

# 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
---------------	------------	----------------	------------

### New Risks Total:

Risk Register	Risk Title	Net Risk Level	Risk Owner	Created Date
---------------	------------	----------------	------------	--------------

### Changing Risks Total:

Risk Register	Risk Title	Net Risk Level	Change	Risk Owner
---------------	------------	----------------	--------	------------

Detail							
Investment Risk							
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0001	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	4	08/09/2020	Review Summary: Regular investment performance reviews. Investigate protection strategies as/when/if required
25/01/2016						21/12/2020	Review Summary: Regular investment performance reviews. Investigate protection strategies as/when/if required
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>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.</li> </ul>				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0002	Inappropriate long-term investment strategy.	Failure to meet funding objectives.	Cllr David Thomas Chris Hurst	8	4	08/09/2020	Review Summary: New ISS operated for 2020. regularly reviewed as Fund/WPP develops
25/01/2016						21/12/2020	Review Summary: Review regularly depending on conditions and WPP sub fund availability
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>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.</li> </ul>				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0003	Active investment manager under-performance relative to the benchmark.	Failure to meet funding objectives.	Cllr David Thomas Chris Hurst	4	2	08/09/2020	Review Summary: Regularly reviewed with Investment Consultant and Manager changes made as required
25/01/2016						21/12/2020	Review Summary: Regularly reviewed with Investment Consultant and Manager changes made as required
Controls and Actions				Latest Control		Reviews	Review Date
<ul style="list-style-type: none"> <li>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.</li> </ul>				Control In Place			
Risk Ref	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
Date Identified			Owner				
INVEST0004	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	2	08/09/2020	Review Summary: As detailed in Funding Strategy Statement
29/01/2018						21/12/2020	Review Summary: As detailed in Funding Strategy Statement
Controls and Actions				Latest Control		Reviews	Review Date

**Detail**

**Investment Risk**

• 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

Risk Ref Date Identified	Risk Identified	Potential Consequence	Portfolio		Latest Risk Reviews		
			Owner	Inherent			Residual
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.	<i>Cllr David Thomas</i> Chris Hurst	6	4	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**

Latest Control Reviews

Review Date

• 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 Date Identified	Risk Identified	Potential Consequence	Portfolio		Latest Risk Reviews		
			Owner	Inherent			Residual
INVEST0006 30/01/2017	Pay and price inflation significantly more than anticipated.	Increased employer contribution rates and deficit recovery payments.	<i>Cllr David Thomas</i> Chris Hurst	9	4	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**

Latest Control Reviews

Review Date

• 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 Date Identified	Risk Identified	Potential Consequence	Portfolio		Latest Risk Reviews		
			Owner	Inherent			Residual
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.	<i>Cllr David Thomas</i> Chris Hurst	9	6	08/09/2020 21/12/2020	Review Summary: Ongoing Review Summary: Ongoing

**Controls and Actions**

Latest Control Reviews

Review Date

• 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.

Control In Place

**Detail**

**Investment Risk**

• 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

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	6	08/09/2020 21/12/2020	Review Summary: Ongoing Review Summary: Ongoing
--------------------------	---	---	----------------------------------	---	---	--------------------------	--

Controls and Actions			Latest Control	Reviews	Review Date
• 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	6	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			Latest Control	Reviews	Review Date
• 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	4	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			Latest Control	Reviews	Review Date
----------------------	--	--	----------------	---------	-------------

**Detail**

**Investment Risk**

• 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	Risk Identified	Potential Consequence	Portfolio	Inherent	Residual	Latest Risk Reviews	
			Owner				

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
------------	-----------------------------------	---	---------------------------	---	---	------------	--

Controls and Actions						Latest Control Reviews	Review Date
• 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	