

PESTLE DEFINITIONS

P Political:

- * current and future taxation policies
- * employment laws
- * environmental regulations
- * trade restrictions and reform
- * current and future political support/ stability
- * grants, funding and initiatives
- * meeting local administrations manifestos/ commitments
- * effect of wars or worsening relations with particular countries

E Economic:

- * overall economic situation (growth/ decline)
- * availability/adequacy of Council funds
- * current and future levels of government spending
- * current and future level of interest rates
- * inflation and unemployment (local and national)
- * specific taxation policies and trends
- * exchange rates
- * wage rates, minimum wage, working hours
- * investment/ credit availability
- * cost of living

S Sociological:

- * cultural norms and expectations
- * health consciousness
- * population growth rate
- * age distribution
- * career attitudes
- * demographics
- * lifestyle patterns and changes
- * attitudes towards issues such as education, corporate responsibility and media views and perceptions
- * reputation

T Technological:

- * relevant current and future technology innovations
- * level of research funding
- * ways in which consumers make purchases
- * intellectual property rights and copyright infringements
- * global communication technological advances
- * internal technological failures
- * loss of data

L Legal:

- * legislation in areas such as employment competition and health & safety
- * future legislation changes
- * changes in European law
- * trading policies
- * breaches in law
- * regulatory bodies
- * failure of contracts/ partnership arrangements
- * probity

E Environmental:

- * ecological and environmental issues
- * level of pollution created by the product or service
- * waste management
- * attitudes to the environment from the government, media and consumers
- * current and future environmental legislative changes
- * energy efficiencies

Risk Scoring Definitions

IMPACT	5	H	H	H	H	H
	4	L	L	M	M	H
	3	VL	L	L	M	M
	2	VL	VL	L	L	M
	1	VL	VL	VL	L	L
		1	2	3	4	5
		LIKELIHOOD				

Likeliho	Score	Risk Likelihood Definition
Rare	1	Risk may occur in exceptional circumstances.
Possible	2	Risk may occur within the next three financial years.
Likely	3	Risk is likely to occur within this
Almost Certain	4	Indication of imminent occurrence.
Certain	5	Risk has occurred and will continue to do so without immediate action being taken.

Impact	Score	Risk Impact Definition
Negligible	1	<ul style="list-style-type: none"> ~ Negligible loss, delay or interruption to services. ~ Can be easily and quickly remedied. ~ No financial loss.
Minor	2	<ul style="list-style-type: none"> ~ Minor loss, delay or interruption to services. ~ Short term impact on operational efficiency and performance. ~ Financial loss which, in accordance with the Council's Financial Rules, could be managed at officer level (i.e. below key decision limit for Cabinet decision). Currently this would mean a loss of between £0 and £0.5m. ~ Failure to meet internal standards. ~ Affects only one group of stakeholders. ~ No external interest. ~ Isolated complaints.
Significant	3	<ul style="list-style-type: none"> ~ Significant loss, delay or interruption to services. ~ Medium term impact on operational efficiency and performance. ~ Financial loss which, in accordance with the Council's Financial Rules, would need Member decision, but falls below the External Audit definition of materiality (i.e. 1% of Gross Revenue Budget). Currently this would mean a loss of between £0.5m and £6.6m. This would have to be reported to Cabinet (and above £1m to Council) for Member decision. ~ Failure to meet recommended best practice. ~ Affects more than one group of stakeholders. ~ May attract short-term attention of legislative or regulatory bodies. ~ Significant complaints
Major	4	<ul style="list-style-type: none"> ~ Major loss, delay or interruption to services. ~ One off events which could de-stabilise the Council. ~ Widespread medium to long term impact on operational efficiency, performance and reputation. ~ Financial loss which, in accordance with the Council's Financial Rules, would need member decision, falls above the External Audit definition of materiality (i.e. 1% of Gross Revenue Budget), but can be managed with control retained by the Council . Currently this would mean a loss in excess of £6.6m. This would have to be reported to Council for Member decision. ~ Breach of legal or contractual obligation. ~ Affects more than one group of stakeholders. ~ Will attract medium-term attention of legislative or regulatory bodies. ~ Significant adverse media interest.
Critical	5	<ul style="list-style-type: none"> ~ Total sustained loss or disruption to critical services. ~ Long term impact on operational efficiency, performance and reputation. ~ Financial loss which, in accordance with the Council's Financial Rules, would need Member decision, falls above the External Audit definition of materiality (i.e. 1% of Gross Revenue Budget), and would fall beyond the Council's ability to manage. Currently this would mean a loss in excess of £6.6m. This would be reported to Council, but would have to be reported to the Government or other agencies for decision. ~ Serious breach of legal or contractual obligation. ~ Affects all groups of stakeholders ~ National impact with rapid intervention of legislative or regulatory bodies. ~ Extensive adverse media interest. ~ Loss of credibility

RISK REGISTER		Finance, Governance & Assurance - Pensions					Jan-15		Debbie Sharp								
A	B	C	D			E	F	G	H	I						J	K
Risk No.	Description of Risk	Officer responsible	Current Controls In Place	Residual Risk Rating (with current controls in place)			Risk Exposure High Medium Low Very Low	Risk Category PESTLE Those which apply marked 'Y'						Additional Controls / Actions Required	Timescale for implementation of additional controls/actions required		
				Likelihood	Impact	Risk Rating (E X F)		Political	Economic	Sociological	Technological	Legal	Environmental				
1	Incorrect information / benefits - provided to members of the scheme (including SC Redundancy Payments)	Debbie Sharp	Benefits calculations are checked. All supporting calculations are provided to the member. Team Training.	3	3	9	Low					Y	Y		Annual Review of Letters / statements	31/03/16	
2	The insolvency of an employer places additional liabilities on the Fund and ultimately the remaining employers. Orphan liabilities.	Debbie Sharp	Admission agreements, bonds in some cases. Shorter deficit recovery periods. FSS. Annual Employer covenant check .	1	3	3	V Low	Y	Y				Y		Electronic control of membership numbers.	31/03/16	
3	Vulnerable to loss of or over-reliance of key staff due to long term sickness or staff turnover.	Debbie Sharp	Procedures notes updated. Team restuctured in 2014 to allow for succession planning.	3	3	9	Low						Y		Skills analysis to be undertaken.	31/03/16	
4	Failure of ITC, hardware supported by SC, impacting adversely ability to run Altair pension administration system.	Debbie Sharp	DR in place. Tested annually. Reliance on SC inhouse IT department	3	3	9	Low	Y	Y			Y	Y		DR 2014 highlighted back up Server issues and external hosting being explored.	31/03/16	
5	Failure of support systems: Resource Link, SAMIS, CIVICA Icon cheque processing, COGNOS which will result in incorrect data collection, payment of benefits and incorrect accounting.	Debbie Sharp	Reliance on SC IT	3	3	9	Low	Y	Y			Y	Y				
6	Failure of telephony systems: BT Connect and Lync phones resulting in no communication with customers	Debbie Sharp	Reliance on SC IT	4	3	12	Med	Y	Y			Y	Y				
7	Failure of Administration Team to perform their tasks, specifically leading to incorrect; data, triennial Fund valuations or failure to provide accurate and timely advice to employers.	Debbie Sharp	Annual Audits, internal & external. Internal procedures and checks. National Fraud initiative for pensioner data. Membership reconciliations, Performance against Administration Strategy. Close working relationships with employers. Assurance from Actuary on data quality for Valuation.	3	3	9	Low	Y					Y		Employer satisfaction questionnaire to determine satisfaction with and level of service provided.	31/03/16	
8	Failure of Employers to provide accurate data leading to incorrect benefit statement / payments or Fund valuations.	Debbie Sharp	Employer training. Communication. Administration Strategy Statement. Team training. Internal controls including contribution collection audits and positive action by Pension Team.	4	4	16	Med								Iconnect being implemented, monthly returns for some employers. TPR code coming into place in April 2015.	31/03/16	

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9	Loss of data leading to fines and reputational loss	Debbie Sharp	ICT security used such as data encryption, secure email and document management software with strict security profiles. Secure working environments. Information protection L1 training undertaken by all staff annually and Level 2 by 2 members of staff. Secure working environment in place.	2	4	8	Low	Y	Y		Y	Y			
10	Late payment of contributions leading to Pension Fund reporting to TPR	Debbie Sharp	Employer training / guidance on website. Employer newsletter. Contributions check & balance. Adhere to internal governance compliance statement.	4	3	12	Med	Y	Y			Y		From 1 April 2015 adhere TPR code of practice.	01/04/15
11	Policies or strategies of the Administering Authority adversely impacting on the work of the Pensions Team for the Shropshire County Pension Fund	Debbie Sharp	Segregation of duties, delegated decision making to Pensions Committee and Scheme Administration (Section 151 officer). Quarterly report to Pensions Committee on Administration.	3	4	12	Med	Y	Y		Y	Y		New Pensions Board and Pensions Regulator Code and Scheme Advisory Board	01/04/15
12	Not undertaking work to reconcile GMP data in line with ending of contracting out legislation resulting in possible overpayments.	Debbie Sharp	GMP's have historically been processed when received and leavers notified to HMRC. Any missing ones for pensioners requested.	4	4	16	Med	Y			Y	Y		Decisions will be needed as to how the work will be undertaken during 2016/17	