber Incident Tabletop Exercise completed end of 2024/early 2025.	Ongoing
	Causes: Cyber-attack, human processing error								
	Potential Impact: Audit criticism, legal challenge, reputational risk, financial penalties								

Code	Risk Description	Mitigating Controls	Current Risk				Approach	Additional Actions/Latest Notes	Owner & Timescale
			Impact	Likelihood	Score	Movement			
NESPFO21	Risk: Failure of the Fund’s administration system	<ul style="list-style-type: none">Administration system is hosted externally with back up in separate locationRegular software updatesBusiness continuity and disaster recovery plans in place	4	2	8	↔	TOLERATE	Increased risk of cyber-attacks globally, mitigations in place. Local Contingency Plan and Systems Access Policy reviewed early 2025. Heywood Cyber Security Testing for 2025 completed and no major issues identified.	Ongoing
	Causes: Outages, hardware and software failures and cyber attacks								
	Potential Impact: Staff downtime, loss of service delivery								
NESPFO22	Risk Failure to track member status and trace information	<ul style="list-style-type: none">Tracing service in place (ATMOS)Use of ‘Tell Us Once’ serviceData quality improvement plan including measures to traceExistence checking	2	3	6	↔	TREAT	Tracing exercise to be undertaken in 2025/26. Update to Dec’25 meeting.	C Mullen, March’26
	Causes: Poor record keeping								
	Potential Impact: Incorrect pension payments, incorrect assessment of actuarial liabilities, tPR action								
Employer Relationship									
NESPFO23	Risk: Failure to monitor employer covenant	<ul style="list-style-type: none">Continued implementation of Covenant Assessment	2	2	4	↔	TREAT	In process of implementing online services with Hymans.	Ongoing
	Causes: Failure of internal procedures								

Code	Risk Description	Mitigating Controls	Current Risk				Approach	Additional Actions/Latest Notes	Owner & Timescale
			Impact	Likelihood	Score	Movement			
	Potential Impact: Orphaned liabilities could fall on remaining employers	and Monitoring Policy (within FSS) • Online liability monitor which tracks funding levels and liabilities for each individual employer							
ESPF024	Risk: Changes in early retirement strategies by employers	• Management through Covenant Assessment and Monitoring Policy (within FSS)	2	3	6	↔	TREAT	Increasing budget constraints are leading more employers to redundancy/early retirement exercises. Employers are aware of cost implications. Strain on Fund factors reviewed by scheme actuary in 2023.	Ongoing
	Causes: Public service cuts to funding								
	Potential Impact: Pressure on cash flows								
NESP025	Risk: Employers leaving Scheme or closing to new members	• Management through Covenant Assessment and Monitoring Policy (within FSS) • Cost Cap mechanism introduced in LGPS regulations • Termination Policy reassessed in line with the 2023 Fund Valuation	2	4	8	↔	TREAT	New flexibilities, guarantors in place, new Termination Policy and current funding position.	Ongoing
	Causes: Public service cuts to funding, increased pension contribution costs								
	Potential Impact: Orphaned liabilities could fall to remaining employers								
NESP026	Risk: Longevity		2	2	4	↔	TOLERATE		Ongoing

Code	Risk Description	Mitigating Controls	Current Risk				Approach	Additional Actions/Latest Notes	Owner & Timescale
			Impact	Likelihood	Score	Movement			
	Causes: Increasing life expectancy rates Potential Impact: Increase in employer contribution rates and liabilities	<ul style="list-style-type: none"> Tri-ennial valuation undertakes scheme specific analysis including review of life expectancy/mortality assumptions which are set with some allowance for increases 						Demographic assessment carried out by the scheme actuary in 2022/23 which was fed into 2023 valuation. Hymans will use Club Vita to feed into next valuation.	
NESPFO27	Risk: Employer contributions not received, collected or recorded accurately	<ul style="list-style-type: none"> Internal escalation procedures Breaches policy and register Monthly data submission reconciled by ERT Quarterly PAS reporting to Committee & Board Ongoing training provided by dedicated ERT to scheme employers Employer Briefings 	2	3	6	↔	TREAT	LGPS (Scotland) Regulations delivered Summer 2022 to help manage risk.	Ongoing
	Causes: Lack of staff resources, training issues							New employer contribution rates put in place following 2023 valuation. All employer contribution requirements reduced for inter-valuation period 2024-27.	
	Potential Impact: Orphaned liabilities could fall to remaining employers								
NESPFO28	Risk: Failure to maintain member records; data incomplete or inaccurate	<ul style="list-style-type: none"> Monthly data from employers which is reconciled by ERT 	3	2	6	↔	TREAT	Legacy Team clearing backlogs to ensure records are as up to date as possible in	Ongoing
	Causes: Lack of staff resources, training issues								

Code	Risk Description	Mitigating Controls	Current Risk				Approach	Additional Actions/Latest Notes	Owner & Timescale
			Impact	Likelihood	Score	Movement			
	Potential Impact: Incorrect pension payments, incorrect assessment of actuarial liabilities, reputational damage, tPR action	<ul style="list-style-type: none"> Quarterly PAS reporting to Committee & Board Data quality improvement plan implemented Data readiness assessment for Pensions Dashboard Project 						readiness for Pensions Dashboard connection by 2026 and valuation	
NESPF029	Risk: The Fund is unable to adequately comply with required administrative processes owing to McCloud judgement Causes: Not having the required historic data, adequate resources, sufficient guidance Potential Impact: Breaches and potential action by tPR, increase in liabilities, incorrect pension entitlements, damage to Fund reputation	<ul style="list-style-type: none"> SAB and other industry guidance Early and ongoing communication with employers McCloud project team created 	2	2	4	↔	TREAT	Now “Live” with McCloud. Majority of historic recalculations completed.	Ongoing