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
		1	2	3	4	5	6
Imp	act Likelihood	Almost Impossible	Very Low	Low	Significant	High	Very High

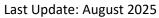
Current Heat Map (where risks NESPF001 through 029 fall)

4	Very Serious	• •	000		•		
3	Serious	•	••••		•		
2	Marginal	•	•••	•••	•		
1	Negligible						
		1	2	3	4	5	6
Imp	act Likelihood	Almost Impossible	Very Low	Low	Significant	High	Very High

Red = **High Priority** (urgent action required)

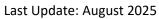
Orange = Medium Priority (assess adequacy of current controls, consider further action required to mitigate risk)

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



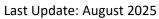


Code	Risk Description		Curre	ent Risk		Approach	Additional	Owner &	
			Impact	Likelihood	Score	Movement		Actions/Latest Notes	Timescale
Pension Fu	ınd Level								
NESPF001	Risk: Lack of effective risk controls	NESPF risk register is reviewed and updated	4	1	4	\leftrightarrow	TREAT		Ongoing
	Causes: Failure to implement risk management framework	quarterly by senior management team • Consideration by							
	Potential Impact: Operational, financial and reputational issues Pensions Committee & Board at quarterly meetings NESPF specific Risk Management Policy in place and reviewed	Board at quarterly meetings NESPF specific Risk Management Policy in							
NESPF002	Risk: Poor Governance 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	 Annual review of Funds Governance Compliance Statement and supporting policies and procedures Adherence to Council's Scheme of Governance Committee Effectiveness Service Update to support good governance 	3	2	6	\leftrightarrow	TREAT	ACC Scheme of Governance annual review approved by Council April 2025.	Ongoing
NESPF003	Risk: Lack of performance measures Causes: Failure to develop performance reporting framework Potential Impact: Lack of transparency, poor	 Statutory and local KPI's Pension Administration Strategy published quarterly Investment performance (against benchmark) 	3	2	6	\leftrightarrow	TREAT	PAS reporting review underway.	M Suttie, Dec'25



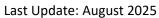


Code	Risk Description	Mitigating Controls		Curre	nt Risk		Approach	Additional	Owner &
			Impact	Likelihood	Score	Movement		Actions/Latest Notes	Timescale
	performance could go unaddressed	reported to Committee quarterly in AIMP report							
NESPF004	Risk: Failure of Pensions Committee and Pension Board 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	 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 now 1 vacancy x Independent. Risk score has been increased.	Ongoing
NESPF005	Risk: Operational Disaster; unable to access the workplace Causes: Major incident, natural disaster Potential Impact: Loss of service delivery, staff downtime	 ACC Disaster Recovery policy in place NESPF Business Continuity Plan to address loss/disruption to benefit administration system 	3	2	6	\leftrightarrow	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	 All staff have individual development plans, reviewed regularly through CR&D Training register to monitor 	3	2	6	\leftrightarrow	TREAT	Operational Effectiveness report by Hymans. Structure review ongoing, reviewing existing and anticipating future	Ongoing



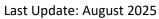


Code	Risk Description	Mitigating Controls		Curre	nt Risk		Approach	Additional	Owner &
			Impact	Likelihood	Score	Movement		Actions/Latest	Timescale
	Potential Impact: Loss of service delivery, risk to succession planning	 3 dedicated training & development staff Internal 2 year training programme for benefit admin staff Future-focused staffing structure, subject to ongoing review TEC Module adopted in Altair 						requirements of the Fund, with particular focus on retention of key staff and succession planning. New TEC Module to assist staff training within Altair implemented May'25.	
NESPF007	Risk: Pay and price inflation valuation assumptions either higher or lower Causes: Economic factors Potential Impact: Potential increase in employer contribution rates and liabilities	 Quarterly funding updates to Committee (using PFaroe) Tri-ennial valuation Individual employer contribution rates 	2	3	6	\leftrightarrow	TOLERATE	Healthy funding position, prudent assumptions in 2023 valuation led to decreased risk score at last review.	Ongoing
NESPF008	Risk: Over reliance on services provided by the Administering Authority (e.g. HR, Payroll, Legal, IT) Causes: VS/ER exercise leading to loss of knowledge and expertise, recruitment freeze, poor service provision, cost constraints	 Internal controls including policies and procedures Pensions Administration Strategy in place Communication between Pensions 	4	4	16	\leftrightarrow	TREAT	Operating Model review by Hymans ongoing. Initial conversations have taken place with the wider council	Ongoing



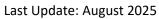


Code	Risk Description	Mitigating Controls		Curre	nt Risk		Approach	Additional	Owner &
			Impact	Likelihood	Score	Movement		Actions/Latest	Timescale
								Notes	
	Potential Impact: Ability to	Manager and ACC Chief						clusters to progress	
	meet regulatory and tPR	Officers						review.	
	requirements, staff								
	downtime, loss of service							Recent IT issues	
	delivery/delays and staff time, cyber and IT risk, legal							caused significant disruption to April	
	and reputational risk							payslip delivery	
								and payment	
								authorisation.	
								Although these	
								specific issues were	
								resolved, we	
								continue to	
								experience	
								operational issues.	
Governanc	Δ								
NESPF009	Risk: Failure to adhere to	Six monthly compliance	3	2	6	\leftrightarrow	TREAT	Six monthly	Ongoing
	relevant pensions legislation	review, with annual						compliance review	
	and guidance	reporting to Pensions						completed Jun'25	
	Causes: Political and	Committee and Board						including review	
	legislative changes,	 Active participation at 						against TPR's	
	increased administrative	LGPS events, Testing						General Code.	
	complexity, staff training	Working Party for							
	issue	administration software						Work underway to	
	Potential Impact: Audit	updates						ensure compliance with National	
	criticism, legal challenge, reputational risk, financial	Established processes for staff training						Pensions	
	loss and tPR action	staff trainingOversight by Pensions						Dashboard	
	1033 and trivaction	Board						requirements.	
		Dourd						4	



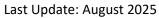


Code	Risk Description	Mitigating Controls		Curre	nt Risk		Approach	Additional	Owner &
			Impact	Likelihood	Score	Movement		Actions/Latest Notes	Timescale
		 Regular benefit admin team meetings to share knowledge Participations in consultations 						Wider central Government pensions reform progressing and Scottish Elections in 2026.	
NESPF010	Risk: Failure to comply with FOI or SAR requests Causes: Missed statutory deadlines due to training or resource issues Potential Impact: Audit criticism, legal challenge, reputational risk	 Internal written procedures in place FOI/SAR log to record & monitor Online process through GovServices 	3	1	3	\leftrightarrow	TREAT		Ongoing
NESPF011	Risk: Conflicts of Interest Causes: Competing professional and personal interests of staff, Committee and Board members Potential Impact: Audit criticism, legal challenge, reputational risk	 Standing agenda item at meetings Regular discussions between CO-Finance and Pension Fund Manager Conflicts policy & register in place, with conflicts declarations issued annually 	2	3	6	\leftrightarrow	TREAT	Updated COI Policy to Committee meeting Dec'24.	Ongoing
	ministration								
NESPF012	Risk: Fraud/Negligence Causes: Dishonesty or human error by staff, scheme members Potential Impact: Overpayment/unauthorised	 Segregation of duties for benefits staff authorising/submitting lump sum payments 	3	2	6	\leftrightarrow	TREAT	Internal Audit Pension Fund Payroll and participation in NFI exercise completed 2025.	Ongoing



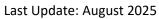


Code	Risk Description	Mitigating Controls		Curre	nt Risk		Approach	Additional	Owner &
			Impact	Likelihood	Score	Movement		Actions/Latest Notes	Timescale
	payments, system corruption, audit criticism, legal challenge, reputational risk	 Pension payments signed off by benefits senior Enhanced Admin to Pay and Arrears Modules to provide calculation checks Participation in National Fraud Initiative exercise Overseas pensioner existence checking Breaches Policy & register Internal Audit control reviews 							
Investment	ts								
NESPF013	Risk: Insufficient assets to meet the Funds long term liabilities 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	 Quarterly assessment of investment performance and funding updates Tri-ennial valuation and investment strategy review Diversification of assets Due diligence of fund managers External advisor for specialist guidance on strategy 	4	1	4	\leftrightarrow	TREAT	Tri-ennial valuation process completed, Fund in very healthy position (126% funded) and valuation approach continues to ensure high level of prudency. Investment strategy approved at June'24 meeting.	Ongoing
NESPF014	Risk: Failure to monitor investment managers and assets		3	2	6	\leftrightarrow	TREAT		Ongoing



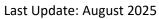


Code	Risk Description	Mitigating Controls		Curre	nt Risk		Approach	Additional	Owner &
			Impact	Likelihood	Score	Movement		Actions/Latest Notes	Timescale
	Causes: Lack of internal procedures Potential Impact: Audit criticism, legal challenge, reputational risk	 Quarterly assessment and reporting of asset performance Regular meetings with investment managers 							
NESPF015	Risk: Failure of world stock markets Causes: Systemic Potential Impact: Increase in employer contribution rates, financial loss	 Diversification of Scheme assets Tri-ennial valuation and investment strategy review 	4	2	8	\leftrightarrow	TOLERATE	Next tri-ennial valuation will be carried out by the new scheme actuary, Hymans, with effect from 31 March 2026.	Ongoing
NESPF016	Risk: Negligence/Fraud/Default Causes: Dishonesty by fund managers, lack of care or human error Potential Impact: Financial loss, reputational damage	 Due diligence on appointment and appropriate clause in legal agreements Fund management monitoring SAS 70 reports 	2	1	2	\leftrightarrow	TOLERATE		Ongoing
NESPF017	Risk: Failure of Global Custodian Causes: Financial market crisis, regulatory/political Potential Impact: Loss of assets or control of assets	 Regular meeting with custodian Service Level Agreement in place Receipt of SAS 70 reports and monitoring 	4	2	8	\leftrightarrow	TOLERATE	Global Custodian tender process underway.	Ongoing
NESPF018	Risk: Failure to implement ESG policy Causes: Lack of skills/knowledge, lack of transparency on practices or clear policy	 Member training on roles and fiduciary duties Policy incorporated within SIP 	3	2	6	\leftrightarrow	TREAT		Ongoing



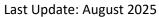


Code	de Risk Description Mitigating Controls			Curre	nt Risk		Approach	Additional	Owner &
			Impact	Likelihood	Score	Movement		Actions/Latest Notes	Timescale
	Potential Impact: Reputational damage	 PRI membership, annual signatory assessment Monitor impact of climate change Adoption of TCFD Quarterly reporting to Committee/Board on voting, carbon footprinting and engagement work. Risk assessments with Fund Managers and Investment Consultant including Climate Scenario Analysis 						Notes	
Accounting			_						
NESPF019	Risk: Poor financial reporting 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	 Comprehensive policies and procedures in place and review of the Code Attending CIPFA meeting and reviews Regular reconciliations e.g. fund managers, custodian Internal/External Audits 	3	2	6	\leftrightarrow	TREAT	Draft unaudited annual accounts approved at June 2025 meeting.	Ongoing
Systems								1	
NESPF020	Risk: Failure to secure and manage personal data in line		4	2	8	\leftrightarrow	TREAT		Ongoing



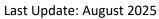


with data protection equirements • Annual information governance training for	Actions/Latest Notes Staff complete annual information governance.	Timescale
with data protection	Staff complete annual information	
requirements governance training for a	annual information	
Causes: Cuber attack staff	governance.	
human processing error • Policies and procedures		
	Cyber training for	
1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -	Committee & Board delivered	
1.000.00.00.00.00.00.00.00.00.00.00.00.0	Nov'24. Cyber	
	Incident Tabletop	
	Exercise completed	
1 221 2 11 12 10	by NESPF Incident	
	Response Team in	
rianimi system providers	Jan'25 and Cyber	
	Incident Response	
protestions abannot	Plan updated.	
encryption, firewalls,	·	
annual 3 rd party		
penetration testing etc		
NESPF021 Risk: Failure of the Fund's ◆ Administration system is 4 2 8 ↔ TOLERATE In	Increased risk of	Ongoing
administration system hosted externally with	cyber-attacks	
	globally,	
and software failures and location	mitigations in	
7	place.	
Potential Impact: Staff updates		
_	Local Contingency	
, , , , , , , , , , , , , , , , , , , ,	Plan and Systems	
	Access Policy	
	reviewed early 2025.	
	2025.	
	Heywood Cyber	
	Security Testing for	



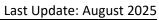


Code	Risk Description	Mitigating Controls		Curre	ent Risk		Approach	Additional	Owner &
			Impact	Likelihood	Score	Movement		Actions/Latest Notes	Timescale
								2025 completed and no major issues identified.	
NESPF022	Risk Failure to track member status and trace information Causes: Poor record keeping Potential Impact: Incorrect pension payments, incorrect assessment of actuarial liabilities, tPR action	 Tracing service in place (ATMOS) Use of 'Tell Us Once' service Data quality improvement plan including measures to trace Existence checking 	2	3	6	\leftrightarrow	TREAT	New mortality tracing. Data uploaded and checked against national death records, automatically creates cases on Altair administration database with output dashboard with lower priority matches. Review of new process ongoing. Tracing exercise to be undertaken in 2025/26.	C Mullen, Dec'25
Employer F	Relationship								
NESPF023	Risk: Failure to monitor employer covenant Causes: Failure of internal procedures	Continued implementation of Covenant Assessment	2	2	4	\leftrightarrow	TREAT	In process of implementing online services with Hymans.	Ongoing



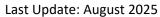


Code	Risk Description	Mitigating Controls		Curre	ent Risk		Approach	Additional Actions/Latest Notes	Owner & Timescale
			Impact	Likelihood	Score	Movement			
	Potential Impact: Orphaned liabilities could fall on remaining employers	 and Monitoring Policy (within FSS) Online liability monitor which tracks funding levels and liabilities for each individual employer 							
ESPF024	Risk: Changes in early retirement strategies by employers Causes: Public service cuts to funding Potential Impact: Pressure on cash flows	Management through Covenant Assessment and Monitoring Policy (within FSS)	2	3	6	\leftrightarrow	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
NESPF025	Risk: Employers leaving Scheme or closing to new members Causes: Public service cuts to funding, increased pension contribution costs Potential Impact: Orphaned liabilities could fall to remaining employers	 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	\leftrightarrow	TREAT	New flexibilities, guarantors in place, new Termination Policy and current funding position.	Ongoing
NESPF026	Risk: Longevity		2	2	4	\leftrightarrow	TOLERATE		Ongoing





Code	Risk Description	Mitigating Controls		Curre	nt Risk		Approach	Additional	Owner &
			Impact	Likelihood	Score	Movement		Actions/Latest	Timescale
								Notes	
	Causes: Increasing life	Tri-ennial valuation						Demographic	
	expectancy rates	undertakes scheme						assessment carried	
	Potential Impact: Increase	specific analysis						out by the scheme	
	in employer contribution	including review of life						actuary in 2022/23	
	rates and liabilities	expectancy/mortality						which was fed into	
		assumptions which are						2023 valuation.	
		set with some allowance						Hymans will use	
		for increases						Club Vita to feed	
								into next valuation.	
NESPF027	Risk: Employer contributions	 Internal escalation 	2	3	6	\leftrightarrow	TREAT	LGPS (Scotland)	Ongoing
	not received, collected or	procedures						Regulations	
	recorded accurately	Breaches policy and						delivered Summer	
	Causes: Lack of staff	register						2022 to help	
	resources, training issues	Monthly data submission						manage risk.	
	Potential Impact: Orphaned	reconciled by ERT							
	liabilities could fall to	 Quarterly PAS reporting 						New employer	
	remaining employers	to Committee & Board						contribution rates	
		 Ongoing training 						put in place	
		provided by dedicated						following 2023	
		ERT to scheme						valuation. All	
		employers						employer	
		 Employer Briefings 						contribution	
								requirements	
								reduced for inter-	
								valuation period	
NECDEOGG	Bil Fill out out to		2	2		, ,	TOTAT	2024-27.	
NESPF028	Risk: Failure to maintain	Monthly data from	3	2	6	\leftrightarrow	TREAT	Work is ongoing to	Ongoing
	member records; data	employers which is						ensure records are	
	incomplete or inaccurate	reconciled by ERT						as up to date as	
	Causes: Lack of staff							possible in	
	resources, training issues							readiness for	





Code	Risk Description	Mitigating Controls		Curre	ent 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	 Quarterly PAS reporting to Committee & Board Data quality improvement plan implemented Data readiness assessment for Pensions Dashboard Project 						Pensions Dashboard connection by 2026.	
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	SAB and other industry guidance Early and ongoing communication with employers McCloud project team created	2	2	4	\leftrightarrow	TREAT	Now "Live" with McCloud. Majority of historic recalculations completed.	Ongoing