

| Ref | Risk Theme | Action | Mar-21 | Jul-21 |
|-----|--|---|--------|--------|
| RT1 | Increased likelihood of employer insolvency/restructuring impacting on the Fund cashflows in via contributions and out via benefits paid/early retirement lump sums and death benefits, resulting in the Fund becoming cash flow negative earlier than expected. Also, risk of employers not being able to meet liabilities at exit. | Communication with employers to ensure they are aware of Deferral of Employer Contributions policy and to invite early discussion with regards to any workforce changes. Communication with ceding employers to understand the impact and support being provided to pass through employers. Implement cashflow monitor and projections and review on a monthly basis. Review employer covenant and take appropriate action. | Amber | Amber |
| RT2 | Remote working results in increased governance pressure within the Fund, Council and partner organisations. | Discuss governance arrangements with partner organisations to ensure they meet expectations and requirements. <i>Impact of restrictions on all processes and staff availability including third parties continues to be assessed and reviewed. Review of Scheme of Delegation concluded, and changes approved by Governance Committee.</i> <i>Review of Onward Scheme of Delegation underway.</i> | Amber | Green |
| RT3 | Political and/or employer pressure results in change to investment strategy due to ESG factors resulting in the Fund being required to restrict Fund Manager investments and/or the Fund being challenged on fiduciary duty. | Ensure active engagement by Fund Managers with companies in all areas. Regular dialogue with Fund Managers regarding reasoning behind the stock being held. Keep up to date with Scheme Advisory Board and Government guidance. Engagement with employers to inform them of the Fund approach to ESG and RI and to enable them to respond to any queries. <i>Updated ISS approved and published.</i> <i>Review of communication with stakeholders regarding Fund ESG approach.</i> <i>Consultation due from MHCLG with regards to responsible investment.</i> <i>Consultation due on TCFD reporting.</i> | Amber | Amber |
| RT4 | Insufficient funds to meet liabilities resulting in increased contributions required from employers or changing to a higher risk investment strategy | Prudent assumptions adopted by the Fund Actuary. Monitor, maintain and review the Investment Strategy Statement and Funding Strategy Statement. Regularly review investment performance and funding levels. Monitor and review the cash flow of the Fund. | Green | Green |

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| RT5 | Insufficient resources to comply with the Administering Authority's Regulatory responsibilities. | Develop and monitor Business Plan on a regular basis. Ensure service contracts are clearly specified and obligations met. Implement appropriate remote working to ensure business continuity and review third party business continuity plans. <i>Current vacancy being managed within the team.</i> | Amber | Amber |
| RT6 | Poor quality data resulting in error and misstatement. | Implement and monitor the Data Improvement Plan to completion. Work proactively with administration team and employers as part of the end of year process. Maintain robust accounting records. Data improvement plan largely completed. <i>Risk status to be reviewed following full Actuarial Valuation.</i> | Amber | Amber |
| RT7 | Officer, Committee and Board knowledge and understanding resulting in poor decision making and disengagement on key issues. | Develop, implement and monitor a Training Strategy. Work with external organisations to understand how training is going to be delivered in current circumstances and communicate with Committee and Board members. Training strategy under review to ensure fit for purpose. Training plan for the year to be included in 21/22 Business Plan. <i>Induction training for Committee and Board members completed.</i> <i>LGPS online learning academy to be completed by all Committee and Board members and all officers by October 2021.</i> | Green | Green |
| RT8 | The introduction of asset pooling impacts on the Fund's ability to implement its investment strategy successfully or the Administering Authority is considered to not comply with the relevant statutory guidance. | Continued strong involvement in the work of the ACCESS Group at officer and at Fund Chairman level. Working closely with the Access Support Unit and Operator in respect of future requirements. <i>54% of Fund invested in ACCESS. All equities and bonds to be in pool by end of financial year.</i> | Amber | Amber |
| RT9 | Failure to secure value for money through managing contracts with third parties | Strong contract management. Compliance with procurement requirement and standing orders for provision of services to the Fund. | Green | Green |
| RT10 | Political environment (locally or nationally) impact on investment markets and legislative requirements. | Work closely with investment managers, other suppliers and advisers to understand potential impacts and responses. Implement and monitor the Training Strategy. <i>See update on RT3</i> | Amber | Amber |

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| RT11 | Conflict of interest for members and employers | Clearly defined roles and responsibilities for those working for the Pension Fund. Maintenance of Conflict of Interest policy and register by the County Council. <i>Specific Pension Fund Conflict of Interest Policy being developed following Good Governance project recommendations.</i> | Green | Green |
| RT12 | Increase in variety and number of employers participating in the Scheme resulting in risk of non-compliance with obligations. | Clear Admission Agreements in place. Guidance published and reviewed relating to the Scheme requirements. Proactive engagement with employers. Development of employer risk framework to monitor and take steps to mitigate risk presented to the Fund in respect of participating employer liabilities. | Amber | Amber |
| RT13 | Cyber-crime resulting in personal data for members being accessed fraudulently. | Strong IT environment for administration system and web-based Portals. Officers are taking appropriate advice in considering how risk can be managed/mitigated. <i>Officers working with partners to codify arrangements.</i> | Amber | Amber |
| RT14 | Fund not able to implement changes required as a result of McCloud judgement due to insufficient resources or incomplete information held by employers | The Fund has contacted all employers to update them on the information required and timescales for the McCloud data capture and is engaged with the administration software providers on the changes required to support the project. A project plan and project manager has been put in place by the administration team and recruitment is underway to ensure that the team are sufficiently resourced. The team continue to engage with the LGA and SAB to keep up to date with developments and best practice guidance. <i>Team is working with employers where data has not been provided. Regulations and guidance pending from Government.</i> | Amber | Amber |