

## Risk Themes

Ref	Risk Theme	Action / Update	Apr-22	Jul-22
RT4	Insufficient funds to meet liabilities resulting in increased contributions required from employers or changing to a higher risk investment strategy	Carry out Asset Liability Modelling as part of the valuation to ensure current Investment Strategy is fit for purpose.  Investments made into income generating assets.  Size and pattern of contributions to feed into cashflow monitor and projections.	Green	Green
RT5	Insufficient resources to comply with the Administering Authority's Regulatory responsibilities and ability to deliver the business plan.	Reviewing practices and processes to maximise efficiency.  Temporary member of staff employed whilst vacancy advertised.  <b>Number of projects on going that need to be balanced with BAU.</b>	Amber	Green
RT6	Poor quality data resulting in error and misstatement.	Positive feedback from Hymans on improvements in data.  Preserved refund project being scoped by administration team.	Amber	Amber
RT7	Officer, Committee and Board knowledge and understanding resulting in poor decision making, disengagement on key issues <b>and loss of professional investor status.</b>	Training provision reviewed and amended to reflect membership of Committee and needs of officers.  External training purchased.	Amber	Amber
RT9	Failure to secure value for money through managing contracts with third parties ( <b>excludes Asset Pooling</b> )	<b>Contract for custody services awarded in June.</b>	Amber	Green
RT11	Conflict of interest for members and employers	Specific Pension Fund Conflict of Interest Policy will be required following implementation of SAB Good Governance project.  Consultation on guidance expected in the <del>summer</del> <b>autumn.</b>	Green	Green
RT12	Increase in variety and number of employers participating in the Scheme resulting in risk of non-compliance with obligations.	Government white paper setting out requirement for all schools to become academies by 2030.  There is understood to be 200 schools that will need to convert over the next 8 years which will have a significant impact on the number of employers in the Fund.  Known changes to employers and payroll providers being monitored by officers.	Red	Red

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RT13	Cyber crime resulting in personal data for members being accessed fraudulently.	Officers are taking appropriate advice in considering how risk can be managed/mitigated.  Liaising with internal IT team and external providers to understand procedures in the event of cyber attack.	Red	Red
RT14	Fund not able to implement changes required as a result of McCloud judgement due to insufficient resources, incomplete information held by employers <b>and continued delay from Government on remedy.</b>	Awaiting Government consultation on remedy. <b>Expected in the autumn.</b>  <b>Team proactively working with software providers and employers to upload data available in readiness for Government regulations.</b>	Amber	Amber
RT15	Ability of asset pool to allow participating authorities to execute their locally decided investment strategies.	All liquid assets are now invested via the ACCESS ACS.  Consultation on pooling expected in the <del>summer</del> <b>autumn.</b>		Amber
RT16	Political environment (locally or nationally) impacts on funding and/or investment strategy	Full impact of Public Service Pensions and Judicial Offices Bill and Levelling Up white paper is difficult to quantify until further information/guidance is received from Government and Scheme Advisory Board. This is unlikely to be received until the autumn.  Awaiting changes to regs on Exit Cap, McCloud etc.. Expecting consultation in the autumn.		Amber
RT17	Reliance on one contract for majority of investment management.	Link Fund Solutions are going to be sold as a non-core offering subject to a shareholder vote scheduled for July. The situation is being monitored and officers are engaging with professional advisors to understand and quantify the impact. At this stage the whilst the likelihood is high the impact is unknown.		Amber

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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.	<p>Public Service Pensions and Judicial Offices Bill accepted in the Lords stating that the Secretary of State can issue guidance that LGPS Funds may not make investment decisions that conflict with the UK's foreign and defence policy.</p> <p>Levelling Up white paper includes references to LGPS funds having plans for up to 5% of assets to be allocated to projects which support local areas.</p> <p>Full impact is difficult to quantify until further information/guidance is received from Government and Scheme Advisory Board. This is unlikely to be received until the autumn.</p> <p><b>This risk theme has been combined with risk theme 10. All underlying risks are now contained within risk theme 16.</b></p>	Red	
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.	<p>All liquid assets are now invested via the ACCESS ACS.</p> <p>Consultation on pooling expected in the autumn.</p> <p><b>Due to the established nature of pooling, this risk theme has been closed and all underlying risks are now within risk theme 15.</b></p>	Amber	
RT10	Political environment (locally or nationally) impacts on investment markets and legislative requirements.	<p>Awaiting changes to regs on Exit Cap, McCloud etc..</p> <p>Expecting consultation in the autumn.</p> <p>Fund remains in surplus despite volatile markets.</p> <p><b>This risk theme has been combined with risk theme 3. All underlying risks are now contained within risk theme 16.</b></p>	Amber	