

Risk		Current Assessment			Control Actions	Risk Status	Committee Assurance (timing)	Target assessment		
		Impact	Probability	Rating				Impact	Probability	Rating
Long-term investment strategy for the Pension Fund has low chance of delivering return required to meet fully funded objectives		Major 4	Possible 3	Medium / High 12	The investment strategy was reviewed in 2018 and changes made increased the probability of achieving full funding in 20 years from 66% to 70%. The changes are partially implemented. A further review will be conducted following completion of the 2019 actuarial valuation.	Treat	Quarterly	Major 4	Possible 3	Medium High 12
Investment managers under perform relative to the benchmark over the medium term.		Medium 3	Possible 3	Medium 9	Quarterly investment monitoring in place to analyse market performance against the performance of the investment manager. The most volatile asset place (equities) is mostly managed on an index tracking basis to eliminate relative performance risk. The active portfolio is highly diversified to reduce the impact of single manager performance. The planned elimination of DFG's will significantly reduce the impact of single manager underperformance	Treat	Quarterly	Major 3	Possible 3	Medium 9
The management of ESG risk is not adequate impacting on both investment returns and reputational risk.		Major 4	Unlikely / Possible 2	Medium 8	The investment portfolio is highly diversified and the active managers are expected to take into consideration all risks when selecting investments. The Pension Fund Committee is currently reviewing its approach to ESG issues.	Treat	Annually	Low / medium 2	Unlikely / Possible 2	Low 4
Rebalancing of portfolios to approved asset allocations delayed due to market volatility		Medium 3	Possible 3	Medium 9	Scheduled timetable for sale and transfer of assets to ensure transition completed in agreed timeframe	Treat	Quarterly	Medium 3	Possible 3	Medium 9

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Fund assets fail to deliver returns in line with actuarial assumptions		Major 4	Possible 3	Medium High 12	Annual actuarial review and triennial valuation on all employers anticipate long term returns on prudent basis. However, markets are volatile and three year returns are unpredictable. Changes to investment strategy since 2018 have increased the probability of achieving full funding while protecting downside risk.	Tolerate	tri-annual	Major 4	Possible 3	Medium High 12
Effect of possible increase in employer's contribution rate on service delivery and affordability for scheme employers		Major 4	Possible 3	Medium High 12	Manage impact by deficit spreading and phasing in of contributions rises. Council already has +/-1% annual change band and pooling for academies provides some stability. Look to increase element of phasing of changes in rates for 2019 actuarial valuation.	Tolerate	Quarterly	Medium 3	Possible 3	Medium 9
Significant reduction in funding level following triennial actuarial valuation		Major 4	Possible 3	Medium High 12	Early indications for the 2019 valuation is that the funding level has significantly increased. Strategy will be reviewed to ensure that the risk level is appropriate.	Tolerate	Actuarial valuation in March 2019	Medium 4	Unlikely / Possible 2	Medium 8
Strength of covenant of employers /risk of financial loss to Pension Fund		Medium 3	Unlikely 2	Low Medium 6	Ensure Bond arrangements maintained and renewed. Pension Fund Committee monitors Admission agreements bond renewals. The Council is considered a low risk and academies have a limited Government guarantee. Other employers are monitored.	Treat	Annually	Medium 3	Unlikely / possible 2	Low Medium 6

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Those involved in governance of the Pension Fund have insufficient knowledge and support to undertake their functions.		High	Unlikely	Low	This risk covers PF Committee, Local Pension Board, officers and advisors. Training plans are developed for the PF Committee and Local Pension Board and members are encouraged to identify training needs. Complex agenda items are introduced via training sessions. The officer resources have recently been increased. The performance of advisors is regularly reviewed and feedback provided.	Treat	Annually	Medium	Unlikely	Low
		4	1	4				4	1	4