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Pensions Board

Friday 30 September 2022

13:00

County Buildings, Martin Street , Stafford, ST16 2LH

John Tradewell
Director of Corporate Services

A G E N D A

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of the previous meeting held on the 24 June 2022** (Pages 1 - 4)
4. **Pensions Board - Appointment of Board Members**

Oral update from the Deputy Chief Executive & Director for Corporate Services
5. **Matters arising from:**
 - a) Pensions Committee - Minutes of the Meeting held on 24 June 2022 (Pages 5 - 10)
 - b) Pensions Committee - Held on 30 September 2022
6. **Staffordshire Pension Fund Risk Register - Governance** (Pages 11 - 20)

Report of the Deputy Chief Executive & Director for Corporate Services
7. **Dates of Future Meetings**
 - Friday, 16 December 2022

- Friday, 31 March 2023

8. Exclusion of the Public

The Chairman to move:-

'That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) indicated below'.

PART TWO

9. Exempt Minutes from the previous meeting held on the 24 June 2022 (Pages 21 - 24)

(exemption paragraph 3)

10. Exempt Matters Arising:

- a) Pensions Committee - Minutes of the Meeting held on 24 June 2022 (Pages 25 - 26)

(exemption paragraph 3)

- b) Pensions Committee - Held on 30 September 2022

(exemption paragraph 3)

11. Internal Audit Reports - Recommendations Progress Log (Pages 27 - 30)

(Exemption paragraph 3)

Report of the Deputy Chief Executive & Director for Corporate Services

Membership

Rob Birch (Chair)
Corrina Bradley

John Mayhew
James Mika

Note for Members of the Press and Public

Filming of Meetings

The Open (public) section of this meeting may be filmed for live or later broadcasting or other use, and, if you are at the meeting, you may be filmed, and are deemed to have agreed to being filmed and to the use of the recording for broadcast and/or other purposes.

Recording by Press and Public

Recording (including by the use of social media) by the Press and Public is permitted from the public seating area provided it does not, in the opinion of the chairman, disrupt the meeting.

Minutes of the Pensions Board Meeting held on 24 June 2022

Present: Rob Birch (Chair)

Corrina Bradley

John Mayhew

Apologies: James Mika

PART ONE

135. Declarations of Interest

There were no Declarations of Interest on this occasion.

136. Minutes of the previous meeting 25 March 2022

Board Members were reminded about the LGA Fundamentals training taking place over 3 days in October, November and December. The original email will be reissued and Members agreed to let Melanie Stokes know if they wish to attend.

Minute 128 the resolution related to a previous meeting of the Board and should therefore have been deleted.

Resolved – That the minutes of the meeting held on 25 March 2022 be confirmed and signed by the Chairman.

137. Pensions Board - Appointment of Board Members

The Director for Corporate Services updated the Board with regard to the ongoing attempt to secure a Board Member representative from one of the larger Employers within the Fund. Since the last meeting in March, Rachel Bailey had resigned due to various reasons beyond her control and James Mika had also sent apologies. It was agreed that Officers will make contact with Board Members unable to attend to see if there are any prevailing issues that can be easily resolved. It was also noted that at the last meeting the Board was not quorate. Officers agreed to meet to have a brainstorming session on what can be done going forward to help recruit to the vacancies on the Board

138. Matters arising from:

There were no comments on the minutes from 25 March 2022.

The Chairman wanted to pass on his thanks to all the staff within the Pensions Service for their hard work in recognition of the fact that business still continued throughout the pandemic resulting in an excellent Business Plan Outturn and several Audit reports with Substantial assurance.

139. Local Pensions Board Annual Report 2021/22

The Board were presented with the Draft Pensions Board Annual Report 2021/22 for comments and approval.

Resolved – That the Pensions Board Annual Report be approved.

140. Staffordshire Pension Fund Risk Register and Risk Management Policy

The Board were presented with the Staffordshire Pension Fund Risk Register and Risk Management Policy. The Board were advised that at their meeting in 2019, the Pensions Committee requested that the Local Pension Board to continue to undertake a regular detailed review of the risks identified and the process for maintaining the Risk Register and report back to the Committee with any areas of concern.

Resolved – That (a) The Local Pensions Board notes the summary of the high-level risks and emerging risks from the current Staffordshire Pension Fund Risk Register, as presented to the Pensions Committee at their meeting of 24 June 2022.

(b) That the Local Pensions Board notes the Risk Management Policy of the Staffordshire Pension Fund, as presented to the Pensions Committee at their meeting of 24 June 2022.

(c) That the Local Pensions Board considers any request of the Pensions Committee, to continue to play an active role in the ongoing review process of the Staffordshire Pension Fund Risk Register.

141. Staffordshire Pension Fund Risk Register - Administration

At a meeting on 20 May 2022, the officer working group, together with the Chair of the Local Pensions Board, reviewed the risk area of Administration. Pre and post control ratings were re-assessed, considering any new controls or sources of assurance. New areas of potential risk were also considered.

Post control, Fund Officers believe there are 2 high-level risks in this area and 11 areas of medium risk. The first high level risk area relates to general resourcing and workloads across the service, given the amount of regulatory change pending and more recently the difficulties in recruiting staff. And the second high level risk area relates to the collection of quality data from Employers in order for the McCloud project to be delivered.

The medium risk areas are predominantly related to the impact that reduced resources could potentially have across various areas of the service and its ability to continue to deliver the high standards previously set. There are also medium level risks associated with the implementation of the new

administration system and heightened risks around cyber security and the development of a Cyber Security Policy, which has been deemed a key development activity on the Pension Fund's 2022/23 Business Plan.

Resolved – That the Local Pensions Board notes the risks, relating to Administration, from the current Staffordshire Pension Fund Risk Register, as presented in Appendix 2.

142. Dates of Future Meetings

Resolved – That the following dates for meetings of the Pensions Board be noted:

- Friday, 30 September 2022
- Friday, 16 December 2022
- Friday, 31 March 2022

143. Exclusion of the Public

Resolved - That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) indicated below.

144. Exempt Minutes from the previous meeting held on 25 March 2022 (Exemption paragraph 3)

Resolved – That the exempt minutes of the meeting of the Pensions Board 25 March 2022 be confirmed and signed by the Chairman.

145. Exempt matters arising from: Pensions Committee meeting held on 24 June 2022 (Exemption paragraph 3)

Resolved – That the Pensions Board discussed any matters arising from the Pensions Committee meeting held on 24 June 2022.

146. Internal Audit Reports (Exemption Paragraph 3)

Resolved – That the Pensions Board considered the Internal Audit Reports and noted the progress made.

147. LGPS Central Pool - Local Pensions Board Chairs Meeting of 28 March 2022 (Exemption paragraph 3)

Resolved – That the Pensions Board received the notes from the meeting of Local Pension Board Chairs of LGPS Central Partner Funds on 28 March 2022.

Chairman

Minutes of the Pensions Committee Meeting held on 24 June 2022

Present: Mike Sutherland (Chairman)

Attendance

Philip Atkins, OBE	Bob Spencer
Mike Davies (Vice-Chairman)	Samantha Thompson
Colin Greatorex	Mike Wilcox

Also in attendance: Rob Birch, Chantelle Denham and Simon Humble

35. Apologies: Nigel Caine, Derrick Huckfield, Phil, Jones and Stephen Sweeney

36. Declarations of Interest

There were no declarations of interest on this occasion.

37. Minutes of the meeting held on 25 March 2022

The Director for Corporate Services reminded the Committee that spaces were still available for the Local Government Association's Fundamentals Training for Pensions Committee and Local Pensions Board Members. Members of the Committee were asked to inform the Director for Corporate Services if they were interested in attending the meeting so spaces could be booked as soon as possible.

RESOLVED – That the minutes of the meeting of the Pensions Committee held on 25 March 2022 be confirmed and signed by the Chairman.

38. Minutes of the Pensions Panel held on 8 June 2022

RESOLVED – That the minutes of the meeting of the Pensions Panel held on 8 June 2022 be received.

39. Appointment of Pensions Panel

RESOLVED – That the following Members be appointed to serve on the Pensions Panel for the 2022/23 municipal year:

- Philip Atkins
- Mike Davies
- Colin Greatorex
- Mike Sutherland
- Stephen Sweeney

40. Staffordshire Pension Fund Business Plan Outturn 2021/22

The Committee considered the final outturn position for the financial year 2021/22 together with a summary of the key achievements against the Business Plan, provided at Appendix 2 to the report.

Members attention was drawn to the continued high levels of service being provided throughout 2021/22 to scheme members and employers. Specific achievements during 2021/22 included:

(i) Pensions Administration Team

- Tendering for an Administration System provider, to incorporate an external hosting platform service, and testing and implementing the new system;
- Completing the long running Guaranteed Minimum Pensions (GMP) exercise with HMRC;
- Finalising the development of an Employer Covenant Monitoring Process and implementing regular funding reviews;
- Development of a series of regular / shorter virtual Employer Practitioner Workshop(s);
- Undertaking a Training Needs Analysis and producing a Training Plan for Pensions Committee and Local Pensions Board Members in 2022/23; and
- the Team have taken the Pensions Pledge and implemented the regulatory changes required in relation to Transfers.

(ii) Pensions Investment Team

- Developing a Pension Fund Climate Strategy and Climate Stewardship Plan;
- Developing investment reporting in line with the Task Force for Financial Disclosure (TCFD) requirements; and
- Reviewing the ongoing appropriateness of the Fund's Investment Strategy and Strategic Asset Allocation, ahead of the 2022 Actuarial Valuation & in line with the Pension Fund's new Climate Strategy.

The Committee heard that there had been two Staffordshire Internal Audit Service reviews across the Teams throughout the year. The Pensions Administration Audit maintained its 'substantial' assurance rating for the fourth year in a row; and the Pension Fund Investment Audit, focussing on Investment Performance Reporting, which tied in with similar themed Audits at LGPS Central, also received a 'substantial' assurance rating.

The Committee were presented with the Pensions Administration Team's Service Standards for 2021/22 and were informed that the Team had achieved a 90% performance target in 14 of the 15 published standards. As well as providing assurance that the necessary controls were in place, this re-affirmed the hard work and effort of the Teams, and their ongoing commitment to the Fund, despite the increasing complexities of delivering the service whilst working remotely.

Members were informed that there had been difficulty in recruiting experienced team members and focus continued to be on training and 'growing our own'. The increase in turnover had created a situation where the Fund would be recruiting to maintain current resource, as opposed to increasing it. To maintain Service Standards going forward

there would be a need for recruitment to continue at pace. The Team had also committed to explore other recruitment options, such as Apprenticeships. Members were reassured that focus would remain on delivering a service to the end user that was not sub-standard or in direct contravention of the Pensions Regulators Disclosure requirements.

Members heard that in 2021/22, the Fund's investment return was +12.2% versus its strategic benchmark return of +11.9%, an outperformance of +0.3%. The Fund's longer-term annualised performance numbers, at 31 March 2022, remained in excess of 8%, well ahead of the long-term investment return assumptions used by the Actuary in the triennial valuation.

The Pension Fund Budget and Costs were presented to the Committee. This largely focussed on:

- Administration Costs, where it was noted costs had increased due to the installation of a new system which was invaluable to the delivery of the service.
- Oversight and Governance Costs, where the only notable increase being in Actuarial fees, which reflected the work done in preparation for the 2022 Triennial Valuation; and
- Investment Management Costs which had increased by circa £1.0m since 2020/21 due to increases in active global equity and vacant property costs.

Members were informed that Staffordshire Pension Fund continued to take part in a benchmarking exercise with international company CEM Benchmarking. CEM benchmark 300+ global pension funds with total assets of £8.1 trillion to help institutional investors better understand their costs versus peers and the wider market. CEM grouped Staffordshire Pension Fund with 16 LGPS and international funds ranging in size from £3.7bn to £9.3bn (a median size of £6.2bn versus the Fund's total value of £6.1bn at that time). The Fund's costs of 51.1 basis points (or 0.511%) were 5.8bps (0.058%) above the benchmark of 45.3bps (0.453%). This was predominantly because of the way it invested in private markets, such as Private Equity which had been a strong performing asset for the Fund over the period and had delivered returns well above its benchmark return.

Cllr Sutherland welcomed the report and offered his congratulations to the Pensions Team on its delivery.

Cllr Greatorrex noted that past performance had not always been great, but the current performance was pleasing. He was also pleased that the Climate Change Strategy had been developed, that officers continued to play a role in the development of the LGPS Central pool and that investment was doing well.

In response to a question from Cllr Wilcox relating to the missed target, it was confirmed that this target had been missed before, but that it had improved year-on-year over the past three years.

In response to a question from Cllr Wilcox relating to the issues with recruitment, it was confirmed that the starting point was at Grade 5 and whilst job progression was a real

possibility attracting people to work in Pensions was often difficult. Commitment would be made to explore other recruitment options, such as Apprenticeships.

In response to a question from Cllr Wilcox relating to the increase in 'Other' Investment Management Fees, it was explained that this was as a result of costs incurred in the year which were related to a historic court case, where the Fund, alongside numerous other LGPS Funds, is attempting to recover tax paid on dividends. .

In response to a question from Cllr Sutherland relating to how Income was generated, it was confirmed that there were three main sources of income. These included recharges to scheme members for e.g a Divorce quote, charges for transfer quotations and charges for the administration and distribution statutory accountancy reports for employers i.e IAS19 and FRS102.

RESOLVED - That the outturn position of the Staffordshire Pension Fund Business Plan for 2021/22 be approved.

41. Staffordshire Pension Fund Risk Register and Risk Management Policy

The Committee considered a report of the Director for Corporate Services on the Fund's Risk Register.

The Committee was informed that Risk management was good practice and central to the management of the Pension Fund, as reflected by the coverage of risk in several key documents, such as the Funding Strategy Statement and the Investment Strategy Statement.

The Committee was also informed that officers reviewed the risk register every quarter, focusing in on the detail of one of four key areas, (Governance, Funding, Administration and Investment), along with a review of any emerging risks. As part of the review, Members of the Local Pensions Board attend the review meetings and take an active role in the discussions. They had also begun to discuss the specific area under review each quarter at formal board meetings in an effort to widen the general understanding of each area. The Board's comments on the Risk Register and the review process were attached at Appendix 2 to the report.

It was also suggested that the Committee may wish to consider asking members of the Local Pensions Board to continue with their role in the ongoing review process.

The Committee were presented with a summary of the high-level risks associated with the objectives, attached at Appendix 3 of the report. This summarised the highest score of the detailed risks associated with each of the high-level risks and provided a summary of the controls and sources of assurance currently in place. This was intended to give the Committee an overview of the main risks the Pension Fund needed to consider and the controls in place to mitigate them.

The Committee were reminded that as part of the annual review, it was agreed that the Pensions Committee would review emerging risks to the Fund. It was important to recognise that some of the greatest risks faced by the Pension Fund arose from change.

Several transitional areas were reflected in Appendix 4 to the report, which provided more detail on the emerging risks perceived to be faced by the Pension Fund.

The Committee was informed that the Pension Regulator's Code of Practice recommended that a Pension Fund has a Risk Management Policy in place and that this was reviewed periodically. The risk management policy covered key areas such as:

- The Fund's attitudes to, and appetite for risk;
- Aims;
- Risk measurement and management; and
- Responsibility.

The updated Risk Management Policy for the Staffordshire Pension Fund was attached at Appendix 5 to the report and was submitted for approval.

RESOLVED – a) That the summary of the high-level risks and emerging risks from the current Staffordshire Pension Fund Risk Register, as presented in Appendices 3 and 4 respectively, be noted.

b) That the content and recommendations of the Local Pensions Board review of the Staffordshire Pension Fund Risk Register, attached at Appendix 2, and the continued involvement of the Pensions Board in the ongoing review, be noted.

c) That the Risk Management Policy of the Staffordshire Pension Fund, attached at Appendix 5, be approved.

42. Exclusion of the Public

RESOLVED – That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972 indicated below.

43. Exempt minutes of the meeting held on 25 March 2022

Exemption Paragraph 3

44. Exempt minutes of the Pensions Panel meeting held on 8 June

Exemption Paragraph 3

45. LGPS Regulations - Admission of New Employers to the Fund

Exemption Paragraph 3

46. LGPS Central Limited Company Update

Exemption Paragraph 3

Chairman

LOCAL PENSIONS BOARD – 30 SEPTEMBER 2022

Report of the Deputy Chief Executive & Director for Corporate Services

STAFFORDSHIRE PENSION FUND RISK REGISTER

Recommendations of the Chairman

1. That the Local Pensions Board ('Board') notes the risks, relating to Governance, from the current Staffordshire Pension Fund Risk Register, as presented in Appendix 2.

Background

2. At their meeting in June 2022, the Pensions Committee noted the high-level risks identified within the Staffordshire Pension Fund Risk Register. The Committee also asked the Board to continue to undertake a regular detailed review of the risks identified and the process for maintaining the Risk Register, and report back to the Committee on any areas of concern.
3. To assist with their review, the Board requested that one of the four main risk areas (Governance, Funding, Administration, and Investment), be presented to them at each meeting, for their consideration. This was to align with the risk area considered by the Officer working group that quarter.
4. Board members have joined the Assistant Director for Treasury & Pensions and Senior Pensions and Investment Officers, forming the Officer working group, on a quarterly basis. Working through the detail of the individual risks, they collectively determine individual risk scores by considering the potential impact any one risk might have, together with the likelihood of that risk occurring. Members of the Board are invited to continue to attend these working groups if they so wish.
5. At a meeting on 31 August 2022, the officer working group, together with a member of the Local Pensions Board, reviewed the risk area of Governance. Pre and post control ratings were re-assessed, considering any new controls or sources of assurance. New areas of potential risk were also considered.
6. Post control, Fund Officers believe there are no high-level risks in this area and only 4 areas of medium risk. Good Governance, and the practice and promotion of such, has been of key focus for Fund Officers over recent years. Three areas of medium risk relate to outstanding legislative changes, which lead to some uncertainty around the Fund's governance arrangements that may be required going forward. Examples include: The Pensions Regulators Single Code of Practice, Regulations relating to McCloud and Legislation arising from the Good Governance Project. The fourth medium risk relates to the need to understand more about the custody arrangements for Private Market assets as these become a greater proportion of the Fund's Strategic Asset Allocation.

7. The full list of current Governance risks is presented in Appendix 2 for Board members to discuss and / or note at today's meeting.

John Tradewell
Deputy Chief Executive & Director for Corporate Services

Contact: Melanie Stokes
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Appendix 1

Equalities implications: There are no direct implications arising from this report.

Legal implications: There are no direct legal implications arising from this report.

Resource and Value for money implications: The main resource implications have not been explicitly assessed but arise directly from either any mitigating actions or from the impact of the risk identified.

Risk implications: The main topic of this report is risk assessment.

Climate Change implications: There are no direct implications arising from this report.

Health impact assessment screening: There are no direct implications arising from this report.

Governance

Objective	High Level Risk	Detailed Risk	Impact	Likelihood	Pre-control Risk Score	Controls	Source of Assurance	Impact	Likelihood	Post-control Risk Score	Review Date	Actions Description	Outcome of Review /Changes made	Owner	
1.0 To meet the highest standards of Governance and demonstrate key principles of accountability and transparency through clear responsibilities and reporting	1.0 Failure to define agree and report Fund objectives	Failure to set objectives	3	4	12	Fund objectives are defined and reviewed annually as part of the risk register summary and approved by pensions committee and Pensions Board.	Objectives documented in Risk Register and key Policy Documents	3	3	9	Sep-23			MS/HW	
		Failure to include an assessment of performance using agreed benchmarks	3	3	9	For each key area of the fund appropriate KPI's are determined and assessed regularly.	Pensions Committee, Pensions Board, Internal and External Audit, Portfolio Evaluation, CIPFA benchmark, Pensions Regulator, Audit and Standards Committee, CEM, ONS return, DLUHC.	3	3	9	Sep-23			MS/HW	
		Failure to report annually to the Pensions Committee and to review the objectives	3	4	12	Pensions Committee and Pensions Board	Report to Pensions Committee, Pension Board as part of key policy documents	3	2	6	Sep-23		Review policy once	HW	
1.1 To ensure the Fund has an appropriate governance structure	1.1 Failure to have an appropriate Governance structure in place including appropriate polices e.g. Conflicts of Interest	Failure to publish a Governance Policy Statement	3	2	6	Governance is implemented in accordance with the Governance Policy Statement which sets out the roles and responsibilities of all parties	Governance Policy Statement	1	1	1	Mar-23	Scheme advisory board Good Governance project phase 3. Myners principals?	guidance from Good Governance review	MS	
		Failure to set up bodies with appropriate constitutions	4	2	8	Pensions Committee, Pensions Panel, Pensions Board and LGPS Central have individual terms of reference.	Pension Board, County Council constitution, Internal Audit of governance arrangements, TPR report to regulator. Virtual/Hybrid meetings can be facilitated, where allowed.	1	1	1	Sep-23		Current review with	MS	
		Failure to have appropriate representation on County Council Committees and LGPS Central	3	3	9	County Council constitution, Shareholders agreement of LGPS Central	Pension Board, LGPS Central terms of reference and governance structure.	1	3	3	Sep-23		MADS in progress	County Council	
		Failure to review Governance standards against suitable benchmark (Government guidance e.g. Code of practice 14)	4	4	16	Officers monitor and are aware of various governance standards and changes within them.	DLUHC, tPR, SAB, LGA,	3	4	12	Nov-22	Review following tPR revision of code of practice (from 15 codes to 1) and consider internal/external review. Due Sept 22. GAP analysis		All	
		Failure to address conflicts of interest with appropriate policy with conflicts properly recorded and acted upon	3	3	9	Conflicts of Interest Policy exists and conflicts are a standing item on agendas	Conflicts Policy published, Conflicts reported, Pension Board	2	1	2	Ongoing		Conflicts policy reported to June 2021 Pensions Committee. Next review March 2022 Committee	Member and Democratic services	

Governance

Objective	High Level Risk	Detailed Risk	Impact	Likelihood	Pre-control Risk Score	Controls	Source of Assurance	Impact	Likelihood	Post-control Risk Score	Review Date	Actions Description	Outcome of Review /Changes made	Owner
1.2 To ensure that all Elected Members and officers have appropriate Knowledge and skills	1.2 Failure to ensure that Elected Members and Senior Managers have the required skills or qualifications to perform their function effectively, and are supported by an ongoing programme of training	Failure to adopt CIPFA Knowledge and Skills Framework	4	4	16	Adoption of CIPFA Training and Skills Framework, Training policy, Training Logs for Committee and Board	Pension Board, Training need analysis, Hyman's Aspire online training, LGA fundamentals.	3	2	6	Sep-23	Impact of SAB Good Governance Review?		HW/ MS
		Failure to keep training records	2	4	8	Training Logs kept for Elected Members Annual Training Programme. Publish training in Annual Report	Training records exist. Pension Board. Annual training needs analysis. Hyman's online training records reports emailed monthly.	1	1	1	Sep-23			HW/ MS
		Failure to deliver regular training to Elected Members	3	4	12	Annual TNA vs CIPFA KSF, Training Policy, Annual training plan.	Pension Board, AON, Self assessment, Regular "just in time training" at meetings, two Committee training session per year, Virtual training carried out to ensure continuity. Hyman's online training comprehensive in all areas of fund. LGA Fundamentals offered to all members	2	2	4	ongoing	Impact of SAB Good Governance Review?	TNA completed Jan 22	HW/ MS
		Failure of senior officers to have appropriate skills, or knowledge	4	2	8	Senior Officers can demonstrate appropriate knowledge, skills and experience	Qualifications and experience of senior officers, "we talk", appointment process, training and development log, CIPFA KSF, TNA, succession planning	1	2	2	Apr-23	Impact of SAB Good Governance Review? Succession planning becoming more important in some areas.	Structure reviewed and new posts identified. Succession planning in place	MS
1.3 To ensure the Fund has appropriate financial, investment and actuarial advice	1.3 Failure to have proper arrangements to receive appropriate advice; including appropriate procurement and monitoring of performance of advisors	Failure to have appropriate advisors including avoidance of reliance on a sole advisor	4	4	16	Several advisors are procured, they are appropriately qualified (Actuarial, FCA)	Several advisors are in place and regularly attend Committee/Panel/meetings with officers and Pensions Board meetings as required. Hyman's always provide a second back up advisor for actuarial and investment advice. CMA guidance requires objectives and regular retendering of advisors.	3	2	6	annual	Second independent advisor to be appointed.	Objectives set for advisors as per CMA	MS
		Failure to regularly tender for advisor – or failure to report reasons for not tendering for approval	4	4	16	Services are tendered regularly (or reasons for not doing are approved by elected members)	Procurement regulation compliance, contract termination dates, Procurement Contracts register. CMA requires regular retendering of advisors.	2	3	6	annual	Second independent advisor to be appointed.	advisors reappointed as from April 21	MS
		Failure to have appropriate contracts in place	4	4	16	Suitable contracts are in place	Legal services, Internal Audit, Procurement, suppliers	2	2	4	annual	Contracts need to be put in place for independent advisors when next retendered. Consider tender independents in 2022/23.		MS
		Failure to monitor and report performance of advisors	3	4	12	Advisors performance is monitored annual by the Pensions Panel in line with the CMA objectives	Report to Pension Committee, Pension Board, GAD Actuarial assumptions, Officer and member feedback. Portfolio evaluation measures strategic asset allocation decisions. CMA objectives for investment consultant.	3	3	9	Aug-23			MS

Governance

Objective	High Level Risk	Detailed Risk	Impact	Likelihood	Pre-control Risk Score	Controls	Source of Assurance	Impact	Likelihood	Post-control Risk Score	Review Date	Actions Description	Outcome of Review /Changes made	Owner
1.4 To ensure assets are safeguarded and properly accounted for and reported upon.	1.4 Failure to have appropriate custody arrangements in place for liquid markets and illiquid investments (Inc. property)	Failure to have custody arrangements in place for every asset class; including Liquid assets held at custodian (Equities and Bonds), Cash AND Illiquid asset classes; Property, Private Equity, Hedge Funds, Private Debt, Infrastructure. Both at LGPS Central and SPF	5	2	10	Custody arrangements in place, LGPS Central is FCA regulated and has services of depository and operator.	Legal Custody agreements exist for liquid assets held at custodian. Other arrangements for illiquid assets are documented. Annual investment strategy for cash. LGPS Central ARCC, internal and external audit all review. AAF Internal controls reports reviewed.	5	2	10	Sep-23	Need to further understanding of custodian arrangements in private markets.		MS
		Failure to have custodian contract with appropriate obligations and clear sanctions for default. Both at LGPS Central and SPF	4	2	8	Contract contains detailed provisions for safekeeping of assets.	Custodian agreement has appropriate provisions	4	1	4	ongoing			MS
		Failure to ensure either custodian has a high credit rating	3	3	9	Custodian credit rating high;	Custodian has high credit rating, (NT long term rating currently currently AA-/AA2)	3	1	3	ongoing			MS
		Failure to ensure assets are completely and accurately recorded	4	3	12	Monthly check on reporting of assets by managers vs custodian, by SPF and LGPSC. Managers valuations.	Internal controls report (eg.AAF0106 type 2), Internal & External Audit. Managers controls, assets valued in accordance with standards. LGPS central PAF audit working group.	4	2	8	Sep-23			MS
		Failure to ensure that any custodian has suitable systems and processes to keep records separately from their own assets.	4	2	8	Arrangements reviewed regularly, Legal Services keep property records. Limited Partnership agreements for illiquid investments and other documents held by manager custodians. LGPS central depository	Internal controls reports (eg.AAF0106 type 2), Audit assurance visit, bi annual visits, FCA. Work of LGPS Central Audit working group. LGPS Central have AAF0106 type 2 report.	4	2	8	ongoing	Electronic Property records system being set up 2022.		MS
		Failure to ensure that any assets lent out under a stock lending programme are safeguarded, by having a separate agreement and robust securitisation in place	4	3	12	Stocklending subject to separate agreement and strict controls. Access through passport to stock lending report	Northern Trust agreement. Security reviewed by consultants. Collateral in place for all agreements, Client meetings. Securities lent and collateral held viewed through Northern Trust Passport for SPF held assets. LGPS Central Securities Lending Policy	4	2	8	ongoing			MS
		Failure to ensure that stock lending activity and controls are reported to the Pension Panel regularly	2	3	6	Ensure officers review stock lending activity and controls. This has not been reported to Pensions Panel for 4 years due to decreasing income and pending assets moving to LGPS central.	Pension Panel report. Pension Board. Annual meeting with custodian	2	3	6	Sep-23	Review if we need to report securities lending to Panel, including LGPS Central.		MS

Governance

Objective	High Level Risk	Detailed Risk	Impact	Likelihood	Pre-control Risk Score	Controls	Source of Assurance	Impact	Likelihood	Post-control Risk Score	Review Date	Actions Description	Outcome of Review /Changes made	Owner
1.5 To ensure that the Fund makes all information it is required to make available to stakeholders and that the information is easy to understand. To meet best practice standards wherever possible	1.5 Failure to publish all documents required by legislation including statutory accounts and annual report and key documents comprising Governance Strategy, ISS, FSS. Communications Policy	Failure to publish all key documents including Annual Report, ISS, FSS, Governance Strategy, Communications Policy, Actuarial Valuation.	4	3	12	Key documents list is maintained and all key documents are completed, reviewed regularly and published	Documents published, regulations, CIPFA guidance, TPR codes of practice, Pensions Board, Pensions Committee, Internal Audit, external audit	4	1	4	Annual	Administration Strategy and Governance strategy need to be reviewed following Good Governance, TPR single code.	Governance Document Register is included as part of the committee cycle.	MS
		Failure to regularly review all key documents	3	4	12	Governance Document Register is maintained and all key documents are completed, reviewed regularly and published	Documents published, regulations, CIPFA guidance, TPR codes of practice, Pensions Board, Pensions Committee, Internal Audit, external audit	3	3	9	Annual			MS
1.6 To comply with all legislation relating to Local Government Pensions.	1.6 Failure to adhere to relevant statutory regulations including updates to LGPS	Failure to know about legislative change	5	4	20	Regular review of prospective changes through consultations; updates from LGA and intelligence from conferences and advisors	Pension Board, Altair system updates, LGA, Hymans, POGS, Eversheds, Heywoods. Monthly reviews of LGA bulletins	5	3	15	Ongoing	Review impact of McCloud, Goodwin, exit payment cap to be introduced.		MS SJ JW
		Failure to implement changes to systems, processes and to document such as required by legislative change	4	4	16	Ensure any changes are implemented through changes to documents and procedures as required	Pension Board, Altair updates, communications working groups, CIPFA code and example accounts. LGA updates and templates.	4	2	8	Ongoing	Hosted software update assist implementation of regulation changes, manual calculations-impact on resources. Requirements for national Pensions Dash Board are not fully know, anticipate more work for fund and systems.	Following move to external hosting, software updates now applied immediately by heywood, frequency increased to 4 times a year from 2.	MS SJ JW
		Failure to train staff as required by the legislative change	4	4	16	Ensure staff are trained in changes as required.	Pension Board, Internal Audit, team meetings, targeted training, webinars, LGA training.	4	3	12	Ongoing	need to train staff on impact and practical implementation of significant regulatory change		MS SJ JW
		Failure to report major legislative change to Pension Committee/Panel	1	3	3	Ensure major changes are reported to Committee/Panel	Pension Committee report, Pension Board	1	2	2	Ongoing			MS SJ JW
		Failure to appoint an independent auditor	4	2	8	Auditor appointed	Auditor appointed as part of County Council arrangements	4	1	4	Contractual			County Council
		Failure of the independent auditor to report to the Pension Committee	3	2	6	Audit Reports	Audit report to Committee. Pension Board and Audit and Standards Committee	2	1	2	Annual			TB
		Failure to have a comprehensive risk register in place	3	3	9	Comprehensive Risk Register in place and reviewed regularly, Controls are regularly tested. New risks are identified by regular review of changes (informed by advisors, LGA, press, conferences etc.)	Risk register exists and is regularly reviewed and updated as part of quarterly officer risk register meetings also attended by Pensions Board.	3	1	3	Annual review	Link Risk Register objectives to any new objectives created by review e.g RI		Pensions Cor

Governance

Objective	High Level Risk	Detailed Risk	Impact	Likelihood	Pre-control Risk Score	Controls	Source of Assurance	Impact	Likelihood	Post-control Risk Score	Review Date	Actions Description	Outcome of Review /Changes made	Owner
1.8 Participation in LGPS Central Pool of Funds	1.8 Failure of Pool to have proper Governance arrangements in place.	Failure to review the risk register at least annually and to report to Pension Committee	4	3	12	Comprehensive Risk Register in place and reviewed regularly, Controls are regularly tested. New risks are identified by regular review of changes (informed by advisors, LGA, press, conferences etc.) Pensions Board review Risk Register on behalf of Pensions Committee.	Pension Committee report. Pension Board Quarterly reports	3	2	6	Quarterly			HW
		Failure to identify new risks	4	4	16	Comprehensive Risk Register in place and reviewed regularly, Controls are regularly tested. New risks are identified by regular review of changes (informed by advisors, LGA, press, conferences etc.)	Risk register updated for new risks	3	3	9	Quarterly			All
		Inappropriate governance structure set, with no terms of reference, no defined membership and meetings not formally constituted.	3	4	12	Joint Committee, Shareholders Forum and Practitioners advisory forum exist, have clear terms of reference and defined membership. CIPFA guidelines. FCA regulation. Company law. LGPS Central company and pool risk register exist - LGPS Central Joint Committee review company risk register	Staffordshire members regularly attend meetings of Joint Committee, Shareholders Forum and Practitioners Advisory Forum, and that decisions are reported back to Pensions Committee. Audit Assurance Framework	2	2	4	Ongoing	Attendance at meetings are monitored and reported. LGPSC shared objectives are currently being reviewed by PAF.		Pensions Cor

NB, risks associated with pooling will change as LGPS Central is formed and transition is progressed.

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