

Service Risk Register

Risk Ref	Service Area	Rating	Portfolio Holder	Director or Head of Service	Risk Identified	Potential Consequence	Notes
INVEST0001	Investment Risk	4	Cllr David Thomas	Jane Thomas	Pension Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation of liabilities over the long-term.	Increased employer contribution rates.	Ensure that the current controls are regularly followed
INVEST0002	Investment Risk	4	Cllr David Thomas	Jane Thomas	Inappropriate long-term investment strategy.	Failure to meet funding objectives.	Regular review of investment strategy to ensure it remains appropriate
INVEST0003	Investment Risk	2	Cllr David Thomas	Jane Thomas	Active investment manager under-performance relative to the benchmark. This includes active management within the Wales Pension Partnership.	Failure to meet funding objectives.	Challenge Advisers (including those within the Wales Pension Partnership) where required for further detail as required, so that appropriate decisions can be taken as required
INVEST0004	Investment Risk	2	Cllr David Thomas	Jane Thomas	To permit deficits to be eliminated over a recovery period rather than immediately, introduces the risk that action to restore solvency is insufficient between successive measurements.	Increased employer deficit recovery payments.	Review the recovery period at every valuation with the Fund Actuary
INVEST0005	Investment Risk	4	Cllr David Thomas	Jane Thomas	Permitting contribution rate changes to be introduced by annual steps (down as well as up) rather than immediately, introduces a risk that action to restore solvency is insufficient between successive measurements.	Instability in employer contribution rates.	Discuss with Fund Actuary as required
INVEST0006	Investment Risk	4	Cllr David Thomas	Jane Thomas	Pay and price inflation significantly more than anticipated.	Increased employer contribution rates and deficit recovery payments.	Provide Training to employers as required
INVEST0007	Investment Risk	6	Cllr David Thomas	Jane Thomas	Insolvency of an investment manager investing Pension Fund assets.	A reduction in the capital value of the Fund; a loss of liquidity as creditors agree on distribution of assets; the costs of legal representation; and, reputational damage.	
INVEST0008	Investment Risk	6	Cllr David Thomas	Jane Thomas	Pooling of Pension Fund assets with other LGPS Pension Funds.	Investment of Fund Officer and Committee time. Front loaded costs before potential savings are realised on a per-sub fund basis; Transition Risk and costs.	

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INVEST0009	Investment Risk	6	Cllr David Thomas	Jane Thomas	MIFID II ongoing compliance to ensure retention of Institutional Investor Status	Financial implications of not being treated as an institutional investor. Restricted Investment opportunities and diversification. Reputational Risk	
INVEST0010	Investment Risk	4	Cllr David Thomas	Jane Thomas	Fall in the returns on Government bonds.	Increase to the value placed on Fund liabilities.	Review Strategy as required.
INVEST0012	Investment Risk	6	Cllr David Thomas	Jane Thomas	The Fund fails to adequately account for climate change, climate risk and Environmental, Social and Governance (ESG) factors.	Financial loss to assets held within the Fund and potential for stranded assets. Failure to achieve desired investment returns leading to a fall in funding level and increased Employer contribution rates. Environmental and ecological impact on scheme members.	Cause of risk: <ul style="list-style-type: none"> • Lack of knowledge on the impacts of Climate Change, Risk and ESG Factors. • Lack of knowledge on how the impacts of Climate Change, Risk and ESG Factors can be managed. • Poor attendance at training events