

Pension Fund Risks

Report Type: Risks Report – November 2017



FINANCIAL SERVICES – OPERATIONAL

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1213 0004 Reliance on External Systems	<p>Heavy reliance on external systems across all sections of Financial Services which includes the following systems:</p> <ul style="list-style-type: none"> • Cedar (accounting) • HSBCnet (custodian) • LloydsLink, RBS Bankline, Paris, Daisy, Bottom Line BACS uploads (banking) • PS live, King & Shaxson, ICD Portal (treasury) • Compendia, Resourcelink (pensions) • Enterprise/Stars (insurance), <p>Failure of systems could result in significant issues, such as an inability to make payments, process claims, etc.</p>	Finance & Corporate Resources		Reviewed November 2017 - Score maintained as the no. of systems used by Financial Services has remained constant. The impact of failure of these systems is potentially very significant

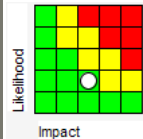
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
F RTP 0809 0004 A BIA/BCP and manual processes	All teams complete a Business Impact Analysis to assess timescales/impact of system failure etc. The Financial Services Business Continuity Plan (currently being updated) sets out actions to take in the event of system failure.	Michael Honeysett	Pradeep Waddon/Rachel Cowburn/Michael Pegram/Julie Stacey	30-Dec-2018	Updated November 2017 – Business Impact Analysis currently being carried out for all Financial Services teams. All Heads of Services to provide input into Business Continuity Plan.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1213 0005 T & P - Recruitment and retention of experienced (and specialised) Financial Services staff	The Authority is unable to recruit or retain experienced or suitably qualified staff because the salaries offered are not competitive enough. Also, there are specialist and niche positions in the Financial Services team and if they were to become vacant, the delivery of effective Treasury, Pension and Insurance Services would become more difficult, leading to potential financial, regulatory and reputational issues.	Finance & Corporate Resources	<p>Likelihood</p> <p>Impact</p>	Reviewed November 2017 - ongoing. Likelihood remains high here following the departure in 2016 of a very experienced Head of Service has resulted in a restructure for the Financial Services Team. Recruitment of existing team members to key posts has provided a degree of continuity but the team collectively is less experienced than previously.

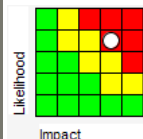
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRFSV 1213 0005A Continuity of team and ability to cover different roles plus appropriate pay levels	Ensure continuity by having other members of the team able to cover essential functions such as Treasury management. Benchmarking of salaries for the section both against other local authorities and private sector payment of supplements where appropriate	Michael Honeysett	Pradeep Waddon/Julie Stacey/Michael Pegram/Rachel Cowburn	30-Dec-2018	Reviewed November 2017 - ongoing with controls in place.
FRFSV1213 0005B Detailed policies and procedures in place to enable others to take on key tasks	Ensure there are detailed policies and comprehensive procedure notes (e.g. - an Accounting Manual) which enable others to take on key roles.	Michael Honeysett	Pradeep Waddon/Julie Stacey/Michael Pegram/Rachel Cowburn	30-Dec-2018	Updated November 2017 – Updates required to some procedure manuals (e.g. accounting)
FRFSV1213 0005C Succession Planning	Succession planning, involvement of different team members to ensure that specialist knowledge is not confined to one or two individuals. FS staff should be trained to cover other areas in event of an emergency. Staff (to a level) have shadowed colleagues to be able to carry out elements of their roles. Also staff are to be developed - delegation of work can now be passed from Senior Managers to Junior Officers once appropriately trained. Graduate trainees provide high quality support when on placement in the Financial Services area.	Michael Honeysett	Pradeep Waddon/Julie Stacey/Michael Pegram/Rachel Cowburn	30-Dec-2018	Updated November 2017 – The promotion of the previous Group Account to the Head of Treasury and Banking role increases the requirement for development & training for junior officers.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1213 0020 Financial Services Management of Third Party Contracts	Financial Services manages a large number of external supplier contracts – lack of control could result in financial and reputational risks. Financial Services manages in excess of 20 external contracts, which carry significant financial and reputational risks if not managed appropriately for example leading to higher costs or legal challenges.	Finance & Corporate Resources		Reviewed November 2017 - score has remained the same, as the number and nature of contracts managed has not changed significantly since the last review.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
F RTP 0809 0020 A Contract Monitoring and Service Level Agreements	Regular monitoring of key contracts, including performance monitoring, service level agreements, reviewing internal controls reports of third party providers.	Michael Honeysett	Pradeep Waddon/Julie Stacey/Michael Pegram/Rachel Cowburn	31-Dec-2018	Reviewed November 2017- ongoing
F RTP 0809 0020 B Market Testing of contracts and benchmarking	Market testing of contracts through procurement exercises and/or benchmarking of costs on a regular basis.	Michael Honeysett	Pradeep Waddon/Julie Stacey/Michael Pegram/Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing
F RTP 0809 0020 C Market Intelligence gathering	Regular reviews of developments in the market place to ensure the section maintains up to date knowledge and is in a position to act on market intelligence such as changes to financial standing of external third party.	Michael Honeysett	Pradeep Waddon/Julie Stacey/Michael Pegram/Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing

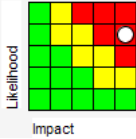
Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1213 0051 Financial Services- Lack of adequate professional advice on strategies, projects and decisions	Decisions made in respect of Financial Services, Treasury, Pensions and Insurance can have a major financial impact on the Council and Pension Fund. Lack of adequate or inappropriate professional advice on strategies, projects and decisions could give rise to financial and reputational risks.	Finance & Corporate Resources		Reviewed November 2017 - ongoing

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRFSC 1213 0051B Market intelligence gathering	Monitoring wider developments and ensuring that officers and Members are kept informed. Wider networking and collaboration with other authorities where appropriate to ensure best practice.	Michael Honeysett	Pradeep Waddon/Michael Pegram/Julie Stacey/Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing.
FRFSV 0809 0051A Monitoring of advice	Controls – monitoring of advice received, risk assessment for procurements, Committee review of recommendations. Also ensure there is a good level of 'in-house expertise'.	Michael Honeysett	Pradeep Waddon/Michael Pegram/Julie Stacey/Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1213 0047 Regulatory Risks	Regulatory Risks encompass both compliance with existing legislation and regulatory changes – e.g. LGPS structural reform, MiFID II. The Pensions Regulator now has oversight of the administration and governance of the LGPS , meaning increased scrutiny, and more pressure on the team. The introduction of GDPR is also likely to increase pressure on the Pensions Administration and insurance teams.	Finance & Corporate Resources		Reviewed November 2017 - ongoing. Score remains high with numerous developments and new regulatory risks (as detailed in the description) emerging.

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FR FSV 0809 047B Compliance with regulation policies	Ensure processes and policies in place to meet regulatory compliance	Michael Honeysett	Pradeep Waddon/Michael Pegram/Julie Stacey/Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing.
FR FSV 0809 047C Compliance with regulation knowledge and skills	Ensure adequate training and specialist knowledge and skills for both staff and Members charged with governance	Michael Honeysett	Pradeep Waddon/Michael Pegram/Julie Stacey/Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing.
FRFSV 0809 047A Regulatory Changes – monitoring developments and responding to changes	Monitor proposed changes and respond to consultations to influence outcome. Amend systems, processes to ensure compliance, use of specialist advisors to prepare for anticipated changes	Michael Honeysett	Pradeep Waddon/Michael Pegram/Julie Stacey/Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1213 0052 Failure to manage costs	Failure to manage the costs of running the various services within Financial Services would give rise to significant additional financial costs for the Council along with reputational risks of poor value for money.	Finance & Corporate Resources		Reviewed November 2017 - ongoing. The score for this risk remains high. Government's asset pooling agenda is likely to increase costs in the short to medium term as new arrangements are put into place. Additionally, the increased focus on costs in the LGPS increases reputational risk

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRFSV 1213 0052A Budget Monitoring	Controls budget monitoring, performance fees, monthly budget monitoring, financial intelligence, etc.	Michael Honeysett	Pradeep Waddon/Michael Pegram/Julie Stacey/Rachel Cowburn	31-Dec-2018	Reviewed November 2017 – Pension Fund budget methodology to be reviewed to ensure inv management costs fully considered. .
FRFSV 1213 0052B Benchmarking	Benchmarking costs with other authorities to ensure costs for LBH are not disproportionate. Additionally,	Michael Honeysett	Pradeep Waddon/Mic	31-Dec-2018	Reviewed November 2017 - ongoing.

	the London Collective Investment Vehicle should help reduce fund management costs over the medium-long term. .		hael Pegram/Julie Stacey/Rachel Cowburn		
FRFSV 1213 0052D Frameworks/ Collaborative Working/ Shared Services	Use of Framework Agreements and other joint working where appropriate to control costs and to work with other authorities to deliver value for money and efficiency savings	Michael Honeysett	Pradeep Waddon/Michael Pegram/Julie Stacey/Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing.

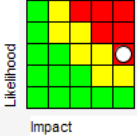
Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1213 0056 Procurement Risk	Financial Services is heavily reliant on the use of external contractors in all areas. All the contracts have to be tendered on a regular basis which brings procurement risks in terms of both timetables for procurement (often several procurements having to take place at the same time) and potential challenges to procurements.	Finance & Corporate Resources		Reviewed November 2016. Both the likelihood and impact for this risk have been maintained for this risk. Whilst the Third Party Administration procurement was completed during 2017, a number of changes to the contract are due to be implemented from January 2018. Additionally, the Council's payroll system implementation programme is not yet entirely complete.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR FSV1213 0056A Procurement Risk A – Ensuring adequate resources	Given the number of highly specialist contracts within Financial Services and a relatively small specialist team, the team will look to use external advisers to supplement internal resources when undertaking procurement exercises.	Michael Honeysett	Pradeep Waddon/Michael Pegram/Rachel Cowburn/Julie Stacey	31-Dec-2018	Reviewed November 2017 – ongoing with controls in place
FR FSV1213 0056B Procurement Risk B – Timing of Procurements	Where feasible, procurement exercises will be spread across different time periods, although this is not always feasible.	Michael Honeysett	Pradeep Waddon/Michael Pegram/Rachel Cowburn/Julie Stacey	31-Dec-2018	Reviewed November 2017. This was not feasible in the case of the TPA contract. A 9 month contract extension to 31 st December 2017 remains in place.

FR FSV1213 0056C Procurement Risk C – Collaborate with other authorities	Where the timing and scope of procurement exercises are likely to coincide with other authorities and where practical to do, joint exercises including Frameworks will be undertaken.	Michael Honeysett	Pradeep Waddon/Michael Pegram/Rachel Cowburn/Julie Stacey	31-Dec-2018	Reviewed November 2017
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1213 0057 Internal Fraud within Team	Financial Services is involved in the management of large scale financial resources on behalf of the Council and there is a potential risk that the area could be subject to internal fraud leading to significant financial and reputational risks.	Finance & Corporate Resources		Reviewed November 2017 – rating unchanged

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FR FSV1213 0057A Internal Fraud A – Policies and Procedures	Detailed policies and procedures and internal controls to ensure segregation of duties for key roles within Financial Services, e.g. reconciliations are undertaken by an individual not involved in Treasury operations.	Michael Honeysett; Ian Williams	Pradeep Waddon/Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing. Additional staff are being trained as banking system administrators with other roles being adjusted as required to maintain separation of duties.
FR FSV1213 0057B Internal Fraud B – Internal Audit	Financial Services is subject to internal audit scrutiny on an annual basis with different areas being tested to ensure compliance.	Michael Honeysett; Ian Williams	Pradeep Waddon/Rachel Cowburn/Michael Pegram/Julie Stacey	31-Dec-2018	Reviewed November 2017 - ongoing
FR FSV1213 0057C Internal Fraud C – External Audit	All aspects of the work of Financial Services are subject to annual external audit covered by the audit of the Financial Statements with the Pension Fund also being subject to a separate audit opinion.	Michael Honeysett; Ian Williams	Pradeep Waddon/Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1213 10 Data Protection Act	There are a wide range of possibilities (computer hacking, 3rd party carelessness, employee lack of care, lost laptops) which could result in serious breach of the Data Protection Act. This could lead to damaging claims to the Council having financial (including fines) and reputational consequences.	Finance & Corporate Resources		Updated November 2017 – rating has changed to account for the potentially significant financial and reputational risk of fines under GDPR. Preparations are underway to ensure the service area is fully compliant with the provisions of the General Data Protection Regulation (GDPR), due to come into force in May 2018. Controls have been reviewed to take account of changing regulatory environment.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR FSV 1213 010A Data Protection – Data Security	Security of data to be ensured through: <ul style="list-style-type: none"> • Compliance with the Council’s ICT policy • Use of encrypted email for sensitive data • Use of confidential waste disposal • Use of secure courier to transmit sensitive hard copy files • Appropriate access control measures • Redaction of personal information where required. 	Ian Williams	Michael Honeysett/Pradeep Waddon/Julie Stacey/Michael Pegram/Rachel Cowburn	31-Dec-2018	Updated November 2017 - ongoing
FR FSV 1213 010B Data Protection – Third Parties	Contracts with third party suppliers acting as joint data processors must ensure that: <ul style="list-style-type: none"> • Third parties are GDPR compliant • Secure methods of data for sensitive data transmission/storage built into contract • Appropriate risk sharing between the Council and the third party supplier is in place. 	Ian Williams	Michael Honeysett/Pradeep Waddon/Julie Stacey/Michael Pegram/Rachel Cowburn	31-Dec-2018	Added November 2017 - ongoing

FR FSV 1213 010C Data Protection – Training	Tailored training to be provided to Financial Services staff, Pensions Committee and Pension Board Members	Ian Williams	Michael Honeysett/Pradeep Waddon/Julie Stacey/Michael Pegram/Rachel Cowburn	31-Dec-2018	Added November 2017 – Board training completed; refresher required for some FS staff
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PENSION FUND – ADMINISTRATION

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1213 0003 T & P - Poor stakeholder engagement	Poor communication with stakeholders giving rise to disaffection and actions against Council	Finance & Corporate Resources	<p>Likelihood</p> <p>Impact</p>	<p>Reviewed November 2017 – Rating maintained, reflecting continued delays to updates to the scheme website. A revamp of the website is now underway.</p> <p>Auto-enrolment is now business-as-usual, with re-enrolment completed in 2016. Risks remain around ensuring that good communication is maintained with schools, who may use different staging dates and payrolls to the Council.</p> <p>Anticipated risks around the Freedom and Choice agenda have not materialised to date, with little interest shown by members in transferring out to DC schemes.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRTP 0809 0003 A Comprehensive range of communication options		Michael Honeysett	Julie Stacey	31-Dec-2018	Reviewed November 2017 - updated and ongoing
FRTP 0809 0003 B Triennial schools comms for auto-enrolment	Schools receive a formal update prior to re-enrolment events to ensure school staff are aware	Michael Honeysett	Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing

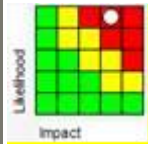
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FR FSV 1213 0009 T & P - Pension Overpayments	Pension Overpayments arising as a result of non-notification of death, re-employment, or ceasing education. This has financial and reputational consequences.	Finance & Corporate Resources		Reviewed November 2017 – ongoing with controls in place.
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
F RTP 0809 0009 A Pension Fraud : NFI	Management of NFI matches and follow up. NFI exercises to identify checks	Michael Honeysett	Julie Stacey	31-Dec-2018	Reviewed November 2017 - ongoing.
F RTP 0809 0009 B Pension Fraud : Annual Review	Write to pensioners each year over age 90 and overseas seeking confirmation of ongoing pension entitlement.	Michael Honeysett	Julie Stacey	31-Dec-2018	Reviewed November 2017 - ongoing.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1213 0044 T & P - Discretionary Policies	Regulations allow the Pension Fund and employers certain areas where they are able to exercise discretion. Excessively generous or insufficiently robust policies of the Pension Fund and employers exposed to higher costs and reputational risks.	Finance & Corporate Resources		Reviewed November 2017 - ongoing. Scheme changes (April 2014) prompted a revision of some discretions.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
F RTP 0809 0044 A Discretionary Policies in place.	Controls – Agreed policies and procedures to control such risks, which are regularly reviewed and approved by Pensions Committee.	Michael Honeysett	Julie Stacey	31-Dec-2018	Reviewed November 2017 - ongoing.
F RTP 0809 0044 B Awareness of employers	Ensuring that employers are aware of the additional costs that could arise from the exercise of their discretions or lack of policy.	Michael Honeysett	Julie Stacey	31-Dec-2018	Reviewed November 2017 - ongoing.

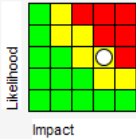
Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1213 0043 T & P - Poor Membership Data	Poor administration by the Pension Fund, employers and payroll providers participating in the Fund giving rise to inaccurate data giving rise to financial, reputational risks, actuary unable to set contribution rates, higher contribution rates, member dissatisfaction, inaccurate benefit statements produced, overpayment of benefits etc.	Finance & Corporate Resources		Reviewed November 2017 – the likelihood of this risk remains very high. Significant problems with the payroll data being provided by the Council has meant that the quality of membership data has deteriorated since the introduction of the 2014 scheme. The complexity of the scheme has increased significantly and the Council’s payroll provider has been unable to respond to these changes, resulting in consistently poor provision of vital data across the Fund’s largest employer. A new payroll system was introduced in July 2017; however, significant changes to processes are still bedding in and the long term impact of the new system is therefore difficult to determine.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
F RTP 0809 0043 A Monitoring of membership data	Controls – annual monitoring of membership records, valuation checks, external data validations	Michael Honeysett	Rachel Cowburn/Julie Stacey	31-Dec-2018	Reviewed November 2017 - ongoing.
F RTP 0809 0043 B Contributions monitoring	Monthly monitoring of contributions to ensure that employers paying across correct contributions along with membership data being supplied	Michael Honeysett	Rachel Cowburn/Julie Stacey	31-Dec-2018	Reviewed November 2017. Good communication with payroll, as accurate data is very important.
F RTP 0809 0043 C Performance Monitoring	Service Level Agreement with external administrator and monthly monitoring of contract. Monitoring of employers and Pensions Administration Strategy which enables Fund to recoup additional administration costs for sub-standard performance.	Michael Honeysett	Rachel Cowburn/Julie Stacey	31-Dec-2018	Reviewed November 2017

F RTP 0809 0043 D New Payroll Implementation	Consistent involvement in the implementation of the Council's new payroll system (Go live date - July 2017). The Council's payroll supplies data for the vast majority of the Fund – the Fund's involvement with the implementation helps ensure the importance of good quality pension reporting is recognised	Michael Honeysett	Rachel Cowburn/Julie Stacey	31-Dec-2018	Reviewed November 2017
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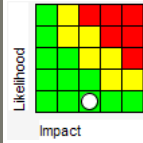
Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1213 0050 Pension Administration Risk	Risks arising from administration of pensions by employers, the administering authority and the pension administrator. Poor administration could lead to incorrect pension payments, financial and reputational damage	Finance & Corporate Resources		Reviewed November 2017 - ongoing. Higher score has been maintained for this risk – ongoing problems with the quality of data provided have made it difficult for the Fund's Pension Administrators to provide a high quality service. New contract provisions are due to come into force from 1 st January 2018.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRFSV 0809 0050A Clear policy and procedures for the administration of pensions	Ensuring there are detailed policies and procedures for all parties involved in administering the pension scheme – Pension Administration Strategy	Michael Honeysett	Julie Stacey	31-Dec-2018	Reviewed November 2017 - ongoing.
FRFSV 1112 0050B Monitoring of Performance	Regular performance monitoring of the third party administrator (monthly), employer checks (monthly), Pensions Committee reviewing of administrative performance. Benchmarking of performance against other authorities	Michael Honeysett	Julie Stacey	31-Dec-2018	Reviewed November 2017 - ongoing.

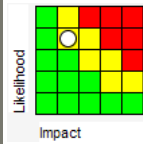
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FR FSV 1213 0054 Auto Enrolment Risk	Workplace Pensions or Auto-Enrolment came into effect 01/10/12 making auto-enrolment compulsory for all employers, albeit with different staging dates for implementation. LBH's staging date was 01/07/2013, with re-staging taking place on 01/07/2016. Clearly the initial risks have now passed, but issues around accurate reporting from the various payrolls persist, making the production of statutory communications difficult. This raises the possibility that the Council (as an employer) could receive a fine for non-compliance, which presents both financial and reputational risks.	Finance & Corporate Resources		Reviewed November 2017 - ongoing. Score maintained as a result of ongoing data issues relating to both the Council and the schools' outsourced payroll providers.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR FSV1213 0054B Auto Enrolment Risk B – Communications	Use of different forms of communications to reach wider possible audience to understand what Auto-Enrolment means for individuals and employers within the Pension Fund. Use of poster campaign, individual letters, presentations, internet, etc. Communications with employees and employers remains key.	Michael Honeysett; Ian Williams	Julie Stacey/Rachel Cowburn; Dan Paul	31-Dec-2018	Reviewed November 2017 - ongoing.
FR FSV1213 0054C Auto Enrolment Risk C – Cost Management	Calculation of the cost of implementing Auto-Enrolment both in terms of additional contributions from employers and the actual cost of implementation and ongoing monitoring needs to be clear and built into employer budgets.	Michael Honeysett; Ian Williams	Julie Stacey/Rachel Cowburn; Dan Paul	31-Dec-2018	Reviewed November 2017 - ongoing.
FR FSV1213 0054E Auto Enrolment Risk E - Monitoring	Monthly monitoring of Auto-Enrolment to ensure all new employees are auto-enrolled and to ensure that any existing employees who were previously not eligible or who had previously opted out are auto-enrolled should their circumstances change. Use of payroll/ pension /middleware to ensure compliance with legislation.	Michael Honeysett; Ian Williams	Julie Stacey/Rachel Cowburn; Dan Paul	31-Dec-2018	Reviewed November 2017 - ongoing.

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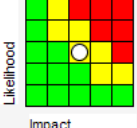
FR FSV 1415 001 Freedom and Choice in pensions.	This change in the rules to pension schemes in the UK introduces the potential risk that scheme members could transfer all their benefits to a defined contributions (DC) scheme in order to access all their savings. This could result in a significant outflow of resources from the Council's fund and therefore have notable financial implications.	Finance & Corporate Resources		Reviewed November 2017 - ongoing. The likelihood of this risk materialising has been maintained at the lowest level; there has been very little interest and no take up from the membership since the changes were introduced.
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR FSV 1415 001A Freedom and Choice	Continue to monitor interest and take-up of transfers out – however, likelihood that risk will materialise now appears very low.	Michael Honeysett	Julie Stacey/Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1314 001 Teachers' Pension Scheme (TPS) changes and data management	<p>The 2015 changes to the Teachers' Pension Scheme have generally been successfully implemented. However, ongoing risks remain around transition members (those due to transition to the new scheme in the future) and the timing of those transitions.</p> <p>Additionally, auto-enrolment and scheme changes increase the risk that the data held by external payroll providers and Teachers Pensions is incorrect, which could result in the Council being held liable for backdated contributions. This could impact on both the Council's finances and its reputation.</p>	Finance & Corporate Resources		Reviewed November 2017 – ongoing. The risks relating to the scheme changes themselves have decreased substantially; however, the rating has been maintained to allow for new risks relating to ongoing administration, including the implementation of Monthly Data Collection.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR FSV 1314 001A – TPS return	Completion of TPS return acts a reconciliation of membership numbers	Michael Honeysett	Julie Stacey/Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing.
FR FSV 1314 001B – TPS return	Review of auto-enrolment and scheme data for payroll transition; involvement in implementation of Monthly Data Collection (MDC) implementation.	Michael Honeysett	Julie Stacey/Rachel Cowburn	31-Dec-2018	Updated November 2017 - ongoing.

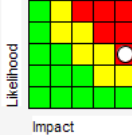
PENSION FUND – GOVERNANCE

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1213 0055 Governance Risk	<p>Governance of both the Treasury function and the Pension Fund resides with Corporate and Pension Committees respectively. Both areas carry significant financial and reputational risks. It is therefore crucial that those charged with governance understand the full implications of the decisions which are being taken in these areas. Membership turnover on Committees poses risks due to lack of understanding of the responsibilities.</p> <p>New Governance regulations for LGPS were introduced in 2015, requiring the set-up of a Local Pension Board for each fund. This has presented a potential recruitment risk; as the Fund now has fewer large employers, ensuring that the Board has the required number of members meeting the necessary standards is becoming increasingly challenging. The Pensions Regulator now has oversight of the governance and administration of the LGPS.</p>	Finance & Corporate Resources		Reviewed November 2017 - ongoing. The risk score here has been maintained – despite no new requirements for 2017/18, the reduction in the number of large Fund employers has ensured that staffing the Pensions Committee and Pension Board remains challenging.

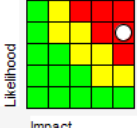
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR FSV 1213 Governance Risk A – Knowledge and Skills Training Programme	Training programme for Committee and Board Members to ensure that they have the requisite knowledge and skills to be in a position to question and understand the agenda and recommendations put before them to make high level strategic decisions.	Michael Honeysett; Ian Williams	Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing.
FR FSV1213 0055B Governance Risk B – Assessment	Committees and the Pension Board to undertake assessment to ensure that their level of understanding is adequate for the decisions being made. Monitoring potential changes to ensure that arrangements can be put in place to meet new regulatory requirements	Michael Honeysett; Ian Williams	Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing.
FR FSV1213 0055C Governance Risk C – S151 Responsibilities	CIPFA have issued a Code of Practice on the Knowledge and Skills Framework for the Pension Fund and the Section 151 Officer has responsibility for the implementation of its requirements. The GD of F&CR will ensure that the Code is implemented and that a	Michael Honeysett; Ian Williams	Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing..

	policy statement is included in the Annual Report & Accounts				
FR FSV1213 0055D Governance Risk D – Succession Planning for Committees	Continuity of membership on the Corporate and Pensions Committees and the Pension Board for at least a portion of the Membership will ensure that knowledge and skill is maintained to a reasonable level. Succession planning to ensure some continuity of Membership and access to suitable training will help to ensure that the knowledge base is maintained within Committees and the Pension Board.	Michael Honeysett; Ian Williams	Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing..

PENSION FUND – INVESTMENTS & ACTUARIAL

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1617 001 Asset Pooling	<p>In October 2015, the Government called for the assets of the 89 LGPS funds in England and Wales to be merged into (approx.) 6 pools of £25bn+ of assets. The pooling agenda introduces a number of new risks for the Pension Fund (as well as for the pools themselves) including but not limited to:</p> <ul style="list-style-type: none"> • Transition risk – the Fund incurs excessive additional cost as a result of transition to the pooled arrangement, resulting in a loss of value • Concentration and capacity risks – pooling arrangements result in excessive concentration of assets amongst relatively few institutions. The large scale of the pooling arrangements also creates potential capacity issues, with the pools potentially forced to focus on only the larger end of the market. • Political risk – the Government has made clear its wish that the pools set an aspiration to invest in UK infrastructure. This presents a potential conflict of interest for the Fund in setting its asset allocation strategy. • Reputational risks – the pooling agenda is a highly ambitious one, involving the use of relatively new investment vehicles (the ACS) and entirely new governance arrangements. The failure of a pooled arrangement could have significant consequences for the future of the LGPS. • Strategy risk – the Fund’s chosen asset pool does not deliver suitable investment strategies to allow the fund to meet its objectives 	Finance & Corporate Resources		Reviewed November 2017 - ongoing. Score is high to reflect the scale and pace of change demanded, with significant impact if the new arrangements are not successful.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR FSV 1617 001A Monitoring developments and responding to consultations	Monitor proposed changes, consultations and guidance from Government on the pooling agenda, responding where appropriate to influence outcomes. Amend process where required to ensure compliance	Michael Honeysett	Rachel Cowburn/Pra deep Waddon	31-Dec-2018	Reviewed November 2017 - ongoing..
FR FSV 1617 001B Maintain close working relationship with chosen asset pool	Maintain good working relationship to ensure that the Fund is fully aware of developments at the pool level and the pool is aware of and responds to the Fund's strategic requirements	Michael Honeysett	Rachel Cowburn/Pra deep Waddon	31-Dec-2018	Reviewed November 2017 - ongoing..
FR FSV 1617 001C Transition planning	Planning for transition considered as part of Investment Strategy development to ensure assets are transitioned efficiently and within the required timeframes.	Michael Honeysett	Rachel Cowburn/Pra deep Waddon	31-Dec-2018	Reviewed November 2017 - ongoing..

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1718 001 T & P – Asset risks	<p>Asset risks include:</p> <ul style="list-style-type: none"> Concentration - The risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives. Illiquidity - The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets. Currency risk – The risk that the currency of the Fund’s assets underperforms relative to Sterling (i.e. the currency of the liabilities). Environmental, social and governance (“ESG”) – The risk that ESG related factors reduce the Fund’s ability to generate long-term returns. Manager underperformance - The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates. <p>Asset risks are covered in more detail in the Fund’s Investment Strategy Statement.</p>	Finance & Corporate Resources		Added November 2017 - ongoing. Asset risk includes a number of significant threats to the financial health of the fund. Likelihood is high, as conditions for investment markets over the medium term are likely to be challenging. Impact is also high, given the potential threat to the Fund’s ability to pay benefits as they fall due.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR FSV 1718 001A - Investment in a range of asset classes	<ul style="list-style-type: none"> The Fund’s strategic asset allocation benchmark invests in a diversified range of asset classes Rebalancing arrangements in place to ensure the Fund’s “actual allocation” does not deviate substantially from its target The Fund invests in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, help reduce the Fund’s asset concentration risk 	Michael Honeysett	Rachel Cowburn	31-Dec-2018	Added November 2017 - ongoing.

FR FSV 1718 001B - Cashflow monitoring	<ul style="list-style-type: none"> Investment across a range of assets, including liquid quoted equities and bonds, as well as property Majority of the Fund's assets realisable at short notice Medium term future cash flow position assessed at least triennially to indicate likely future income requirements. Actual cashflows monitored on a regular (quarterly) basis to provide early warning of any insufficient 	Michael Honeysett	Rachel Cowburn	31-Dec-2018	Added November 2017 - ongoing.
FR FSV 1718 001C - Currency hedging	<ul style="list-style-type: none"> Investment in a range of overseas markets, providing a diversified approach to currency markets. Maintenance of a 50% hedge to USD, EUR and JPY exposures within active global equity mandates. 	Michael Honeysett	Rachel Cowburn	31-Dec-2018	Added November 2017 - ongoing.
FR FSV 1718 001D - ESG Policy	The Fund has an ESG policy in place in its Investment Strategy Statement. More detail on the management of carbon specific ESG risks is provided in the 'Climate Change' risk section	Michael Honeysett	Rachel Cowburn	31-Dec-2018	Added November 2017 - ongoing.
FR FSV 1718 001E - Multiple Managers & Performance assessment	<ul style="list-style-type: none"> Appointment of more than one manager Having a proportion of the Scheme's assets managed on a passive basis. Regular assessment of performance Replacement of managers if underperformance persists 	Michael Honeysett	Rachel Cowburn	31-Dec-2018	Added November 2017 - ongoing.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1718 002 T & P - Funding risks	<p>Funding risks include:</p> <ul style="list-style-type: none"> Financial mismatch – The risk that Fund assets fail to grow in line with the developing cost of meeting the liabilities. Inflation risk. The risk that price and pay inflation is significantly more than anticipated, increasing the value of pension benefits accrued by active and deferred members of the Fund as well as increasing the value of pensions in payment. 	Finance & Corporate Resources		Added November 2017 – likelihood of risk materialising is relatively high, given the likelihood of challenging conditions in investment markets and the ongoing impact of changing demographics. Impact will vary, depending on the severity of issues faced, but this is one of the most significant risks faced by the Fund over the long term.

	<ul style="list-style-type: none"> Changing demographics –The risk that longevity improves and other demographic factors change, increasing the cost of Fund benefits. Systemic risk - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial ‘contagion’, resulting in an increase in the cost of meeting the Fund’s liabilities. <p>Further detail on the treatment of funding risks can be found within the Funding Strategy Statement</p>			
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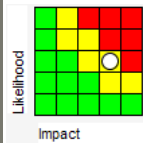
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR FSV 1718 002A – Asset Liability Monitoring	<ul style="list-style-type: none"> Strategic asset allocation underpinned by by asset liability modelling (ALM), focused on the probability of success and downside risk Risks assessed relative to the strategic benchmark by monitoring the Fund’s asset allocation and investment returns Risk assessed relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities. Some investment in bonds assists in liability matching Stabilisation modelling at whole Fund level allows for the probability that risk free returns on govt bonds will fall (leading to a rise in liabilities) 	Michael Honeysett	Rachel Cowburn	31-Dec-2018	Added November 2017 - ongoing.
FR FSV 1718 002B – Triennial valuation and Inter-valuation monitoring	<p>Assessment of liabilities at the triennial valuation and the roll-forward of liabilities between valuations helps identify:</p> <ul style="list-style-type: none"> financial mismatch falling risk free returns on govt bonds higher than anticipated inflation. Increasing fund maturity Insufficient deficit reduction payments 	Michael Honeysett	Rachel Cowburn	31-Dec-2018	Added November 2017 - ongoing.

FR FSV 1718 002C – Diversified Portfolio	The Fund seeks to mitigate systemic risk through a diversified portfolio but it is not possible to make specific provision for all possible eventualities that may arise under this heading.	Michael Honeysett	Rachel Cowburn	31-Dec-2018	Added November 2017 - ongoing.
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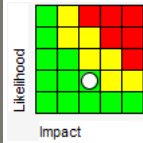
Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1718 003 T & P – Other provider risks	<p>Other provider risks include:</p> <ul style="list-style-type: none"> Transition risk - The risk of incurring unexpected costs in relation to the transition of assets among managers. When carrying out significant transitions, the Committee seeks suitable professional advice. Custody risk - The risk of losing economic rights to Fund assets, when held in custody or when being traded. Credit default - The possibility of default of a counterparty in meeting its obligations. <p>Other provider risks are covered in more detail in the Fund's Investment Strategy Statement.</p>	Finance & Corporate Resources		Added November 2017 – Has the potential for considerable impact on the Fund's asset values; however, other provider risk is perhaps more likely to be treatable than other investment and funding risks.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR FSV 1718 003 – Provider scrutiny	Other provider risks are addressed through a process of regular scrutiny of providers, and audit of the operations they conduct for the Fund. Monitoring and management may be delegated to investment managers in certain situations (e.g. custody risk in relation to pooled funds. The Pensions Committee has the power to replace a provider should serious concerns exist.	Michael Honeysett	Rachel Cowburn	31-Dec-2018	Added November 2017 - ongoing.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
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FR FSV 1617 0001 T & P Climate Change/Stranded Assets	The implementation of COP21 political commitments dramatically reduces the proportion of fossil fuel reserves that can be used, with a subsequent impact on the business models and valuations of fossil fuel companies. This could materially reduce the value of the Fund's holdings.	Finance & Corporate Resources		Reviewed November 2017 - ongoing. Likelihood dependent on strength of international political commitment to carbon reduction. Impact if proposals fully carried through could be considerable if no action taken.
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR FSV 1617 0001A – Monitoring of exposure	Periodic monitoring of the Fund's exposure to fossil fuel reserves and power generation to assess level of risk. Initial assessment carried out in July 2016.	Michael Honeysett	Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing.
FR FSV 1617 0001B – Policy Statement	Inclusion of a policy statement setting out the Fund's approach to climate risk within the Investment Strategy Statement	Michael Honeysett	Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing.
FR FSV 1617 0001C – Consideration of low carbon investment options	Review options for low carbon investment, including: -Low Carbon Workplace property Fund (£20/25m completed) -Review of passive equity investment -Allocation to sustainable active equity fund	Michael Honeysett	Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing.
FR FSV 1617 0001D – Engagement activities	Maintain active approach to engagement on climate issues with Fund managers and investee companies	Michael Honeysett	Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1213 0048 T & P - Admission/Scheduled Body failures or deficits on termination	Risk employer goes into default, deficit on termination, change of status, financial risk	Finance & Corporate Resources		Reviewed November 2017 - ongoing.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRTF 0809 0048 A Admission/Scheduled Body failures or deficits on termination	Controls – valuation and inter-valuation monitoring, monitoring of contributions, employer covenant check, putting bonds/guarantees in place for	Michael Honeysett	Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing

	admission bodies. Ensure funding levels remain high for individual employers				
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PENSION FUND – ACCOUNTANCY

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1213 0001 T & P - Pension fund Underlying financial information is incorrect	Information contained in Report & Accounts is inaccurate due to poor financial controls and recording of financial information leading to qualification of accounts and inaccurate valuations with financial and reputational impact.	Finance & Corporate Resources		Reviewed November 2017 - Ongoing

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRTF 0809 0001 A Pension fund Underlying financial information is incorrect: Monitoring Reconciliations of key financial transactions.	Monthly, quarterly & annual reconciliations of all accounting data	Michael Honeysett	Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - Ongoing

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1415 003 Accounts deadlines	A new deadline for the closure of accounts (31/05/2018) will formally take effect for 2017/18. All the teams in Financial Services will have to complete work a month earlier than previously and this will place an additional strain on resources at a time when numerous other changes and demands are occurring. This could have serious implications on services delivery with such demanding deadlines aligned with limited resources.	Finance & Corporate Resources		Reviewed November 2017 – Rating maintained from previous year, following a largely successful trial in 2016/17 and the recruitment of additional accounting staff. However, this remains an amber level risk, as the deadlines involved remain tight.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR FSV 1415 003A Accounts deadlines.	Comprehensive timetables prepared for both Corporate and Pension Fund closedown; regular updates on progress	Michael Honeysett	Rachel Cowburn	31-Dec-2018	Reviewed November 2017 - ongoing.