

NORTH YORKSHIRE COUNTY COUNCIL**PENSION FUND COMMITTEE**

7 JULY 2016

GOVERNANCE ARRANGEMENTS**Report of the Treasurer****1.0 PURPOSE OF REPORT**

- 1.1 To seek Committee approval of the Pension Fund Risk Register.
- 1.2 To highlight to Members that some documents will require approval in the September PFC meeting and seek Committee approval of the approach to the amendment of these documents.

2.0 BACKGROUND

- 2.1 As Members will be aware from reports to previous meetings, the Final Accounts of the Pension Fund have to be audited as if the Pension Fund was an entity separate from the County Council.
- 2.2 Regulations require that the Final Accounts form a part of the Annual Report of the Fund, along with certain documents in relation to governance and other specified information. The Annual Report is audited, not just the Final Accounts. These governance documents will therefore be updated where necessary in advance of the audit, as will other governance documents for reasons of good practice.
- 2.3 The completed Annual Report will be presented to the PFC on 15 September 2016 for recommendation for approval by the Audit Committee, which is due to meet on 29 September 2016
- 2.4 The following governance documents form part of the Annual Report:
- Statement of Investment Principles
 - Governance Compliance Statement
 - Funding Strategy Statement
 - Communication Strategy Statement

3.0 GOVERNANCE ARRANGEMENTS FOR NYPF

- 3.1 At its meeting on 9 July 2015 the PFC approved a full set of NYPF governance documents for the purposes of submission to the Audit Committee in relation to the 2014/15 Final Accounts. This year due to the timing of the triennial valuation and certain governance documents being due to be replaced, approval will be required at a later date, i.e. at the September PFC meeting.
- 3.2 Where new documents are expected, the process will be for officers to meet with at least the Chair and Vice Chair of the PFC to review them in advance of the September PFC meeting.

- 3.3 In addition, it is recommended that Members delegate authority to officers to make any necessary immaterial changes to the documents, for example, dates and Fund Manager updates prior to approval at the September PFC.
- 3.4 A description of each of the governance documents is included in the following paragraphs, together with a comment on when approval will be required as well as any material changes that have been made since they were last approved. The latest approved version of these governance documents can be found on the NYPF website:
- <https://www.nypf.org.uk/nypf/policiesandstrategies.shtml>
- 3.5 The **Statement of Investment Principles (SIP)** sets out the Fund's approach to investing. The Government have indicated that there will be new regulations to replace the SIP; this will impact on the delivery of this document. The SIP is to be replaced by the Investment Strategy Statement (ISS) and it is expected that this new ISS will be included in the Annual Report, assuming the new investment regulations are laid in time. The process described in paragraph 3.2 will be followed, with the ISS or SIP being brought to the September 2016 PFC meeting.
- 3.6 The **Governance Compliance Statement** describes the governance arrangements of the Fund. No material changes have been made to this document, so it will be presented for approval as part of the Annual Report at the September PFC meeting.
- 3.7 The **Risk Register (Appendix A- Summary Risk Register & Appendix B- Detailed Risk Register)** has recently been updated and is attached for approval. The register describes the key risks faced by the Fund. There are two risks ranked as red, five as amber and three as green. The assessment of the highest ranked risks is primarily driven by the financial impact each could have, if each risk actually occurred.
- 3.8 One of the red risks is a new risk that has been added at the latest update of the risk register and is on the LGPS Pooling Arrangements. This is a major change to the way in which the Pension Fund is managed so should be considered a significant risk. Members are invited to comment on this risk.
- 3.9 Pension Fund solvency also remains a red risk due to the unpredictable and volatile nature of global financial markets on which both investment returns and certain market based actuarial assumptions used to value liabilities are based. The potential consequence of the risk occurring is a significant increase in contribution rates for the Fund's employers and/or an extension to the deficit recovery period. The fall in solvency over the last year is due to falling Gilt yields and financial markets have provided very little return. This volatility has been further exasperated by the uncertainty following the outcome of the EU referendum. No remedial action is presently required in order to deliver the deficit recovery plan.
- 3.10 The **Communication Strategy 2015/16** describes the annual strategy for communicating with members and employers for the year. This document was approved by Members at the 25 February 2016 PFC meeting and does not require further approval. This document is in the employer only part of the NYPF website, a copy can be provided to Members upon request.
- 3.11 The **Funding Strategy Statement** describes how employers' pension liabilities are to be met going forward, how employer contributions will be kept as stable as possible, and a prudent long-term view of those liabilities. This document will be reviewed as part of the 2016 Triennial Valuation and an updated version will be available for approval at the end of the valuation process. The work on this is due to begin in October 2016.
- 3.12 The **Communications Policy Statement** details the policy for communicating with members and employers. There have been no material changes made to this document.

3.13 The **Pensions Administration Strategy** sets out the administration protocols that have been agreed between the Fund and its employers. There have been no material changes made to this document.

3.14 The **Treasury Management SLA** describes the treasury management services provided by the Council to NYPF. There have been no material changes made to this document, therefore approval is not required.

4.0 **GOVERNANCE COMPLIANCE UPDATE – REPORT OF THE INDEPENDENT PROFESSIONAL OBSERVER**

4.1 The remit of the Independent Professional Observer, Peter Scales, is to provide advisory services on governance and compliance to the PFC. In light of the consultation on pooling, this report will be presented to the September PFC.

5.0 **RECOMMENDATIONS**

5.1 Members to approve the Risk Register in **Appendix A & B** and comment on the new LGPS Pooling Arrangement risk.

5.2 Members to agree the approach to approving governance documents at the September meeting. (paragraph 3.2).

5.3 Members to delegate authority to make minor changes to governance documents where necessary (paragraph 3.3).

GARY FIELDING
Treasurer
Corporate Director – Strategic Resources
County Hall
Northallerton

29 June 2016

Pension Fund

Risk Register: **June 2016 Review – summary**
 Next Review Due: **December 2016**
 Report Date: 23rd June 2016 (pw)

Identity			Person		Classification											Fallback Plan				
Change	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre						RR		Post						FBPlan	Action Manager
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv	Rep	Cat		
◀▶	44/4 - Pension Fund Solvency	Solvency deteriorates due to liability growth exceeding expectations and / or underperforming investment returns, inappropriate actuarial assumptions, or adverse market conditions requiring a review of employer contributions, additional payments or extended recovery period	CD SR	CSD SR Head of Commercial & Investments	M	M	H	L	M	2	4	30/09/2016	M	M	H	L	M	2	Y	CSD SR Head of Commercial & Investments CSD SR Pensions Manager
- new -	44/201 - LGPS Pooling Risk	The pooling arrangements fail to deliver cost savings and performance improvements resulting in deterioration of Fund solvency and increased employer contribution rates.	CD SR	CSD SR Head of Commercial & Investments	M	M	H	L	H	2	3	31/12/2016	M	M	H	L	M	2	N	
◀▶	44/8 - Investment Strategy	Failure of the investment strategy to achieve sufficient returns from investments	CD SR	CSD SR Head of Commercial & Investments	L	M	H	L	M	3	5	30/09/2016	L	M	H	L	M	3	Y	CSD SR Head of Commercial & Investments
◀▶	44/1 - Employer Contributions	Sustainability and affordability of LGPS puts pressure on the employer contributions from 2017/18.	CD SR	CSD SR Pensions Manager	L	M	H	Nil	M	3	4	31/12/2016	L	M	H	Nil	M	3	Y	CSD SR Pensions Manager CSD SR Head of Commercial & Investments
◀▶	44/20 - Fraud	Internal and/or external fraud as a result of inappropriate pension administration, investment activity and cash reconciliation results in financial loss, loss of reputation	CD SR	CSD SR Head of Commercial & Investments	L	L	H	L	M	3	4	31/12/2016	L	L	H	L	M	3	Y	CSD SR Pensions Manager CSD SR Head of Commercial & Investments

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Risk Register: **June 2016 Review – summary**
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Identity			Person		Classification												Fallback Plan			
Change	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre						RR		Post						FBPlan	Action Manager
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv	Rep	Cat		
◀▶	44/10 - LGPS Regulations and Employer Related Legislation	LGPS Regulations and Employer Related Legislation not interpreted and implemented correctly including implementation of the LGPS 2014 resulting in legal challenge	CD SR	CSD SR Pensions Manager	M	L	L	L	M	4	2	31/12/2016	M	L	L	L	L	5	Y	CSD SR Head of Commercial & Investments CSD SR Pensions Manager
◀▶	44/11 - Benefit Payments	Incorrect/late benefits and payments to members resulting in criticism, customer dissatisfaction, under/over payments	CD SR	CSD SR Pensions Manager	M	L	L	L	M	4	2	31/12/2016	L	L	L	L	M	5	Y	CSD SR Pensions Manager
◀▶	44/7 - Investment Manager	Failure of a pension fund investment manager to meet adequate performance levels resulting in reduced financial returns, re-tendering exercise	CD SR	CSD SR Head of Commercial & Investments	L	M	M	L	L	5	3	31/12/2016	L	M	M	L	L	5	Y	CSD SR Head of Commercial & Investments
◀▶	44/14 - IT Systems	Failure of IT Pension system or other IT systems for more than 2 days (or a critical time) resulting in backlog, incorrect payments, increased overtime, criticism	CD SR	CSD SR Pensions Manager	L	M	L	M	M	5	1	31/12/2016	L	M	L	M	M	5	Y	CSD SR Pensions Manager
◀▶	44/16 - Key Personnel	Loss and unavailability of key personnel e.g. Treasurer, Pensions Manager, leading to incorrect interpretation of regulations, incorrect calculations/data, incorrect payments, resulting in complaints, compensation claims	CD SR	CSD SR Pensions Manager	L	M	L	M	L	5	3	31/12/2016	L	M	L	M	L	5	Y	CSD SR Head of Commercial & Investments CSD SR Pensions Manager

Key			
▲	Risk Ranking has worsened since last review.	◀▶	Risk Ranking is same as last review
▼	Risk Ranking has improved since last review	- new -	New or significantly altered risk



Pension Fund

Risk Register: **June 2016 Review – summary**
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Abbreviations		Classifications	
CD SR	Corporate Director Strategic Resources	Prob	Probability
CSD SR	Central Services Directorate Strategic Resources	Obj	Impact on Objectives
FB Plan	Fallback Plan	Fin	Financial Impact
LGPS	Local Government Pension Scheme	Serv	Impact on Services
IT	Information Technology	Rep	Reputational Impact
		RRs	Number of risk reduction actions to be carried out

Likelihood	
Probability	H = > 60% or Probable M = 30% to 60% or Possible L = < 30% or Unlikely
Impact	
Objectives	H = Over 6 priorities adversely impacted M = 3-6 priorities adversely impacted L = Below 3 priorities adversely impacted
Financial	H = Substantial/Over 2% (£48M) increase in contribution rate or loss of major opportunity M = Notable/0.5%-2% (£12M-£48M) increase in contribution rate or loss of notable opportunity L = Minor/Up to 0.5% (£12M) increase in contribution rate or loss of some opportunity
Services	H = Widespread impact, 2/3 services affected, significant project slippage M = Declining Performance, notable inconvenience L = Minor service impact, resolved locally, minor inconvenience
Reputation	H = Significant Member/Employer complaints, national media M = Notable Member/Employer complaints, regional media, L = Some Member/Employer complaints, local adverse media coverage

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Risk Register: **June 2016 Review – detailed**
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Phase 1 - Identification											
Risk Number	44/4	Risk Title	44/4 - Pension Fund Solvency				Risk Owner	CD SR		Manager	CSD SR Head of Commercial & Investments
Description	Solvency deteriorates due to liability growth exceeding expectations and / or underperforming investment returns, inappropriate actuarial assumptions, or adverse market conditions requiring a review of employer contributions, additional payments or extended recovery period					Risk Group	Financial		Risk Type	CSD SR 32/24	
Phase 2 - Current Assessment											
Current Control Measures			Deficit recovery period; adopt prudent actuarial assumptions; all assumptions reviewed every 3 years; measure liabilities against investment returns on a quarterly basis; regular reports to PFC; regulatory cost control mechanism; fixed income review;					Effectiveness			
Probability	M	Objectives	M	Financial	H	Services	L	Reputation	M	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed	%	
Reduction	44/6 - Consultation with Actuary re assumptions used and discuss and carry out action plan (ongoing)						CSD SR Head of Commercial & Investments	Sat-31-Dec-16		0%	
Reduction	44/7 - Regular review of investment strategy to maximise investments (ongoing)						CSD SR Head of Commercial & Investments	Sat-31-Dec-16		0%	
Reduction	44/8 - Discussion with employers re cost of the scheme and potential 'one off' contributions						CSD SR Head of Commercial & Investments CSD SR Pensions Manager	Fri-31-Mar-17		0%	
Reduction	44/417 - Appoint new fixed income manager to complement existing set of managers / mandates						CSD SR Head of Commercial & Investments	Fri-30-Sep-16		0%	
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	M	Financial	H	Services	L	Reputation	M	Category	2
Phase 5 - Fallback Plan											
							Action Manager				
Fallback Plan	44/428 - Increased contribution rate from employers and/or extend recovery period; dependent on 2016 triennial valuation outcome						CSD SR Head of Commercial & Investments CSD SR Pensions Manager				

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Risk Register: **June 2016 Review – detailed**
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Phase 1 - Identification											
Risk Number	44/201	Risk Title	44/201 - LGPS Pooling Risk				Risk Owner	CD SR		Manager	CSD SR Head of Commercial & Investments
Description	The pooling arrangements fail to deliver cost savings and performance improvements resulting in deterioration of Fund solvency and increased employer contribution rates.					Risk Group		Risk Type			
Phase 2 - Current Assessment											
Current Control Measures			Pension Fund Committee involvement in key pooling decisions; NYPF officer involvement in pooling working groups; Periodic reporting of updates to the Pension Fund Committee;					Effectiveness			
Probability	M	Objectives	M	Financial	H	Services	L	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed	%		
Reduction	44/161 - Consultation with advisors on the implication of pooling					CSD SR Head of Commercial & Investments	Sat-31-Dec-16		0%		
Reduction	44/162 - Gain advice from advisors and other consultants on responding to the Government consultation					CSD SR Head of Commercial & Investments	Sat-31-Dec-16		0%		
Reduction	44/163 - Keeping Members up to date					CSD SR Head of Commercial & Investments	Sat-31-Dec-16		0%		
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	M	Financial	H	Services	L	Reputation	M	Category	2
Phase 5 - Fallback Plan											
Fallback Plan									Action Manager		

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Risk Register: **June 2016 Review – detailed**
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Phase 1 - Identification											
Risk Number	44/8	Risk Title	44/8 - Investment Strategy				Risk Owner	CD SR		Manager	CSD SR Head of Commercial & Investments
Description	Failure of the investment strategy to achieve sufficient returns from investments					Risk Group	Strategic		Risk Type		
Phase 2 - Current Assessment											
Current Control Measures		Strategy reviewed through asset/liability modelling; risk budgeting; experience and knowledge of the market and suitable forms of investment; Member training; Independent Investment Adviser and Consultant reports; PFC workshops and sign off of strategy; regular monitoring of investment performance; fixed income review;						Effectiveness			
Probability	L	Objectives	M	Financial	H	Services	L	Reputation	M	Category	3
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed	%	
Reduction	44/417 - Appoint new fixed income manager to complement existing set of managers / mandates						CSD SR Head of Commercial & Investments	Fri-30-Sep-16		0%	
Reduction	44/1876 - Continual review of the investment strategy and implement the recommendations, including consideration of pooling arrangements						CSD SR Head of Commercial & Investments	Sat-31-Dec-16		0%	
Reduction	44/1877 - Monitor the risk budget						CSD SR Head of Commercial & Investments	Sat-31-Dec-16		0%	
Reduction	44/1878 - Monitor appropriateness of strategy against prevailing market conditions						CSD SR Head of Commercial & Investments	Sat-31-Dec-16		0%	
Reduction	44/1879 - Monitor the Advisor and Consultants reports and act on professional advice						CSD SR Head of Commercial & Investments	Sat-31-Dec-16		0%	
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	H	Services	L	Reputation	M	Category	3
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	44/430 - Review the strategy and implement changes as necessary based on the forward assessment of financial markets									CSD SR Head of Commercial & Investments	



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Risk Register: **June 2016 Review – detailed**
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Phase 1 - Identification											
Risk Number	44/1	Risk Title	44/1 - Employer Contributions				Risk Owner	CD SR		Manager	CSD SR Pensions Manager
Description	Sustainability and affordability of LGPS puts pressure on the employer contributions from 2017/18.					Risk Group	Legislative		Risk Type		
Phase 2 - Current Assessment											
Current Control Measures		Ongoing consultation with Employers; manage the employer contributions through investment strategy; assumptions used in triennial valuation; results of interim valuations, cost sharing mechanism, funding strategy statement;						Effectiveness			
Probability	L	Objectives	M	Financial	H	Services	Nil	Reputation	M	Category	3
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed	%		
Reduction	44/1821 - Continue to discuss contributions with the employers					CSD SR Head of Commercial & Investments CSD SR Pensions Manager	Sat-31-Dec-16		0%		
Reduction	44/1880 - Maximise investments/returns by implementation of the investment strategy					CSD SR Head of Commercial & Investments	Sat-31-Dec-16		0%		
Reduction	44/1881 - Consider impact of the 2014 regulations cost sharing mechanism					CSD SR Pensions Manager	Sat-31-Dec-16		0%		
Reduction	44/1882 - Consult with actuary throughout the 2016 triennial valuation process					CSD SR Head of Commercial & Investments CSD SR Pensions Manager	Sat-31-Dec-16		0%		
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	H	Services	Nil	Reputation	M	Category	3
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	44/428 - Increased contribution rate from employers and/or extend recovery period; dependent on 2016 triennial valuation outcome							CSD SR Pensions Manager CSD SR Head of Commercial & Investments			

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Risk Register: **June 2016 Review – detailed**
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Phase 1 - Identification											
Risk Number	44/20	Risk Title	44/20 - Fraud				Risk Owner	CD SR		Manager	CSD SR Head of Commercial & Investments
Description	Internal and/or external fraud as a result of inappropriate pension administration, investment activity and cash reconciliation results in financial loss, loss of reputation					Risk Group	Pers/Capacity		Risk Type		
Phase 2 - Current Assessment											
Current Control Measures			Internal Audit; internal checking and authorisation procedures and levels in both pension section and finance; split between administration and finance; all third parties have regular audits and regulated by FCA; legally binding contracts in place; governance arrangements for the delegation of duties; use of BACS payments; monthly mortality monitoring; participate in National Fraud Initiative					Effectiveness			
Probability	L	Objectives	L	Financial	H	Services	L	Reputation	M	Category	3
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed	%	
Reduction	44/1887 - Continually review processes and procedures including authorisation levels						CSD SR Head of Commercial & Investments CSD SR Pensions Manager	Sat-31-Dec-16		0%	
Reduction	44/1888 - Ongoing internal audit assessment and annual review by external auditors						CSD SR Head of Commercial & Investments CSD SR Pensions Manager	Sat-31-Dec-16		0%	
Reduction	44/1890 - Annual independent external audit of pension fund (separate from County Council) and carry out appropriate recommendations						CSD SR Head of Commercial & Investments CSD SR Pensions Manager	Sat-31-Dec-16		0%	
Reduction	44/1894 - Review of external manager audit and risk reports						CSD SR Head of Commercial & Investments	Sat-31-Dec-16		0%	
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	L	Financial	H	Services	L	Reputation	M	Category	3
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	44/434 - Review incident and update procedures/processes accordingly							CSD SR Pensions Manager CSD SR Head of Commercial & Investments			

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Risk Register: **June 2016 Review – detailed**
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Phase 1 - Identification											
Risk Number	44/10	Risk Title	44/10 - LGPS Regulations and Employer Related Legislation				Risk Owner	CD SR		Manager	CSD SR Pensions Manager
Description	LGPS Regulations and Employer Related Legislation not interpreted and implemented correctly including implementation of the LGPS 2014 resulting in legal challenge					Risk Group	Performance		Risk Type	Int Fin 30/189	
Phase 2 - Current Assessment											
Current Control Measures			Specialist knowledge; designated members of staff; regular updates & comms with CLG; LGPC; Actuarial advice; Employers Forums; NEPOF; section training by specialist staff; specialist software; advice on calculations interpretations; investment mgmt agreement; awareness of overriding legislation; broadening of knowledge across MT; LGE advice; nat. technical pension group provide advice; Trustees knowledge and understanding toolkit; Pensions Administration team structure reviewed;					Effectiveness			
Probability	M	Objectives	L	Financial	L	Services	L	Reputation	M	Category	4
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed	%		
Reduction	44/157 - Ongoing staff training programme					CSD SR Pensions Manager	Sat-31-Dec-16		0%		
Reduction	44/158 - Implement the communication strategy to ensure continued customer awareness of LGPS 2014; continued drive to ensure Employer understanding of the scheme					CSD SR Pensions Manager	Sat-31-Dec-16		0%		
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	L	Financial	L	Services	L	Reputation	L	Category	5
Phase 5 - Fallback Plan											
Fallback Plan	44/437 - Review existing interpretations, take legal advice and amend procedures as required								Action Manager		CSD SR Head of Commercial & Investments CSD SR Pensions Manager



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Risk Register: **June 2016 Review – detailed**
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Phase 1 - Identification											
Risk Number	44/11	Risk Title	44/11 - Benefit Payments				Risk Owner	CD SR		Manager	CSD SR Pensions Manager
Description	Incorrect/late benefits and payments to members resulting in criticism, customer dissatisfaction, under/over payments					Risk Group	Performance		Risk Type		
Phase 2 - Current Assessment											
Current Control Measures			Up to date procedures and procedural checking; pension software up to date; workflow system; authorisation procedures; pro formas; staff training; audit trail; internal and external audits; Pensions Administration Strategy; Manuals available for calculation procedure; action plan for clean data requirements; use of task checklists; ESS;					Effectiveness			
Probability	M	Objectives	L	Financial	L	Services	L	Reputation	M	Category	4
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed	%		
Reduction	44/1893 - Effective communication with employers					CSD SR Pensions Manager		Sat-31-Dec-16		0%	
Reduction	44/1896 - Regular liaison with ESS regarding operational arrangements					CSD SR Pensions Manager		Sat-31-Dec-16		0%	
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	L	Financial	L	Services	L	Reputation	M	Category	5
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	44/435 - Correct errors and review and amend existing procedures								CSD SR Pensions Manager		



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Phase 1 - Identification											
Risk Number	44/7	Risk Title	44/7 - Investment Manager				Risk Owner	CD SR		Manager	CSD SR Head of Commercial & Investments
Description	Failure of a pension fund investment manager to meet adequate performance levels resulting in reduced financial returns, re-tendering exercise					Risk Group	Performance		Risk Type		
Phase 2 - Current Assessment											
Current Control Measures			Qrtly review of investment mgr targets; std terms and conds re termination of contract; ext advisers monitor mgrs perf; qrtly repts to Pension Fund Comm; benchmarking against other approp comparators; investment strategy review; risk budgeting exercise via Aon; reporting by Custodian; fund mgr attend at PFC; Member training; best practice procurement process; diversified portfolio of investments;					Effectiveness			
Probability	L	Objectives	M	Financial	M	Services	L	Reputation	L	Category	5
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed	%		
Reduction	44/1873 - Continue to monitor and report on investment returns on a regular basis					CSD SR Head of Commercial & Investments	Sat-31-Dec-16		0%		
Reduction	44/1874 - Continue to meet/report to PFC by Fund Managers and assess critical analysis by advisers					CSD SR Head of Commercial & Investments	Sat-31-Dec-16		0%		
Reduction	44/1875 - Carry out when appropriate, a tender exercise and use best practice procurement process to ensure positive outcome re new investment manager(s)					CSD SR Head of Commercial & Investments	Sat-31-Dec-16		0%		
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	M	Services	L	Reputation	L	Category	5
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	44/429 - Change Fund Manager and redistribute funds, potentially transfer to temporary passive Fund Manager							CSD SR Head of Commercial & Investments			



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Risk Register: **June 2016 Review – detailed**
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Phase 1 - Identification											
Risk Number	44/14	Risk Title	44/14 - IT Systems				Risk Owner	CD SR		Manager	CSD SR Pensions Manager
Description	Failure of IT Pension system or other IT systems for more than 2 days (or a critical time) resulting in backlog, incorrect payments, increased overtime, criticism					Risk Group	Technological		Risk Type		
Phase 2 - Current Assessment											
Current Control Measures			Manual payments, DR plan and tested, contracts for server maintenance, backups off site, major external providers have DR plans, manual calculation procedures, administration manuals, annual financial check, contingency plan in place, modern council,					Effectiveness			
Probability	L	Objectives	M	Financial	L	Services	M	Reputation	M	Category	5
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed	%		
Reduction	44/1884 - Regular review of contingency planning arrangements					CSD SR Pensions Manager	Sat-31-Dec-16		0%		
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	L	Services	M	Reputation	M	Category	5
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	44/433 - Recourse to manual calculations and payments, Liaise with software provider to restore system, find alternative supplier									CSD SR Pensions Manager	



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Phase 1 - Identification											
Risk Number	44/16	Risk Title	44/16 - Key Personnel				Risk Owner	CD SR	Manager	CSD SR Pensions Manager	
Description	Loss and unavailability of key personnel e.g. Treasurer, Pensions Manager, leading to incorrect interpretation of regulations, incorrect calculations/data, incorrect payments, resulting in complaints, compensation claims					Risk Group	Capacity/performance	Risk Type			
Phase 2 - Current Assessment											
Current Control Measures			Procedure notes; knowledge sharing; file management; deputies; co-operation between departments; pensions management meetings; comprehensive training matrix; PFC action notes; professional advisors; increase resources agreed in finance team;					Effectiveness			
Probability	L	Objectives	M	Financial	L	Services	M	Reputation	L	Category	5
Phase 3 - Risk Reduction Actions											
Reduction	44/1905 - Continue to build resilience to meet current and anticipated future, demands and complexity					Action Manager	CSD SR Head of Commercial & Investments CSD SR Pensions Manager	Action by	Sat-31-Dec-16	Completed	0%
Reduction	44/1907 - To forward plan with managers/CD SR on a regular basis to share ideas and strategy from both sides (on going)					Action Manager	CSD SR Head of Commercial & Investments CSD SR Pensions Manager	Action by	Sat-31-Dec-16	Completed	0%
Reduction	44/1908 - Ensure inclusion of key managers with relevant external advisers or feedback from such meetings/telephone calls (on going)					Action Manager	CSD SR Head of Commercial & Investments CSD SR Pensions Manager	Action by	Sat-31-Dec-16	Completed	0%
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	L	Services	M	Reputation	L	Category	5
Phase 5 - Fallback Plan											
Fallback Plan	44/441 - Identify temporary cover arrangements plus additional resources where required							Action Manager CSD SR Head of Commercial & Investments CSD SR Pensions Manager			

