

**Risk Register - Pension Fund**

Sep-23

Reviewed: Quarterly (reported to Pensions Committee and Pension Board)

Service Objectives:



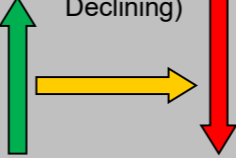
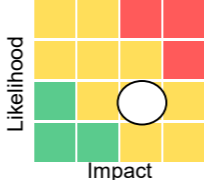
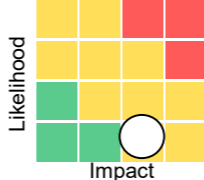

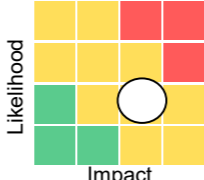
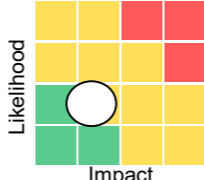

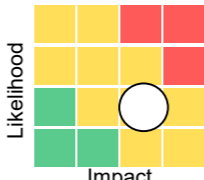
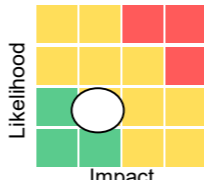

- 1 Ensure there are enough assets to cover liabilities in the long term
- 2 To prepare the statutory accounts for the Pension Fund to the agreed timetable and with an unqualified audit.
- 3 To monitor all investments to ensure they are fit for purpose and within the targeted risk and return levels
- 4 To monitor the external investment managers and service providers to ensure they are acting within their IMA and/or SLA
- 5 To ensure that there is sufficient liquidity available to pay drawdowns on the Funds commitments and pensions due
- 6 To work in partnership with WYPF to ensure an effective and efficient Pensions Administration Service is provided
- 7 To work in partnership with WYPF to support the employers and scheme members



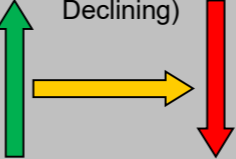
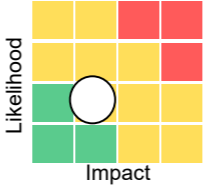
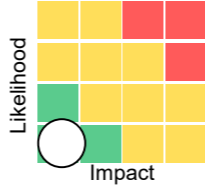

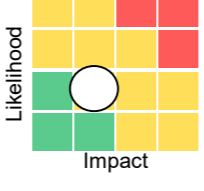
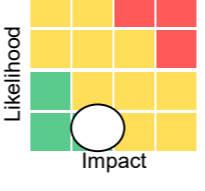

Owner : Head of Pensions



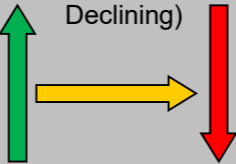
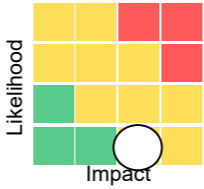
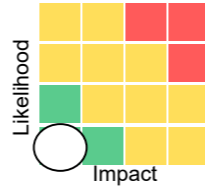

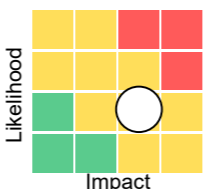
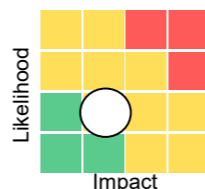

No.	Risk Owner	Risk Description	Current Risk Score (Copy and paste the white dot onto the matrix)	Target Risk Score (Copy and paste the white dot onto the matrix)	Assurance Status (High, Substantial, Limited, Low)	Assurance - Direction of Travel (Improving, Static, Declining)	Actions	Notes / Comments
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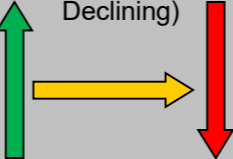
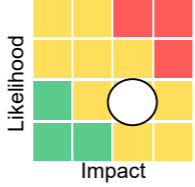
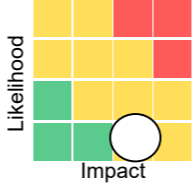
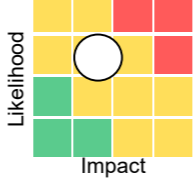
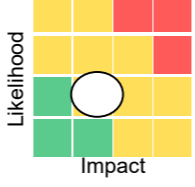

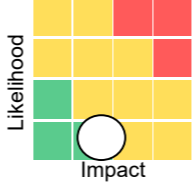
**Governance**

GI	Head of Pensions	Failure to ensure that the Committee's knowledge and understanding of pensions related activities is robust and meets all statutory requirements.			Substantial		<p><b>Existing</b></p> <ul style="list-style-type: none"> <li>• Induction training for new Committee members</li> <li>• Training policy and annual training plan</li> <li>• Opportunities to attend external training sessions and conferences</li> <li>• Self assessment</li> </ul> <p><b>New &amp; Developing</b></p> <ul style="list-style-type: none"> <li>• Knowledge and skills/training questionnaire (Spring 2022)</li> <li>• New member training platform run Hymans offering bite size training on demand - updated August 23.</li> <li>• Ctte structure changed to cover training at each meeting.</li> </ul>	Good Governance statutory guidance will mandate a minimum level of knowledge for Committee members. Updated LOLA and all members issued with user id's.
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G2	Head of Pensions	Governance of asset pooling - management of relationship with Border to Coast.			Substantial		<b>Existing</b> <ul style="list-style-type: none"> <li>• Joint Committee</li> <li>• Officer operation group</li> <li>• Senior officer group</li> <li>• Governance Charter</li> </ul> <b>New &amp; Developing</b> <ul style="list-style-type: none"> <li>• Governance review undertaken and key documents updated as required.</li> </ul>	
<b>Investment and Funding</b>								
11	Head of Pensions	Required returns not met due to poor strategic allocation and assets not enough to meet liabilities.			Substantial		<b>Existing</b> <ul style="list-style-type: none"> <li>• Professional advice</li> <li>• Triennial review</li> <li>• Performance monitoring</li> <li>• Monthly Members letter</li> <li>• Reporting to Pensions Committee</li> </ul> <b>New &amp; Developing</b> <ul style="list-style-type: none"> <li>• Strategic Asset Allocation undertaken</li> </ul>	Strategy changes agreed and being implemented over time in discussion with the Investment Consultant.
12	Head of Pensions	Poor long term investment performance or non-compliance from managers.			Substantial		<b>Existing</b> <ul style="list-style-type: none"> <li>• Performance measurement</li> <li>• Managers report monthly</li> <li>• Reporting to pensions committee</li> <li>• Diversification across managers</li> <li>• Manager meetings</li> <li>• Long term timeframe</li> </ul> <b>New &amp; Developing</b> <ul style="list-style-type: none"> <li>• Fund Officers are working to refresh the manager monitoring arrangements.</li> </ul>	No current concerns about existing managers.

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13	Head of Pensions	Asset pooling - transition of assets from existing mandates to Border to Coast.			Substantial		<p><b>Existing</b></p> <ul style="list-style-type: none"> <li>• Officer operations group</li> <li>• Workstreams within Border to Coast</li> <li>• Communicate to Committee regularly</li> <li>• S151 meetings</li> <li>• Use of Transition Managers</li> </ul> <p><b>New &amp; Developing</b></p> <ul style="list-style-type: none"> <li>• work being undertaken on Global and UK property vehicles with Border to Coast</li> </ul>	<p>Over 50% of assets transitioned to 31 March 2023. Property to transition over the next two years and decision made not to transfer alternative assets. Target set to reflect position once all assets are transferred.</p>
14	Head of Pensions	Failure to meet requirements as a responsible investor - across all ESG risks (including climate change and a move to a low carbon economy).			Substantial		<p><b>Existing</b></p> <ul style="list-style-type: none"> <li>• Border to Coast assistance</li> <li>• Managers reporting requirements</li> <li>• LAPFF membership</li> <li>• Voting and Corporate Governance Policy</li> <li>• RI policy</li> <li>• RI Beliefs</li> <li>• Quarterly Stewardship Paper to Committee and Board.</li> </ul> <p><b>New &amp; Developing</b></p> <ul style="list-style-type: none"> <li>• Stewardship Code 2020</li> <li>• TCFD Reporting (climate)</li> <li>• Increased focus on ESG investments</li> </ul>	<p>New Stewardship Code 2020 successfully achieved for 21/22, but will need to be maintained. Collaborative work being done by/with Border to Coast. TCFD reporting requirements expected at some time from DLUHC.</p>

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15	Head of Pensions	Cashflow - not enough income to meet pension payments due, as a result of: <ul style="list-style-type: none"> <li>• increasing pension payments due to inflation</li> <li>• reduction in active members and therefore contributions</li> <li>• increase in retirements and therefore pensioners</li> <li>• reduction in employers secondary contributions due to higher funding levels</li> </ul>			Substantial		<b>Existing</b> <ul style="list-style-type: none"> <li>• Asset allocation review to increase income generating assets when required</li> <li>• Cashflow monitoring</li> </ul> <b>New &amp; Developing</b> <ul style="list-style-type: none"> <li>• expanded cashflow monitoring with Actuary as part of 2022 valuation</li> <li>• work with Border to Coast on income options from their investment vehicles</li> </ul>	
<b>Operational</b>								
01	Head of Pensions	The administrator does not perform its functions in accordance with the agreement, including: <ul style="list-style-type: none"> <li>• contribution collection and allocation</li> <li>• benefit calculation and payment</li> <li>• GMP reconciliation and rectification</li> <li>• meeting TPR requirements</li> </ul>			Substantial		<b>Existing</b> <ul style="list-style-type: none"> <li>• Performance Indicators</li> <li>• Bi-monthly meetings with WYPF</li> <li>• Horizon Scanning</li> <li>• Internal controls and audits</li> <li>• Collaboration Agreement</li> <li>• Benchmarking &amp; performance data</li> <li>• Process management</li> <li>• Complaint reporting</li> <li>• Customer Surveys</li> <li>• Reporting to Committee and Board</li> </ul> <b>New &amp; Developing</b> <ul style="list-style-type: none"> <li>• Shared Service Client Relationship Manager appointment</li> <li>• New shared service policies</li> <li>• updated shared service agreement being agreed by all partners</li> </ul>	

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O2	Head of Pensions	Cyber security breach.			Substantial		<b>Existing</b> <ul style="list-style-type: none"> <li>WYPF and Bradford Council policies</li> <li>LCC policies and training</li> <li>External provider control reports</li> </ul> <b>New &amp; Developing</b> <ul style="list-style-type: none"> <li>Internal audit by Bradford Council on WYPF policies and procedures</li> <li>Bradford DR testing and increased focus on cyber risk</li> </ul>	Cyber testing completed and some updates put in place. DR testing undertaken and successful.
O3	Head of Pensions	Increased risk of employers exiting as a result of: <ul style="list-style-type: none"> <li>reducing employer covenant strength</li> <li>unaffordability of scheme</li> <li>reducing membership</li> </ul> Leading to: <ul style="list-style-type: none"> <li>costly cessation surplus payments</li> <li>deficit payments not meeting actual long term liabilities</li> <li>insolvency of employers</li> </ul>			Substantial		<b>Existing</b> <ul style="list-style-type: none"> <li>Admission agreements</li> <li>Pass through policy</li> <li>Exit credit policy</li> <li>Bonds</li> <li>Employer covenant monitoring</li> <li>Contribution monitoring</li> <li>Employer communication</li> <li>PFR roles</li> </ul> <b>New &amp; Developing</b> <ul style="list-style-type: none"> <li>Actuaries Employer Database now live</li> <li>Developing additional employer monitoring internally</li> </ul>	Discussions with two employers regarding leaving the Fund.
O4	Head of Pensions	Fraud risk not managed			Substantial		<b>Existing</b> <ul style="list-style-type: none"> <li>Separation of duties</li> <li>Internal &amp; external audit</li> <li>Monthly reporting</li> <li>Reconciliation procedures</li> <li>Regular National Fraud Initiative reporting</li> </ul> <b>New &amp; Developing</b> <ul style="list-style-type: none"> <li>Ongoing review of high risk pensioners</li> </ul>	

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O5	Head of Pensions	Changes in legislation not implemented correctly, currently McCloud and Pensions Dashboard			Substantial		<p><b>Existing</b></p> <ul style="list-style-type: none"> <li>• Regular meetings with and reporting from WYPF</li> <li>• LCC staff appropriately qualified and aware of legal requirements</li> <li>• Pension Fund managed in line with statutory regulations</li> <li>• Membership of professional networks e.g. PLSA</li> <li>• Pension Board oversight</li> </ul> <p><b>New &amp; Developing</b></p> <ul style="list-style-type: none"> <li>• working closely with software supplier to develop admin system</li> <li>• Head of Pensions member of the PLSA LA Policy Committee</li> </ul>	Head of Pensions position on the PLSA Local Authority Policy Committee provides earlier insight into challenges and solutions.
<b>People</b>								
:T33Q33	Head of Pensions	Loss of key staff and loss of knowledge and skills			Limited		<p><b>Existing</b></p> <ul style="list-style-type: none"> <li>• Diversified staff / team</li> <li>• Look at other authorities with best practices to ensure LCC positions still desirable</li> <li>• Attendance at pensions user groups, both WYPF and LCC</li> <li>• Procedural notes which includes new systems as and when (LCC &amp; WYPF)</li> <li>• Section meetings / appraisals (LCC &amp; WYPF)</li> <li>• Regular team building (LCC &amp; WYPF)</li> <li>• B2C and partner funds relationships - increased collaboration</li> <li>• Training requirements and qualifications</li> </ul> <p><b>New &amp; Developing</b></p> <ul style="list-style-type: none"> <li>• LCC Team structure increase by two posts</li> </ul>	Two additional career grade posts approved a Aim to appoint in November and begin Jan/Feb 24.