

REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 29 JUNE 2026

REPORT ON: TAYSIDE PENSION FUND RISK REGISTER

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 158-2026

1 PURPOSE OF REPORT

The Sub-Committee is asked to approve the Quarterly Risk Register for Tayside Pension Fund.

2 RECOMMENDATIONS

The Sub-Committee is asked to:

- approve the Quarterly Risk Register noting that since the last review five risks have considered to have changed;
- note further details of the latest assessments are detailed in the final column of attached appendix;
- note that a review of the current risk register is underway and the outcome of this will be reported to members in due course.

3 FINANCIAL IMPLICATIONS

There are no financial implications arising from the agreed recommendations in this report.

4 INTRODUCTION

The Local Government Pension Scheme Management and Investment of Funds (Scotland) Regulations 2010 requires funds to state the extent to which they comply with guidance given by the Scottish Ministers.

The Scottish Ministers guidance refers to the six revised principles on investment decision making contained within CIPFA publication "Investment Decision Making and Disclosure in the Local Government Pension Scheme: A Guide to the Application of the Myners Principles" (December 2009).

Principle 3: Risk and Liabilities (paragraph 98) states that "The annual report of a pension fund should include an overall risk assessment in relation to each of the fund's activities and factors expected to have an impact on the financial and reputational health of each fund. This could be done by summarising the contents of a regularly updated risk register. An analysis of the risks should be reported periodically to the committee, together with necessary actions to mitigate risk and assessment of residual risk".

The current risk register has been updated and the outcome of this assessment including both their inherent and current risk assessment together with the specific control measures that are in place to manage these risks and level of risk appetite is included an appendix A.

It is noted that the existing risk register has in place for some time and a wider review of the register is currently being undertaken. This review will aim to remove any existing risks that may be considered as being duplicated with other areas and to ensure that it only includes the most relevant and focused strategic risks for Sub-Committee. This review will also ensure any emerging or new significant risks are captured, and a review of the existing risk appetite will also be completed. The outcome of this review will be reported to members in due course.

5 POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

6 CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report.

7 BACKGROUND PAPERS

None.

PAUL THOMSON
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

22 JUNE 2026

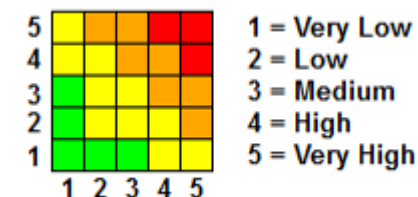
Quarterly Risk Report

Report Type: Tayside Pensions Fund Risks Report

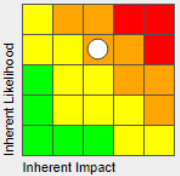
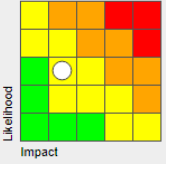
Report Author: Executive Director of Corporate Services

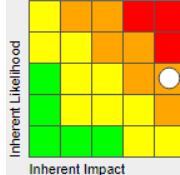
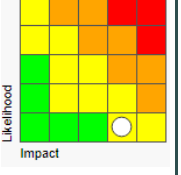
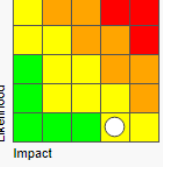
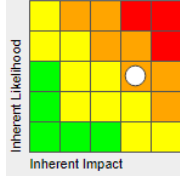
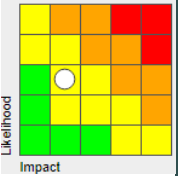
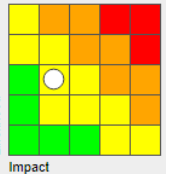
Generated on: 12 June 2026

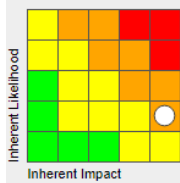
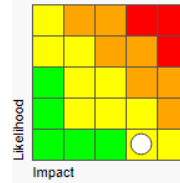
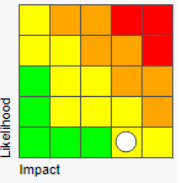
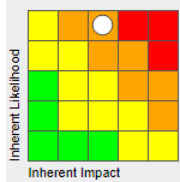
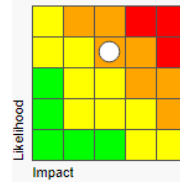
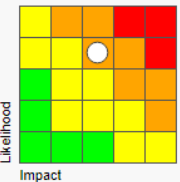
Pentana Risk Matrix

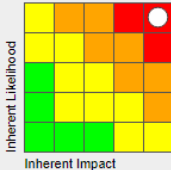
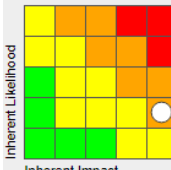
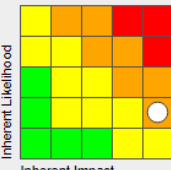


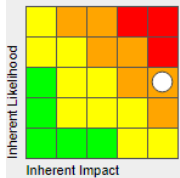
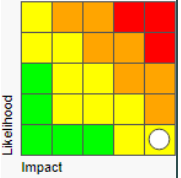
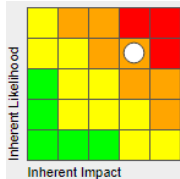
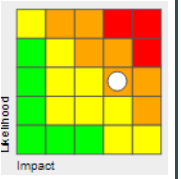
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Pension Administration (Risk appetite - minimalist) 1.Failure to process pension payments and lump sums on time	- Non-availability of pension / payroll systems - Resource unavailable - Failure to gain relevant information from employers to enable processing	- Processing delays - Processing errors - Retiring members will be paid late - Reputational risk for the Fund - Breach of statutory requirements	- Financial implications for members. - Loss of stakeholder confidence. - Financial cost to the fund if interest has to be paid to members. - Regulatory action		- Regular update & maintenance of Altair & Resourcelink - Standardised processes & independent review of calculations - Staff cover arrangements - Task prioritisation		No change

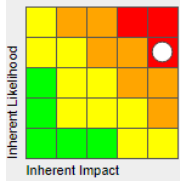
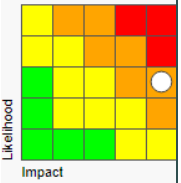
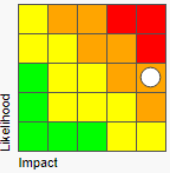
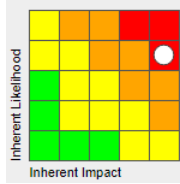
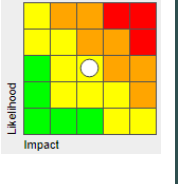
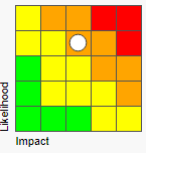
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Funding - Employer related (Risk appetite - cautious) 2.Failure to collect and account for contributions from employers and employees on time	- Non-availability of financial system (Fund and employer) - Resource unavailable - New staff undertaking duties - Failure to communicate with employers effectively - Failure of employer to provide required information - Failure of employer to make financial settlement	- Adverse audit opinion - Breach of statutory requirements - Knock on effect on reporting requirements - Financial impact as insufficient cashflow to meet monthly pension payments without unplanned sale of assets	- Requirement for report of regulatory breach & subsequent action if required - Potential delays to employers' IAS19 / FRS17 year-end accounting reports - Loss of stakeholder confidence - Recovery / legal action required - Opportunity cost of lost investment income		- Robust maintenance and update of Resourcelink and Authority Financials systems - Staff cover arrangements - Staff training and sample checking of work by supervisors - Ongoing employer communication to ensure they understand responsibilities to pay by required monthly deadline. - Contribution tracker system - Introduction of employer contribution payment flexibility within financial year (subject to prior agreement)		 No change

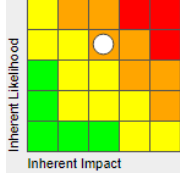
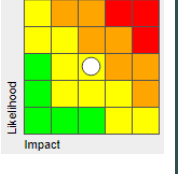
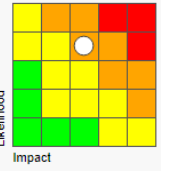
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Funding - Liquidity (Risk appetite - averse) 3. Insufficient funds to meet liabilities as they fall due	- Contribution levels are inadequate - Investment strategy fails to deliver adequate returns - Significant changes in member profile (i.e. rapid maturing of fund liabilities) - Significant increases in actuarial assumptions (i.e. longevity).	- Rise in employer contribution rate required - Unplanned asset sales required to meet - Revision of Funding and Investment strategies required	- Inability to meet overall strategic objectives - Immediate cash injections would be required from employers by means of contributions - Reduced funding levels - Lost investment income from unplanned asset sales - Transaction costs associated with changing strategies		- Funding Strategy Statement - Investment Strategy - Ongoing advice from investment consultants, etc. - Suitable policies & strategies in place to prevent - Regular monitoring of asset / liability valuations - Triennial actuarial valuations		 No change
Operational (Risk appetite - minimalist) 4. Inability to maintain service due to loss of main office, computer system or staff	- Fire, bomb, flood, etc. - Staff unable to access office (i.e. public health restrictions) - IT system / network outage	- Temporary loss of service provision. - Delayed payments & processing - Retiring staff will be paid late - Reputational risk for the Fund - Breach of statutory requirements	- Financial implications for members. - Loss of stakeholder confidence. - Financial cost to the fund if interest has to be paid to members. - Regulatory action		- DCC business continuity plan including testing - Contractual agreement with system provider - Daily back up and contingent procedures - Back-up data located off-site 100% staff remote working capabilities		 No change

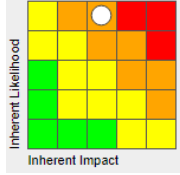
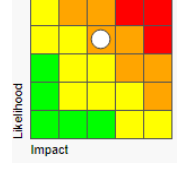
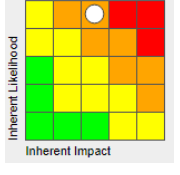
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Operational (Risk appetite - minimalist) 5.Loss of funds through fraud or misappropriation	Fraud or misappropriation of funds by staff/employer/ 3rd party service provider	- Financial loss to the fund - Reputational risk for the Fund - Adverse audit opinion - Breach of statutory requirements - Enforcement action	- Requirement for report to regulator & subsequent action if required - Criminal investigation - Loss of stakeholder confidence - Recovery / legal action required		- Internal and external audit regularly test that appropriate controls are in place and working effectively. - Regulatory control reports from investment managers, custodian, etc are also reviewed by audit. - Due diligence carried out when a new manager is appointed. - Reliance also placed on Financial Conduct Authority registration & requirements.		 No Change
Funding - Employer related (Risk appetite - cautious) 6.Employers unable to participate in scheme	Employer liabilities increase disproportionately as a result of changed member profiling	- Employers unable to maintain contributions - Employers exit from fund - Employer cannot meet	- Inability to meet overall strategic objectives - Financial loss to fund, triggering asset sales to meet pension payments		Full Actuarial Valuation undertaken every 3 years (employers advised of liability)		 No Change

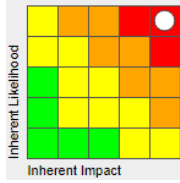
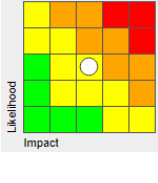
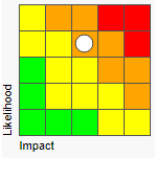
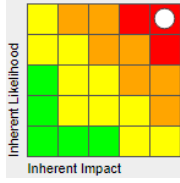
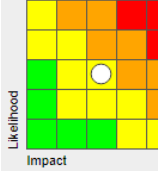
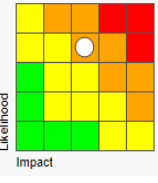
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	- Employer liabilities increase disproportionately as a result of external factors (i.e. change in bond yields) - Reduced asset values in relation to liabilities due to external factors	liabilities on exit	- Fund profile changed as a result of employer exit - Insolvency of employer - Recovery of liabilities in liquidation		- Funding Strategy enables exit at minimum risk. - Independent covenant and financial settlement assessment on affordability - Employer contribution payment flexibility within financial year (subject to prior agreement) - Employer / fund communications policy and relationship management		
Funding - Investment (Risk appetite - open) 7. Significant rises in employer contributions due to poor/negative investment returns	- Poor economic conditions - Inappropriate investment strategy - Poor selection / performance of investment managers	- Financial impact as a result of poor/negative investment returns - Revision of investment strategy required - Dismissal of investment managers	- Inability to meet overall strategic objectives - Reduced funding level - Increased contributions required - Transaction costs on change of strategy or investment manager		- Performance & funding levels monitored on an ongoing quarterly basis - Investment & Funding strategies reviewed and assessed independently - Diversified range of investment		 No change

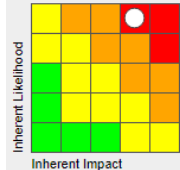
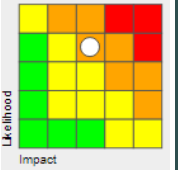
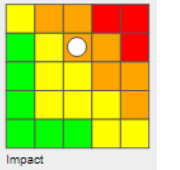
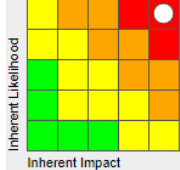
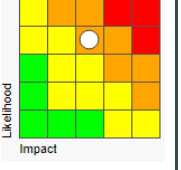
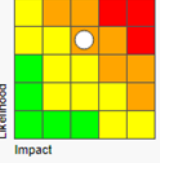
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
					managers over different asset classes • 10% asset shock reserve		
Operational (Risk appetite - minimalist) 8.Failure of global custodian	Financial collapse of global custodian or failure to safeguard assets or records	- Financial loss to the fund. - Loss of information required for statutory and accounting purpose	- Inability to meet overall strategic objectives - Severe service disruption because of recovery action - Statutory breaches		- Legal agreement with custodian. - Credit rating monitored on an ongoing basis. - Regulated by Financial Conduct Authority. - Assets not on custodian balance sheet.		No Change
Funding - Investment (Risk appetite - open) 9.Failure of Investment Manager	- Substantial decline of global financial market - Economic factors impacting on asset class - Under performance of investment manager	- Financial loss to the fund - Reduced asset returns - Investment outflows from investment manager portfolio - Termination of mandate with investment manager	- Inability to meet overall strategic objectives - Reduced funding level - Increased employer contribution levels - Required appointment of alternative investment manager - Transaction costs associated with change		- Performance monitored on an ongoing quarterly basis. - Diversified range of asset classes. - Advice provided by Investment Consultant.		No Change

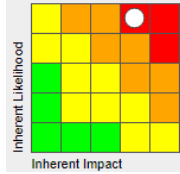
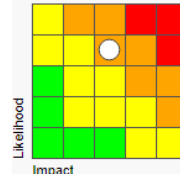
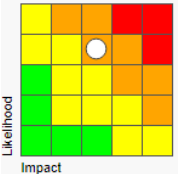
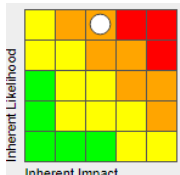
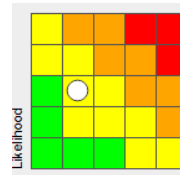
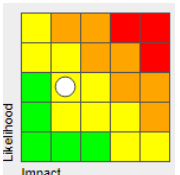
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Funding - Investment (Risk appetite - open) 10.Equity Risk	Market sector falls substantially because of global economic factors	Financial loss to the fund	- Inability to meet overall strategic objectives - Reduced funding level - Increased employer contribution levels		- Performance monitored on an ongoing quarterly basis. - Investment strategy with diversified range of asset classes and long-term investment objectives. - Advice provided by Investment Consultant. - Fund officers remain in close communications with investment managers 10% volatility reserve		 No Change
Governance (Risk appetite - minimalist) 11.Failure to comply with changes to LGPS regulations and other new regulations / legislation Specifically: - McCloud - Pensions Dashboard	- Significant changes to scheme & regulations which staff are unfamiliar with - Failure in readiness for changes - Lack of technical expertise / training	- Incorrect calculations - Delays in processing - Statutory breaches - Reputational risk	- Financial implications for members. - Loss of stakeholder confidence. - Financial cost to the fund if interest must be paid to members. - Regulatory action		- Verification process in place within Pensions section - Staff training - Audited key processes reviewed prior to significant changes - Recruitment exercises as required		 Increased likelihood

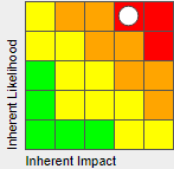
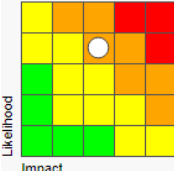
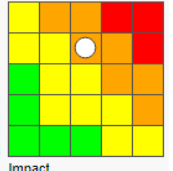
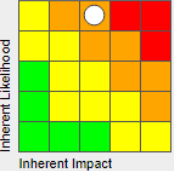
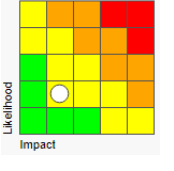
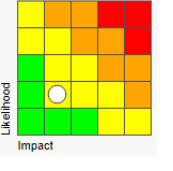
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	- Inadequate procedures / process - Lack of resources - Error in interpreting requirements - IT systems not updated to reflect changed requirements				- Robust system maintenance & upgrade - Specialist advice used as required to ensure correct interpretation - Performance monitoring - Project management for implementation of key changes / exercises		
Governance (Risk appetite - minimalist) 12.Failure to comply with governance best practice Specifically: - TPR New Code of Practice - TPR Good Governance project outcomes	- Failure to implement requirements - Inadequate processes / procedures - Inadequate training as to changed requirements	- Breach of statutory requirements - Sub-standard service to members and employers - Reputational risk for the Fund	- Regulatory action - Loss of stakeholder confidence		- Staff training - Audited key processes reviewed prior to significant changes - Specialist review and advice		 Increased likelihood

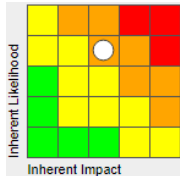
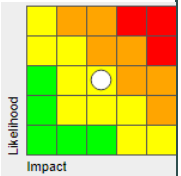
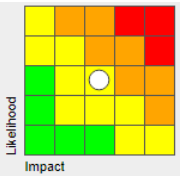
Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Pension Administration (Risk appetite - minimalist) 13.Failure to provide quality service to members	- Inadequate administration & communication policies - Lack of resources - Lack of staff skills / knowledge - Lack of training - Ineffective processes & procedures - Poor communication documentation - Unanticipated workloads	- Reputational risk for the Fund - Processing delays & errors - Late payments - Sub-optimal decision making - Reputational risk for the Fund	- Financial implications to members - Loss of stakeholder confidence		- Key policies reviewed and updated annually or sooner if required - Recruitment exercises as required in keeping with statutory requirements - Ongoing staff training and support - Key processes audited and reviewed annually - Communication / documentation reviewed regularly and updated - Weekly work allocation to prioritise and avoid bottlenecks		 Increased likelihood

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
Operational (Risk appetite - minimalist) 14.Failure to hold personal data securely	- Insufficient system abilities re security of data - Sub-standard retention processes & procedures - Inadequate data retention policy, backup and recovery procedures - Change of retention requirements	- Data lost or compromised - Incorrect member records - Processing delays & errors - Retiring staff will be paid late - Reputational risk for the Fund - Breach of statutory requirements	- Financial impact to members - Loss of stakeholder confidence. - Financial cost to the fund if interest has to be paid to members. - Regulatory action		- Data security system settings & controls - Data retention policy & processes / back up & recovery procedures		 Increased likelihood
Operational (Risk appetite - minimalist) 15.Cybercrime	- Inadequate system abilities re security of data - Inadequate controls and security protocol	- Data lost or compromised - Incorrect member records - Processing delays & errors - Retiring staff will be paid late - Reputational risk for the Fund - Breach of statutory requirements	- Financial impact to members - Loss of stakeholder confidence. - Financial cost to the fund if interest has to be paid to members. - Regulatory action		- Data security system settings & controls - Data back-up & recovery procedures - Technical & Security Controls - Cyber Security Protection and Penetration Testing - Cyber Incident Response Plan - Corporate Emergency &		 Increased likelihood

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
					Business Continuity Plans		
Pension Administration (Risk appetite - minimalist) 16.Failure to keep pension records up-to-date and accurate	- Non-availability of pension / payroll systems - Resource unavailable - New staff undertaking duties - Increased workload - Failure to gain relevant information from employers to enable processing	- Processing delays - Processing errors - Retiring members will be paid late - Reputational risk for the Fund - Breach of statutory requirements	- Financial implications for members - Loss of stakeholder confidence - Financial cost to the fund if interest has to be paid to members - Regulatory action		- System contingency / recovery prioritised - Service prioritisation / allocation - Staff training - Scheduled communications / updates from employers		 No Change
Governance (Risk appetite - minimalist) 17.Lack of expertise on Pension Committee, Pension Board or amongst officers	- Lack of training & continuous professional development - Loss of key staff and management - Lack of succession planning within the structure	- Detrimental decision making - Reputational risk for the Fund - Breach of statutory requirements - Failure to meet objectives - Failure to meet deadlines - Additional pressure on existing staff	- Financial loss - Inability to meet overall strategic objectives - Increase in employer contribution requirements - Regulatory action - Loss of stakeholder confidence		- Key policies and governance arrangements independently audited and reviewed - Key officer meets Markets in Financial Instruments Directive (MIFIID) professional investor requirements - Training & support		 No change

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
					- External specialist advice - TPF structure and resource review now completed and in the process of being implemented		
Governance (Risk appetite - minimalist) 18. Over reliance on key officers	- Loss of key individuals - Inability to recruit individuals with specialist skills & experience - Inadequate governance arrangements - Lack of specialist advisors to support	- Detrimental decision making - Reputational risk for the Fund - Breach of statutory requirements - Failure to meet objectives	- Financial loss - Inability to meet overall strategic objectives - Increase in employer contribution requirements - Regulatory action - Loss of stakeholder confidence		- Key policies and governance arrangements independently audited and reviewed - Knowledge & experience of staff - External specialist advice - Peer support from other LGPS		 No Change
Governance (Risk appetite - minimalist) 19. Failure to communicate adequately with stakeholders	- Inadequate communication policy - Inadequate processes & protocols with employers and scheme members	- Scheme members not aware of their rights - Employers not aware of regulations, procedures, etc. - Reputational risk	- Sub-optimal decision making resulting to financial detriment of members - Errors in members calculations - Loss of stakeholder confidence - Regulatory action		- Communications policy - Standard documentation & communications - Website information - Standard key processes & protocols		 No Change

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
		Breach of statutory requirements			- Employer communications (e mails / info sessions / documentation / guidance) - Adequately trained staff		
Funding - Employer related (Risk appetite - cautious) 20. Employer Covenant Risk	- Change in employer actuarial profile which has resulted in significant increase in liability - Unsuitable guarantee / financial health of employer	Employers unable to financially provide for exit liability	- Inability to meet overall strategic objectives - Financial impact on overall funding level - Remaining employers required to accommodate the shortfall via increased contribution		- Government or local authority guarantees, bonds or securities over assets - Independent covenant review and financial assessments to identify - Funding strategy to enable exit at minimal risk to remaining employers - Affordable payment schedule independently assessed		 No Change
Governance (Risk appetite - minimalist) 21. Risks in relation to use of 3 rd party service providers	- Inadequate policy - Poor due diligence and selection processes	- Poor decision making - Failure of supplier adhering to	- Financial detriment to the fund - Loss of stakeholder confidence		- Procurement policy - Contracts database - Documented contract		

Risk Type & Title	Causes	Impact	Consequence	Inherent Risk	Controls	Residual Risk (Previous Quarter)	Residual Risk (Current)
	Poor contract management	- contractual agreement - Reputational risk			- management protocol - Use of national frameworks		No change
Funding - ESG (Risk appetite - cautious) 22.Failure to implement ESG Policy (specifically in relation to Climate Change and incoming requirements of TCFD)	- Inadequate policy & practices - Failing to understand incoming requirements - Failing to plan and implement changes required - Lack of knowledge & skills	- Poor decision making - Non-compliant actions being taken - Statutory breach - Reputational risk	- Failing to meet strategic objectives - Regulatory action - Loss of stakeholder confidence		- Regularly reviewed policies, processes and reporting - Project plans to meet changing requirements - Specialist advice as required - Training		 No Change