

Cambridgeshire Pension Fund

Agenda Item No: 5

Pension Fund Board

Date: 23 April 2021

Report by: Head of Pensions

Subject:	Risk Monitoring
Purpose of the Report	To present the Cambridgeshire Pension Fund Risk Monitoring Report.
Recommendations	The Board is asked to review the current risks facing the Fund
Enquiries to:	Michelle Oakensen, Governance Officer, moakensen@northamptonshire.gov.uk

1. Background

- 1.1 The Cambridgeshire Risk Strategy and Risk Register were reviewed and approved by the Pension Fund Committee on 28th March 2019. Following this approval, the Pension Fund Board have reviewed the risks facing the Fund on a quarterly basis and the Pension Fund Committee have reviewed on a bi-annual basis. This report is a continuation of the review process to ensure the risk register remains up to date and relevant.
- 1.2 This supports the Pension Regulator's Code of Practice 14 – Governance and administration of public service pension schemes with regards to monitoring and reviewing risks. This code of practice can be found [here](#).

2. Review of the Cambridgeshire Pension Fund Risk Register

- 2.1 The risk register was last reviewed in February 2021 and was updated to reflect mitigations to help reduce the risk of pension scams and cybercrime. Upon this review, Officers have refined the wording on some of the existing risks and added five controls as shown in the table below -

Risk no.	Risk.	Added control.
9	Risk of Fraud and Error	Aspects of the control environment are tested by Internal Audit and External Audit.
11	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	An Administration Strategy is in place setting out employer performance targets.

13	Pension Fund systems and data may not be secure and appropriately maintained – including cyber risk.	Data asset mapping is being undertaken (and will be continually reviewed) to understand risks during data transfer and whilst data is held by third parties.
19	Actual experience materially differs from actuarial assumptions used at each valuation.	Investment performance is reported monthly to the Fund Actuary. A specialist longevity service is employed to provide accurate Fund specific longevity analysis.

- 2.2 Following feedback from the previous review, the control on cyber resilience (risk 13) has been updated to include reference to laptop and WI-FI security as follows – ‘Continually keeping up to date with evolving developments to ensure robust cyber resilience in conjunction with specialist advice, including the resilience when using laptops and non-corporate Wi-Fi networks’.
- 2.3 Board members are asked to review the full risk register located in appendix 1 of this report and advise if the above officer conclusions as above are agreed.
3. Short to Medium term risks
- 3.1 The impact of the pandemic
- 3.1.1 The service is continuing to work in the main part remotely and use electronic platforms for business as usual activities. The service continues to run effectively and there is no cause for concern as to the continuation of this approach for the months ahead.
- 3.2 Administrative pressures facing the Fund
- 3.2.1 On the 25 February 2021 the Restriction of Public Sector Exit Payments Regulations 2020 were formally revoked; however, it is expected that HM Treasury will draft new regulations to implement a public sector exit payment cap in short order. A public consultation has been promised before the new regulations are made in law. As with the now revoked exit payment cap legislation, the Pensions Service will need to repeat the communication activities undertaken with scheme members and scheme employers as well as make changes to the processes required for processing redundancy retirement benefits in accordance with the new regulations and associated guidance.
- 3.3 Loss of knowledge from the Pension Fund Committee and Pension Fund Board
- 3.3.1 The local elections on the 6th May 2021 will have a short to medium term effect on the governance of the Fund as a result of Councillors not standing for re-election or not being re-elected. This could result in a loss of skills and knowledge and impact effective decision making.
- 3.3.2 To minimise the impact, Officers have arranged an induction training session in June to deliver the roles and responsibilities of members and overarching information on the Cambridgeshire Pension Fund. This will be followed, also in June, by a CIPFA Skills and Knowledge module covering the topic of governance including the important matter of fiduciary duty. Other CIPFA modules will be delivered as they become relevant over an 18 to 24-month period. External training will also continue to be supported and promoted where appropriate.

4. Relevant Pension Fund Objectives

Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
Ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
Continually monitor and measure clearly articulated objectives through business planning.
Deliver consistent plain English communications to stakeholders.
Seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.
Ensure cash flows in to and out of the Fund are timely and of the correct amount.

5. Risk Management

5.1 The Pension Fund Committee and Pension Fund Board are expected to monitor risk and compliance and act appropriately where there is a cause for concern.

5.2 The risks associated with not monitoring risk and acting appropriately have been captured in the Fund's risk register as detailed below.

Risk No	Risk mitigated	Residual risk
10	Failure to understand and monitor risk and compliance	Green
17	Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making.	Green

5.3 The full risk register can be found in appendix 1.

6. Finance & Resources Implications

6.1 None.

7. Communication Implications

Website	The risk register and risk strategy is on the Pension Service Website. The Local Pension Board will be kept up to date with risks at each meeting.
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8. Legal Implications

8.1 Not applicable.

9. Consultation with Key Advisers

9.1 None

10. Alternative Options Considered

10.1 There are no alternative options to be considered

11. Background Papers

11.1 The Cambridgeshire Pension Fund Risk Strategy –
<https://pensions.cambridgeshire.gov.uk/app/uploads/2019/04/Cambridgeshire-Risk-Strategy.pdf>

12. Appendices

12.1 Appendix 1 - The Cambridgeshire Pension Fund Risk Register

Checklist of Key Approvals	
Has this report been cleared by Head of Pensions?	Mark Whitby – 31/3/21

Appendix 1 – Cambridgeshire Pension Fund Risk Register

Risk	Risk	Relevant objectives	Responsible Lead(s)*	Risk Rating
1	Employers unable to pay increased contribution rates.	9	E	12
2	Failure to respond to changes in economic conditions.	15,16	A	12
3	As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	18, 19	A	9
4	Contributions to the Fund are not received on the correct date and/or for the correct amount.	1,8,9,16	A	8
5	Fund assets are not sufficient to meet obligations and liabilities.	2,16,17,19	A	8
6	Information may not be provided to stakeholders as required.	14	ALL	6
7	The Investment Strategy's Risk Reward profile does not match the requirements of the Fund.	16, 17,18	A	6
8	Those charged with governance are unable to fulfil their responsibilities effectively.	2,3	G	6
9	Risk of fraud and error.	2,10	ALL	6
10	Failure to understand and monitor risk compliance.	5	G	6
11	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	8	E	6
12	Custody arrangements may not be sufficient to safeguard Pension Fund assets.	1,2,3	A	4
13	Pension Fund systems and data may not be secure and appropriately maintained – including cyber risk.	10,11	E	4
14	Failure to administer the scheme in line with regulations and guidance.	1,2,3,16	ALL	4
15	Failure to recognise and manage conflicts of interest.	2,10	G	4
16	Pension Fund objectives are not defined and agreed.	4	G	2
17	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	15	G	4
18	Pension Fund investments may not be accurately valued.	2,10,17,18	A	4
19	Actual experience materially differs from actuarial assumptions used at each valuation.	9, 17,18	E	4
20	Failure to act appropriately upon expert advice and/or risk of poor advice.	17,18,19,20	ALL	4
21	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met in conjunction with the Fund Actuary/specialist advisors.	9,17,18	E	4
22	Unable to deliver pension services due to an inadequate business continuity plan.	8	ALL	4
23	Unable to deliver pension services due to inadequate recruitment and retention processes.	8	ALL	4
24	Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.	1,2,3,19	A	3
25	Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage.	1,2,10	ALL	3
26	Incorrect/poor quality data held on the Pension Administration and Payroll platforms leading to incorrect information being provided to members and stakeholders.	2,8,10,11	G	3

Key

E	Employer Services and Systems Manager
A	Accounting and Investments Manager
G	Governance and Regulations Manager
O	Operations Manager
ALL	All Manager Responsibility

Overall responsibility rests with the Head of Pensions

Potential impact if risk occurred	5 Catastrophic	5	10	15	20
	4 Major	4	8	12	16
	3 Moderate	3	6	9	12
	2 Minor	2	4	6	8
	1 Insignificant	1	2	3	4
		1 Rare (5%)	2 Unlikely (15%)	3 Possible (40%)	4 Likely (65%)
		Likelihood of risk occurring			

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
1.	Employers unable to pay increased contribution rates.	4	4	16	R	<ul style="list-style-type: none"> Provisional contribution rates are consulted on with each scheme employer as part of the valuation process. Review of employer covenant, looking at the terms of the admission agreement and bond/guarantor arrangements. Negotiate terms of deficit recovery whilst keeping employer contribution rates as stable and affordable as possible. 	4	3	12	A
2.	Failure to respond to changes in economic conditions.	4	4	16	R	<ul style="list-style-type: none"> The Fund has established a quarterly Investment Sub Committee dedicated to focus on Investment matters. The Fund receives quarterly performance reports which consider operational and strategic investment issues. A formal review of the strategic asset allocation is undertaken on at least a triennial basis. The Fund publishes an Investment Strategy Statement, incorporating a Responsible Investment Policy, which is regularly reviewed. The Fund has currency hedging and equity protection arrangements in place. Coronavirus pandemic: Increased engagement with investment managers and monitoring of asset movements. 	4	3	12	A
3.	As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	4	4	16	R	<ul style="list-style-type: none"> Investment managers are required to take account of both financial and non-financial factors in their investment decisions. Managers are challenged on their engagement activities in connection with environmental, social and governance (ESG) issues including climate risk. Managers are required to report regularly on their compliance with our ESG policy. It is ensured that the ACCESS asset pool meets the Fund's ESG requirements. 	3	3	9	A

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
4.	Contributions to the Fund are not received on the correct date and/or for the correct amount.	4	3	12	A	<ul style="list-style-type: none"> • Employer contributions are set as stable as possible and the Fund works with employers closely to ensure pragmatic solutions if an employer is unable to meet monthly contributions. • A procedure is in place to identify non-payment and late payment of contributions as defined in the Employee and Employer Late Payment Policy. • The Policy includes a reporting process to report late payments to Committee and the Pensions Regulator. • Internal Audit reviews take place on an annual basis and external audit review the accounts annually. 	4	2	8	A
5.	Fund assets are not sufficient to meet obligations and liabilities.	4	3	12	A	<ul style="list-style-type: none"> • The Funding Strategy Statement is reviewed every 3 years or more often as required. • The Fund Actuary considers asset valuations and the Fund Investment Strategy in setting employer contributions rates. • The year-end financial statements record the Fund's asset position and are subject to review by external audit. • The Fund has currency hedging and equity protection arrangements in place. 	4	2	8	A
6.	Information may not be provided to stakeholders as required.	3	3	9	A	<ul style="list-style-type: none"> • Officers keep up to date with disclosure regulations and distribute knowledge to teams accordingly using resources such as relevant websites, seminars, professional bodies and working groups. • Letters are generated through task management for consistency and are checked before being sent out. • Communications Officer now in place. • Membership of the LGA Communications Working Group. • Membership of the Regional Joint Communications Group. • Communication and Digital Communication Strategy in place. 	3	2	6	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
7.	The Investment Strategy's risk reward profile does not match the requirements of the Fund.	3	3	9	A	<ul style="list-style-type: none"> Investment Strategy in place which is in accordance with LGPS investment regulations. A formal review of the strategic asset allocation is undertaken on a triennial basis. The Fund appoints professional investment advisers to support the Pension Committee's investment decisions. At each triennial valuation the Fund Actuary considers and makes a statement on the links and consistency between the Fund's Funding Strategy and Investment Strategy. Members are encouraged to participate in Skills & Knowledge training with respect to investments and attend relevant industry conferences. Detailed training records are maintained. 	3	2	6	G
8.	Those charged with governance are unable to fulfil their responsibilities effectively.	3	3	9	A	<ul style="list-style-type: none"> Training Strategy in place to facilitate the continual development of both Committee and Board members. New members are provided with relevant documentation to assist them in their roles. The Fund subscribes to relevant professional bodies such as the Local Authority Pension Funds Forum (LAPFF) and the Pension and Lifetime Savings Association (PLSA). 	3	2	6	G
9.	Risk of fraud and error.	3	3	12	A	<ul style="list-style-type: none"> Anti- Fraud and Corruption policy in place. Fund participates in the National Fraud Initiative and undertakes overseas pensioner existence checks. Robust processes in place including segregation of duties and authorisation protocols. Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams. Aspects of the control environment are tested by Internal Audit and External Audit. 	3	2	6	G
10.	Failure to understand and monitor risk compliance.	3	2	6	G	<ul style="list-style-type: none"> Business Continuity plan in place and is reviewed at least annually. Active risk register in place, the Committee and Board are updated if there are any risk movements between scheduled reporting timescales. The Local Pension Board have oversight of risk monitoring to assist the Pensions Committee on decision making. 	3	2	6	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
11.	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	3	4	12	A	<ul style="list-style-type: none"> Employers are made aware of their responsibilities upon admission via the Pension Service website and direct employer communication. Training is provided to employers by a dedicated Employer's Team as required. The importance of a statutory deadlines is stressed to employers through regular communications and events such as the Employer Forum. An Administration Strategy is in place setting out employer performance targets. Support is also available through the website, dedicated employers help line and templates issued where applicable. 	2	3	6	G
12.	Custody arrangements may not be sufficient to safeguard Pension Fund assets.	4	2	8	A	<ul style="list-style-type: none"> The Custodian is selected from experienced providers on the LGPS National Framework who have met the quality criteria for the framework. Complete and authorised agreements are in place with external custodian. External custodian's compliance with International Standard on Assurance Engagements (ISAE) No. 3402, Assurance Reports on Controls at a Service Organisation. Officers of the Fund engage in quarterly monitoring of custodian performance. 	4	1	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
13.	Pension Fund systems and data may not be secure and appropriately maintained - including cyber risk.	4	2	8	A	<ul style="list-style-type: none"> System user controls are in place including regular password changes. Access rights are controlled and data is backed up. Audit trails are in place. Pension system is protected against viruses and other system threats. The pensions administration system is updated to ensure LGPS requirements are met by adhering to legislation, meeting disclosure regulations and following statutory guidance. Hosted pensions server and backup server are at separate sites. Disaster recovery plans are in place for both the administration system software supplier and the authority. Data asset mapping is being undertaken (and will be continually reviewed) to understand risks during data transfer and whilst data is held by third parties. Compulsory annual online training for Officers on Cyber resilience and Data Protection. Continually keeping up to date with evolving developments to ensure robust cyber resilience in conjunction with specialist advice, including the resilience with using laptops and non-corporate Wi-Fi networks. 	4	1	4	G

14.	Failure to administer the scheme in line with regulations and guidance.	5	2	10	<p>A</p> <ul style="list-style-type: none"> • Policies and strategies are in place and are accessible on the Fund website. • Policies and strategies are subject to review at appropriate intervals and subject to stakeholder consultation where necessary. • A Training Strategy is in place for those charged with governance. • Officers attend regional Pension Officer working groups and consult with professional advisors where appropriate. • Employers are aware of their responsibilities within the Fund and what information is required, in what format and by when. • The Fund subscribes to relevant professional bodies such as the Local Authority Pension Funds Forum (LAPFF) and the Pension and Lifetime Savings Association (PLSA). • Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams. 	4	1	4	G
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Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
15.	Failure to recognise and manage conflicts of interest.	4	2	8	A	<ul style="list-style-type: none"> Declaration of interests are made at the beginning of all statutory meetings where not held on the County Councillor declaration register. Conflicts of Interest Policy in place for the Local Pension Board. Committee and Board members are encouraged to undertake the Pension Regulator's Toolkit which includes a conflicts of interest module. 	2	2	4	G
16.	Pension Fund objectives are not defined and agreed.	4	2	8	A	<ul style="list-style-type: none"> Objectives are agreed as part of the Annual Business Plan and Medium Term Strategy by the Pensions Committee. Relevant objectives are referenced on every committee report. Objectives are referenced in all policy documents and the risk register to ensure appropriate focus. 	2	1	2	G
17.	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	3	2	6	G	<ul style="list-style-type: none"> Committee and Board papers are provided for each scheduled meeting, providing relevant information to inform decision making. Papers are subject to appropriate approvals including that of the Monitoring Officer and Section 151 Officer (for Pensions Committee papers) and Head of Pensions. Yearly effectiveness reviews for Committee and Board members are carried out to identify if any changes need to be made to the information delivered. 	2	2	4	G
18.	Pension Fund Investments may not be accurately valued.	3	2	6	G	<ul style="list-style-type: none"> The Fund employs a custodian to independently review the fund asset values applied by Fund Managers and these valuations are applied in the year-end financial statements. The year-end financial statements record the Funds asset position and is subject to robust review by external audit. Officers work closely with the Fund's Custodian to ensure accuracy of asset valuations. 	2	2	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
19.	Actual experience materially differs from actuarial assumptions used at each valuation.	3	3	9	A	<ul style="list-style-type: none"> Assumptions and actual experience are analysed through triennial valuations to ensure assumptions remain appropriate. Officers in partnership with Fund advisers report asset allocation performance quarterly to the Investment Sub Committee. Investment performance is reported monthly to the Fund Actuary. A specialist longevity service is employed to provide accurate Fund specific longevity analysis. Probability based/stochastic modelling techniques are used by the Fund Actuary to reduce the reliance on deterministic assumptions, ensuring numerous possible financial scenarios are modelled. 	2	2	4	G
20.	Failure to act appropriately upon expert advice and/or risk of poor advice.	4	2	8	A	<ul style="list-style-type: none"> Pension Committee decisions and oversight by the Local Pension Board. Investment consultants and independent advisors appointed via a robust appointment process. Members are encouraged to participate in Skills & Knowledge training and attend relevant industry conferences. Detailed training records are maintained. Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams. 	2	2	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
21.	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met in conjunction with the Fund Actuary/specialist advisors.	3	3	9	A	<ul style="list-style-type: none"> Assessment of the strength of individual employer covenants in conjunction with the actuary and what bond/guarantor arrangements are in place. Close liaison with employers in managing exit strategy in line with the Admitted bodies, Scheme employers and Transfer Policy. Ensure individual employers are monitored closely to preempt when they are likely to cease and put in arrangements to fund cessation on an appropriate basis. 	2	2	4	G
22.	Unable to deliver pension services due to an inadequate business continuity plan.	3	2	6	G	<ul style="list-style-type: none"> Business Continuity plan in place and is reviewed at least annually. Business continuity arrangements includes the ability for staff to work remotely to meet the demands of the service. Multi skilling across the service for flexibility and resilience. 	2	2	4	G
23.	Unable to deliver pension services due to inadequate recruitment and retention processes.	3	2	6	G	<ul style="list-style-type: none"> Establishment reporting undertaken monthly to identify any recruitment/retention issues. Recruitment undertaken utilising all available avenues including agency staff. Staff leaving interviewed to understand reason for cessation. Regular performance reporting across all business processes serves as early warning system. Consultancy contracts in place as a backstop. 	2	2	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
24.	Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.	3	2	6	G	<ul style="list-style-type: none"> The Fund is compliant with Investment regulations and best practice guidance. The Fund appoints professional investment advisers to support the Pension Committees investment decisions. The Funds asset allocation is considered by the Actuary when undertaking the triennial valuation. Investment performance is closely monitored, in particular the Investment Sub Committee receives quarterly performance reports provided by recognised industry professionals highlighting key issues. The Fund has an appropriate Investment Strategy Statement in place which also addresses Environmental, Social and Governance (ESG) issues. 	3	1	3	G
25.	Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage.	3	2	6	G	<ul style="list-style-type: none"> Automated extraction of data where viable and agreed procedures for reporting. Robust authorisation protocols in place. Internal and External audit reviews. Contributions are reconciled against employer monthly reports and the bank account, which is subject to both internal and external audit review as part of the year end process. Membership year end reconciliation and investigate variations from the accounting valuations. Management and administration are maintained in accordance with the SORP and the Financial Regulations. Data Improvement Policy and Plan are in place. Anti-Fraud and Corruption Policy in place. 	3	1	3	G
26.	Incorrect/poor quality data held on the Pension Administration and Payroll platforms leading to incorrect information being provided to members and stakeholders.	3	3	9	A	<ul style="list-style-type: none"> The Data Improvement Policy and Plan are in place. The Data Improvement Policy and Plan are reviewed at least annually and material amendments approved by the Pensions Committee. The Local Pension Board have oversight of policy reviews. The Pension Committee and Local Pension Board receive updates against the plan quarterly. 	3	1	3	G

Criteria for assessing impact and likelihood

Impact

Description	Risk Appetite
Catastrophic (5)	<ul style="list-style-type: none">• Unacceptable level of risk exposure which requires immediate action to be taken.• >£10m.• Section 151 or government intervention or criminal charges.• Critical long term disruption to service delivery.• Significant and sustained local opposition to policies and/or sustained negative media reporting in national media.
Major (4)	<ul style="list-style-type: none">• Unacceptable level of risk exposure which requires regular active monitoring (at least quarterly) and measures put in place to reduce exposure.• <£10m.• Major civil litigation setting precedent and/or national public enquiry.• Major disruption to service delivery.• Sustained negative coverage in local media or negative reporting in the national media.
Moderate (3)	<ul style="list-style-type: none">• Acceptable level of risk exposure subject to regular active monitoring measures, at least quarterly.• >£5m.• Major civil litigation and/or public enquiry.• Moderate direct effect on service delivery.• Significant negative front page reports/editorial comment in the local media.
Minor (2)	<ul style="list-style-type: none">• Acceptable level of risk exposure subject to regular passive monitoring measures, at least half yearly.• >£1m.• Minor regulatory enforcement.• Minor disruption to service delivery.• Minimal negative local media reporting.
Insignificant (1)	<ul style="list-style-type: none">• Acceptable level of risk exposure subject to periodic passive monitoring measures, at least annually.• >£0.5m.• Minor civil litigation or regulatory criticism.• Insignificant disruption to service delivery.• No reputational impact.

Likelihood

Description	% risk of happening	Or	Potential timescale
Rare (1)	5		Once in 20 or more years
Unlikely (2)	15		Once in 10 to less than 20 years
Possible (3)	40		Once in 3 to less than 10 years
Likely (4)	65		Once in 1 to less than 3 years
Almost certain (5)	80		At least once in a year