



Report for: ACTION
Item Number: 7

<b>Contains Confidential or Exempt Information</b>	NO - Part I
<b>Title</b>	Managing Risks
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<b>Member reporting</b>	n/a
<b>For Consideration By</b>	Berkshire Pension Fund Board
<b>Date to be Considered</b>	26 November 2015
<b>Implementation Date if Not Called In</b>	n/a
<b>Affected Wards</b>	None
<b>Keywords/Index</b>	<i>Insert relevant key words</i>

### Report Summary

The purpose of this report is to bring to the Pension Board a draft of the Pension Fund's Risk Assessment and Register for consideration.

### If recommendations are adopted, how will residents, fund members and other stakeholders benefit?

Benefits to residents, fund members and other stakeholders and reasons why they will benefit	Dates by which they can expect to notice a difference
1. Better governance and administration of the Pension Fund.	Ongoing

### 1. Details of Recommendations

A Scheme Manager (RBWM) of a public service pension scheme must establish and operate internal controls which must be adequate to ensure compliance with the scheme regulations and the requirements of the Pensions Regulator. It is important that operational and strategic risks are identified, controls put in place and where necessary, actions taken to ensure that the Pension Fund complies with its strategic aims.

**RECOMMENDATION:** That Pension Board consider the attached Managing Risks document and adopt the risk assessment and register.

## **2. Reason for Recommendation(s) and Options Considered**

The Scheme Manager has a legal duty to establish and operate internal controls. Failure to implement an adequate and appropriate risk assessment and register could lead to breaches of law and where the effect and wider implications of not having in place adequate internal controls are likely to be materially significant the Pension Regulator must be notified in accordance with the Scheme Manager's policy on reporting breaches of the law.

## **3. Key Implications**

Failure to operate an adequate level of internal controls could leave the Scheme Manager open to challenge and potential fine.

## **4. Financial Details**

The Pensions Regulator has powers to impose penalties under Section 10 of the Pensions Act 1995. The maximum amount of a penalty in relation to each breach is £5,000 in the case of an individual and up to £50,000 in any other case.

## **5. Legal Implications**

The Scheme Manager has a legal duty to establish and operate internal controls regarding the governance and administration of the Pension Fund.

## **6. Value For Money**

Not applicable.

## **7. Sustainability Impact Appraisal**

There are no known implications.

## **8. Risk Management**

See attached paper.

## **9. Links to Strategic Objectives**

Linked to the strategic objectives of the Pension Fund in accordance with overriding regulation.

## **10. Equalities, Human Rights and Community Cohesion**

There no known implications.

## **11. Staffing/Workforce and Accommodation implications:**

None.

## **12. Property and Assets**

None.

**13. Any other implications:**

None.

**14. Consultation**

Not applicable.

**15. Timetable for Implementation**

Immediate.

**16. Appendices**

See attached paper on managing Risks.

**17. Background Information**

The Pensions Regulator's Code of Practice No. 14 and Compliance and enforcement policy for public service pension schemes.

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## MANAGING RISKS





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## 1 INTRODUCTION

A Scheme Manager of a public service pension scheme must establish and operate internal controls which must be adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and in accordance with the requirements of the law.

Internal controls are:

- Arrangements and procedures to be followed in administration and management of the scheme
- Systems and arrangements for monitoring that administration and management, and
- Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme.

The Royal Borough of Windsor & Maidenhead as the Scheme Manager (administering authority) for the Royal County of Berkshire Pension Fund places great emphasis on risk management. We differentiate between operational and strategic risks in order to secure the effective governance and administration of the scheme. The management of these risks has a direct correlation to the objectives set by the Pension Fund.

## 2 PENSION FUND OBJECTIVES

### *Operational objectives*

- To manage the scheme in accordance with scheme regulations and associated pension law;
- To ensure that the appropriate knowledge and experience is maintained within the Pension Fund so that all duties are discharged properly;
- To maintain a high quality pension member database;
- To ensure that all pension payments are made on the correct pay date;
- To ensure that payments do not continue to be made to deceased members of the scheme;
- To have continuous access to the pension administration software during normal working hours and extended hours as required;
- To ensure that pension contributions are received from Scheme employers by the Pension Fund within required timescales;
- To maintain an appropriate level of staff to administer the scheme effectively and efficiently;



- To maintain a pension administration service level agreement and ensure that key performance indicators are achieved and reported to committee;
- To communicate effectively and efficiently with all scheme members;
- To ensure that third party operations are controlled and operate effectively and cost efficiently;
- To monitor and review the performance of Fund Investment Managers to ensure maximum benefit for the Pension Fund.

#### *Strategic objectives*

- To achieve a funding level of 100%;
- To achieve stable employer contribution rates;
- To set appropriate funding targets;
- To ensure that investment performance is satisfactory and not volatile;
- To monitor the effect of improving life expectancy and to mitigate against any negative impact on funding levels;
- To monitor and manage exposure to overseas currency fluctuations and to mitigate against any negative impact on funding levels;
- To monitor and manage exposure to changing interest rates and to mitigate against any negative impact on funding levels;
- To monitor and manage the effects of inflation and to mitigate against any negative impact on funding levels;
- To ensure employer covenants are sufficient to meet employer obligations;
- To maintain a high level of governance of the Pension Fund.

### **3 PENSION FUND RISKS**

#### *Operational risks*

Operational risk covers such areas as administration of member records and payments of member benefits, management of the Pension Fund's cash and investments, receipt of contributions as well as matters such as business continuity, disaster recovery, lack of knowledge and expertise and staff shortages.

#### *Strategic risks*

Strategic risks are those which, whilst not affecting day to day operations of the Fund, could nevertheless, in the medium and/or long term, have significant impact.

#### 4 RISK ASSESSMENT AND REGISTER

This risk assessment register will be presented at meetings of the Pension Fund Panel and Pension Fund Advisory Panel and at meetings of the Pension Board.

The purpose of the register is to identify areas of responsibility that might be at risk and therefore require action to be taken.

The risk register takes the format of a table with a traffic light system so that the areas in most need of review are clearly identifiable.

The register is split into two sections to identify the operational and strategic risks

OPERATIONAL RISKS	RISK STATUS	CONTROL	ACTION REQUIRED	OWNER	NEXT REVIEW
<p><b>SCHEME REGULATIONS AND ASSOCIATED PENSION LAW:</b> Failure to manage and administer the scheme in line with scheme regulations and associated pension law resulting in benefits being paid incorrectly</p>	GREEN	Members of the Pension Fund Panel, Pension Advisory Panel, Pension Board, Senior Pension Fund Officers and pension administrators receive regular training in all matters relating to LGPS regulation and associated legislation. Training plans are in place and all training undertaken is recorded.	None at this time.	Scheme Manager	Ongoing
<p><b>KNOWLEDGE AND EXPERIENCE:</b> The appropriate knowledge and experience is not maintained by the scheme manager (administering authority) in order to discharge the duties of the scheme manager properly.</p>	GREEN	In addition to the training of all individuals connected with the management of the Pension Fund the Pension Board has been established specifically to assist the scheme manager in securing compliance with scheme regulations, any other legislation relating to the governance and administration of the Scheme and the requirements imposed by the Pensions Regulator in relation to the	None at this time.	Scheme Manager	Ongoing

		<p>Scheme therefore ensuring the effective and efficient governance and administration of the Scheme.</p> <p>Retention of staff is key to maintaining the appropriate level of knowledge and experience but should a member of staff leave any replacement will be required to meet the necessary standards set out in the job accountabilities for the role concerned.</p>			
<p><b>MEMBER DATABASE:</b> Failure to maintain a high quality member database resulting in member records being inaccurate and pension benefits being paid incorrectly.</p>	<p>AMBER</p>	<p>The Scheme Manager is highly reliant on Scheme employers and Scheme members providing timely and accurate information to the pension administration team so that member records are accurate at all times. A pension administration service level agreement sets out the roles of both the Scheme employer and the Scheme administrators and provides deadlines for submission of data. As part of the 'year-end' process, where contributions are posted to active member records, action is taken to check member data and to identify data discrepancies with the necessary remedial action being taken.</p> <p>The Pension Administration Strategy sets out a strategic aim to implement the electronic transfer of pension data between the Scheme employers and</p>	<p>Scheme employer training to be undertaken in line with pension administration strategy and SLA, setting out all Scheme employer statutory obligations.</p>	<p>Deputy Pension Fund Manager</p>	<p>Q1 2016/17</p>

<p><b>PENSION PAYMENTS:</b> Failure to make all pension payments on the correct pay date.</p>	<p>GREEN</p>	<p>Pension Fund via i-Connect.</p> <p>A schedule of pension payroll dates is maintained and written procedures adopted.</p> <p>Lump sum payments on retirement are made following receipt of completed paperwork by both the Scheme employer and the Scheme member. Where payment is made later than 30 days following the member's retirement date, action is taken to identify the reason and the findings reported to the Pension Fund Panel, Pension Fund Advisory Panel and Pension Board as part of the key performance indicators included in a stewardship report.</p>	<p>None at this time.</p>	<p>Pension Fund Manager</p>	<p>Ongoing</p>
<p><b>PAYING DECEASED MEMBERS:</b> Continuing to make pension payments to deceased members.</p>	<p>GREEN</p>	<p>The Pension Fund undertakes a Mortality Screening exercise every month in an effort to identify cases where a member may have died and a notification has not been received from a next of kin. In addition, the Pension Fund participates in the biennial National Fraud Initiative (NFI) where records are checked against those held by the Department for Work and Pensions (DWP).</p> <p>The Pension Fund has also signed up to 'Tell Us Once' operated by DWP.</p>	<p>None at this time.</p>	<p>Pension Administration Manager</p>	<p>Ongoing</p>

<p><b>SYSTEMS:</b> Pension administration software not available during normal office hours or extended hours where required</p>	<p>GREEN</p>	<p>The pension administration software (altair) is accessed through a secure internet site and hosted off-site by heywood (the scheme manager's preferred software supplier). The system is maintained and backed up on servers in two separate locations in the UK. Should the system not be available procedures are in place to contact the helpdesk of the software provider with immediate action being taken. Where the system is unavailable during normal office hours a record will be kept and reported to the Pension Board for action.</p>	<p>None at this time.</p>	<p>Pension Administration Manager</p>	<p>Q1 2016/17</p>
<p><b>RECEIPT OF PENSION CONTRIBUTIONS:</b> Pension contributions not received by the Pension Fund from Scheme employers within required regulatory timeframe resulting in poorer investment performance.</p>	<p>GREEN</p>	<p>Receipt of pension contributions from Scheme employers is monitored. Late paying employers are chased and reminded of their responsibilities by the issue of a notice of unsatisfactory performance. All occurrences of late payments are reported to the Pension Fund Panel, Pension Fund Advisory Panel and Pension Board to determine whether there has been a breach of law and if it is of material significance to report the employer to the Pensions Regulator.</p>	<p>None at this time.</p>	<p>Deputy Pension Fund Manager</p>	<p>Q1 2016/17</p>
<p><b>EARLY RETIREMENT CASES:</b> Increased liabilities as a result of a large number of early retirement cases.</p>	<p>GREEN</p>	<p>The Pension Fund monitors the incidence of early retirements closely and procedures are in place to ensure that, where a pension benefit is</p>	<p>None at this time.</p>	<p>Deputy Pension Fund Manager</p>	<p>Q3 2015/16</p>

		released early to a scheme member as a result of an employer's decision to make that member redundant or to agree to early retirement, the additional costs arising are invoiced to the employer thereby avoiding unnecessary strain costs on the Pension Fund.			
<b>STAFFING LEVELS:</b> Number of pension officers employed is not sufficient to maintain the scheme effectively and efficiently.	AMBER	The level of staff required and their terms and conditions are reviewed regularly and action taken to appoint additional staff (and replacement staff during periods of high turnover) where deemed appropriate and authorised by the scheme manager.	Actions currently being taken to appoint additional staff to roles of Trainee Pension Administrator and Communications Officer.	Pension Fund Manager	Ongoing
<b>KEY PEOPLE:</b> Loss of key staff	GREEN	A succession plan has been implemented to deal with the short-term loss of key staff. Should a number of staff contract a contagious disease and be unable to work key staff have been identified and provided with the ability to work remotely thereby giving the Pension Fund the ability to maintain a basic administration and payroll service.	None at this time.	Pension Fund Manager	Ongoing
<b>SERVICE LEVEL AGREEMENT:</b> Failure to meet the requirements of the pension administration service level agreement resulting in inaccurate records and poor performance.	AMBER	The Pension Fund has published a pension administration strategy in which it established levels of performance that both the administering authority and the Scheme employers are expected to achieve. The performance of Scheme	Scheme employer training to be undertaken in line with pension administration strategy and revised SLA, setting out all Scheme employer statutory obligations.	Deputy Pension Fund Manager	Q4 2015/16

		employers is monitored in-line with the pension administration service level agreement and the circumstances under which notices of unsatisfactory performance can and will be issued. All matters are reported to the Pension Fund Panel, Pension Fund Advisory Panel and Pension Board to determine whether there has been a breach of law and if it is of material significance to report the employer to the Pensions Regulator.			
<b>COMMUNICATION:</b> Communication with Scheme members is ineffective.	GREEN	The Pension Fund has produced a statement of policy concerning communications which establishes how communications will operate between the Pension Fund and Scheme employers, Scheme members (or their representatives), prospective Scheme members and prospective Scheme employers.	None at this time.	Deputy Pension Fund Manager	Q2 2016/17
<b>THIRD PARTY OPERATIONS:</b> Third party operations do not operate effectively.	GREEN	The Pension Fund seeks to obtain SAS70 or equivalent statements on internal controls from all external Fund managers.	None at this time.	Pension Fund Manager	Ongoing
<b>ASSETS:</b> Fund asset being at risk.	GREEN	All assets are held by appointed Custodian JP Morgan Security Services	None at this time.	Pension Fund Manager	Ongoing
<b>INVESTMENT RETURNS:</b> Fund managers failing to produce	GREEN	The performance of Fund managers is reviewed monthly by officers and quarterly by the Pension Fund Panel.	None at this time.	Pension Fund Manager	Ongoing



satisfactory returns.		The Investment Working Group focuses on asset allocation as well as Fund managers' investment performance.			
<b>LOSS OF OFFICE PREMISES:</b> Failure to have a sufficient and proactive business continuity plan in place.	GREEN	A comprehensive business continuity plan is in place which all senior officers have access to. The pension administration software is hosted off-site and can be accessed from anywhere that an authorised user has access to the internet.	None at this time.	Pension Fund Manager	Q1 2016/17
<b>FRAUD:</b> Failure to identify risk of fraud.	GREEN	Receipt of scheme contributions is monitored closely every month with scheme returns being reconciled to monies received into the Pension Fund's bank account. The Scheme Manager also takes part in the biennial National Fraud Initiative.	None at this time.	Pension Fund Manager	Q1 2016/17
<b>CASH FLOWS:</b> Day to day cash flows not monitored effectively resulting in risk that pensions might not be paid.	GREEN	Officers of the Pension Fund monitor cashflows on a daily basis.	None at this time.	Pension Fund Manager	Ongoing
<b>AUDIT REPORTS:</b> Failure to implement qualifications / recommendations made in the latest audit report.	GREEN	Every time that an audit is undertaken a meeting is held with the appropriate senior officers and signed off with the relevant recommendations being made and followed-up at review meetings. All audit reports are presented to the Audit and Review Panel of the Council.	None at this time.	Pension Fund Manager	Ongoing

<p><b>DOCUMENTS:</b> Lack of relevant documentation governing the Fund.</p>	<p>GREEN</p>	<p>All governance documents are held on the Pension Fund's website and kept under review. Amendments are presented to the Pension Fund Panel, Pension Fund Advisory Panel for consideration and ratification and for review by the Pension Board</p>	<p>None at this time.</p>	<p>Scheme Manager</p>	<p>Q1 2016/17</p>
<p><b>MEETINGS AND MINUTES:</b> Non-compliance with statutory obligation to prepare and publish meeting papers and minutes in an accurate and timely manner</p>	<p>GREEN</p>	<p>The role of Secretary at meetings of the Pension Fund Panel and Pension Fund Advisory Panel and of the Pension Fund is fulfilled by the Scheme Manager's Democratic Services team with papers and minutes from the Pension Fund Panel being published on the Scheme Manager's website and the papers and minutes of the Pension Board website being published on the Berkshire Pension Fund website.</p>	<p>None at this time.</p>	<p>Scheme Manager</p>	<p>Ongoing</p>
<p><b>CONFLICTS:</b> Failure to identify, report and record conflicts of interest leaves the Scheme Manager open to challenge</p>	<p>GREEN</p>	<p>A conflict of interest policy and register is maintained on behalf of both the Pension Fund and Panel Fund Advisory Panel and the Pension Board. All Members are invited to register a conflict of interest at the start of every meeting.</p>	<p>None at this time.</p>	<p>Scheme Manager</p>	<p>Q3 2016/17</p>
<p><b>BUSINESS PLAN:</b> Do we have an effective business plan and calendar?</p>	<p>GREEN</p>	<p>The Pension Fund publishes a business plan for the forthcoming financial year along with a medium-term strategy for the three years thereafter.</p>	<p>None at this time.</p>	<p>Pension Fund Manager</p>	<p>Q1 2016/17</p>

<p><b>DELEGATION:</b> Do we know what our responsibilities are?</p>	<p>AMBER</p>	<p>Officers carry out their duties in accordance with the Scheme Manager's Schedule of Delegations as contained in the Council's Constitution.</p>	<p>Schedules of delegations need to be reviewed for all aspects of the Pension Fund's duties.</p>	<p>Pension Fund Manager</p>	<p>Q4 2015/16</p>
<p><b>ADVISORS:</b> Have we appointed all the necessary advisors and service providers? Are we satisfied that they are appropriately experienced, qualified and regulated?</p>	<p>GREEN</p>	<p>All advisors are appointed following a competitive tendering process and due diligence being carried out.</p>	<p>Not at this time.</p>	<p>Pension Fund Manager</p>	<p>Ongoing</p>
<p><b>INSURANCE:</b> Do we have adequate insurance cover?</p>	<p>GREEN</p>	<p>The Pension Fund is covered by the Scheme Manager's policy and has full public and employer liability insurance.</p>	<p>Not at this time.</p>	<p>Scheme Manager</p>	<p>Ongoing</p>
<p><b>STRATEGIC RISKS</b></p>	<p><b>RISK STATUS</b></p>	<p><b>SUGGESTED ACTIONS</b></p>	<p><b>ACTION AGREED</b></p>		
<p><b>FUNDING LEVEL:</b> Is proper strategy in place to achieve a 100% funding level in the long-term.</p>	<p>AMBER</p>	<p>The main financial risk is that actual investment returns fail to meet the expected rate of investment returns. This could be due to market returns being less than expected or chosen Fund managers failing to achieve their performance targets. The Pension Fund Panel regularly monitors the investment returns achieved and seek advice from officers and independent advisors. The Pension Fund actuary provides monthly funding updates. A deficit recovery plan is implemented following the completion of a triennial valuation as agreed with Scheme employers. The aim is to return to</p>	<p>The Funding level is monitored closely and will be discussed in detail as part of the next triennial valuation as at 31 March 2016.</p>	<p>Pension Fund Manager</p>	<p>Q1 to Q4 2016/17</p>

	GREEN	being fully funded by 2040.			
<b>EMPLOYER CONTRIBUTION RATES:</b> Volatile employer contribution rates.	GREEN	<p>The aim of the Pension Fund is to keep employer contributions relatively stable. This is achieved by agreeing with the major scheme employers and with the assistance of the Pension Fund actuary, an appropriate deficit recovery plan over an agreed number of years. This was set as 30 years following the completion of the actuarial valuation of the Fund as at 31 March 2010.</p>	<p>Employer contribution rates for the period 1 April 2017 to 31 March 2020 will be set as part of the next triennial valuation as at 31 March 2016.</p>	Pension Fund Manager	Q1 to Q4 2016/17
<b>FUNDING TARGETS:</b> Funding targets being inappropriate.	GREEN	<p>The Pension Fund has produced and published a Statement of Investment Principles and a Funding Strategy Statement in accordance with LGPS regulations. These policies are reviewed regularly by the Pension Fund Panel and amendment as necessary to ensure that appropriate funding targets can be achieved.</p>	<p>Not at this time.</p>	Pension Fund Manager	Q1 2016/17
<b>INVESTMENT PERFORMANCE:</b> Unsatisfactory investment performance.	GREEN	<p>The Pension Fund has a broadly diversified portfolio with no one asset class dominating.</p>	<p>Not at this time.</p>	Pension Fund Manager	Ongoing
<b>TRANSITIONS:</b> Have we considered the risks associated with asset transfers (e.g. between investment managers).	GREEN	<p>Where appropriate a transition manager is contracted to undertake a transaction.</p>	<p>Not at this time.</p>	Pension Fund Manager	Ongoing
<b>NEW INVESTMENTS:</b> Are we aware of new investment	GREEN	<p>All new investments are considered in line with scheme regulations and</p>	<p>Not at this time</p>	Pension Fund	Ongoing

<p>opportunities and techniques? Do we understand these sufficiently?</p> <p><b>LIFE EXPECTANCY:</b> Members living longer than anticipated in the actuarial valuation.</p>	<p>GREEN</p>	<p>reported to the Investment Working Group and the Pension Fund Panel for review and consideration.</p> <p>The Pension Fund Panel has noted that a 1 year improvement in life expectancy adds 5% to the Pension Fund's liabilities. In December 2009 The Pension Fund announced that it had entered into longevity insurance covering its liabilities to pensioners as at 31 July 2009. The Pension Fund Panel continues to investigate how to protect the Pension Fund against increasing longevity and reviews the cost of insuring the longevity risk of pensioners retired since July 2009 at regular intervals.</p>	<p>Not at this time.</p>	<p>Manager</p> <p>Pension Fund Manager</p>	<p>Ongoing</p>
<p><b>CURRENCY RISK:</b> Value of investments overseas are affected by unrelated changes in foreign exchange rates.</p>	<p>GREEN</p>	<p>In April 2012 the currency hedging policy was amended so that currency exposures are managed against a strategic currency benchmark. This is expected to assist in reducing the volatility of investment returns in the medium to long-term.</p>	<p>Not at this time.</p>	<p>Pension Fund Manager</p>	<p>Ongoing</p>
<p><b>INTEREST RATE RISK:</b> Changes in long-term interest rates affects the net present value of the Pension Fund's liabilities.</p>	<p>GREEN</p>	<p>The Pension Fund Panel have considered how long-term interest rate risk can be hedged and authorised officers to investigate how this can be achieved within the constraints of the LGPS regulations.</p>	<p>Not at this time.</p>	<p>Pension Fund Manager</p>	<p>Ongoing</p>

<p><b>INFLATION:</b> Benefits paid to retired members are linked (upwards only) to changes in the Consumer Price Index.</p>	<p>GREEN</p>	<p>The Pension Fund Panel have considered how long-term inflation rate risk can be hedged and authorised officers to investigate how this can be achieved within the constraints of the LGPS regulations.</p>	<p>Not at this time.</p>	<p>Pension Fund Manager</p>	<p>Ongoing</p>
<p><b>EMPLOYER COVENANT:</b> Inability of Scheme employers to meet their obligations.</p>	<p>AMBER</p>	<p>The vast majority of the Pension Fund's liabilities are the direct responsibility of the 6 Unitary Authorities. A large proportion of the rest lie within the public sector. A small proportion is with other admission bodies whose entry into the Pension Fund has been granted by the Pension Fund Panel or by the completion of an admission agreement following the TUPE transfer of staff from a Scheme employer to a private company.</p> <p>The Pension Fund Panel have authorised officers to take appropriate steps to review employer covenants and take the necessary action to mitigate the impact that the failure of a Scheme employer to meet their obligations would have on the other Scheme employers in the Fund.</p>	<p>Currently the Pension Fund Manager is undertaking a feasibility study to see if the Pension Fund can enter into an insurance policy designed to provide the Pension Fund with sufficient cover should a Scheme employer ceasing to be a member body of the Fund having insufficient funds to meet its obligations.</p>	<p>Pension Fund Manager</p>	<p>Ongoing</p>
<p><b>GOVERNANCE OF THE FUND:</b> Scheme not governed in line with statutory requirements leading to breaches of the law.</p>	<p>GREEN</p>	<p>The composition of the Pension Fund Panel, Pension Fund Advisory Panel and Pension Board is reviewed regularly. Members of all 'committees' are provided with a comprehensive</p>	<p>None at this time.</p>	<p>Scheme Manager</p>	<p>Ongoing</p>

		<p>handbook and offered training.</p> <p>All policies issued in accordance with LGPS regulations are reviewed regularly and published on the Pension Fund website.</p> <p>Law Debenture has been appointed as an independent advisor to both the Pension Fund Panel and the Pension Fund Advisory Panel.</p> <p>Officers arrange training on specific matters as required during the year.</p> <p>The Pension Board has been established specifically to assist the scheme manager in securing compliance with scheme regulations, any other legislation relating to the governance and administration of the Scheme and the requirements imposed by the Pensions Regulator in relation to the Scheme therefore ensuring the effective and efficient governance and administration of the Scheme.</p>			
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OPERATIONAL RISKS	RISK STATUS			ACTION REQUIRED
Scheme Regulations and Pensions Law	RED	AMBER	GREEN	
Knowledge and Experience	RED	AMBER	GREEN	
Member Database	RED	AMBER	GREEN	Deputy Pension Fund Manager to provide Scheme employers with training on their statutory obligations.
Pension Payments	RED	AMBER	GREEN	
Paying Deceased Members	RED	AMBER	GREEN	
Systems	RED	AMBER	GREEN	
Receipt of Pension Contributions	RED	AMBER	GREEN	
Early Retirement Cases	RED	AMBER	GREEN	
Staffing Levels	RED	AMBER	GREEN	Under review. Pension Administration Manager currently recruiting to 3 posts.
Key People	RED	AMBER	GREEN	
Service Level Agreement	RED	AMBER	GREEN	Deputy Pension Fund Manager to provide Scheme employers with training on their statutory obligations and highlight requirements set out in the SLA
Communication	RED	AMBER	GREEN	
Third Party Operations	RED	AMBER	GREEN	
Assets	RED	AMBER	GREEN	
Investment Returns	RED	AMBER	GREEN	
Loss of Office Premises	RED	AMBER	GREEN	
Fraud	RED	AMBER	GREEN	
Cash Flows	RED	AMBER	GREEN	

Audit Reports	RED	AMBER	GREEN	
Documents	RED	AMBER	GREEN	
Meeting and Minutes	RED	AMBER	GREEN	
Conflicts	RED	AMBER	GREEN	
Business Plan	RED	AMBER	GREEN	
Delegation	RED	AMBER	GREEN	Schedules of delegations need to be reviewed for all aspects of the Pension Fund's duties.
Advisors	RED	AMBER	GREEN	
Insurance	RED	AMBER	GREEN	
<b>STRATEGIC RISKS</b>	<b>RISK STATUS</b>			<b>ACTION REQUIRED</b>
Funding Level	RED	AMBER	GREEN	The funding level is monitored closely and will be discussed in detail as part of the next triennial valuation as at 31 March 2016.
Employer Contribution Rates	RED	AMBER	GREEN	
Funding Targets	RED	AMBER	GREEN	
Investment Performance	RED	AMBER	GREEN	
Transitions	RED	AMBER	GREEN	
New Investments	RED	AMBER	GREEN	
Life Expectancy	RED	AMBER	GREEN	
Currency Risk	RED	AMBER	GREEN	
Interest Rate Risk	RED	AMBER	GREEN	
Inflation	RED	AMBER	GREEN	
Employer Covenant	RED	AMBER	GREEN	The Pension Fund Manager is undertaking a feasibility study to see if the Pension Fund can enter into an insurance policy designed to provide the Pension Fund with sufficient cover should a Scheme employer ceasing to be a member body of the Fund having sufficient funds to meet its obligations