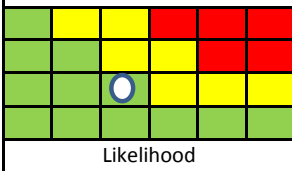
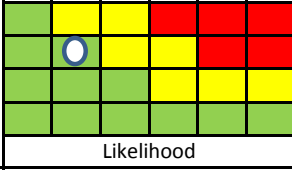
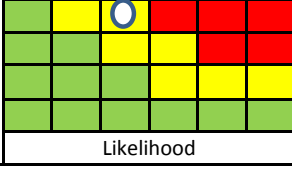


Pension Fund Risk Register

Key Priorities 2017-18

No	Category	Description	Potential Consequence of Risk	Risk mitigation measures	Risk Matrix	Risk Score	Status/Work to be undertaken	Change since last review
1	Corporate	Lack of effective Risk Management	Failure to identify and respond to risks with the potential to impact on our ability to achieve our objectives	Pension Fund risk register reviewed and updated quarterly	<p>Consequences</p> <p>Likelihood</p>	8	Ongoing	↔
2	Corporate	Poor Governance	Failure to ensure the Fund has in place a sound organisational framework, identifies responsibilities, manages its systems and processes and supports the Council's culture and values	Fund has in place an annual review of its governance statement and supporting documents ensuring they comply with both regulation and Council objectives. New governance framework established from April 2015. ACC Governance review is in progress.	<p>Consequences</p> <p>Likelihood</p>	4	Ongoing - annual review of policy documents	↔
3	Corporate	Lack of Performance Measures	Failure to measure how successful we are at delivering the Pension Fund Business Plan priorities and achieving improved outcomes for our scheme members	Fund has in place both statutory and local PI's	<p>Consequences</p> <p>Likelihood</p>	8	Annual CIPFA Benchmarking exercise. Also quarterly Investment performance and PAS reporting to Committee.	↔
4	Funding	Actuarial Valuation - impact of market volatility	Increase in employer contributions to meet unfunded position	Interim actuarial valuation to be undertaken	<p>Consequences</p> <p>Likelihood</p>	4	2017 valuation has been carried out. Report on initial results to Dec'17 Committee.	↔

5	Regulatory and Compliance	Requirement to complete GMP Equalisation	Failure to ensure that future member benefits are calculated correctly. Audit criticism and financial loss to the Fund	Staff appointed to carry out calculations	Consequences  Likelihood	6	Ongoing	↔
6	Governance	Annual Review of workings of Pension Board and Pension Committee	Failure to ensure effective joint working of the Pension Board and Pension Committee, not compliant with Scheme Regs and Pension Regulator requirements	Review of Pension Committee and Board	Consequences  Likelihood	6	Report to Committee in March 2017. Governance Review by SPPA ongoing.	↔
7	Investment	New Global Custody Services	Failure to manage transition between old and new custodial arrangements. Financial loss through delay in service or errors in data	Discussions/advice sought from Procurement Services. Approval granted by Committee in June 2017 to give Head of Finance power to authorise change in custodian.	Consequences  Likelihood	12	Transition to new Global custodian to commence. To be in completed by April 2018.	↑

Pension Fund ongoing risk assessment in accordance with Pension Regulator Requirements

No	Category	Description	Potential Consequence of Risk	Risk mitigation measures	Risk Matrix	Risk Score	Status/Work to be undertaken	Change since last review
1	Operational	Pension Administration system failure	Staff downtime, loss of service delivery	System is hosted externally with back-up in separate location	<p>Consequences</p> <p>Likelihood</p>	6	Technical Manager to provide report on hosted system errors and resolutions to Pensions Manager quarterly	↔
2	Operational	Unable to access workplace	Staff downtime, loss of service delivery	Disaster recovery policy in place which is incorporated within CG overall policy	<p>Consequences</p> <p>Likelihood</p>	8	Review to be carried out. New Pension Fund Management team to be made fully aware of disaster recovery plan	↔
3	Operational	Overpayment of pension benefits	Audit criticism, legal challenge, reputational risk	All pension payments signed off by a senior pensions officer – segregation of duties for staff processing lump sums	<p>Consequences</p> <p>Likelihood</p>	4	Ongoing	↔
4	Operational	Failure to maintain member records and comply with regulations	Incorrect pension payments, incorrect assessment of actuarial liabilities	All employers required to submit monthly data, which is checked	<p>Consequences</p> <p>Likelihood</p>	4	PAS reporting quarterly to the Pensions Manager	↔
5	Operational	Failure to carry out effective member tracing	Incorrect pension payments, incorrect assessment of actuarial liabilities	Tracing service in place (ATMOS)	<p>Consequences</p> <p>Likelihood</p>	6	Further review of tracing options to be carried out in 2018. In interim ATMOS trace to be carried out.	↔
6	Operational	Fraud/Negligence	Overpayment, unauthorised payments, system corruption,	All pension payments signed off by a senior pensions officer – segregation of	<p>Consequences</p> <p>Likelihood</p>	6	Ongoing	↔

Operational

Fraud/negligence

audit criticism, reputational damage

senior pensions officer – segregation of duties for staff processing lump sums

Conseq

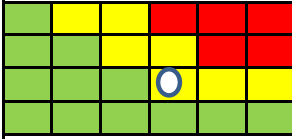

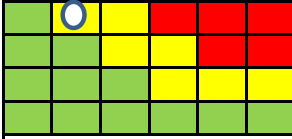

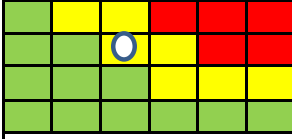

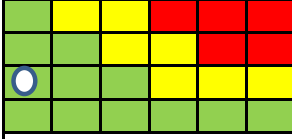

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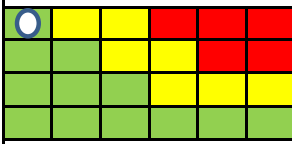
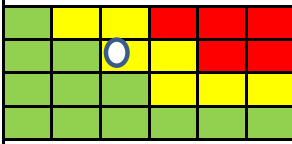
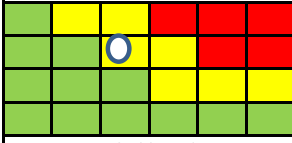

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Ongoing



7	Operational	Failure to recruit and develop staff	Reduction in service delivery, poor operation of risk management controls	New structure put in place in 2016 & training plans for all staff completed by March 2017. On-going review of staffing requirements and training.	<p>Consequences</p> <p>Likelihood</p>	12	Vacant posts to be filled.	↑
8	Funding	Fund's investments fail to deliver returns in line with anticipated returns required to meet the valuation of the long term liabilities	Increase in employer contributions	Quarterly assessment of investment performance of fund, triennial actuarial valuation and quarterly funding updates reported to pensions committee. Triennial investment strategy review.	<p>Consequences</p> <p>Likelihood</p>	12	Ongoing	↔
9	Funding	Fall in bond yields, leading to risk in value placed on liabilities	Increase in employer contributions	Quarterly funding updates prepared by FSM reported to Pensions Committee	<p>Consequences</p> <p>Likelihood</p>	12	Ongoing	↔
10	Funding-	Pay and price inflation valuation assumptions either higher or lower	Increase in employer contributions	Quarterly funding updates reported to Pensions Committee	<p>Consequences</p> <p>Likelihood</p>	6	Information to be provided by FSM	↔
11	Funding	Longevity issues	Increase in employer contributions	Actuarial assessment every three years undertake scheme specific analysis	<p>Consequences</p> <p>Likelihood</p>	6	Strategy review to consider matching liabilities	↔
12	Funding	Employers leaving scheme/closing to new members due to cost	Residual liabilities could fall to other scheme employers	Monitor scheme employer – seek guarantors for smaller employers	<p>Consequences</p> <p>Likelihood</p>	12	Ongoing	↔

13	Funding	Failure to recover unfunded payments from employers, cross subsidy by other employers	Residual liabilities could fall to other scheme employers	Accounting officers will escalate employer payment issues to Employer Relationship Team. Breaches recorded & monitored by Governance Team with reporting to TPR if 'material'	Consequences  Likelihood	8	Ongoing	
14	Financial	Failure of world stock markets	Increase in employer contribution rates	Diversification of scheme assets, investment strategy review following outcome of triennial valuation	Consequences  Likelihood	8	Strategy Review following 2017 Valuation results, currently ongoing	
15	Financial	Early retirement strategies by scheme employers	Pressure on cash flow	On-going discussions with scheme employers of Funding issues. Documentation in place	Consequences  Likelihood	9	Ongoing	
16	Financial	Negligence, fraud, default by investment managers	Loss of value of the Fund, reputational damage	Fund management monitoring, SAS 70 reports and appropriate clauses in all scheme documentation	Consequences  Likelihood	2	Ongoing	

17	Financial	Failure of Global Custodian	Loss of investments or control of investment	Regular meetings with global custodian, receipt of SAS 70 reports and monitoring	Consequences  Likelihood	4	In process of appointing new global custodian	↔
18	Financial	Failure to monitor investment managers and assets	Audit criticism, legal challenge, reputational risk	Quarterly assessment of investment performance of fund, triennial actuarial valuation and quarterly funding updates reported to Pensions Committee.	Consequences  Likelihood	9	Ongoing	↔
19	Regulatory and Compliance	Failure to comply with LGPS Regulations, Pensions Act, HMRC and other overriding regulations	Audit criticism, legal challenge, reputational risk, financial loss/financial penalties	Six monthly review of compliance with regulations and annual report to Pensions Committee	Consequences  Likelihood	9	Ongoing - six monthly review (due Dec'17). Annual report to March Committee meeting.	↔
20	Regulatory and Compliance	Investment options restricted by introduction of European Directive MiFIDII	Legal challenge, financial loss, increase in costs	FCA engagement through national bodies e.g. PLSA, LGA, CIPFA & others, ongoing engagement with investment managers, training for staff	Consequences  Likelihood	6	Document to retain 'professional client' status submitted. Ongoing.	↓

21	Governance	Potential risks and conflicts of interest between ACC and NESPF	Audit criticism, legal challenge, reputational risk	Regular discussions between Head of Finance and Pensions Managers, areas of risk and conflict reported to Pensions Committee. Register in place to record & monitor conflicts.	Consequences Likelihood	8	Ongoing	↔
22	Governance	Breach of Data Protection –theft or loss of data	Audit criticism, legal challenge, reputational risk	Internal control and procedures for management of data. To be reviewed and reported to Pensions Committee on annual basis.	Consequences Likelihood	4	Ongoing	↔
23	Governance	Failure to comply with FOI requests	Audit criticism, legal challenge, reputational risk	Pensions Manager responsible for all FOI requests and meeting deadline for information requests	Consequences Likelihood	4	Ongoing- Governance Team oversee FOI	↔
24	Governance	Failure to meet annual audit deadlines	Audit criticism, legal challenge, reputational risk	Pensions Manager responsible for all internal and external audit requirements	Consequences Likelihood	4	Signed Annual Accounts to Committee in September 2017	↔
25	Governance	Failure to monitor AVC arrangements	Audit criticism, legal challenge, reputational risk	Annual review of AVC arrangement carried out Investment & Governance Managers.	Consequences Likelihood	4	Review completed and changes implemented from 1 October 2017	↔
26	Governance	Failure to monitor employer covenants	Residual liabilities could fall to other scheme employers	On-going discussions with scheme employer of funding issues	Consequences Likelihood	12	Ongoing	↔