

[illegible]

Ref	Strategic Risks	Pre-mitigati on RAG	Risk Control / Response	Post-mitigati on RAG	Risk Owner
Employer Risk					
E1	Contributions Funding Failure to collect contributions from employers in line with Funding strategy requirements and Rates and Adjustment Certificate	9	<ul style="list-style-type: none"> •Monthly Employer contribution monitoring completed •Monitoring of breaches re. late payments by Employer engagement team (via escalation process). Chasers sent out near deadlines to prompt employers to provide prompt information and payment. •Contributions recorded in Finance system for each employer to track employer cashflows in line with actuarial requirements for Valuation and FRS17/IAS19 reporting requirements (can also see trends in contributions collected) •Pension Administration strategy: updated Feb 2023, outlining ability to charge employers for late payment, late receipt of remittance advice or poor data quality. Late payment charges as deterrent (& cover Fund for late payment). •i-Connect: allows Fund to a)better reconcile payments & b)gain more accurate employer contribution payments (i-connect functionality being improved by software provider). •Regular reporting to Pensions Board on late payments of contributions •Covenant review helps identify employers most likely to have financial difficulties (to be reviewed in 2025). •Triennial valuation process tries to stabilise contribution rates. Senior management involved in detailed discussions on funding assumptions. Triennial Valuation complete for 2022 and new rates set for April 2023 onwards. LGPS31 forms issued to all employers with new rates. •Guide to Employers on implications of Pensions on Outsourcing published and issued to all employers •Contribution deferral policy approved by Committee (June 2020) •Deferred debt and debt spreading policies approved (June 2023) •Employer engagement team confirms correct signatories for contribution submissions (so signed off at appropriate management level) •Regular communication with Employers through Employer engagement team •Cash Management covered by internal audit in 2022/23 and 2023/24 looking at contribution collection and cash management strategy with substantial assurance 	4	Head of Pensions
E2	Employer data Employers fail to provide accurate and timely data to the PAT team	12	<ul style="list-style-type: none"> •Pension Administration Strategy: in place (last reviewed 2023) •Employing authorities contacted for outstanding/accurate information •User Guide and Training provided to Employers for outsourcing implications with LGPS •Regular communication and meeting with administration services regarding service updates etc. •Employer engagement team established Jan 2021 to support employers and provide training where required •Quarterly employer newsletter helps employers to understand ESPF current issues and activity •Data cleansing plan completed June 2020 (led by Hymans). PAT and other teams regularly improve Data quality •i-Connect system limits employer ability to submit incorrect data. Data is received monthly (not annually) to allow regular cleansing and discussion with employers •Meetings held between senior pensions Management team and employers where there are current or historic data concerns •2022 triennial valuation data cleansing: Actuary worked with PAT to check data (data cleansing ongoing for both Dashboard and 2025 triennial valuation). 	9	Head of Pensions

E3	Employer Covenant Delay in employers agreeing Admission Agreement, risk of insufficient security	8	<ul style="list-style-type: none"> • Admission agreements ensure the Fund can provide comprehensive admission agreements when negotiating in line with the risk sharing arrangements agreed with the letting employer. New templates developed for pooling rate. Fixed rate template and Bond template in place (shared with the employers early in the process to speed up agreement of new admission agreements) • Outsourcing Guide to publicly available and distributed to all employers (guide tells employers what to consider/plan when making an outsourcing arrangement with TUPE staff). New employers are given a copy (part of Admission Agreement process) • Officers meet regularly to review status and progress on admissions. Updates at monthly team meetings ensure admissions are always complete and effective • Data flow and process map ensures officers request and communicate all required information promptly (and that on execution of the agreements data is supplied in line with the Administration strategy) • Admissions in progress reported quarterly to Board and Committee to share status updates • Security obtained for new admissions in form of bond or a guarantee from an appropriate body which can support the guarantee 	6	Head of Pensions
Administration					
A1	Pensions service Delivery The scheme is not administered correctly resulting in the wrong benefits being paid or benefits not being paid, including the result of poor data	9	<ul style="list-style-type: none"> • In-house PAT team gives management team complete control over service delivery • Annual internal audit reports on pension administration (incl. regular reporting and monitoring of "red" recommendations to ensure Fund continues best practice). Fund received reasonable assurance since bringing in-house (no red recommendations). • Quarterly Reports to Pension Board and Committee on areas of work and KPIs, New service level KPIs now reportable within the Administration software • Pension Regulator Guidance acknowledged by all team members (training provided via team meetings or courses) • Task workflow from Senior Pension Officers to PAT staff . Helpdesk add all tasks to their workflow to ensure all tasks completed well as planned. PAT staff add tasks as appropriate. • Checklists in place. Activity impacting members recorded on member records for other teams members to access • All tasks peer reviewed. Constant monitoring / checking by team managers and senior officers for more junior staff members • In house risk logs cover projects • SAP / Altair reconciliation monthly to ensure pension payment records complete and correct • Calculations generally automated to reduce manual error risk • Task management systems in Altair ensure activity is completed and monitored • Regular meetings with payroll, HR, ICT and PAT • Pensions Admin working group discusses service delivery issues on a regular basis • Pensions Admin Team- skills matrix identifies training needs for processes 	6	Head of Pensions Administration
A2	Regulatory Change - Risk that new benefit structures can not be set up correctly or in time. - LTA replaced with max cash limits. - Introducing inheritance tax. - Change in minimum retirement age	9	<ul style="list-style-type: none"> • Projects and/or working groups in place to deal with current regulatorily benefit changes • Attendance at networks and officer groups to stay on top of upcoming changes in regulation • Reports to Pension Board and Committee to ensure knowledge is shared to decision makers • Oversight via Pension Admin Working Group 	6	Head of Pensions Administration

A3	Production of Statutory member returns Risk of failure to produce ABS, annual allowance and event reports	15	<ul style="list-style-type: none"> •Regular contact with employers to get data •Clear project plan with early communications and planning with milestones to ensure Statements created in time to allow time for staff distribution •Under 10 employers still to be onboarded to i-Connect, ensuring better quality & speedy data including joiners/leavers. Annual Allowance data continues for cases in scope (with limit increased to £60k, cases impacted are significantly reduced) •Breaches policy in place. Breach reporting to Committee and Board quarterly to discuss breach reporting levels •McCloud remedy regularly reviewed by the Admin Working Group (and via regular meetings of Fund and software provider). 	6	Head of Pensions Administration
A5	Transfer Scams Failure to comply with CETV anti scam checks	6	<ul style="list-style-type: none"> •Process for making checks required by law and/or recommended by TPR. Appropriate training identified and offered to staff so they understand risk and mitigate accordingly •Process mapping process to ensure transfers are fully documented with clear guidance to staff in carrying out this activity •Member informed of "red flags" identified •Scorpion campaign material provided to members seeking a CETV •Quality assurance checks ensure appropriate checks carried out •Reinstatement of deferred benefits for scammed cases 	2	Head of Pensions Administration
A7	Implementation of Oracle Failure to deliver the new ERP system to effectively deliver for Pension Fund accounting and payroll requirements	9	<ul style="list-style-type: none"> •Officers are part of the project roll out and involved in testing. Needs of the Pension Fund are therefore considered •Officers produced process mapping for all functions within the existing finance system •Specific stream of planning identified in project for interface with Altair •S151 officer on programme board will make go/no go decision •Heywood's paid to produce a scheme specific payroll data output report for transfer to Oracle 	6	Head of Pensions
Governance					
G1	Key Person risk Risk of loss of key / senior staff resulting in lost knowledge and skills with in the Pensions Team	9	<ul style="list-style-type: none"> •Diversified staff / team •Attendance at pension officers' user groups to network and exchange information •Procedural notes (include new systems, section meetings / appraisals) •Succession planning within team structure, building from within the team •Robust business continuity processes in place around key business processes (including disaster recovery plan) •Knowledge of all tasks shared by at least two team members within PAT (and can be covered by senior staff in all areas) •Training requirements set out in training strategy, job descriptions and reviewed prior to recruitment processes. Training officer in post. •Training strategy in place and regularly reviewed with training log where required •Recruitment project to fill vacant positions (nearly all posts now filled) •Apprenticeships bring new staff in to train in advance of vacancies •Team responsibilities reviewed to ensure appropriate coverage of workstreams • Fixed term contract for Interim Deputy Head of Pensions finished July 2025. Head of Pensions is considering options (recruitment or reorganisation) 	9	Head of Pensions / Head of Pensions Administration

G2	Committee / Board Member Lack of decision making/functionality caused by loss of Pension Committee/Pension Board members or insufficient knowledge and skills of members	9	<ul style="list-style-type: none"> •Record kept of terms of Office •Pension Board terms of Office staggered •Vice Chairs in place to cover chair absence •Officers aware of election cycles and request for officers as a preference over elected members is communicated to employers •Robust Terms of reference (clear and comprehensive) •Training plans in place for new members to build knowledge to required levels 	6	Head of Pensions
G3	Cyber Security Risk of Loss of data or systems breaches through cyber attacks	16	<ul style="list-style-type: none"> • ICT defence - in-depth approach. • Utilising firewalls, passwords and ICT control procedures including system access and account deletion protocols. Network activity is monitored to identify security threats. • Email and content scanners • Anti-malware etc. regularly updated. ICT performs penetration and security tests on regular basis. Encryption used on all data transfers • Service level agreement with termination clause • Regular reports SAS 70/AAF0106 • Industry leaders provide data protection and cyber defence systems • Risk assessment completed with all new contracts with data transfer and new associated systems including penetration testing at outset • Pensions Team specific BCP: being finalised and rolled out • Information security report no material vulnerabilities. Recommendations to be implemented. • Cyber training is provided to all staff around techniques and methods used to launch cyber attacks • Officers did war games training session with IT (Aug 2024) and are in procurement discussions to improve the cyber risk policy of the Fund. 	12	Head of Pensions
G4	Governance and Compliance Inadequate governance arrangements and controls to discharge powers & duties	9	<ul style="list-style-type: none"> •Training strategy in place which covers Pension Committee, Pensions Board and officers •75 days of internal audit commissioned for each calendar year with regular reporting from IA to committee and board, including areas Governance and Compliance •External auditor provides audit plan at planning stage for each financial year and this is discussed by Audit committee as well as Pension Committee and Board •Investment regulations require proper advice •Procurement processes in place to ensure quality within replacement advisers •Review carried out against TPR General Code requirements to identify any governance gaps •Specialist legal advisers and governance advisers to provide clear and accurate advice to the Fund on point of law or regulation •Publication of annual Governance and Compliance Statement explaining governance arrangements and reviewed and approved by Board / Committee •Training coordinator appointed. This officer liaises with chair of Pension Board and Committee to identify training needs •Working groups in place, with own terms of reference, which report findings to full Board and Committee •Governance of meetings supported by Democratic Services •Governance structures held within ESCC constitution •Conflict of interest policy in place 	3	Head of Pensions

G5	Data Breach Failure to comply with General Data Protection Regulations and Disclosure Regulations	9	<ul style="list-style-type: none"> •Contracts with external parties (where data role) have clear terms and conditions as part of the data processing agreements •Data Impact assessment carried out on all new tenders where data is involved •DPO in place via ESCC •Privacy notice on website (privacy statements refreshed yearly) •Memorandum of Understanding in place with employers within the fund •All staff complete information governance training on joining the Council (refreshed annually) •Information governance Internal audit completed in Q4 2020/21 with a reasonable assurance level and all recommendations were completed •Pensions Manager for Governance and Compliance completed review on GDPR in Q4 2020/21 resulting in a newly designed webpage, new privacy notices and change to the retention period 	4	Head of Pensions
G6	Fraud Internal and External fraud risk	12	<ul style="list-style-type: none"> •Quarterly review of log in credentials •Senior officers have sight of bank account •Senior officers are signatories to bank account •Multiple sign off needed to make payment, with appropriate seniority levels •Mortality checks, Tell us once and NFI data •Contract in place with a third party to support with mortality and address training •Journals over £1m have to be signed off by Head of Pensions 	2	Head of Pensions

Investment/Funding					
I1	Funding risk - poor investment returns Risk that investment strategy fails to result in performance required to meet the needs of the Funding strategy discount rate	9	<ul style="list-style-type: none"> •Strategy is supported by expert Investment consultants (challenged via Independent Advisor) •Triennial valuation ensures funding position is known and contribution rates are stabilised •Quarterly Performance monitoring, investment manager monitoring from consultants and Link for ACCESS sub funds. Officers: regularly meet and challenge investment managers •Annual Investment Strategy Review, with interim rebalancing •Quarterly Reporting to Pensions Committee, with decisions approved by committee (including Fund Manager performance) •Training strategy ensures officers and committee members have sufficient knowledge and skills to implement and change the investment strategy •Investment decisions comply with the ISS/FSS (and based on proper advice) •Diversified strategy to reduce correlation of manager volatility •Changes to investment strategy discussed with the actuary to ensure anticipated implications on funding aligned •Revision of the Asset Liability Model to support a viable Strategic Asset Allocation for the new valuation 	4	Head of Pensions
I3	Regulatory risk Failure to comply with regulations, legislation and guidance from an accounting and investment perspective	9	<ul style="list-style-type: none"> •Pensions Officers are up-to-date with changes to legislative requirements via network meetings, professional press, training and internal communication procedures •Pension Fund financial management and administration processes meet the CIPFA Code of Practice, International Financial Reporting Standards (IFRS), and the ESSC Financial Regulations •Regular reconciliations between in-house records and those maintained by the custodian and investment managers •Internal Audits - carried out in line with the Pension Audit strategy. External Audits- review the Pension Fund's accounts annually •Specialist legal advisers provide clear and accurate advice to the Fund on points of law or regulation •Breach policy ensures breaches mapped and reported 	4	Head of Pensions
I4	Investment Pooling Inability to comply with government direction on pooling, insufficient sub funds to implement investment strategy, poor management of the pool	16	<ul style="list-style-type: none"> •ACCESS Support Unit team provide support to the pool •Operator contract provided by Waystone for assets held within the ACS. Operator novation imminent. •ACCESS Contracts Manager monitors Waystone's progress closely. •KPIs introduced within revised operator agreements •Consultants involved in analysing the creation of sub-funds and transitioning of assets into the pool, under a variety of scenarios •Opportunities to transfer securities in 'specie'. Reducing cost on transition •Transition manager preserves asset values, manages risk and project manages the transition process to ensure that costs are monitored and controlled •Due Diligence completed by legal advisers to ensure no hidden costs or governance issues not known at time of decision to invest •S151, chair of pension committee and monitoring officer representation on respective committees, working groups or distributions to ensure ESPF involved in all decisions and concerns and questions can be raised early •Regular meetings between officers and ACCESS pool with officers in working groups to ensure involvement in decision making •ACCESS governance review completed. ACCESS stewardship consultant to support development in RI activities for the pool •Illiquid assets in progress for pooling •Fund responds to key government consultations to ensure views shared with policy makers on recommended future changes in pooling. 	9	Head of Pensions

15	Investment Pooling Existing arrangements agreed via ACCESS do not meet the needs of East Sussex Pension Fund (confirmed following the Fit for the Future Review) and Fund moves to another Investment Pool to ensure compliance with prevailing legislation by 1st April 2026	12	Senior officers have worked extensively with officers from West Sussex and external advisors to identify a preferred pooling partner, given the government's confirmation that it does not support the proposals put forward by ACCESS in relation to the Fit for the Future consultation. Borders to Coast Pension Partnership has been identified as the Fund's preferred pooling partner going forward and officers are working with offices from West Sussex and 5 other partner funds from ACCESS that have also identified Borders to Coast Pension Partnership as the preferred pool to ensure documentation is in place to ensure the Fund complies with the legislation from 1st April 2026 and joins an investment pool supported by the government.	9	Head of Pensions
16	Funding risk - higher inflation Risk of inflation leading to increased liabilities, lower asset returns and a funding gap	12	<ul style="list-style-type: none"> •Investment strategy weights to index linked gilts, infrastructure and real estate which (inflation-linked to mitigate inflation risk) •Potential to further increase infrastructure weightings •Fund monitor portfolio sensitivity to inflation via expert investment consultants •Triennial Valuation assumptions include local knowledge of the Administering authority on anticipated pay inflation •Flexibility in the DGF mandates to react to the market and adapt the investment portfolio •Quarterly monitoring of funding position helps identify risk early •2022 Triennial Valuation completed - inflation models used to estimate the average inflation across a 20 year time horizon, including consideration of the current high inflation environment. Index linked gilt triggers introduced to benefit from market opportunities which provide alignment with changing liabilities 	6	Head of Pensions
17	Environmental, Social and Governance Risk of ESG factors within Investment strategy not being properly considered affecting underlying holdings and implementations of investment decisions	8	<ul style="list-style-type: none"> •Statement of Responsible Investment Principles outline responsible investment beliefs, implementation of decisions and monitoring of ESG factors •ESG at heart of all investment decisions (not a separate function or working group) •Fund has reduced exposure to companies with poor ESG rating via removal of traditional index funds (ensuring active managers have a strong conviction in the underlying companies including on ESG matters. Passive indexes / smart beta funds have robust screening processes in place to include ESG principles) •Track portfolio (underweight in fossil fuel exposure to benchmarks) •Produce annual reports on Fund's carbon footprint. Review of managers from ESG perspective (incl. transition pathway of underlying companies) •Stewardship code submission approved in February 2024 for the 2022 reporting year •Membership of collaborative groups to help drive policy change •Officers challenge managers on holdings regarding ESG issues and query voting decisions. •Annual ESG impact assessment for all managers, including improvement actions on ESG methodology, reporting or collaboration. •Engage via managers and investor groups (including LAPFF). Drive them to comply with key ESG concerns using combined investment power •ESG factors incorporated into all decision making 	6	Head of Pensions

I8	Climate change Risk to assets and liabilities associated with Climate Change	12	<ul style="list-style-type: none"> •Statement of Responsible Investment Principles (SRIP) outlines investment beliefs including Climate Risk. Fund takes SRIP into account in decisions or when monitoring investment managers, carbon emissions or climate risk •Restructuring equity portfolio removes structural exposure to fossil fuel companies (avoiding high risk companies from climate perspective) and minimises stranded asset risks). •Fund can exploit opportunities from low energy transition by investing in climate impact funds and resource efficient companies •Fund has trimmed unconscious exposure to companies with high Carbon emission, poor energy transition plans &/or fossil fuel companies, through removal of traditional index funds •IIGCC (Institutional Investors group on climate change): Fund is a member and expects its managers to be members •Annual carbon footprinting to understand carbon exposure and energy transition plans. ESG impact assessments of all investment managers (includes climate scoring). •Signatory to UN PRI •Report in line with the TCFD framework •Fund investigates climate scenario modelling to better understand and allow further consider approaches in tackling these risks •Where exposed to fossil fuels, Fund votes to improve practices. Some Fund managers are Climate 100+ engagement partners. All managers are IIGCC members. Managers can escalate ineffective engagement eg. disinvest from the high carbon or fossil fuel company. •Focus on Climate change in a)Training for committee and officers b)Decision making and strategy changes •Limited impact to the Fund value from direct exposure to fossil fuel companies (reducing exposure to carbon taxes, valuation falls or stranded assets) 	6	Head of Pensions
I9	Liquidity Insufficient cash to pay benefits as they fall due	8	<ul style="list-style-type: none"> •Contributions monitored on monthly basis •Monitoring of members close to retirement •Daily cash position monitored •Distributing investments to ensure stream of income from investment activity •Income from investments is considered as a key risk in all investment strategy decisions and the income profile managed •Liaison between administration and investment team on cash requirements •Cash Management internal audit completed in Q3 2022/23 and will be picked up in the 2023/24 IA plan for further review •Cash Management strategy in place 	4	Head of Pensions
I10	Money purchase AVC Inadequate offering for the scheme members on cost, return and/or risk grounds	4	<ul style="list-style-type: none"> •Range of fund options provided, so members can design investment strategy for own circumstances and risk profile •Continuing suitability of AVC offering reviewed regularly •Implementation plan in place with regular monitoring and oversight. Escalation process for any delays or operational issues arising during implementation 	2	Head of Pensions