

Risk Themes

Ref	Risk Theme	Action / Update	Jul-22	Oct-22
RT4	<p>Insufficient funds to meet liabilities resulting in increased contributions required from employers or changing to a higher risk investment strategy.</p> <p>The Fund Investment Strategy is not appropriate to meet the Funds liabilities and cash flow requirements.</p>	<p>Carry out Asset Liability Modelling as part of the valuation to ensure current Investment Strategy is fit for purpose.</p> <p>Investments made into income generating assets.</p> <p>Size and pattern of contributions to feed into cashflow monitor and projections and rates are anticipated to reduce from 1 April 2023 for most employers.</p> <p>Expected increase in pension benefits from April 2023 reflecting September 2022 inflation.</p> <p><i>Theme description changed to acknowledge the importance of and changing nature of cashflow.</i></p>	Green	Amber
RT5	<p>Insufficient resources to comply with the Administering Authority's Regulatory responsibilities and ability to deliver the business plan.</p>	<p>Reviewing practices and processes to maximise efficiency.</p> <p>Number of high intensity projects currently on going that need to be balanced with BAU. Work underway to consider all work deliverable and put in place additional support if appropriate.</p>	Green	Green
RT6	<p>Poor quality data resulting in error and misstatement.</p>	<p>Positive feedback from Hymans on substantial improvements in data.</p> <p>Data improvement to be actively reviewed with feedback from Fund Actuary following valuation.</p>	Amber	Green
RT7	<p>Officer, Committee and Board knowledge and understanding resulting in poor decision making, disengagement on key issues and loss of professional investor status.</p>	<p>Training provision reviewed and amended to reflect membership of Committee, Board and needs of officers.</p> <p>External training (Hymans LGPS Online Learning Academy) purchased.</p>	Amber	Amber
RT9	<p>Failure to secure value for money through managing contracts with third parties (excludes Asset Pooling)</p>	<p>Appropriate review and market tests in place for contracts managed by the Pension Fund.</p>	Amber	Green
RT11	<p>Conflict of interest for members and employers</p>	<p>Specific Pension Fund Conflict of Interest Policy will be required following implementation of Scheme Advisory Board Good Governance project.</p> <p>Consultation on guidance expected in the late autumn/winter 2022.</p>	Green	Green

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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. Whilst the number of members may not change in the short term, an additional (potential) 200 schools over the next eight years would increase the administration requirements of the Fund. The County Council (as the main employer in the Fund) would also see a reduction to its active membership. Known changes to employers and payroll providers being monitored by officers.	Red	Amber
RT13	Cybercrime 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 because of McCloud judgement due to insufficient resources, incomplete information held by employers and continued delay from Government on remedy.	Awaiting Government consultation on remedy. Expected in the late autumn/winter 2022. Team proactively working with software providers and employers to upload data available in readiness for Government regulations.	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 Authorised Contractual Scheme (ACS). Approach for illiquid assets is being developed by the Joint Committee. Consultation on pooling expected in the late autumn/winter 2022.	Amber	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 late autumn/winter 2022. Awaiting changes to Regulations on Exit Cap, McCloud etc.. Expecting consultation in the late autumn/winter 2022.	Amber	Amber
RT17	Reliance on one contract for majority of investment management.	Potential sale and ongoing FCA investigation in relation to Link Fund Solutions being closely monitored.	Amber	Amber