

Ref	Risk Description (Consider Risk Cause & Risk Consequences)	Inherent Risk			Current Controls	Residual Risk			Proposed Improvement Actions	Risk Reduction Target Date	Owner	Status
		Likelihood	Consequence	Priority		Likelihood	Consequence	Priority				
Pensions												
P1	That the Pension Fund's investment strategy is not managed with reference to the long-term growth in the Fund's liabilities	B	1	High - Red	Triennial actuarial valuations provide periodic indications of the growth in assets against liabilities. Employer contributions are set in response to this. An asset-liability study may be commissioned if there is evidence of a clear shift in the balance between assets and liabilities.	C	2	Medium - Red / Amber	Continuing engagement with Fund actuaries to understand impact of financial and demographic factors on the Fund's liabilities.	31-Mar-22	Marc Falconer	
					The Investment Panel considers whether any changes are required to strategic asset allocation. The investment strategy is summarised in the Investment Strategy Statement					Ongoing		
					The liabilities of admitted bodies are monitored to ensure that large deficits do not accrue, which would be unaffordable should the employer leave the Fund					Ongoing		
P2	Inadequate medium term performance from selecting inappropriate fund managers or asset allocation	B	2	High - Red	Although the Fund remains responsible for setting its own investment strategy it is increasingly using Wales Pension Partnership (WPP) products to deliver its strategy as fund assets transition to WPP. For the WPP both Link and Russell have been appointed through open tender and management agreements for the specific funds include clear performance targets. Manager performance is reviewed by both this funds Investment Advisory Panel and the WPP OWG and JGC. .	C	2	Medium - Red / Amber	Maintain relationships with managers both directly appointed by the fund and WPP Funds especially during period of transition to pooling. Consolidation of WPP Funds into the regular Investment Panel review cycle. Review any impacts of Brexit especially any that will have a long term impact on the investment performance of the Fund	Ongoing	Marc Falconer	
					The Investment Panel advise target ranges for strategic asset allocations.							
					Although the Fund's main objective is long-term growth, the diversification provided by adopting a range of asset classes and fund managers should help to mitigate the impact of poor performance from any particular account.							
P3	Additional risks and costs to the Fund from poorly structured investment arrangements including with WPP sub-funds	B	3	Medium - Red / Amber	The Fund attempts to ensure best value in the following ways: <ul style="list-style-type: none"> Regular Reports to the Investment Panel on asset valuation and manager performance. Use of specialist services considered to reduce costs where appropriate (e.g. for transitions and currency transfers). Custodian arrangements are reviewed or re-tendered when appropriate. 	C	3	Medium - Amber / Green	Continue to develop monitoring and review processes including for assets managed by WPP.	Ongoing	Marc Falconer	
P4	Collapse of an Investment Manager involving our portfolio	C	1	Medium - Red / Amber	<ul style="list-style-type: none"> Assets are increasingly managed by WPP so the Fund, will consider the due diligence activity undertaken by Link and Russell on behalf of WPP. All Listed assets are managed through the Fund's custodian to ensure they remain segregated from the manager. The risk that a manager cannot provide a service during windup will be mitigated by the appointment of a Transition Manager to transfer assets efficiently to a new manager. 	C	3	Medium - Amber / Green	<p>The Pool Operator is regulated by FCA and the Pool Custodian will ensure segregation of assets. Transition Managers will be appointed for the Pool, or by the Fund for single transfers e.g. WPP Global Equity funds.</p> <p>Consideration to be given for the custodian role to be extended to cover Property and Private Equity assets</p>	Ongoing	Marc Falconer	

P5	MIFID II leads to restrictions on the investment products available to the Fund	A	1	High - Red	Collaboration with investment managers, the Pool Operator, other LGPS funds and the LGA to ensure that the Fund is classified as a Professional Investor by all its managers and the Pool.	C	3	Medium - Amber / Green	Focus on provision of training to Officers, Committee and board members as appropriate and to include training provided by WPP. Appropriate Training Records to be maintained	Ongoing	Marc Falconer	
P6	Pooling arrangements lead to increased costs, lower performance, misalignment with the Fund's investment strategy or conflicts within the Pool	B	2	High - Red	Attendance at working group meetings and conference calls to ensure Cardiff's views are taken account of. Reporting of progress to Pension Committee, Investment Panel and Local Pension Board.	C	2	Medium - Red / Amber	Continuing engagement and scrutiny of detailed plans for pool structures and transition timetables. Monitoring of pooled investments and engagement with the pool operator.	Ongoing	Marc Falconer	CLOSED
P7	Pension Fund Annual Accounts and Report are not produced in compliance with statutory requirements, in line with accounting standards or in line with audit timetable.	B	2	High - Red	The Fund's Custodian provides assurance on the accuracy of investment records (except for property and private equity). Records of benefits paid, contributions received and other expenses are held on SAP. The Group Accountant liaises with external audit and manages the closure process.	C	4	Low - Green	Regular meetings during the financial year between accountancy, including with new Pension fund Accountant, and pensions staff to ensure any issues are identified and resolved before year end.	Ongoing	Marc Falconer	
P8	Failure to adhere to LGPS Regulations	B	2	High - Red	<ul style="list-style-type: none"> Investment regulations are considered when setting the ISS Senior technical Officer undertakes Altair system checks to ensure compliance with LGPS regulations Team leaders/supervisors, ensure legislative accuracy of calculations Network Groups (Altair/Communications/All wales Pensions Officer Group) Comms & Training Officer – responsible for the update of website and online guides. Inform employers of any changes in regulations. 	C	2	Medium - Red / Amber	Engagement with Local Pension Board to develop reporting processes	Ongoing	Marc Falconer / Karen O'Donoghue-Harris	
P9	Failure to communicate with stakeholders	B	3	Medium - Red / Amber	<ul style="list-style-type: none"> Contact list for employers updated regularly Annual Employers' Forum Annual Trade Union Forum Annual report and accounts Member newsletters Dedicated Communication and Training Officer post established Look to use all available communication channels 	C	3	Medium - Amber / Green	Develop Fund website and member self service facilities. Engagement with employers through site visits and promotion of Employers' Forum. Seek approval of the Pension Administration Strategy and Communication Policy	Ongoing	Marc Falconer / Karen O'Donoghue-Harris	
P10	Withdrawal/default of an employer	B	2	High - Red	<ul style="list-style-type: none"> Outstanding liabilities will be assessed and recovered from any successor bodies or spread amongst remaining employers. Actuarial valuation aims to balance recovery period with risk of withdrawal Applications for admission to the Fund are considered carefully and guarantees put in place if required 	B	3	Medium - Red / Amber	Improve engagement with admitted bodies where withdrawal is a possibility. Refuse new applications for admission except where there is an obligation to protect rights of employees transferred under TUPE	Ongoing	Marc Falconer	
P11	Timeliness and accuracy of pension payments including risks arising from maintaining two separate data recording systems	B	2	High - Red	<ul style="list-style-type: none"> Monthly Pensions are paid by the Council's Pay Centre Payroll deadline procedures in place Authorisation of benefits following calculations Additional checks by Payroll Review of all payroll amendments Ensure all new monthly pension starter listings match amounts on Altair Run monthly SPA reports When someone hits SPA, update Altair and Payroll with GMP details 	C	3	Medium - Amber / Green	<ul style="list-style-type: none"> Review configuration of systems Recommend purchasing Altair Payroll to replace SAP 	Ongoing	Karen O'Donoghue-Harris	

P12	Pensions continue to be paid to deceased pensioners	B	2	High - Red	<ul style="list-style-type: none"> Monthly ATMOS reviews and Tell Us Once data exchanges match pensioner details with national deaths register Pensioners incorporated into National Fraud Initiative Annual life certificates required from pensioners living overseas Tell Us Once database is being updated monthly via the LGPS NI database. Further targeted checks with credit reference agencies as appropriate 	D	4	Low - Green	Keep current controls under review and adapt or change as required.	Ongoing	Karen O'Donoghue-Harris	
P13	Membership data is not recorded accurately	A	2	High - Red	<ul style="list-style-type: none"> Senior Officers liaise closely with employers to ensure timely and accurate submission of data I-Connect ensures that data from employers is identified by a direct transfer from payroll on a monthly basis Data accuracy checks undertaken by the pension section Data validation checks also undertaken by the Fund Actuary at the triennial valuation. 	B	3	Medium - Red / Amber	One remaining employer to go live on i-connect for 2021/22.	Ongoing	Karen O'Donoghue-Harris	
P14	Breach of GDPR legislation	A	1	High - Red	Information issued to Fund members and published on website; Pensions staff trained on handling personal data; Memo of Understanding issued to Fund employers; contracts with service providers	B	3	Medium - Red / Amber	Monitoring and supervision of staff, regular communications to Fund employers	Ongoing	Karen O'Donoghue-Harris	
P15	Failure to complete GMP Reconciliation resulting in inaccurate payments to pensioners	A	2	High - Red	<ul style="list-style-type: none"> Regular update meetings with JLT Prompt resolution of cases referred back to Fund Fund decision made on stalemate cases Agreed Action Plan in place Critical task and timelines agreed Target end date 	C	3	Medium - Amber / Green	closely monitor the key tasks that need to be completed during 2021	31-Dec-21	Karen O'Donoghue-Harris	
P16	Failure to deliver Annual Benefit Statements by statutory deadline of 31 August	A	2	High - Red	Member Self-Service will allow Members to update records and improve compliance.	C	3	Medium - Amber / Green	<ul style="list-style-type: none"> MSS used to enhance the service provided to Scheme members MSS used to upload statements ensuring higher compliance levels Savings on printing and postage costs 	Ongoing	Karen O'Donoghue-Harris	
P17	Cyber security	A	1	High - Red	Access to all systems is password protected, additional password protection for access to Altair all Staff have completed mandatory modules on cyber security	B	3	Medium - Red / Amber	continue to follow advice from ICT and update procedures as required	Ongoing	Karen O'Donoghue-Harris	
P18	Exit Payment Cap – conflict in regulations	B	2	High - Red	<ul style="list-style-type: none"> Warning on all estimates produced Flagged at employers Forum Provide employers with links to FAQ's on LGA website Communication and guidance produced by LGA issued to all employers 	C	3	Medium - Amber / Green	Tool purchased from Actuary to assist in calculations until pension software is updated, thus avoiding potential backlogs	Ongoing	Karen O'Donoghue-Harris	
P19	McCloud - huge administrative burden, failure to have correct resources to deal with the additional work	B	2	High - Red	<ul style="list-style-type: none"> Employers warned at Employer forum that they will be required to supply missing data AON commissioned to run reports to identify affected members LGA templates used to upload missing data Templates issued to all employers Deadline set for return of data 	B	3	Medium - Red / Amber	<ul style="list-style-type: none"> Use third part to assist with project management Change current structure Put additional resources in place to deal with additional workloads 	Ongoing	Karen O'Donoghue-Harris	
P20	Resource Implications - Pension Section has insufficient resources to respond to the multiple workload pressures facing the section e.g. McCloud, Exit Cap, etc.	B	3	Medium - Red / Amber	<ul style="list-style-type: none"> Scenario planning to be incorporated into 21/22 Business Plan to consider mix of additional resources required in particular what activities would require additional internal resources and what activities would be undertaken by external parties. Use of external resources to provide additional short term capacity 	C	3	Medium - Amber / Green	continual monitoring of Pension section workload and updates to resource planning including business plan and budgets.	Ongoing	Karen O'Donoghue-Harris	

Risk Matrix and Definitions

High Priority	Red - Significant management action, control, evaluation or improvements required with continued proactive monitoring.
Medium Priority	Red / Amber - Seek cost effective management action, control, evaluation or improvements with continued proactive monitoring.
Medium Priority	Amber / Green - Seek cost effective control improvements if possible and/or monitor and review regularly.
Low Priority	Green - Seek control improvements if possible and/or monitor and review

		IMPACT			
		1	2	3	4
LIKELIHOOD	A	A1	A2	A3	A4
	B	B1	B2	B3	B4
	C	C1	C2	C3	C4
	D	D1	D2	D3	D4
	E	E1	E2	E3	E4

LIKELIHOOD

- A Very Likely
- B Likely
- C Possible
- D Unlikely
- E Very Unlikely

IMPACT

- 1 Major
- 2 significant
- 3 Moderate
- 4 Minor

Description

A Very Likely	75% + chance of occurrence	Expected to occur in most circumstances Circumstances and near misses frequently encountered (e.g. daily / weekly / monthly / quarterly)
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- B
- C
- D
- E