

Ref	Risk	Cause	Effect	Risk Owner	Gross Risk		Risk Level	Existing Actions(in place or completed)	NET Risk		Risk Level	Further Risk Actions		
					Likelihood	Impact			Likelihood	Impact		Description (actions must be referenced to objectives in business unit plans or service plans)	Action Owner	Review Date
1	Long term returns fail to be in line with assumptions	Inappropriate investment strategy Inflation levels exceed asset returns Climate change (e.g. causing stranded assets, causing conflicts impacting on trade, etc)	Lower funding levels than planned at future valuations Higher employer contribution rates required at future fund valuations Higher risk investment strategies required in future	Pension Investments Manager	2	3	6	Use of relatively prudent investment strategy assumptions including inflation and market performance Triennial valuations and investment strategy reviews, with more frequent investment strategy reviews when circumstances require. Use of retained actuaries and fund advisers providing an independent view on the strategy. Quarterly investment performance reports to pension fund investment sub committee Use of independent financial advisers and other specialist advisers as required. Investment in real assets to offer protect against inflation risk in the medium to long term	1	3	3	Design of a new ISS driven by the 2019 valuation Implementation of a new ISS in a timely way Liaison with Border to Coast to ensure appropriate investment vehicles are available Introduction of a climate change policy.	Pension Investments Manager	Jun-20
2	Short term falls in asset values	Natural volatility in some asset classes, e.g. equities.	Exposure to risk of selling assets under distress at unfavourable values Pressure to introduce volatility into employer contributions to match market fluctuations	Pension Investments Manager	2	3	6	Diversification of growth assets to provide exposure to growth whilst reducing exposure to a single market risk (e.g. listed stock market investments) Diversification between growth and income assets to mitigate the risk/need to have to sell growth assets under distress Quarterly review of fund assets to ensure appropriate exposure to risk Performance monitoring over rolling medium term time horizons to reduce exposure to short term decision making on asset sales	2	2	4	Ensure actual asset allocations remain within tolerances to ensure exposure to risk is as planned within the investment strategy Consider asset protection strategies (e.g. equity protection, currency protection, diversification, etc) when appropriate for meeting specific short term objectives Cashflow planning (refer to risk 3)	Pension Investments Manager	Jun-20
3	Cashflow requirements cannot be met	Changing profile of membership over time moving the fund towards a cashflow negative position Early payments of contributions from some large employers generating a high cash management workload and a need to generate liquidity from the asset base more than from natural employer cashflows Pooling reducing the liquidity of some assets in comparison to non active managers	Sale of volatile assets under distress at low prices Sale of illiquid assets under distress and low prices and high cost Being unable to meet payment deadlines and incurring further costs or reputational damage	Pension Investments Manager	4	3	12	Diversification across a range of funds with differing levels of liquidity. Retaining the option to sell pooled funds at short notice. Regular forecasting and monitoring of cashflow requirements including operational cashflows from employers, to Members, and to/from funds.	2	3	6	Strategic cashflow review by fund officers and financial advisers. Provision of information to precepting authorities who may make early pension payments, ensuring appropriate notice is provided to the fund.	Pension Investments Manager	1/9/20
4	Poor performance of actively managed funds	Active managers making inappropriate decisions, or taking inappropriate risks Failure to hold managers to account Higher fees of active management hinder the potential to make a positive net return Over-reliance of the fund on fund managers simply meeting or beating a benchmark instead of delivering the target return	Long and / or short term losses in asset values Returns exceed benchmarks but miss targets	Pension Investments Manager	2	3	6	Facility to review fund mandates if persistent poor performance is experienced Facility to switch funds to passive if required Use of investment advisers and management research Use of passive funds and bonds to mitigate exposure to active risk Border to Coast Pension Partnership will provide a concentration of expertise in the performance management of fund managers	2	2	4	Embedding of appropriate monitoring of funds managed by the Border to Coast Pension Partnership	Pension Investments Manager	1/9/20
5	Failure to realise pooling benefits	Inappropriate investment vehicles designed and offered by the pool Inappropriate investments made in the pool Inadequate governance arrangements for the pool Making late decisions to join new funds increasing the costs	Missed opportunities to save costs or improve risk adjusted returns Higher costs than necessary High transition costs Lack of long term cost savings	Pension Investments Manager	2	3	6	Engaging fully with the Border to Coast Pension Partnership in the governance of the partnership and the design and management of funds, i.e. via the Joint Committee, Operational Officer Group, Annual Conference, AGM, and invitations to the pension fund investment sub committee Undertaking appropriate due diligence on transfers into new funds Monitoring of the delivery of cost savings Planning decision making to ensure funds are joined at launch to minimise costs, if they are to be joined	2	2	4	Review of mechanisms for monitoring cost savings to ensure maximum transparency	Pension Investments Manager	1/7/20
6	Fraud	Fraud by investment managers, custodian, or brokers Fraud within the administrating authority	Loss of assets and inability to recover them	Strategy and Commissioning Manager	2	3	6	Fund managers produce detailed internal control documents which are independently audited. Due diligence on managers will be undertaken by the pool. Client agreements with new service providers are subject to legal review. Securities are either held in ring fenced accounts or pooled funds. Appropriate conditions are set that must be met to allow transfers into the Border to Coast pool. Internal and external audit reviews of controls and checks on activity	1	3	3	Implement any recommendations arising from the 2019/20 routine internal audit of Pension Administration	Pensions Administration Delivery Lead	1/9/2020

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7	Liabilities increase further than assumptions	Fall in risk free returns leading to rise in present value of liabilities Life expectancy of membership increases Changes to regulations and benefits set by Government e.g. cost cap adjustment or McCloud remedy	Reduction in long term valuation position Increase in long term contributions required by employers Increase in risks required to be taken with investments Mismatch of assets and liabilities	Strategy and Commissioning Manager	2	3	6	Valuation liability assumptions and asset liability modelling reviewed every 3 years. Prudent assumptions made in asset liability modelling including consideration of risk and scenario modelling and the use of long term planning Annual updates on mortality via Club Vita, using data specifically tailored to the fund's membership LGPS cost cap mechanism may reduce LGPS benefits if life expectancy were to increase significantly Review of government consultations and proposals by fund officers and advisers Reporting of estimated valuation position quarterly	1	2	2	None		
8	Inadequate data quality	Employers not aware of data provision responsibilities Employers not having the capacity or expertise to manage and provide their data Fund not supporting employers Fund not escalating data issues Fund systems or processes allowing or creating errors	Inaccurate assessment of liabilities Inaccurate setting of contribution rates requiring later correction Inaccurate setting of employer asset shares Reputational damage	Pensions Administration Delivery Lead	4	4	16	Employer training via workshops, training days, telephone support and online materials made available via or signposted from the pension fund website High level data checks by fund actuaries Checking of data submissions by fund officers Use of integrity checks in data submissions High level data checks on financial data received from employers	3	3	9	Monthly monitoring of actual and potential breaches activity Embed new protocols for co-ordination with Warwickshire County Council payroll Implementation of iConnect Implementation of Member Self Service Review/debrief of lessons learned from 2019 Valuation	Pensions Administration Delivery Lead	1/6/20
9	Employer contributions not being paid	Financial challenges to employer organisations Poor processes and procedures in employer organisations Lack of clarity from the Fund about expectations Lack of escalation by the fund Lack of mechanisms available to the Fund to enforce payment Significant changes in employer funding levels or employer covenant	Shortfalls in employer contributions Reputational risk to the Fund Risk of pension fund liabilities causing a risk to the viability of employers	Pensions Administration Delivery Lead	4	3	12	Consultation and communication with employers via the AGM, funding strategy consultation, and periodic bulletins Phasing of contribution increases, use of funding stability mechanisms, and prudence in funding strategy assumptions Facility to secure assets of employers if appropriate Careful consideration of new employers joining the fund, where the Fund has discretion Monitoring of existing employers, requesting disclosure of financial issues	3	3	9	Updated and revised Administration Strategy including the facility to charge costs for late payment New staffing structure with more dedicated capacity for policy development and employer liaison Covenant review of high risk employers where appropriate	Governance and Policy Officer Pensions Administration Delivery Lead Pensions Administration Delivery Lead	March 2020 July 2020 September 2020
10	Fund reputation is harmed	Poor service provided to members or employers Adverse audit reports Persistently poor investment returns compared to benchmarks Breaches of the law Data breaches Lack of regard for climate change, carbon footprint, or ESG issues	Lack of confidence in the fund Additional costs incurred to review and fix perceived or actual issues	Strategy and Commissioning Manager	3	3	9	Restructure of the service increasing capacity to meet delivery and governance requirements Maintenance of a fund website for member and employer communications Action plans in respect of audit recommendations Transparent reporting to pension committees and the Local Pension Board	2	3	6	New data improvement plan stemming from review of 2019 valuation	Pensions Administration Delivery Lead	1/6/20
11	Loss of service provision due to disruption	Fire Flood National event/emergency Cyber Crime Systems Failure	Inability to pay pensioners Inability to make payments into investment funds that are called by fund managers Inability to collect employer contributions Inability to keep data up to date leading to data inaccuracy and data backlogs	Pension Investments Manager	1	4	4	Data back ups stored off site Use of scheme administrator disaster planning processes Digital imaging of records Investment data is held online by the fund's custodian Access to the scheme administrator's systems security facilities	1	3	3	Review and update of disaster recovery plan Creation of a cyber security policy	Pension Investments Manager	1/7/20
12	Lack of skills and knowledge	Insufficient availability of external contract service providers Inability to recruit two permanent posts Conflicting and competing priorities and were close in respect of the scheme administrator functions Increasing demand and complexity within the scheme Pressure to maximise efficiency and minimise	Deterioration in data quality Inability to make decisions Inability to make decisions in a timely way Workload backlogs Inability to meet service objectives and deadlines Reputational damage	Strategy and Commissioning Manager	3	3	9	Use of procurement processes to maximise contracting choices Training for new staff Documentation of procedures and practices	2	2	4	Implementation of the new staffing structure and recruitment to new posts The implementation of a new training and development regime for staff Pro-active talent mapping and succession planning for internal staff The introduction of longer term workforce planning Budget setting informed by cost drivers not cash	Strategy and Commissioning Manager and Transformation Manager	Sep-20

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13	Failure to meet governance standards	Inadequate reporting to pension fund committees or the Local Pension Board Lack of training Out of date policies Not following and responding to external developments Lack of capacity to focus on planning and governance	Breaches of the law Decisions taken without appropriate authority Poor decisions taken based on inadequate information or insufficiently skilled boards, officers, or advisers	Strategy and Commissioning Manager	3	4	12	Training plans for pension fund investment sub committee and Local Pension Board members Quarterly committee and board meetings Comprehensive governance arrangements for the Border to Coast Pension Partnership including a Joint Committee	2	4	8	Review of terms of reference of pension fund committees and the Local Pension Board Governance review by an independent expert Pensions administration action plan Rolling forward plan of fund policy reviews Structural separation of governance and policy from deliver Active quarterly monitoring of fund risks	Strategy and Commissioning Manager	Sep-20