

Powys Pensions Board

Meeting Venue
By Teams

Meeting Date
Monday, 21 November 2022

Meeting Time
2.00 pm

For further information please contact
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County Hall
Llandrindod Wells
Powys
LD1 5LG

15 November 2022

AGENDA

1.	APOLOGIES
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To receive apologies for absence.

2.	DECLARATIONS OF INTEREST
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To receive any declarations of interest.

3.	REVIEW OF RISK REGISTER
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To review the Risk Register.
(Pages 3 - 18)

4.	FUTURE BOARD MEETINGS
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2023

10 February – 10am

12 June – 2pm

11 September – 2pm

20 November – 10am

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CYNGOR SIR POWYS COUNTY COUNCIL**Powys Pension Board
21st November 2022****REPORT BY: Board Secretary****SUBJECT: Risk Register**

REPORT FOR: Information

1. Summary

At the meeting of the 6th of September 2022, Board arranged a special meeting to consider the Administration pillar of the Fund's risk register.

As a result of that review, the Pensions and Investment Committee agreed to the Board's recommendation to revisit some of the scores awarded to some of the administration risks.

2. Risk Register

- 2.1** This meeting will consider one of the remaining pillars of the risk register (Governance and Investment) by performing another deep dive into the individual risks that make up the risk register for each of those pillars. Those risk registers are included as appendices to this report for consideration.

3. Recommendation

Board are asked to note the contents of this report and consider the risk registers.

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Risk Register report

DATE :

Summary of Risks Ratings

Almost Certain	0	0	0	0	0
Likely	0	0	0	0	0
Possible	0	3	0	0	0
Unlikely	0	6	3	0	0
Rare	0	3	0	0	0
Unassigned 1	Insignificant	Minor	Moderate	Major	Catastrophic

Red Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner
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New Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner	Created Date
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Changing Risks Total:

Risk Register	Risk Title	Net Risk Level	Change	Risk Owner
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Detail

Governance Risk

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0001	Failure to collect and account for pension contributions being paid over to the Fund on time by Fund employers.	Adverse audit opinion, potential delays to Fund employer financial reporting; and potential delay to production of annual report and accounts.	Cllr David Thomas Chris Hurst	6	4	13/05/2020	Review Summary: Process refined recently and ongoing monitoring in place.
02/12/2019				GOVERN	GOVERN	08/09/2020	Review Summary: Ongoing Contribution return monitored by Finance Staff (in conjunction with Pensions Admin Manager)

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Contributions received monitored on a monthly basis by Fund accounting staff . Contributions received monitored on a monthly basis by Fund accounting staff . Requirement that each end of scheme year, Fund employers certify they have paid over contributions at the correct rates and time Requirement that each end of scheme year, Fund employers certify that they have paid over contributions at the correct rates and on time. 	Control In Place			
	Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0002	Insufficient Fund cashflow to meet liabilities as they fall due.	Immediate injections of cash from Fund employers would be required where Fund assets cannot be liquidated quickly. For now the Fund is cashflow positive but will not remain so for much longer, therefore requiring the use of investment income to subsidise the payment of pension benefits rather than being reinvested as now.	Cllr David Thomas Chris Hurst	9	6	01/11/2021	Review Summary: Cashflow Review conducted in Summer 0f 2021
03/10/2016				GOVERN	GOVERN	13/05/2020	Review Summary: Asset Allocation review completed end of 2020 and Funding Strategy Statement updated following completion of triennial valuation

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> cashflow forecast in place Funding strategy statement in place review strategic asset allocation to keep positive cashflow 	Control In Place			
Strategic asset allocation review completed to ensure that cashflow remains positive (on a targeted and monitored basis) whilst at the same time ensuring that the Fund is not forced to liquidate assets on an unplanned basis.	Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0003	Inability to deliver service as a result of the loss of key personnel	Failure to provide service at all, or at an acceptable level	Cllr David Thomas Chris Hurst	6	4	05/07/2021	Review Summary: BCP Updated June 2021
27/09/2016				GOVERN	GOVERN	13/05/2020	Review Summary: Regularly review BCP

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Keep Business Continuity Plan under review 	Control In Place			
<ul style="list-style-type: none"> Business Continuity Plan in place for the pensions administration service 	Action In Progress	01/04/2023		
Assurances received from all systems providers in relation to their current resilience to the threat of a failure in cyber security.			13/05/2020	Review Summary: Regularly review BCP
			08/09/2020	Review Summary: BCP reviewed 07.09.2020

Detail

Governance Risk

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0004	Loss of funds through fraud or misappropriation	Financial loss to the Fund	Cllr David Thomas Chris Hurst	6 GOVERN	2 GOVERN	05/07/2021	Review Summary: No change
08/11/2016						13/05/2020	Review Summary: Regular audit review and due diligence/legal review carried out at each managerial appointment. As the WPP establishes more sub funds, they will appoint the managers

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> audit and control tests, due diligence done when new manager appointed Internal and External Audit regularly test that appropriate controls are in place and are working effectively. Due diligence is carried out whenever a new investment manager is appointed. 	Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0005	Significant rise in employer contribution rates for Fund employers with strong covenants, as consequence of increases in liabilities.	Employer contribution rates rise to unacceptable levels, putting upward pressure on Council Tax rates and the ability of Powys County Council to continue to deliver services to its communities.	Cllr David Thomas Chris Hurst	6 GOVERN	2 GOVERN	13/05/2020	Review Summary: Regular Covenant Assessments
04/09/2017						08/09/2020	Review Summary: Covenant Assessment due to commence imminently (Sept/Oct 2020)

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Employers have Discretionary Powers Policies that help to control liabilities Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control. insurance options investigated Investigate further liability mitigations such as ill health strain insurance; developing guidance to assist employers to manage liability increases derived from their actions or inactions; and, work closely with the Fund actuary to determine appropriate valuation assumptions and deficit recovery strategies. 	Action In Progress	04/11/2022	13/05/2020	Review Summary: Regular Covenant Assessments
	Action In Progress	30/11/2022	08/09/2020	Review Summary: Covenant assessments due to commence Q3 20/21
			30/08/2022	13/05/2020

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0006	Significant rises in employer contribution rates for Fund employers with weak covenants as a consequence of increases in liabilities.	Employer contribution rates rise to unsustainable levels that cause employers to become insolvent	Cllr David Thomas Chris Hurst	8 GOVERN	4 GOVERN	13/05/2020	Review Summary: Regular Covenant Assessments
04/10/2016						08/09/2020	Review Summary: Covenant assessment due to start Q3 20/21

Controls and Actions	Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty Employers have Discretionary Powers Policies that help to control liabilities. In reality, little can actually be done in mitigation due to the fact that liabilities are largely determined by bond yields that are outside of the Fund's control. In process of developing risk sharing arrangements to enable employers with weak covenants to attain a degree of certainty over the level of employer contribution rates. 	Action In Progress	08/10/2022	13/05/2020	Review Summary: Review Risk Sharing Agreement/Approach
			08/09/2020	Review Summary: Work ongoing (Sept 2020)

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Detail

Governance Risk

Risk Ref	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0007 04/09/2017	Significant rises in employer contribution rates for employers with strong covenants as a result of poor/negative investment returns.	Employer contribution rates rise to unacceptable levels that result in Powys County Council being unable to provide appropriate services for its communities.	Cllr David Thomas Chris Hurst	6 GOVERN	2 GOVERN	08/09/2020	Review Summary: Ongoing
						18/12/2020	Review Summary: Ongoing Dec 2020

Controls and Actions			Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Use expert specialist consultants to help set and monitor investment strategy and investment manager performance and selection. Quarterly investment performance reports presented to Pension Fund. Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes Continual monitoring of performance; review of asset allocation strategy, including consideration of alternative asset classes and non-market led assets. 			Control In Place			
			Action In Progress	04/11/2022	08/09/2020	Review Summary: Continuing and reviewed at each Committee meeting
					18/12/2020	Review Summary: Continuing and reviewed at each Committee meeting

Risk Ref	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0008 11/10/2017	Failure to comply with LGPS and other statutory regulations.	Payment of incorrect pension benefits; provision of incorrect benefit estimates; failure to comply with governance standards; failure to meet HMRC tax requirements. Resulting in: loss of customer satisfaction / confidence; IDRPs and Ombudsman appeals; TPR fines for non-compliance.	Cllr David Thomas Chris Hurst	8 GOVERN	6 GOVERN	08/09/2020	Review Summary: Processes checked and efficiencies ongoing
						18/12/2020	Review Summary: Continuing and reviewed at each Committee meeting

Controls and Actions			Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> rigorous checking/authorisation procedures for pension benefit calculations and payments, review governance policy; Rand, regular review of governance compliance policy. Staff training and development. Closer partnership working with employer payrolls to facilitate accurate data receipts; Closer partnership working with employer payrolls to facilitate accurate data receipts; increased compliance oversight provided by newly established Pensions Board. 			Action Completed			
			Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0009 25/01/2016	Lack of expertise of Pension Fund Officers and Senior Officers	Poor decision making in relation to principal functions of the Pension Fund, particularly in relation to investments.	Cllr David Thomas Chris Hurst	8 GOVERN	4 GOVERN	08/09/2020	Review Summary: Regular training attended and provided by LGPS professionals
						21/12/2020	Review Summary: Regular training attended and provided by LGPS professionals

Controls and Actions			Status	Review Date	Latest Control	Reviews

Governance Risk

- training and performance reviews, conferences, seminars to upskill and develop knowledge Officers ensure that they receive appropriate training and are required to keep up to date with developments in pensions matters, as part of their periodic Individual Performance Reviews and by attending relevant conferences and seminars, by reading and through discussions with consultants and peers.
- Training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both PIC & PB Formalised Officer training via individual training plans based on the CIPFA 'Knowledge and Skills' framework, as is the the procedure for members of both Pensions & Investment Committee and the Pensions Board.

Control In Place

Control In Place

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0010	Over-reliance on key Officers	When senior Officers leave or are absent due to long term sickness, large knowledge gaps remain.	<i>Cllr David Thomas</i> Chris Hurst	12 GOVERN	6 GOVERN	08/09/2020	Review Summary: Reflected in BCP
25/01/2016						21/12/2020	Review Summary: Reflected in BCP
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> • In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance • In the short term, knowledge gaps can be filled by using our external colleagues from other Welsh Funds and buying in assistance from consultants. • Formalise succession planning by including in Officer individual training plans for less senior Officers. 				Action In Progress	11/01/2023	08/09/2020	Review Summary: Reflected in BCP
						21/12/2020	Review Summary: Reflected in BCP
				Action In Progress	11/01/2023	08/09/2020	Review Summary: Reflected in BCP
						21/12/2020	Review Summary: Reflected in BCP

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0011	Failure to provide the pensions service in accordance with principles of equality.	Some stakeholders may be unable to access the service fully or at all. In the worst case scenario, this could result in court action against the Fund.	<i>Cllr David Thomas</i> Chris Hurst	9 GOVERN	0 GOVERN	08/09/2020	Review Summary: Operate LGPS in accordance with the Regulations
26/01/2016						21/12/2020	Review Summary: Operate LGPS in accordance with the Regulations
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> • The Fund maintains a Welsh Language register in respect of scheme members and employers . • The Fund maintains a Welsh Language register in respect of scheme members and employers . • To utilise technology to enable access to service and information for stakeholders with disabilities , other language needs etc. • To utilise technology to enable access to service and information for stakeholders with disabilities , other language needs etc. 				Control In Place			
				Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
GOVERN0012	Failure to collect payments due from ceasing employers with no active members.	Failure to collect cessation payments from ceasing employers results in relevant liabilities being funded by the Powys Pension Fund and the active employers.	<i>Cllr David Thomas</i> Chris Hurst	6 GOVERN	4 GOVERN	08/09/2020	Review Summary: Ensure data provided to Actuary in a timely manner
25/01/2016						21/12/2020	Review Summary: Covenant review ongoing Dec 2020
Controls and Actions				Status	Review Date	Latest Control	Reviews

Governance Risk

- employer covenants, guarantor bonds, risk sharing agreements
- The Fund undertakes periodic reviews of the strength of employer covenants. For existing employers, the Fund requires that a guarantor, bond or 'risk sharing agreement' is in place. For all new employers, the Fund insists on either a guarantor or a bond being in place.

Control In Place

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0013 25/01/2016	Lack of expertise of members of Pensions & Investment Committee	Poor decision making in relation to all aspects of the Fund, particularly those in relation to investment.	Cllr David Thomas Chris Hurst	9 GOVERN	6 GOVERN	08/09/2020 21/12/2020	Review Summary: Annual training Needs Assessments conducted Review Summary: Training encouraged and more access to online training in 2020

Controls and Actions

- Knowledge & Skills Framework in place
- Knowledge & Skills Framework in place and published. Annual Training Needs Analysis carried out and training made available to Committee and Board regularly (provided by Fund, WPP and 3rd parties)

Control In Place

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0014 01/11/2017	An admitted body ceasing to exist with insufficient funding or level of a bond available to meet all its Fund liabilities.	Unfunded pension liabilities being orphaned without sufficient funding/guarantees in place, resulting on increased liabilities falling on other Fund employers.	Cllr David Thomas Chris Hurst	6 GOVERN	4 GOVERN	08/09/2020 21/12/2020	Review Summary: Covenant Assessments starting Q3 2020 Review Summary: Covenant Assessments continuing Q4 2020

Controls and Actions

- To seek funding guarantees wherever possible, from other Scheme employers or outside bodies
- To seek funding guarantees wherever possible, from other Scheme employers or outside bodies. To require, in all cases, a bond or other form of security to protect the Fund in the case of unexpected cessation and insolvency. Ensuring that admitted bodies are fully aware of their obligations and responsibilities to the Pension Fund and the benefits of their employees.
- Regular review of admitted body covenants and financial health.
- Regular review of admitted body covenants and financial health.

Control In Place
Action In Progress
08/10/2022
08/09/2020
21/12/2020
Review Summary: Covenant Assessments commencing Q3 2020
Review Summary: Review commenced with actuary Dec 2020

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
GOVERN0015 09/10/2020	Appointment of new Pension Board Chair and membership of the Local Pension Board	Non compliance with Public Services Pension Act. Challenge and scrutiny from the Pensions Regulator. Reduced quality of governance.	Cllr David Thomas Chris Hurst	12 GOVERN	6 GOVERN	07/06/2021 10/02/2021	Review Summary: No appointment made following recruitment exercise. Work ongoing to secure a Chair as soon as possible Review Summary: Working with Commercial Services February 2021 and ready to go to Sell2Wales to advertise

Controls and Actions

- Pension Board Terms of Reference stipulate membership periods
- Pension Board Terms of Reference stipulate membership periods and work with Pension Board members and administering authority to ensure appropriate recruitment processes are in place.

Control In Place

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
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Governance Risk

GOVERN0016 29/03/2020	Pension Fund Personnel and/or key suppliers are unable to work due to extreme weather, fire, epidemics	Inability to deliver administration services or investment of the Fund. Impact of welfare of Pensions Section Staff.	<i>Cllr David Thomas</i> Chris Hurst	9	6	26/03/2021 01/11/2021	Review Summary: Regularly reviewed Review Summary: Regularly reviewed
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Controls and Actions			Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Business Continuity Plan Business Continuity Plan, assessment of Pensioner Payroll services. Electronic implementation of paperwork.			Control In Place			

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Risk Register report

DATE :

Summary of Risks Ratings

Almost Certain	0	0	0	0	0
Likely	0	0	0	0	0
Possible	0	0	0	0	0
Unlikely	2	6	3	0	0
Rare	0	0	0	0	0
Unassigned 0	Insignificant	Minor	Moderate	Major	Catastrophic

Red Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner
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New Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner	Created Date
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Changing Risks Total:

Risk Register	Risk Title	Net Risk Level	Change	Risk Owner
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Detail

Investment Risk

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
INVEST0001 25/01/2016	Pension Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities over the long-term.	Increased employer contribution rates.	Cllr David Thomas Chris Hurst	6 INVEST	4 INVEST	08/09/2020 21/12/2020	Review Summary: Regular investment performance reviews. Investigate protection strategies as/when/if required Review Summary: Regular investment performance reviews. Investigate protection strategies as/when/if required
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> anticipate long-term returns on a relatively prudent basis to reduce the risk of under-performance. Only anticipate long-term returns on a relatively prudent basis to reduce the risk of under-performance. Also monitors and analyses progress every three years for each employer. In addition, the Fund receives quarterly funding updates to help monitor the position. 				Control In Place			
INVEST0002 25/01/2016	Inappropriate long-term investment strategy.	Failure to meet funding objectives.	Cllr David Thomas Chris Hurst	8 INVEST	4 INVEST	08/09/2020 21/12/2020	Review Summary: New ISS operated for 2020. regularly reviewed as Fund/WPP develops Review Summary: Review regularly depending on conditions and WPP sub fund availability
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Use of a Fund specific benchmark, as recommended by the Fund's investment consultant. Use of a Fund specific benchmark, as recommended by the Fund's investment consultant. 				Control In Place			
INVEST0003 25/01/2016	Active investment manager under-performance relative to the benchmark.	Failure to meet funding objectives.	Cllr David Thomas Chris Hurst	4 INVEST	2 INVEST	08/09/2020 21/12/2020	Review Summary: Regularly reviewed with Investment Consultant and Manager changes made as required Review Summary: Regularly reviewed with Investment Consultant and Manager changes made as required
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Short-term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark. Short-term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark. 				Control In Place			
INVEST0004 29/01/2018	To permit deficits to be eliminated over a recovery period rather than immediately, introduces the risk that action to restore solvency is insufficient between successive measurements.	Increased employer deficit recovery payments.	Cllr David Thomas Chris Hurst	4 INVEST	2 INVEST	08/09/2020 21/12/2020	Review Summary: As detailed in Funding Strategy Statement Review Summary: As detailed in Funding Strategy Statement
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> discuss every such situation with the Pension Fund actuary, for each individual employer. It is the practice to discuss every such situation with the Pension Fund actuary, for each individual employer. Moreover deficit recovery periods are generally restricted to no more than 25 years, or 40 years in very exceptional circumstances. 				Control In Place			

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Detail

Investment Risk

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0005 25/01/2016	Permitting contribution rate changes to be introduced by annual steps rather than immediately, introduces a risk that action to restore solvency is insufficient between successive measurements.	Increased employer contribution rates.	Cllr David Thomas Chris Hurst	6 INVEST	4 INVEST	08/09/2020 21/12/2020	Review Summary: Decisions taken in accordance with advice from Fund Actuary Review Summary: Decisions taken in accordance with advice from Fund Actuary
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Each individual employer situation is discussed with the Pension Fund actuary, with stepping restricted to three years, or 6 yea Each individual employer situation is discussed with the Pension Fund actuary, with stepping restricted to three years, or 6 years, in very exceptional circumstances. 				Control In Place			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0006 30/01/2017	Pay and price inflation significantly more than anticipated.	Increased employer contribution rates and deficit recovery payments.	Cllr David Thomas Chris Hurst	9 INVEST	4 INVEST	08/09/2020 21/12/2020	Review Summary: Review and discuss with Actuary at valuation Review Summary: Review and discuss with Actuary at valuation
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Employers 'pay' for their own salary awards and are reminded of the geared effect on salary -linked pension liabilities Employers 'pay' for their own salary awards and are reminded of the geared effect on salary -linked pension liabilities. Particularly where bias towards longer serving employees may be considered. 				Action Completed			

Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0007 03/03/2016	Insolvency of an investment manager investing Pension Fund assets.	A reduction in the capital value of the Fund; a loss of liquidity as creditors agree on distribution of assets; the costs of legal representation; and, reputational damage.	Cllr David Thomas Chris Hurst	9 INVEST	6 INVEST	08/09/2020 21/12/2020	Review Summary: Ongoing Review Summary: Ongoing
Controls and Actions				Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> diversification of investment managers, limits for individual investments mandates Diversification of investment managers; adherence to the limits for individual investment mandates as set out in the LGPS investment regulations; regular meetings with investment managers undertaken by the Fund's investment consultant; Statement on Standards for Attestation Engagements No. 16 internal controls are monitored on an annual basis; due diligence by investment consultants to ensure that custodians are used by each investment manager; equity investment mandates are invested in pooled funds; and, only well respected and researched investment managers are selected in the first place. Increased investment manager diversification may be further facilitated by pooling via the Wales Pool that is currently under de Increased investment manager diversification may be further facilitated by pooling via the Wales Pool that is currently under development. As agreed by P & I Committee on 9th February 2017, when entering into new contractual arrangements with investment managers, contract documentation is to be referred to the Fund's legal advisers for review and appropriate due diligence. 				Control In Place			
				Control In Place			

Detail

Investment Risk

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
INVEST0008 30/03/2017	Pooling of Pension Fund assets with other LGPS Pension Funds.	Investment of Fund Officer and Committee time and other resource with unknown outcomes; front loaded costs before potential savings are realised; potential loss of local accountabilities; and, the loss of the primacy of the Fund and its strategic needs.	Cllr David Thomas Chris Hurst	9 INVEST	6 INVEST	08/09/2020 21/12/2020	Review Summary: Ongoing Review Summary: Ongoing

Controls and Actions	Status	Review Date	Latest Control	Reviews
• Due diligence on all pooling proposals; full transparency of all pool proposals and costs; full participation of Pension Fund Due diligence on all pooling proposals; full transparency of all pool proposals and costs; full participation of the Pension Fund in all pooling development.	Control In Place			
• Pooling vehicle to be structured so that each participating Fund has full representation the pool Pooling vehicle to be structured so that each participating Fund has full representation in the pool; the pool structure enables full strategic decisions to be retained by each individual Fund; and, economies of scale (based on experience to date) indicate that savings will be made by the Fund that will exceed initial costs.	Control In Place			

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
INVEST0009 01/10/2019	MIFID II ongoing compliance	Financial implications of not being treated as an institutional investor	Cllr David Thomas Chris Hurst	12 INVEST	6 INVEST	11/07/2022 05/07/2021	Review Summary: Current process continues, but updated as required when new manager appointed or training needs identified. Review Summary: Regularly reviewed and updated on adoption of a new Investment Manager

Controls and Actions	Status	Review Date	Latest Control	Reviews
• Regular Review of MIFID Status Regular Review of MIFID Status	Control In Place			

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
INVEST0010 01/01/2015	Fall in the returns on Government bonds.	Increase to the value placed on Fund liabilities.	Cllr David Thomas Chris Hurst	9 INVEST	4 INVEST	11/07/2022 05/07/2021	Review Summary: Regularly monitored by Consultant for each meeting Review Summary: Discussed with Investment Consultants as required

Controls and Actions	Status	Review Date	Latest Control	Reviews
• Allowing for a risk-based approach should limit the impact of short-term changes in returns on Government bonds Allowing for a risk-based approach should limit the impact of short-term changes in returns on Government bonds. Some investment in bonds also helps to mitigate this risk. Monitoring (quarterly) helps to give an early warning of significant changes.	Control In Place			

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio Owner	Inherent	Residual	Latest Risk Reviews	
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Investment Risk

INVEST0011	Increased risk on Fund Employers.	Potential Failure of Participating Employer or unsustainable Employer Contributions	Unassigned Jane Thomas	4	4	04/05/2022	Review Summary: Employer Risk Assessment to be conducting as part of valuation work in 2022-23
				INVEST	INVEST		

Controls and Actions			Status	Review Date	Latest Control	Reviews
<ul style="list-style-type: none"> Regular Review of Employer Covenants with Fund Actuary Work with the Fund Actuary to review employer covenants on a regular basis . being conducted as part of the 2022 Valuation Work 			Control In Place			

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