

WCC Pension Fund Risk Register

March 2017

Mitigating Actions - Key

Mitigating Actions - Don't currently undertake - not started
Mitigating Actions - Started work - part complete
Mitigating Actions - We currently implement control(s) - complete and ongoing

NB: Risk scoring system is in-line with CIPFA best practice guidance for the LGPS .

Objectives area at risk	Objective at risk	Risk ref	Description of risk or not achieving the objectives	Risk Category	Risk Type	Gross Impact	Gross Probability	Gross Risk Score	Mitigating Action	Residual Impact	Residual Probability	Residual Risk Score	Assigned to (Risk Owner)		
Governance Risks														WCC Action Plan	WCC Deadline
Governance	Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based.	G1	Failure of Governance arrangements to match up to recommended best practice leads to loss of reputation and employer confidence and/or need to make major changes at short notice.	Strategic threat	Governance / reputational	3	2	6	The Fund's governance arrangements comply with best practice guidance, as set out in the Fund's Governance Compliance Statement.	3	1	3	Chief Financial Officer	-	-
Governance	Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based.	G2	Ultra vires pension fund actions lead to financial loss and damage reputation.	Strategic threat	Financial / Reputational	2	2	4	The Fund's governance arrangements comply with best practice guidance, as set out in the Fund's Governance Compliance Statement.	2	1	2	Chief Financial Officer	-	-
Governance	Provide a high quality 'gold standard' service whilst maintaining value for money	G3	Failure to disclose relevant facts in the report and accounts or during the audit	Directorate threat	Governance	2	3	6	Robust review and sign off processes in place to check the disclosure of relevant facts. Accounts are reviewed by the Senior Finance Manager and Chief Financial Officer prior to sending to external audit. The accounts are also checked against the CIPFA example accounts and external audit accounts checklist.	2	1	2	Chief Financial Officer	-	-
Governance	Ensure the pension fund is managed and its services delivered by people who have the appropriate knowledge and expertise	G4	Change to LGPS e.g. move to part DC and lack of Pension Committee expertise in this area.	Strategic threat	Governance	3	2	6	Training plan has been implemented for Pension Committee members. The Fund uses specialist advisers to provide relevant information and recommendations to the Committee.	2	2	4	Chief Financial Officer	-	-
Governance	Provide a high quality 'gold standard' service whilst maintaining value for money	G5	Production of incorrect accounts, notices and publications	Directorate threat	Governance	2	2	4	Robust review and sign off processes in place to check the disclosure of relevant facts. Accounts are reviewed by the Senior Finance Manager and Chief Financial Officer prior to sending to external audit. The accounts are also checked against the CIPFA example accounts and external audit accounts checklist.	2	1	2	Chief Financial Officer	-	-
Governance	Ensure the pension fund is managed and its services delivered by people who have the appropriate knowledge and expertise	G6	Low knowledge amongst Pension Committee members and Pension Investment Advisory Panel members due to high member turnover.	Directorate threat	Governance	2	3	6	Training policy and plans has been implemented in line with best practice guidance. The Fund also runs induction training sessions for new members.	1	1	1	Chief Financial Officer	-	-
Governance	Ensure the pension fund is managed and its services delivered by people who have the appropriate knowledge and expertise	G7	Failure of Succession planning for key roles on the Pension Committee	Directorate threat	Governance	3	2	6	The committee's approach to training, where members are working toward compliance with the CIPFA knowledge and skills framework (KSF), should help minimise any adverse impacts of failure in succession planning because there should be a greater number of candidates for Pension Committee positions with appropriate knowledge and skills in depth.	3	1	3	Chief Financial Officer	-	-
Governance	Ensure the pension fund is managed and its services delivered by people who have the appropriate knowledge and expertise	G8	Failure of officers to maintain sufficient level of competence to discharge their duties	Directorate threat	Governance	3	3	9	Officers are appropriately qualified and attend external conferences / workshops to keep up-to-date on pensions issues along with reviewing specialist publications. Officers also attend meetings with peers to share knowledge.	1	1	1	Chief Financial Officer	-	-
Governance	Ensure the pension fund is managed and its services delivered by people who have the appropriate knowledge and expertise	G9	Failure to delegate matters which should be performed by officers	Directorate threat	Governance	2	3	6	Clear delegation policies / procedures are in place and reviewed regularly. The policies are in-line with best practice and are reviewed by external audit annually.	1	1	1	Chief Financial Officer	-	-

Governance	Ensure the pension fund is managed and its services delivered by people who have the appropriate knowledge and expertise	G10	Failure to appoint relevant advisors and review their performance	Directorate threat	Governance / Reputational	2	2	4	Pension Investment Advisory Panel monitors performance of the Fund's investment adviser. The Pension Committee and Fund officers carry out a subjective review and objective analysis of Fund assets performance resulting from actions taken by the Pension Committee following advice from the specialist advisers and the Pension Investment Advisory Panel.	2	1	2	Chief Financial Officer	-	-
Governance	Ensure the pension fund is managed and its services delivered by people who have the appropriate knowledge and expertise	G11	If there is inadequate succession planning, staff could leave or go on long term absence and others may not have the skills to pick up those areas of work	Service threat	Staff	3	3	9	Cover is in place regarding investment management and Fund contract management (Chief Financial Officer / Finance Manager - Pensions) and accounting and investment administration (Finance Manager - Pensions / Accountancy Technician). Cover is in place on pension administration side through Pensions Manager and two Senior Pension Assistants.	2	1	2	Chief Financial Officer and HR Service Centre Manager	-	-
Governance	Evolve and look for new opportunities that may be beneficial for our stakeholders, ensuring efficiency at all times	G12	Insufficient staff resource causes failure to free up time to look for other best practice areas, then opportunities may be missed	Service threat	Financial / Customer / Stakeholder related	2	3	6	Functions are reviewed to ensure they are sufficiently staffed and officers review operations to identify areas of inefficiency and potential solutions.	2	1	2	Chief Financial Officer and HR Service Centre Manager	-	-
Governance	Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based.	G13	Failure to recognise conflicts of interest	Directorate threat	Governance	3	2	6	Committees are regularly trained to recognise conflicts and ensure frequent discussions take place as part of business as normal.	2	1	2	Chief Financial Officer	-	-
Governance	Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based.	G14	If conflict of interests arise within Pension Committee then lower contribution rates could be set that put future solvency at risk	Strategic threat	Financial	3	3	9	Committees are regularly trained to recognise conflicts and ensure frequent discussions as part of business as normal.	2	1	2	Chief Financial Officer	-	-
Governance	Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based.	G15	Infringement of contracts for the supply of services (investment management, investment advice, actuarial services, custodial services, etc.) to the pension fund leads to reputational and financial loss	Directorate threat	Financial / Reputational	2	2	4	Contract service reviewed quarterly by Pension Investment Advisory Panel and approved by Pension Committee. Finance Manager - Pensions reviews Investment managers' internal control reports and reports any significant exceptions to the Chief Financial Officer.	2	1	2	Chief Financial Officer	-	-
Governance	Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based.	G16	Failure to produce proper signed notes of relevant meetings	Directorate threat	Governance	1	3	3	Full minutes are taken at all committee and panel meetings. Agenda and reports for the Pension Committee are available on the Council's website.	1	1	1	Chief Financial Officer	-	-
Governance	Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based.	G17	Failure of Pension Committee members to leave their prejudices behind	Strategic threat	Reputational	2	3	6	Regularly review performance of Pension Committee members and committee actions	2	2	4	Chief Financial Officer	-	-
Governance	Understand and monitor risk and compliance	G18	Failure of business continuity planning	Service threat	Financial	3	2	6	The Council has a Business Continuity Plan in place, which also applies to the Pension Fund and is regularly tested.	1	1	1	Chief Financial Officer	-	-
Governance	Understand and monitor risk and compliance	G19	New risks are not identified or risk register is not kept up-to-date	Service threat	Governance	3	2	6	Finance Manager - Pensions updates risk register and highlights outstanding risks to the Chief Financial Officer. Updates and risks are then reported to Pension Committee as required.	2	1	2	Chief Financial Officer	-	-
Governance	Continually measure and monitor success against our objectives	G20	Failure to have formal monitoring of KPI's in place leads to officers being unable to produce accurate performance management reports	Service threat	Financial	2	3	6	Produce and monitor KPI report	2	3	6	Chief Financial Officer	Finance Manager - Pensions, Treasury Management and Capital to develop performance objectives, in line with the Shadow Scheme Advisory Board 2015 KPI's and monitor success, using benchmarking information, investment performance etc.	31 March 2017. Refreshed annually.

Governance	Continually measure and monitor success against our objectives	G21	Risk of manual intervention when producing management reports leading to lack of the audit trail	Service threat	Governance	2	1	2	Investment performance independently confirmed by Statesmen. SAP management reports available and new pensions administration system implemented with automatic reporting	2	1	2	Chief Financial Officer	-	-
Governance	Pursue socially responsible business practices	G22	Failure to manage the fund in line with policies	Strategic threat	Governance	1	3	3	Monitor application of the policies via contract performance review and KPI review	1	3	3	Chief Financial Officer	The Pension Investment Advisory Panel monitors contract performance / proxy voting quarterly. Finance Manager - Pensions, Treasury Management and Capital to develop KPI's, and report to Chief Financial Officer annually. KPI report will also be presented to the Pension Board	31 March 2017. Refreshed annually.
Investment Risks															
Investments	To maximise the returns from investments with reasonable risk parameters	I1	If investment return is below that assumed by the actuary in funding the plan this could lead to an increasing deficit and additional contribution requirements. The larger the level of mismatch between assets and liabilities the bigger the risk	Directorate Threat	Financial	4	3	12	The Fund has a diversified portfolio and the Pension Committee carries out triennial strategic asset reviews. The Fund implements a policy of extended recovery periods to smooth contribution increases. Qualified advisers are contracted and the funding position is reviewed as part of the actuarial valuation process.	3	3	9	Chief Financial Officer	-	-
Investments	To maximise the returns from investments with reasonable risk parameters	I2	Inefficiencies within the portfolio can result in unintended risk	directorate threat	financial	3	3	9	The Fund holds a diversified portfolio and the Pension Committee carries out triennial strategic asset reviews with quantification of individual components of financial risks. The Fund hedges some risks and obtains expert qualified advice.	2	1	2	Chief Financial Officer	-	-
Investments	To maximise the returns from investments with reasonable risk parameters	I3	If investment returns are below peer group funds, or risk levels are excessive relative to peer group, this could lead to reputational damage for the fund or member/admitted body dissatisfaction	Directorate Threat	Reputational	2	3	6	Regular annual monitoring against peer group takes place and is reviewed by the Pension Investment Advisory Panel.	2	2	4	Chief Financial Officer	-	-
Investments	To maximise the returns from investments with reasonable risk parameters	I4	Risk of missing opportunities to maximise returns	Directorate Threat	Financial	2	3	6	Regular quarterly monitoring by Pension Investment Advisory Panel. Fund officers meet with investment managers to encourage new ideas and also carryout peer group discussions. In addition the Fund gains advise from an independent financial adviser.	2	2	4	Chief Financial Officer	-	-
Investments	To maximise the returns from investments with reasonable risk parameters	I5	If investment strategy is inconsistent with funding plan then it can lead to employers paying the incorrect contribution rate	Directorate Threat	Financial / Reputational	4	3	12	Triennial asset allocation reviews take place and are linked with the Fund's funding strategy and investment strategy. The Fund publishes a Statement of Investment Principals(SIP) and holds interim reviews where required. The Actuary reviews the Fund's investment strategy and advises the Chief Financial Officer and the Pension Committee on the value of the Fund's liabilities and funding strategy.	2	1	2	Chief Financial Officer	-	-
Investments	To maximise the returns from investments with reasonable risk parameters	I6	Fund managers underperform their benchmarks	Directorate Threat	Financial	2	3	6	Quarterly monitoring of managers by Fund officers and the Pension Investment Advisory Panel. Manager selection is carried out by suitably qualified officers and independent expert advisors with final selection by the Pension Committee. Assets are diversified as per the Fund's SIP and reviewed at triennial asset allocation reviews. Benchmarks are advised by the Fund's qualified independent financial adviser.	2	2	4	Chief Financial Officer	-	-



Investments	To ensure the fund is properly managed	I17	Inappropriate or uninformed decisions, e.g. due to lack of understanding / training	Directorate Threat	Financial / reputational	3	3	9	Pension Committee members are provided training and Fund officers monitor knowledge and understanding. The Fund has appointed an independent financial adviser. The in house team is experienced and qualified. Papers are prepared in advance of discussions being made and annual strategy review sets plan for year.	2	1	2	Chief Financial Officer	-	-
Investments	To ensure the fund is properly managed	I18	Insufficient management information about the position of the fund e.g. level of risk, amount of assets, performance of managers	Directorate Threat	Financial / Reputational	3	3	9	Regular quarterly reporting and monitoring by Pension Investment Advisory Panel regarding asset performance and investment manager performance. The Fund also holds annual strategy reviews with benchmark performance and risk compared against the LGPS peer group.	2	1	2	Chief Financial Officer	-	-
Investments	To ensure the fund is properly managed	I19	Failure to take expert advice or risk of poor advice	Directorate Threat	Financial / Reputational	2	3	6	The Fund has appointed an independent financial adviser who attends quarterly meetings. The Fund also contracts a performance benchmark provider and an Actuary.	1	1	1	Chief Financial Officer	-	-
Investments	To ensure the fund is properly managed	I110	Delays in implementation of decisions reduces the effectiveness of the decision	Directorate Threat	Financial / Reputational	2	3	6	The Fund uses a passive manager or transition manager to implement change. The Pension Committee also delegates certain duties and actions to the Chief Financial Officer to ensure decisions are taken and implemented effectively.	1	2	2	Chief Financial Officer	-	-
Investments	To ensure the fund is properly managed	I111	If liquidity is not managed correctly, assets may need to be sold at unattractive times or investment opportunities missed as cash is unavailable	Directorate Threat	Financial / Reputational	2	2	4	Finance Manager - Pensions monitors Fund cash flow on a monthly basis. The Fund currently has under 10% of total net assets exposure to illiquid assets.	1	1	1	Chief Financial Officer	-	-
Investments	To ensure the fund is properly managed	I112	Insufficient scrutiny of manager mandates and terms of business may lead to inappropriate fee levels or other costs	Directorate Threat	Financial / Reputational	2	2	4	Quarterly monitoring takes place by Pension Investment Advisory Panel. The panel also reviews fees versus peer group and fee reductions are negotiated as a result of poor performance.	1	1	1	Chief Financial Officer	-	-
Investments	To ensure the fund is properly managed	I113	Failure of manager or custodian	Directorate Threat	Financial / Reputational	3	1	3	Quarterly monitoring takes place by Pension Committee and Pension Investment Advisory Panel. Finance Manager - Pensions reviews managers' SAS70 audit reports. An investment financial adviser is appointed to review performance and fees. The Fund has a diversified portfolio investment mandates and diversification of Custody via pooled funds.	2	1	2	Chief Financial Officer	-	-
Investments	To ensure the fund is properly managed	I114	Failure to react to major change in the market / economic conditions	Directorate Threat	Financial	3	2	6	Quarterly monitoring takes place by Pension Investment Advisory Panel with updates provided from an independent financial adviser. Appropriate mandates are procured based on the outcome of triennial asset allocation reviews and independent financial adviser advise. Fund officers hold regular meetings with investment managers to gain up-to-date information of market / economic conditions.	2	1	2	Chief Financial Officer	-	-
Investments	Ensure all significant fund investment issues are communicated properly to all interested parties	I115	Inappropriate communication of risks involved in the pension fund and strategy adopted and actions taken by the Pension Committee may lead to questions and challenge and unexpected increases in contributions	Directorate Threat	Reputational	2	3	6	The Fund holds bi-annual Pension Forum's to which all Fund employers are invited. The Employee and Employer representatives of the Pension Committee attend the Forum meetings and the representatives details are provided to all Fund employers.	1	2	2	Chief Financial Officer and HR Service Centre Manager	-	-
Investments	Ensure that the Fund meets the Government's asset pooling criteria	I116	Failure to pool assets in a regulated CIV starting from 1st April 2018	Directorate Threat	Governance / Reputational / Regulatory Compliance	4	3	12	The Fund is a working member of the LGPS Central pool. A project team and Programme Board in in place and the pool maintains and manages a separate risk register. The programme to date is on target to meet the government's pooling timetable and to the required standard.	3	2	6	Chief Financial Officer	Finance Manager - Pensions, Treasury Management and Capital is an active member of the pool's Programme Delivery Group and the Chief Financial Officer attends regular pool Programme Board meetings.	1st April 2018

Investments	To maximise the returns from investments with reasonable risk parameters and to ensure that the Fund meets the Government's asset pooling criteria	I17	MiFID II will default categorise all LGPS Funds to Retail client status from January 2018.The criteria (tests) enabling LGPS Funds to acquire Elective Professional status will be finalised by the FCA around June 2017. If the Fund is unable to obtain Professional status then the Fund would be unable to invest in certain investment asset classes and unable to access the required investment funds to achieve the target returns required.	Directorate Threat	Financial / Reputational	4	3	12	A MiFID II sub group, (including representatives of Funds/pools and the FCA) is in place to explore matters in detail and report back to further Cross Pool Collaboration Group (CPCG) meetings. The Chief Financial Officer maintains close communications with the Director of Finance at Cheshire West and Chester Council who is a Society of County Treasurers representative at the CPCG meetings.	4	2	8	Chief Financial Officer	Finance Manager - Pensions, Treasury Management and Capital is an active member of the pool's Programme Delivery Group, which has regular updates from the Cross Pool Collaboration Group (CPCG) and also has a representative on the CPCG along with close contact with the Director of Finance at Cheshire West and Chester Council meetings. The LGA and the Scheme Advisory Board are also in regular contact with the FCA regarding the outstanding MiFID II issues for the LGPS.	1st January 2018
Funding Risks															
Funding	Achieve and then maintain assets equal to 100% of liabilities within reasonable risk parameters	F1	Investment markets perform below actuarial assumptions resulting in reduced assets, reduced solvency levels and increased employer contributions	Strategic Threat	Financial / Reputational	4	2	8	The Fund holds a diversified asset portfolio which is regularly monitored against targets. The Fund holds triennial Strategic Asset Allocation Reviews. The Fund's independent financial adviser contributes to the review along with specialist portfolio risk modelling providers.	2	2	4	Chief Financial Officer	-	-
Funding	Achieve and then maintain assets equal to 100% of liabilities within reasonable risk parameters	F2	Market yields move at variance with actuarial assumptions resulting in increases in liabilities, reduced solvency levels and increased employer contributions	Strategic Threat	Financial / Reputational	4	2	8	Interim reviews are commissioned to enable consideration of the funding position and the continued appropriateness of the funding / investment strategies. The Fund also phases contribution increases over a three year period for most Fund Employers.	3	2	6	Chief Financial Officer	-	-
Funding	Achieve and then maintain assets equal to 100% of liabilities within reasonable risk parameters	F3	Investment managers fail to achieve performance targets (i.e. ensure funding target assumptions are consistent with funding objectives) which reduces solvency levels and requires increases in employer contributions	Strategic Threat	Financial / Reputational	3	3	9	The Fund holds a diversified investment structure and the Pension Committee and Pension Investment Advisory Panel review investment manager performance quarterly. Reduced fees are negotiated with investment managers where under performance has occurred and managers are changed if confidence is lost in their ability to outperform the market index.	2	2	4	Chief Financial Officer	-	-
Funding	Achieve and then maintain assets equal to 100% of liabilities within reasonable risk parameters	F4	Mortality rates continue to improve, in excess of the allowances built into the evidence based actuarial assumptions, resulting in increased liabilities, reduced solvency levels and increased employer contributions	Strategic Threat	Financial / Reputational	3	3	9	Mortality rates are monitored by the Fund's actuary and the Actuary liaises with the Chief Financial Officer if significant changes are expected. The Fund phases contribution increases over a three year period for most Fund Employers and can manage employer contribution affordability through adjusting deficit recovery periods and negotiating assumptions with the actuary during the actuarial valuation process.	2	2	4	Chief Financial Officer	-	-
Funding	Achieve and then maintain assets equal to 100% of liabilities within reasonable risk parameters	F5	Frequency of early retirements increases to levels in excess of the actuarial assumptions adopted, resulting in increases required in employers contributions	Strategic Threat	Financial / Reputational	3	3	9	Employers are required to pay lump sums to fund costs for non-ill health cases. The Actuary monitors early retirement (including on the grounds of ill-health) experience being exhibited by the Fund's members and consequently adjusts the actuarial assumption. The Fund ensures that employers are made aware of consequences of their decisions and that they are financially responsible.	2	2	4	Sean Pearce / Mark Forrester	-	-



Funding	To determine employer contribution requirements recognising the desirability of maintaining as nearly constant employer contributions as possible	F7	Mismatch in asset returns and liability movements result in increased employer contributions	Strategic Threat	Financial / Reputational	4	3	12	The Fund has a diversified investment structure and carries out frequent monitoring against asset performance targets to adjust funding plans accordingly through the Funding Strategy Statement. Employers are kept informed through the Pension Forum meetings. The large majority of the Fund's employers have strong covenant strength and therefore the Fund takes a long-term view with regards to its investment strategy and can therefore access volatility and illiquidity premiums to help reduce the deficit through increased investment returns, whilst reducing pressure on contributions.	3	2	6	Chief Financial Officer	-	-
Funding	To determine employer contribution requirements recognising the desirability of maintaining as nearly constant employer contributions as possible	F8	Pay and consumer price inflation significantly different from actuarial assumptions resulting in increases required in employers contributions	Strategic Threat	Financial / Reputational	3	2	6	At each triennial actuarial valuation an analysis is carried to ensure that the assumptions adopted are appropriate. The Fund holds discussions with employers through the Pension Forum over expected progression of pay in the short and long term. This information is then fed back to the Fund's Actuary with Medium Term Financial Plan budget evidence provided, if required.	2	2	4	Sean Pearce / Mark Forrester	-	-
Funding	To determine employer contribution requirements recognising the desirability of maintaining as nearly constant employer contributions as possible	F9	Potential for significant increases in contributions to levels which are unaffordable. Ultimate risk is the possibility of the employers defaulting on their contributions	Strategic Threat	Financial / Reputational	3	3	9	Risk profile analysis is performed to understand the strength of individual employers covenant strength when setting terms of admission agreements (including bonds) and in setting the term of deficit recovery periods during the actuarial valuation process, whilst attempting to keep employers contributions as stable and affordable as possible. The Fund pursues a policy of positive engagement with a view to strengthening employer covenants wherever possible. Contribution increases are phased over a three year period for most Fund Employers and allowances are provided for short term pay restraint where evidence is provided.	2	2	4	Sean Pearce / Mark Forrester	-	-
Funding	To determine employer contribution requirements recognising the desirability of maintaining as nearly constant employer contributions as possible	F10	Adverse changes to LGPS regulations resulting in increases required in employers contributions or fund cash flow requirements	Strategic Threat	Financial / Reputational	4	2	8	The Fund responds to government consultations to ensure that Fund concerns are considered by decision makers. Employers and interested parties are kept informed through the Pension Forum and other Fund communication channels, as set out in the Fund's Communication Policy Statement. The Fund monitors the potential impact for employers in conjunction with the Fund's Actuary.	3	1	3	Chief Financial Officer	-	-
Funding	To determine employer contribution requirements recognising the desirability of maintaining as nearly constant employer contributions as possible	F11	Adverse changes to other legislation, tax rules, etc., resulting in increases required in employers contributions	Strategic Threat	Financial / Reputational	3	2	6	The Fund responds to government consultations to ensure that fund concerns are considered by decision makers. Employers and interested parties are kept informed through the Pension Forum and other Fund communication channels. The Fund monitors the potential impact for employers in conjunction with the Fund's Actuary.	2	1	2	Chief Financial Officer	-	-
Funding	To manage employers liabilities effectively by the adoption of employer specific funding objectives	F12	Administering authority unaware of structural changes in an employers membership, or not being advised of an employer closing to new entrants, meaning that the individual employers contribution level becomes inappropriate requiring review and increase	Partnership Threat	Financial / Reputational	3	3	9	The fund monitors membership profiles and changes and ensures that employers are reminded of their responsibilities through sending reminders of employers responsibilities where this is appropriate. The Fund carries out risk profile analysis and officers meet with employers to discuss concerns.	2	2	4	Bridget Clark / Linda Probing	-	-

Funding	To manage employers liabilities effectively by the adoption of employer specific funding objectives	F13	Not recognising opportunities from changing market, economic or other circumstances (e.g. de-risking or strengthening of covenant)	Strategic Threat	Financial / Reputational	3	3	9	The Fund at each triennial valuation pursues a policy of positive engagement with a view to strengthening employer covenant strength wherever possible. The Fund takes advice from the Actuary and also the Fund's independent financial adviser.	2	2	4	Sean Pearce / Mark Forrester	-	-
Funding	To manage employers liabilities effectively by the adoption of employer specific funding objectives	F14	Adoption of either an inappropriately slow or rapid pace of funding in the specific circumstances for any particular employer	Partnership / Strategic Threat	Financial / Reputational	3	3	9	At each triennial actuarial valuation an analysis is carried out to assess employer covenant strength and affordability on a proportional basis. Dialogue with employers is carried out by the Fund wherever possible.	2	2	4	Chief Financial Officer	-	-
Funding	To manage employers liabilities effectively by the adoption of employer specific funding objectives	F15	Over or under cautious determination of employer funding requirements due to inconsistent approach or failing to recognise the impact of the investment strategy on funding	Strategic Threat	Financial / Reputational	3	3	9	The Fund benchmarks its assumptions and maximum recovery period against peers. The analysis of employer covenant strength and affordability is consistent across all Fund employers. The fund takes advice on the impact of its investment strategy on funding level from the Fund's Actuary and independent financial adviser.	2	2	4	Chief Financial Officer	-	-
Funding	Maintain liquidity in order to meet projected net cash flow outgoings	F17	Illiquidity of certain markets and asset classes and difficulty in realising investments and paying benefits as they fall due	Strategic Threat	Financial	3	2	6	The Fund holds less than 10% of its net assets in illiquid assets. If the proportion increased substantially an upper limit would be implemented to ensure liquidity is available to make pension payments as they fall due.	2	1	2	Chief Financial Officer	-	-
funding	Maintain liquidity in order to meet projected net cash flow outgoings	F18	Unanticipated onset of cash flow negative position, potentially requiring ad hoc repositioning of assets	Strategic Threat	Financial	3	3	9	The Finance Manager - Pensions monitors Fund cash levels on a monthly basis. Investment income can be repatriated to the Fund from the Fund's Global Custodian in order to maintain positive cash flow. The Fund currently holds less than 10% of its net assets in illiquid assets.	2	1	2	Chief Financial Officer	-	-
Funding	Minimise unrecoverable debt on termination of employer participation	F19	An employer ceasing to exist with insufficient funding, adequacy of bond or guarantee. In the absence of all of these, the shortfall will be attributed to the fund as a whole with increases being required in all other employers contributions	Partnership / Strategic Threat	Financial / Reputational	4	3	12	The Fund assesses the strength of individual employers covenant strength and requires a bond or parent company guarantee when setting terms of admission agreements. The Fund plans to carry out a covenant review for the full fund, with the aim of implementing bonds or guarantee for the handful of historic employers where no protection was built into the original admission agreements.	3	2	6	Chief Financial Officer	Finance Manager - Pensions, Treasury Management and Capital, in conjunction with Pension Administration Manager to develop and maintain a covenant review process for all Fund Employers.	31 December 2017
Funding	Minimise unrecoverable debt on termination of employer participation	F20	Failure to monitor leading to inappropriate funding strategy and unrecovered debt on cessation of participation in the fund	Strategic Threat	Financial / Reputational	4	3	12	The Fund assesses the strength of individual employers covenant strength and requires a bond or parent company guarantee when setting terms of admission agreements. The Fund plans to carry out a covenant review for the full fund, with the aim of implementing bonds or guarantees for the handful of old employers where no protection was built into the original admission agreements.	3	2	6	Chief Financial Officer	Finance Manager - Pensions, Treasury Management and Capital, in conjunction with Pension Administration Manager to develop and maintain a covenant review process for all Fund Employers.	31 December 2017
Funding	Maintain liquidity in order to meet projected net cash flow outgoings	F21	Employee participation in the LGPS reduces (possibly in response to changes in contribution rate/benefit structure or changes in patterns of service delivery)	Strategic Threat	Financial/Customer/Stakeholder related	4	3	12	The Fund communicates with both employers and employees over the benefits of the LGPS, both before and after any structural change. Membership levels are monitored by the Pension Committee and are published in the Fund's Annual Report.	3	2	6	Chief Financial Officer	-	-
Administration Risks															
Administration	Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need	A1	Failure to administer scheme in line with regulations and policies	Directorate threat	Regulatory Compliance/Reputational	4	3	12	The Pensions Manager and Finance Manager - Pensions attend regular workshops and conferences to ensure knowledge is up-to-date with regards to LGPS regulations and policies. The Fund also receives updates from CIPFA and the LGA.	3	1	3	HR Service Centre Manager	-	-



Administration	Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need	A2	Unable to deliver a service for pensions administrator and pensioner payroll because of system failure or unavailability	Service threat	IS (Technologica l)	4	2	8	Fund Business Continuity and Recovery Plans are in place including the ability to access systems from remote locations.	4	1	4	HR Service Centre Manager	-	-
Administration	Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need	A3	Unable to deliver a service for pensions administrator and pensioner payroll because of staff unavailability (e.g. sickness)	Service threat	Staff	4	2	8	The Fund has multi-skilled staff so can cover other roles if required. Systems can also be accessed from remote locations.	4	1	4	HR Service Centre Manager	-	-
Administration	Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need	A4	Fraud by scheme members	Directorate threat	Financial / Reputational	2	3	6	The Fund carries out NFI and payroll slips / communications at intervals through the year to home addresses and requires sight of certificates (e.g. birth certificate). There are very few cheque payments.	1	1	1	HR Service Centre Manager	-	-
Administration	Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need	A5	Fraud by staff	Directorate threat	Financial / Reputational	2	3	6	Manager checking is in place. Citrix has log-in security and AXIS has multiple login protections. Month end reconciliations are also carried out. Declarations by staff of personal relationships / family members is required.	1	1	1	HR Service Centre Manager	-	-
Administration	Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need	A6	Lack or reduction of skilled resources. Significant increase in the number of employing bodies, e.g. Academies	Service threat	Customer/ Stakeholder related	3	3	9	The Fund's managers continually monitor pension administration staffing position. The impact of the volume of employers admitted to the fund is also monitored and resources are increased as required following sign-off from the Pension Committee.	2	2	4	HR Service Centre Manager	-	-
Administration	Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need	A7	Excessive costs of administration lead to lack of VFM	Directorate threat	Financial / Reputational	1	2	2	The Fund benchmarks pension administration costs against peers and regularly looks for efficiency savings. Administration performance is benchmarked annually and reported in the Fund's Annual Report.	1	1	1	HR Service Centre Manager	-	-
Administration	Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount	A8	Failure to invest surplus contributions	Directorate threat	Financial	1	2	2	The Finance Manager - Pensions monitors Fund cash balances monthly and provides updates to the Chief Financial Officer and Pension Committee if surplus cash develops.	1	1	1	Chief Financial Officer	-	-
Administration	Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount	A9	Failure to collect pension contributions in line with regulatory guidelines	Directorate threat	Regulatory Compliance	3	3	9	All contributing employers are provided with deadlines for payments and clear guidelines for providing associated information. The Fund monitors contributions payable and paid against the Actuary set rate on a monthly basis and also reconciles to SAP on a monthly basis.	2	2	4	Chief Financial Officer / HR Service Centre Manager	-	-
Administration	Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount	A10	Failure to maintain proper records leading to inadequate data, which could lead to increased complaints and errors	Service threat	Customer/ Stakeholder related	2	3	6	The Fund engages with employers and employer manuals are in place. The Fund also carries out year end data cleansing and officer checking.	2	1	2	HR Service Centre Manager	-	-
Administration	Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need	A11	Failure to deal with complaints appropriately	Directorate threat	Customer/ Stakeholder related	1	2	2	Fund staff pass complaints to a specific senior officers and they are then referred to the management team to decide appropriate response. Details of complaints are reported in Fund's Annual Report, so there is incentive to deal with complaints appropriately.	1	1	1	HR Service Centre Manager	-	-
Administration	Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need	A12	Failure to deliver the LGPS properly results in lots of complaints and/or IDRP's	Directorate threat	Customer/ Stakeholder related	2	2	4	The Fund carries out a significant amount of engagement with employers through employer guide and the Pension Forum. Staff check calculations and perform data checks. Staff also receive training and performance is benchmarked against peers. Internal Audit carry out annual audits and external audit also review annually.	1	1	1	HR Service Centre Manager	-	-



Administration	Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount	A13	Incorrect calculation of members benefits through, for example, inadequate testing of systems	Service threat	IS (Technological)	3	2	6	The Fund has a test system and a test site for Altair (the pension payroll system). Every calculation has independent checking and set procedures. Staff receive training and performance is benchmarked.	2	1	2	HR Service Centre Manager	-	-
Administration	Data is protected to ensure security and authorised use only	A14	Potential of data to get into wrong hands or lost (in the post)	Directorate threat	(IS or other)	2	2	4	The Fund conforms with WCC data policy, for example through the use of data encryption and password protection. Systems are reviewed by internal and external audit and setup inline with data protection regulations.	2	1	2	HR Service Centre Manager	-	-
Administration	Deliver a high quality, friendly and informative service to all beneficiaries, potential beneficiaries and employers at the point of need	A15	ABS errors (e.g. wrong address, layout and printing errors) due to external supplier	Service threat	(IS or other)	1	2	2	Procurement of external suppliers is in line with WCC procurement rules and references are taken. Contract performance is monitored regularly. Internal reviews are also carried out and processes are strengthen if weaknesses are detected.	1	1	1	HR Service Centre Manager	-	-
Administration	Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount	A16	Inconsistencies in delivery due to failure to properly document processes and procedures	Service threat	Customer/ Stakeholder related	2	2	4	Document Pension Administration processes and procedures	1	1	1	HR Service Centre Manager	-	-
Communications Risks															
Communications	Communicate in a friendly, expert and direct way to our stakeholders, treating all out stakeholders equally	C1	Increased workload for pensions team or increased opt outs if communications not clear and easily understood	Service threat	Customer/ Stakeholder related	2	3	6	The Fund has a communication policy in place and published. Current resource is insufficient for a dedicated communication manager. Press communications are directed through the WCC communications team. Performance is benchmarked and complaints are detailed in the Fund's Annual Report.	2	1	2	Mark Forrester / Bridget Clark / Linda Probing	-	-
Communications	Communicate in a friendly, expert and direct way to our stakeholders, treating all out stakeholders equally	C2	Issuing incorrect or inaccurate communications	Service threat	Customer/ Stakeholder related	2	3	6	The Fund has a communication policy in place and published. Current resource is insufficient for a dedicated communication manager. Press communications are directed through the WCC communications team.	1	1	1	Mark Forrester / Bridget Clark / Linda Probing	-	-
Communications	Communicate in a friendly, expert and direct way to our stakeholders, treating all out stakeholders equally	C3	Failure to maintain employer database leading to information being lost or sent to wrong person	Directorate threat	IS (technological)	3	3	9	The Fund developed and maintains a master electronic list of employer contacts. Most changes are through regular communications with employers including reminders to let the fund know about any changes to contact details.	2	1	2	Bridget Clark / Linda Probing	-	-
Communications	Deliver information in a way that suits all types of stakeholder	C4	Risk some members may not receive relevant communications if addresses and/or contact details incorrect	Service threat	Customer/ Stakeholder related	2	2	4	Complete address update is done regularly by employers. Other processes include: addresses are checked by a dedicated checker and also Fund communication takes place with member/ employer before payment is made. All post office returns are investigated and followed up and nothing is sent out if new address is not found. Tracing agencies are used for members aged 65+. Life Certificates are also used.	1	1	1	Bridget Clark / Linda Probing	-	-
Communications	Deliver information in a way that suits all types of stakeholder	C5	Discrimination cases if information not supplied in suitable format	Directorate threat	Financial	2	2	4	The Fund arranges communications with Braille or other formats, as required. The Fund offers alternate formats on all communications and a log is kept of individuals with specific requirements.	1	1	1	Bridget Clark / Linda Probing	-	-
Communications	Deliver information in a way that suits all types of stakeholder	C6	Failure to include all required information in documents issued to members under disclosure regulations	Directorate threat	Regulatory compliance	3	2	6	The Pensions Manager keeps up-to-date with disclosure requirements through workshops and conferences. Online courses are used also to keep all staff members up to date.	3	1	3	Bridget Clark / Linda Probing	-	-