

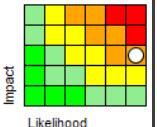
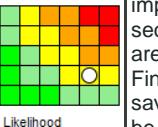
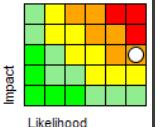
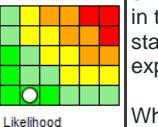
Pensions and Investments Risks

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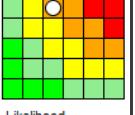
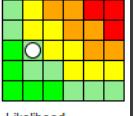
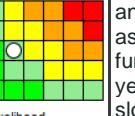
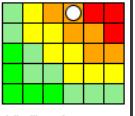
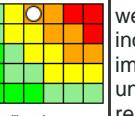


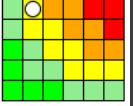
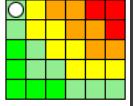
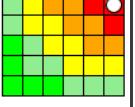
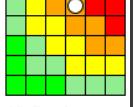
Code & Title RS-PI Pensions and Investments

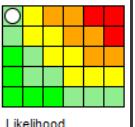
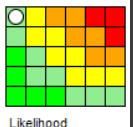
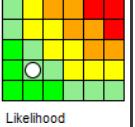
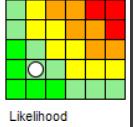
Risk Name	Risk Description	Current Score	Current Matrix	Direction of Travel	Target Score	Target Matrix	Latest Note	Action	Action Progress	Action Update	Risk Owner	Date Risk Reviewed
RS-PI-01 Investment Strategy	If the investment strategy does not produce the returns as envisaged / required then funds perform worse than expected, the deficit increases, pressure on employer contributions, pressure on Council Tax and reputational pressure on the Pension Fund	5x4 Severe x More Likely			5x4 Severe x More Likely		Investment Strategy and Investment Strategy Statement reviewed in the first quarter of 2020.				Julie Edwards	14-Sep-2020
RS-PI-02 Significant Downturn in a Particular Sector	If there is a significant downturn in a particular sector / geographical location due to man made or natural disasters, then funds perform worse than expected, the deficit increases, employers contributions would need to be increased.	4x4 Significant x More Likely			4x3 Significant x Less Likely		Investment Strategy and Investment Strategy Statement reviewed in the first quarter of 2020. Following the coronavirus pandemic financial markets have been volatile. Although markets have recovered to their 31 December 2019 valuations, the medium and long term economic impact is unknown.				Julie Edwards	14-Sep-2020
RS-PI-03 New Investment Vehicle Not Understood	If a new investment vehicle is not understood by the Pension Fund Committee then loss of control, limited	3x2 Moderate x Unlikely			3x2 Moderate x Unlikely		Asset class training plan to be scheduled in the Pension Fund Committee forward plan aligned with Brunel Pension Partnership				Julie Edwards	14-Sep-2020

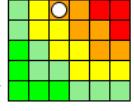
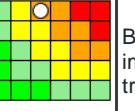
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	governance exercised, poor controls / limited challenge and errors.						transition plan.					
RS-PI-04 Public Sector Cuts	Public sector cuts could increase the number of early retirements, increase in administration costs and impact on revenue. Public sector cuts, member opt outs, localism and outsourcing could reduce the number of active members reducing contributions income. Contributions income could bring forward the date when the Fund has to use investment income to meet benefit payments.	3x6 Moderate x Extremely Likely			2x5 Minor x Very Likely		The Buckinghamshire Council service transformation programme with potential redundancies and role changes will impact on the administration team workloads. Coronavirus has had an impact on the public sector finances, if there are Medium Term Financial Plan staff savings then there will be an impact on administration team workloads. Other employers in the Fund may also be reducing their workforce in response to COVID related budget pressures.				Julie Edwards	15-Sep-2020
RS-PI-05 Significant Changes in Government Regulations	If significant changes in government regulations occur, for example IAS19, then limited opportunities for innovation exist and resource is wasted supporting employers / members with non-value adding	3x6 Moderate x Extremely Likely			1x2 Minimal x Unlikely		MHCLG undertook an informal consultation on draft statutory guidance on LGPS asset pooling in the spring, updated statutory guidance is expected later this year. When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older				Julie Edwards	15-Sep-2020

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	activities.						members close to normal retirement age. In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling apply to the LGPS. Benefits accrued from 2014 may need to be enhanced so that all members, regardless of age, will benefit from the underpin. Quantifying the impact at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. MHCLG are currently consulting on the reforms for the LGPS remedy. There will be an additional administration burden and complexity as a result of McCloud. On 7th September 2020 MHCLG published a consultation on changes to pension and compensation						

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							regulations to introduce the £95k cap and elements of further reform of exit payments. There will be an additional administration burden and complexity as a result of the £95k cap.					
RS-PI-06 Poor Fund Management	If there is poor Fund management caused by poor selection, loss of key staff, change in process or not keeping up with the market then there will be poor performance, reduced assets, damage to reputation and increased deficit.	5x3 Severe x Less Likely		➡	5x3 Severe x Less Likely		Investment Strategy and Investment Strategy Statement reviewed in the first quarter of 2020.				Julie Edwards	14-Sep-2020
RS-PI-07 Underestimation of Pensioner Longevity	If there is an underestimation of pensioner longevity then there will be a failure to have high enough pension contributions and increased pressure on future contributions.	3x2 Moderate x Unlikely		➡	3x2 Moderate x Unlikely		The 2019 actuarial valuation detailed analysis of key mortality assumptions based on fund data over a five year period reported a slowing in the rate of improvement compared to 2016.				Julie Edwards	14-Sep-2020
RS-PI-08 Inflation	If inflation is significantly greater than currently forecast, then a combination of lower bond values and increasing pay levels will cause the deficit to widen (all else)	5x4 Severe x More Likely		➡	5x3 Severe x Less Likely		A tick up in inflation as a result of sterling weakness and increased cost of imports from an uncertain trading relationship with the EU would push up inflation and increase the return				Julie Edwards	14-Sep-2020

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	equal). If inflation is negative (deflation) for a prolonged period of time, the value of the inflation linked bonds will decrease. However, the value of the liabilities would not fall to the same extent as pay levels are unlikely to fall and pensions cannot be reduced, which will cause the deficit to widen (all else equal).						requirement from the portfolio to meet benefit payments.					
RS-PI-09 Loss of Confidence by Employees and Employers	If there is loss of confidence by employees and employers in the Pension Fund management then political fallout, seen as a poor performer, criticism from external audit and Public Interest Reports.	5x2 Severe x Unlikely			5x1 Severe x Extremely Unlikely		The Pensions Communications Officer role was vacant at a critical time when the County and District Council's staff were TUPEd to Buckinghamshire Council. The impact mitigated since staff and employer newsletters were drafted prior to the departure of the previous post holder. The job role was renamed to LGPS Technical Officer.				Julie Edwards	14-Sep-2020
RS-PI-10 Market Volatility	If stock market volatility exists at key points in the cycle e.g. at time of actuarial review then, deficit grows as does pressure on employer costs.	5x6 Severe x Extremely Likely			5x4 Severe x More Likely		The Fund's un-hedged overseas investments have benefited significantly from sterling weakness in recent years and will continue to make gains if there is further sterling depreciation.				Julie Edwards	14-Sep-2020

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							Following the UKs departure from the EU some of gains have unwound as sterling has appreciated. Increased market volatility is anticipated during the forthcoming months due to the ongoing uncertainty around the economic impact of the coronavirus.					
RS-PI-11 Failure / Fraud at a Fund Management House or Nominee Company	If a failure / fraud of a fund management house or nominee company occurs, then there will be a short term performance failure, time and cost implications and a potential loss of opportunity if at the wrong moment.	5x1 Severe x Extremely Unlikely	 Impact Likelihood		5x1 Severe x Extremely Unlikely	 Impact Likelihood	Ongoing review using governance structures described previously.				Julie Edwards	14-Sep-2020
RS-PI-12 Policy Compliance	If officers undertake fraudulent activity or do not follow policy decision or recommend inappropriate / radical policy decision then too great an exposure in certain areas will exist leading to greater volatility, break down of trust, policy decisions slowed, loss of opportunity and reputation damage.	2x2 Minor x Unlikely	 Impact Likelihood		2x2 Minor x Unlikely	 Impact Likelihood	Effective scrutiny of officer activity by line management, Pension Fund Committee and audit.				Julie Edwards	14-Sep-2020

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RS-PI-13 Brunel Pension Partnership	Proposals to pool the Fund's assets in the Brunel Pension Partnership are currently being implemented. If the project is not managed and the transition is ineffective or excessive in cost, then the cost benefit ratio may not be achieved. If the guidance on pooling is not adhered to, then the Secretary of State may deem it necessary to intervene in the investment function of an administering authority.	5x3 Severe x Less Likely	 Impact	➡	5x3 Severe x Less Likely	 Impact	Brunel project implemented, now in transition phase.				Julie Edwards	14-Sep-2020