

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						
<b>Pensions</b>												
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	<p>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.</p> <p>The Investment Panel considers whether any changes are required to strategic asset allocation. The investment strategy is summarised in the Investment Strategy Statement</p> <p>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</p>	C	2	Medium - Red / Amber	<p>Continuing engagement with Fund actuaries to understand impact of financial and demographic factors on the Fund's liabilities.</p> <p>Aon have completed the 2022 tri-annual valuation which saw a small improvement in the Funding level but with more prudent assumptions including a higher proportion of funding success, a reduction in the recovery period as well as including a provision to cover the 10% CPI inflation at September 2022</p>	31-Mar-23	Marc Falconer	
P2	Inadequate medium term performance from selecting inappropriate fund managers or asset allocation	B	2	High - Red	<p>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 all listed fund assets have now transitioned 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. The procurement of Private Market Allocator(s) is now well advanced. Manager performance is reviewed by both this funds Investment Advisory Panel and the WPP OWG and JGC.</p> <p>Consolidation of WPP Funds have now been incorporated into the regular Investment Panel review cycle with both Russell and Link FS presenting to the Panel on a number of occasions during 2021 and 2022.</p> <p>The Investment Panel advise target ranges for strategic asset allocations.</p> <p>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 or sub-manager.</p>	C	2	Medium - Red / Amber	<p>Maintain relationships with managers both directly appointed by the Fund and WPP Funds. going forward periods of transition activity into the WPP pool will be limited to Private Market Assets. Continue to review any impacts of Brexit especially any that will have a long term impact on the investment performance of the Fund. Monitor any impacts on the Fund following the Russian invasion of Ukraine in Feb 2022 and the subsequent decision to dis-invest in Russian stocks</p> <p>Minimal impact on Fund following Autumn fall in UK Govt. Gilt prices.</p> <p>In parallel with the 2022 Valuation the Fund's Investment Strategy Statement (ISS) has been updated to reflect the increasing significance of ESG issues and the diversification of the Fund's assets into Private Market Asset classes.</p>	Ongoing	Marc Falconer	
P3	Additional risks and costs to the Fund from poorly structured investment arrangements including with WPP sub-funds	B	3	Medium - Red / Amber	<p>The Fund attempts to ensure best value in the following ways:</p> <ul style="list-style-type: none"> <li>• Regular Reports to the Investment Panel on asset valuation and manager performance.</li> <li>• Use of specialist services considered to reduce costs where appropriate (e.g. for transitions and currency transfers).</li> <li>• Custodian arrangements are reviewed or re-tendered when appropriate.</li> </ul>	C	3	Medium - Amber / Green	<p>All listed Assets now invested in WPP sub-funds bringing the benefits of diversification with a multi-manager approach across the board compared to the Fund's legacy assets single manager approach.</p> <p>Monitoring and review processes for assets managed by WPP now incorporated into the regular Investment Panel meetings as well as being standard items on the agenda for the quarterly WPP JGC and OWG meetings.</p> <p>Fund Investments to be further diversified by forthcoming investments into the new WPP Private Credit and (open-ended) Infrastructure sub-funds as well as the Sustainable Active Equity Fund.</p>	Ongoing	Marc Falconer	

P4	Collapse of an Investment Manager involving our portfolio	C	1	Medium - Red / Amber	<ul style="list-style-type: none"> <li>All listed Assets are now managed by WPP so the Fund, will consider the due diligence activity undertaken by Link and Russell on behalf of WPP.</li> <li>All Listed assets are managed through the Fund's custodian to ensure they remain segregated from the manager.</li> <li>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.</li> </ul>	C	2	Medium - Red / Amber	<p>The Pool Operator is regulated by FCA and the Pool Custodian will ensure segregation of assets. Consideration to be given for the custodian role to be extended to cover Property and Private Equity assets</p> <p>The diversification benefits of the multi-manager approach adopted by WPP Funds has been highlighted in P3 e.g WPP EM Fund has 6 sub-managers operating under Russell whereas the legacy fund was a single manager.</p> <p>Implications of change of ownership of Link Group and Woodford related investigation of Link by FCA to be kept under review</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	<p>Training will be the subject of renew attention when the composition of the Pension Committee is confirmed following the May 2022 elections. Focus will be across the board with consideration on provision of training to Officers, Committee and board members as appropriate.</p> <p>Quarterly training provided by WPP is now well integrated into training resources available. Appropriate Training Records to be maintained</p> <p>Officers have returned to in-person conferences</p> <p>Enhanced Focus on In-house Training for Pension Committee (and Board) members during 2023.</p>	Ongoing	Marc Falconer	
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 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"> <li>Investment regulations are considered when setting the ISS</li> <li>Senior Technical Officer undertakes Altair system checks to ensure compliance with LGPS regulations</li> <li>Team leaders/supervisors, ensure legislative accuracy of calculations</li> <li>Network Groups (Altair/Communications/All wales Pensions Officer Group)</li> <li>Comms &amp; Training Officer – responsible for the update of website and online guides. Inform employers of any changes in regulations.</li> </ul>	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"> <li>Contact list for employers updated regularly</li> <li>Annual Employers' Forum held in person (Dec 2022)</li> <li>Trade Union Forum incorporated into Employers Forum</li> <li>Annual report and accounts</li> <li>Member newsletters</li> <li>Dedicated Communication and Training Officer post established</li> <li>Look to use all available communication channels</li> <li>Completed roll-out of member self service facilities for Active Members for Employers using Iconnect.</li> </ul>	C	4	Low - Green	<p>Maintain and update Fund website</p> <p>Roll-out of MSS to Deferred Members to be considered when resources are in place.</p> <p>Engagement with employers through site visits and promotion of Employers' Forum.</p> <p>Seek regular approval of the Pension Administration Strategy and Communication Policy</p>	Ongoing	Marc Falconer / Karen O'Donoghue-Harris	
P10	Withdrawal/default of an employer	B	2	High - Red	<ul style="list-style-type: none"> <li>Outstanding liabilities will be assessed and recovered from any successor bodies or spread amongst remaining employers.</li> <li>Actuarial valuation aims to balance recovery period with risk of withdrawal</li> <li>Applications for admission to the Fund are considered carefully and guarantees put in place if required</li> </ul>	B	3	Medium - Red / Amber	<p>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</p> <p>Nov 21 FSS includes drafting to permit the use of Deferred Debt arrangements and other Employer Flexibilities where exit from Pension Fund is being considered.</p> <p>Dec 22 update to FSS include arrangements for Employers with large Pension surpluses (Reduced secondary contributions where Employers Funding level is over 110%) now approved by Pension Committee)</p>	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"> <li>Monthly Pensions are paid by the Council's Pay Centre</li> <li>Payroll deadline procedures in place</li> <li>Authorisation of benefits following calculations</li> <li>Additional checks by Payroll</li> <li>Review of all payroll amendments</li> <li>Ensure all new monthly pension starter listings match amounts on Altair</li> <li>Run monthly SPA reports</li> <li>When someone hits SPA, update Altair and Payroll with GMP details</li> </ul>	C	3	Medium - Amber / Green	<ul style="list-style-type: none"> <li>Review configuration of systems</li> <li>Recommend purchasing Altair Payroll to replace SAP</li> </ul>	Ongoing	Karen O'Donoghue-Harris	
P12	Pensions continue to be paid to deceased pensioners	B	2	High - Red	<ul style="list-style-type: none"> <li>Monthly ATMOS reviews and Tell Us Once data exchanges match pensioner details with national deaths register</li> <li>Pensioners incorporated into National Fraud Initiative</li> <li>Annual life certificates required from pensioners living overseas</li> <li>Tell Us Once database is being updated monthly via the LGPS NI database.</li> <li>Further targeted checks with credit reference agencies as appropriate</li> </ul>	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"> <li>Senior Officers liaise closely with employers to ensure timely and accurate submission of data</li> <li>i-Connect ensures that data from employers is identified by a direct transfer from payroll on a monthly basis</li> <li>Data accuracy checks undertaken by the pension section</li> <li>Data validation checks also undertaken by the Fund Actuary at the triennial valuation.</li> </ul>	B	3	Medium - Red / Amber	Discussion in place with the two remaining employers to go live on i-connect	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 Updated MoU has been sent to Employers	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"> <li>Regular update meetings with JLT</li> <li>Prompt resolution of cases referred back to Fund</li> <li>Fund decision made on stalemate cases</li> <li>Agreed Action Plan in place</li> <li>Critical task and timelines agreed</li> <li>Target end date</li> </ul>	C	3	Medium - Amber / Green	<ul style="list-style-type: none"> <li>closely monitor the key tasks that need to be completed</li> <li>As any GMP adjustments are implemented, ensure there is a reconciliation between Altair and SAP.</li> <li>Mercer have provided a draft Project Plan and as a combined group, taking into account the actions that are required it has been decided to complete the actual rectification calculations following the April 2022 Pensions Increase (because there is not sufficient time between now and March 2022 to complete all the tasks without introducing a higher risk.</li> <li>Officers contacted Mercer following the concerns raised over the delay in completing this exercise and Mercer have agreed that activity is to commence after Pension Increases in April with a target completion date of October 23</li> </ul>	31-Oct-23	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 Active Members to update records and improve compliance.	C	3	Medium - Amber / Green	<ul style="list-style-type: none"> <li>For 22/23 Statements MSS to be used to enhance the service provided to Scheme members</li> <li>MSS to be used for Active Members to upload statements ensuring higher compliance levels</li> <li>Savings on printing and postage costs</li> </ul>	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 ICT have undertaken an independent review of the Fund's cyber security and reported findings to Pension Board & Committee	B	2	High - Red	continue to follow advice from ICT and update procedures as required Staff continue to complete relevant new e-learning modules as well as considering relevant information from external organisations such as TPR.	Ongoing	Karen O'Donoghue-Harris	

P18	Exit Payment Cap	C	3	Medium - Amber / Green	<ul style="list-style-type: none"> <li>Warning still kept on costs estimates for Employers that these are provided under existing regulations and could be subject to change</li> </ul>	C	4	Low - Green	If new regulations are tabled consideration will be given at that time to appropriate controls	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"> <li>Employers warned at Employer forum that they will be required to supply missing data</li> <li>AON commissioned to run reports to identify affected members</li> <li>LGA templates used to upload missing data</li> <li>Templates issued to all employers</li> <li>Deadline set for return of data</li> </ul>	B	3	Medium - Red / Amber	<ul style="list-style-type: none"> <li>Use third party to assist with project management with external advice provision now included in Business Plan.</li> <li>New staffing structure approval and recruitment process underway</li> <li>Good progress with uploading data, all small employers completed now working on Cardiff Council</li> </ul>	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, Dashboards, etc. and recruitment and retention of staff	B	3	Medium - Red / Amber	<ul style="list-style-type: none"> <li>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.</li> <li>Use of external resources to provide additional short term capacity</li> </ul>	B	2	High - Red	<ul style="list-style-type: none"> <li>continual monitoring of Pension section workload and updates to resource planning including business plan and budgets.</li> <li>recruitment process for 6 additional staff has commenced with 2 senior offices appointed in November 21 and the remaining 4 post being readvertised in April/May 22 after an unsuccessful recruitment to fill all posts in December 21. Following 2 rounds of unsuccessful recruitment a further round of recruitment is taking place. Officers plan on looking at alternate recruitment opportunities to fill the vacant posts (Oct 22). Further recruitment round was unsuccessful so now looking at alternative approaches. Three Grade 3 appointments via Cardiff Works have now been made and have started in the section. Grade 5 "CV" approach has been discussed with HR and is going to be used for temporary Grade 5 posts. 9 applicants were received for these posts with 7 shortlisted and interviews are due to be held before end of April 2023</li> </ul>	Ongoing	Karen O'Donoghue-Harris	
P21	The Fund fails to adequately account for climate change, climate risk and ESG factors with Financial loss to assets held and potential for "stranded assets".	B	2	High - Red	<ul style="list-style-type: none"> <li>Publication of a Responsible Investment policy and Climate Risk Policy both for the Fund and the WPP</li> <li>Transfer of funds to BlackRock Low Carbon Tracker Fund</li> </ul>	B	3	Medium - Red / Amber	<ul style="list-style-type: none"> <li>continued evolution of WPP sub-funds that allows climate risk and other ESG factors to be managed e.g. proposals to introduce a decarbonisation overlay to UK Opportunities Fund were implemented from June 2022.</li> <li>WPP Sustainable equity sub-fund target launch date of May 2023</li> <li>Continued engagement and challenge to Investment Managers, especially via WPP (Robeco), on how they manage climate and ESG risks</li> <li>reporting of suitable climate change and ESG metrics</li> <li>continued training focus including with the WPP Voting and Engagement provider</li> <li>WPP re-application for the FRC Stewardship code submitted in Oct 23 was successful</li> <li>The Pension Committee (Feb 23) agreed that the Fund should undertake further work to consider settings its own net zero target.</li> </ul>	Ongoing	Marc Falconer	