

Appendix 1

Risk	Risk Number	Impact	RAG	Trend	Mitigating Action (For Committee / Board report)
Recruitment of staff	R28	Fund's ability to develop & implement service plan and administer the Fund		◀	Delay in recruitment of vacant Administration posts (10.2 FTE's) due to Coronavirus outbreak. Trainer has been appointed to train the new recruits. First phase of three phases of recruitment for Administration posts starting September 20. Investment posts currently being advertised.
McCloud/Sargeant Judgements resulting in the extension of protections	R63	Increase in workload on administration side and for scheme employers		◀	Consultation released on 16 July by MHCLG and runs for 12 weeks. Changes to primary legislation not expected until April 2022. Work is underway to develop a comprehensive project programme with multiple workstreams contained within it. Initial analysis has been carried out to identify the number of members that are impacted by the consultation proposals, the action required to implement the remedy and which employer they fall under. The current priority is to collect missing data from employers in respect of working hours and details of service breaks, since 1 April 2014, for all members in scope of protection.
Increase in employers	R56	increased resources needed to support more employers		◀	Additional resources have been put into Employer Services to support & train employers. Recruitment delayed due to COVID outbreak. Phase one of three phases of recruitment starting September 20. Trainer has been appointed to train the new recruits.
Deterioration in financial stability of employers (employer Covenants)	R23	employers not able to meet their liabilities impact on rest of Fund		◀	Policy in place re admission and exiting employers. Covenant assessment monitoring in place. Employer covenant being monitored in Coronavirus outbreak; Discussing possible policy options with actuary. No indicators of deterioration in financial stability of employers/their covenant at present
Failure to earn investment returns	R26	scheme cannot meet liabilities, employer conts could rise		◀	Review of Investment Strategy, risk management strategies, specialist advisors used. Due to Coronavirus outbreak a revised ISS has been approved under emergency powers by Chief Exec in consultation with officers. ST risk of not achieving expected returns has increased; however, markets have stabilised and volatility abated
Political Pressure to reform the scheme & direct investment decisions eg ESG	R42	National decisions are not in best interests of the scheme		◀	Participate in Brunel pool. ISS aligned with Fund's Climate Change policy. Recent supreme court judgement against SoS re ESG guidance clarifies that government only has power over how funds invests, not what they invest in. Have good local governance but national decisions could impact/
The introduction of the exit payment cap	R53	This will place an additional burden on the administration resource		▲	Response to the consultation and regulations now published, MHCLG is currently looking at options to introduce choice to allow members in this position to opt for a deferred pension instead and we await further guidance on the changes required to the LGPS. The Regulations will need to be approved by both houses of parliament and will come into force 21 days after that process is complete, there is no date set yet, however, we understand it is the intention that the cap will be in force for the end of the 2020 calendar year.
Climate Change Emergency	R60	Significant financial risk to the investments assets		◀	SAA revised to a higher allocation to climate positive investments. Unable to control global markets in general only through strategy.
Iconnect data from employers	R59	Incorrect member data on records and valuation of employer liabilities		◀	Iconnect Team has been set up and extracts are now loaded inhouse, controls are being reviewed
Sustainability of working arrangements during Covid 19 outbreak	R64	Unable to deliver service to members and employers		◀	Fund has put in place many steps to mitigate the risk of Coronavirus impacting on the service as set out in our business continuity update report circulated to Committee members June 2020. Risk assessments being carried out for all staff regarding home working conditions and mental health as per Banes guidance. TPR/SAB guidance continues to be reviewed. Further procedures to be reviewed to ensure fit for purpose for remote working.
Implementation of changes arising from scheme cost cap mechanism	R47	Additional burden on administration. Awareness of members & employers		◀	In July 2020, the Government announced that the cost control mechanism pause will be lifted and that the cost of addressing the discrimination identified in the McCloud judgment will be included in this process. The SAB are currently considering its position on the SAB employer cost cap process which is also paused.
Failure to secure and manage personal data held by the Fund in line with Data Protection Regulations	R05/R58	Personal data is corrupted, compromised or illegally shared resulting in fines & reputational damage.		◀	Working through Data Protection project plan with assistance of Banes DPO. New processes put in place for remote working due to Coronavirus (DPIA assessment carried out) Cyber Security E-Learning for all staff
Delays in transition of assets to Brunel or Brunel fails to deliver its objectives	R54	delays could impact pool's ability to deliver savings in line with business case or pool could fail if objectives are not met		◀	Brunel Transition Plan monitored by Client Group & BOB. Investment Panel & Committee monitor. Slight delay in 2020 transitions due to COVID. Transition plan restarted in July 2020. Loss of CIO means less senior management resources for 3- 9 months
Inadequate knowledge of those charged with governance. Committee Members knowledge is impacted by re-election process. Failure to comply with statutory regulations	R25	delays in decision making for the Committee & Fund. Failure to meet MIFID & TPR regs		◀	Training plan in place and independent members appointed. Taking part in Hymans National Knowledge Assessment for Committee & Board members.
Late / incorrect contributions from employers	R10	cashflow, employer funding position, TPR breach		◀	Monthly reconciliation, follow up in line with TPR code and late payers reported to Committee & Board. Top 34 employers contributing into the fund continue to pay on time. No significant increase in terms of other employers paying late, but this should still be monitored very closely as the situation continues to evolve.
Service delivery efficiency & customer service	R29	poor member outcomes		◀	Monitoring & reporting of Fund performance against statutory & TPR requirements. Admin & Comms strategy. Procedures have been updated for remote working and priority work has been identified, but currently risk of backlogs & complaints. A review of forms that are sent to members with a requirement of a signature to see if electronic signature acceptable rather than wet signature. Looking at ways to develop how we communicate with our members, as still a high dependence on the postal system. This issue is being addressed in the scope of an organisational-wide project, which will include the digitisation of our communications with scheme members.
failure of employers to meet statutory responsibilities	R19	Potential fines, greater scrutiny and more reporting		◀	Employer training, reconciliation of member data at year end and regular reporting in line with TRP requirements
Loss of capital or income on treasury investments	R39	Delayed return of principle or investment income		◀	Annual report to Committee to obtain approval for the fund's Treasury Management Policy. POST COVID : Cash held primarily in money market funds and although should not fall in value they could face liquidity issues if sudden increase in withdrawals if market volatility increases. On 4th June Arlingclose updated their information on recommended banks to hold deposits with after conducting some stress testing analysis and they have taken a bank off the list of banks that the pension fund can use.
Introduction of Cost Transparency Disclosures	R57	full disclosure requirements may not be met (presentation of data in AR on a best endeavours basis)		◀	Full disclosure for FY19/20 was not met although there was significant improvement on the prior year. Disclosure rates moved from 70% to 87% of managers reporting in line with CTI guidance. Improvement in disclosures due to private markets mandates coming into scope and improvements to the reporting templates which facilitated more granular reporting from listed markets mandates. Reporting remains on a best endeavours basis. Certain risk management strategies were unable to report as templates not appropriate. Brunel reported for all of their portfolios. SAB system designed to streamline the process not yet fully operational (missing critical data)

Disaster Recovery & Business Continuity	R01	Fund is unable to operate and members do not receive pension payments in time		◀	Disaster Recovery & Business Continuity plans in place and reviewed. APF - BCP (COVID-19) summary overview report produced detailing actions undertaken by the Fund to manage COVID risk. Report circulated to Pensions Committee for comment. Osborne Clark Business Continuity template completed. Risk assessment being carried out for all staff regarding home working conditions and mental health as per Banes guidance and in line with business recovery plan. Further procedures to be reviewed to ensure fit for purpose for remote working.
Brexit	R55	negative impact on investment strategy & returns		◀	Impact monitored by Committee & panel. COVID may delay exit or increase probability of a hard exit. UK/£ assets a low % of overall assets. Do not expect global impact. Main impact will be weakening of £.
Governance risk of Investment Managers, custodian & other investment suppliers	R20	loss of assets or inability to trade due to assets being inaccessible		◀	Robust procurement & contract management processes to protect Fund. Risk transferring to Brunel
Ineffective stakeholder communication	R07	poor public relations with members & employers. TPR breach		◀	Member & employer comms planned and issued detailing our actions in response to the Coronavirus outbreak and also the Climate Emergency. Advice & information (including webinars) from the LGA, TPR etc. is communicated effectively via email.
Internal Controls are not adequate & independently checked	R08/R09	committee & employers do not receive independent assurances		◀	Schedule of internal & external audits throughout the year. Results reported to Committee & Board
Cashflow profile is maturing	R40	not enough cash in bank account to meet pension payments		◀	Lower level of cash coming in each month due to unitary employers paying in advance means that we have to top up our cash more regularly. Our lower limit used to be 10m and upper 45m. Now the lower limit is 20m and upper limit is 35m. A combination of these factors (plus COVID) mean the we have to monitor our cash position regularly to ensure these limits aren't breached.
System Failure of BACs or Cseries	R14	pensions cannot be administered & paid		◀	APF uses BANES corporate system. Risk mitigation in line with BANES corporate policy for making payments. Payments system (Cseries) recently upgraded
Exit credits - disputes between exiting employer & outsourcing employer	R62	Court cases to decide who should receive exit credit		◀	Policy in place that surplus paid to exiting employer unless evidence of agreement with outsourcing employer. No contentious cases at present.
Investment Strategy impact by MIFID II	R52	restrictions on investments as retail investor		◀	Fund given Elected Professional status from all Managers, annual review & Officer / Member training in place
GMP Reconciliation	R51	Incorrect pension liability retained		◀	Project plan in place to reconcile GMPs with HMRC info and carry out necessary rectification. Slight delay due to Covid 19.
Failure to comply with Council's policies & codes of practice	R41	finances for non-compliance, disciplinary issues & reputational risk		◀	Managers & staff undertake training in accordance with Council's codes of practices and standards
Cashflow as a result of transfers outs due to Pension Freedom & Choice	R45	The fund matures more quickly than assumed, cashflow & fraud		◀	Transfer out process contains checks to ensure no fraudulent action. Cashflow monitoring in place