Objective	High Level Risk	Detailed Risk	Impact Likeliho	od Pre-control	Controls	Source of Assurance	Impact Like	lihood	Post-control	Review Date	Action Description	Outcome of Review	Owner
	riigii Lovoi Riok	Dotalica Nion	impuot Likeliik	Risk Score	Controls	Course of Assurance	impuot Liko		risk Score	neview bate	Action Description	/Actions made	Owner
					Otrata via Assat Allasation								
					Strategic Asset Allocation review is being carried out in	•							
					tandem with the funding	Pensions Committee							
					strategy review to ensure	receive report from							
	2.1 Failure of the				the consistency of	consultant to							
	Strategic Asset Allocation	1			assumptions used by the	demonstrate consistency							
The actual return of the Funds	(SAA)to meet the level of				actuary in setting	and outcomefrom					0		
eutral' and / or 'tactical' Strategic	return underpinning the	Callura of the investment consultant to take			contribution rates. Ensuring	modelling. Additional					Strategic asset		
set Allocation is capable of	setting of contribution	Failure of the investment consultant to take account of the Actuarial assumptions in			the Actuary and Investment	paper producedby					allocation review as part of 2022 actuarial		Pension
ceeding the return assumption (i.e.		advising on the Strategic Asset Allocation			Consultant understand each						valuation has been		Commit
the Discount Rate / AOA) of the Actuary	risk than the level of risk	s davising on the ortategre / toset / thouaten			others assumptions and	outperformance					carried out.		
sed in the triennial valuation.	assumed by the Actuary				ensure they are consistent.	assumption. No issues							
	in setting contribution				Using stochastic modelling	from Regulation 13 report, GAD. SAA review							
	rates				to show a range of outcomes and reporting and	•							
					consulting on the	consultant.							
					assumption through the								
					Funding Strategy								
			5	3 1	5 ° ° ° ° ° ° ° ° ° ° ° ° ° ° ° ° ° ° °		4	2	3	Mar-2	3		
						Pensions Committee							
					Use of stochastic models to	receive report from the							
		Failure of the Actuary to model the impact of			understand the range of	Actuary, to demonstrate					SAA has been taken		Pensions
		the Strategic Asset Allocation in setting contribution rates			possible outcomes. Use of	the output from modelling and use of					into account in setting contribution rates		Committe
		Contribution rates			stabilisation policy	stabilisation policy.					Contribution rates		
			5	3 1	5	Pensions Board	4	2	۶	Mar-2	3		
			· ·			Responses to	•	-	· ·	mai 2	Pensions committee		
		Failure to clearly explain the impact of the				consultation are taken					were consulted on		
		Strategic Asset Allocation in the Funding			Funding Strategy Statement	into account. Pension					asumptions, FSS to be		Pensions Committe
		Strategy Statement (FSS) and failure to consult on the assumptions			clearly explains the impact.	Board, Pensions					updated post valuation		Committee
		consult on the assumptions	2	3	6	Committee	2	1	2	Sep-22	2 results.		
					Other managers can be	Pensions Committee,							
		Failure of LGPS Cental to offer a suitable			appointed to fulfill required	LGPS cental joint					Review after DLUHC		
		range of products to meet the requirements			SAA. PAF investment	committee, DLUHC draft					Formal Consultation		Pensions
		of the Fund's SAA			working group, project	regulations, range of					due 2022		Panel
			3	4	development protocol,  decision tree.	LGPSC products available is increasing	3	2	6	angaing			
			3	4	decision free.	available is increasing	3	2	,	ongoing			
											Up to date fund		
											valuations are produced	i	
2 The return of the 'actual / tactical'	2.2 The actual/ tactical					Use of benchmark					on the last day of each		
rategic Asset Allocation (determined	investment strategy				Actual/ tactical SAA position	indices to value					month, and periodically		
the Pensions Panel) exceeds the		Failure to monitor the actual/ tactical SAA			is monitored monthly and	positions. Valuations					as required. No tactical		
y tile reliaiolia railel) exceeda tile		using up to data market values			undated to the letest values								MS
	(determined by the Panel) fails to exceed the return	using up to date market values			updated to the latest values	from custodian and					positions taken		MS
eturn of the 'neutral' Strategic Asset	(determined by the Panel)	using up to date market values			updated to the latest values regularly	from custodian and managers					currently, new SAA to		MS
eturn of the 'neutral' Strategic Asset	(determined by the Panel) fails to exceed the return	using up to date market values			·	from custodian and					' " " " " " " " " " " " " " " " " " " "		MS
eturn of the 'neutral' Strategic Asset	(determined by the Panel) fails to exceed the return	using up to date market values	,		regularly	from custodian and	,	0		Manufala	currently, new SAA to be approved March 22		MS
eturn of the 'neutral' Strategic Asset	(determined by the Panel) fails to exceed the return	using up to date market values	4	3 1	regularly	managers	4	2	8	Monthly	currently, new SAA to be approved March 22 with implementation to		MS
turn of the 'neutral' Strategic Asset	(determined by the Panel) fails to exceed the return	using up to date market values	4	3 1	regularly	managers  Pensions Panel receives	4	2	8	Monthly	currently, new SAA to be approved March 22 with implementation to	. Daniel was a work of a co	MS
turn of the 'neutral' Strategic Asset	(determined by the Panel) fails to exceed the return	Failure to report the actual/ tactical SAA	4	3 1	regularly  Actual/ tactical SAA position	rrom custodian and managers  Pensions Panel receives quarterly SAA repot/	4	2	8	Monthly	currently, new SAA to be approved March 22 with implementation to follow.	Panei recommends an	
turn of the 'neutral' Strategic Asset	(determined by the Panel) fails to exceed the return	Failure to report the actual/ tactical SAA compared to the neutral SAA to the Pension	4	3 1	2 Actual/ tactical SAA position is reported to Pension Panel	Pensions Panel receives quarterly SAA repot/valuation. Pensions	4	2	8	Monthly	currently, new SAA to be approved March 22 with implementation to follow.  Pensions Panel reviews the SAA report and takes mitigating action	amendment to actual/	MS Pensions Panel
turn of the 'neutral' Strategic Asset	(determined by the Panel) fails to exceed the return	Failure to report the actual/ tactical SAA	4		regularly  Actual/ tactical SAA position	Pensions Panel receives quarterly SAA repot/valuation. Pensions Board. Investment	4			·	currently, new SAA to be approved March 22 with implementation to follow.  Pensions Panel reviews the SAA report and	Panei recommends an	Pensions
turn of the 'neutral' Strategic Asset	(determined by the Panel) fails to exceed the return	Failure to report the actual/ tactical SAA compared to the neutral SAA to the Pension Panel quarterly	4	3 1	2 Actual/ tactical SAA position is reported to Pension Panel quarterly	Pensions Panel receives quarterly SAA repot/ valuation. Pensions Board. Investment Consultants.	·	2		Monthly Quarterly	currently, new SAA to be approved March 22 with implementation to follow.  Pensions Panel reviews the SAA report and takes mitigating action where required	amendment to actual/	Pensions
turn of the 'neutral' Strategic Asset	(determined by the Panel) fails to exceed the return	Failure to report the actual/ tactical SAA compared to the neutral SAA to the Pension Panel quarterly  Failure to record the tactical positions,	4		Actual/ tactical SAA position is reported to Pension Panel quarterly Any tactical positions taken	Pensions Panel receives quarterly SAA repot/ valuation. Pensions Board. Investment Consultants.  Pension Panel minutes.	·			·	currently, new SAA to be approved March 22 with implementation to follow.  Pensions Panel reviews the SAA report and takes mitigating action where required  Working documents,	amendment to actual/ tactical SAA	Pensions Panel
turn of the 'neutral' Strategic Asset	(determined by the Panel) fails to exceed the return	Failure to report the actual/ tactical SAA compared to the neutral SAA to the Pension Panel quarterly  Failure to record the tactical positions, approved by the pensions panel, compared	4		2 Actual/ tactical SAA position is reported to Pension Panel quarterly	Pensions Panel receives quarterly SAA repot/valuation. Pensions Board. Investment Consultants. Pension Panel minutes. Pension Board.	·			·	currently, new SAA to be approved March 22 with implementation to follow.  Pensions Panel reviews the SAA report and takes mitigating action where required	amendment to actual/	Pensions
turn of the 'neutral' Strategic Asset	(determined by the Panel) fails to exceed the return	Failure to report the actual/ tactical SAA compared to the neutral SAA to the Pension Panel quarterly  Failure to record the tactical positions,	4 4	3 1	Actual/ tactical SAA position is reported to Pension Panel quarterly  Any tactical positions taken by the Pension Panel are	Pensions Panel receives quarterly SAA repot/ valuation. Pensions Board. Investment Consultants.  Pension Panel minutes.	·		8	·	currently, new SAA to be approved March 22 with implementation to follow.  Pensions Panel reviews the SAA report and takes mitigating action where required  Working documents, custody records and	Panel recommends an amendment to actual/ tactical SAA  No Tactical positions	Pensions Panel
turn of the 'neutral' Strategic Asset	(determined by the Panel) fails to exceed the return	Failure to report the actual/ tactical SAA compared to the neutral SAA to the Pension Panel quarterly  Failure to record the tactical positions, approved by the pensions panel, compared	4 4	3 1	Actual/ tactical SAA position is reported to Pension Panel quarterly  Any tactical positions taken by the Pension Panel are properly recorded and the	Pensions Panel receives quarterly SAA repot/valuation. Pensions Board. Investment Consultants. Pension Panel minutes. Pension Board. Investment consultants.	·	2	8	Quarterly	currently, new SAA to be approved March 22 with implementation to follow.  Pensions Panel reviews the SAA report and takes mitigating action where required  Working documents, custody records and performance records	Panel recommends an amendment to actual/ tactical SAA  No Tactical positions	Pensions Panel
turn of the 'neutral' Strategic Asset	(determined by the Panel) fails to exceed the return	Failure to report the actual/ tactical SAA compared to the neutral SAA to the Pension Panel quarterly  Failure to record the tactical positions, approved by the pensions panel, compared to the neutral SAA.  Failure to monitor the impact of tactical	4 4	3 1	Actual/ tactical SAA position is reported to Pension Panel quarterly  Any tactical positions taken by the Pension Panel are properly recorded and the outcome monitored Performance measurer reports tactical returns vs	Pensions Panel receives quarterly SAA repot/valuation. Pensions Board. Investment Consultants. Pension Panel minutes. Pension Board. Investment consultants. Fund performance	·	2	8	Quarterly	currently, new SAA to be approved March 22 with implementation to follow.  Pensions Panel reviews the SAA report and takes mitigating action where required  Working documents, custody records and performance records	Panel recommends an amendment to actual/ tactical SAA  No Tactical positions	Pensions Panel MS
urn of the 'neutral' Strategic Asset	(determined by the Panel) fails to exceed the return	Failure to report the actual/ tactical SAA compared to the neutral SAA to the Pension Panel quarterly  Failure to record the tactical positions, approved by the pensions panel, compared to the neutral SAA.	4 4	3 1	Actual/ tactical SAA position is reported to Pension Panel quarterly  Any tactical positions taken by the Pension Panel are properly recorded and the outcome monitored Performance measurer reports tactical returns vs neutral SAA returns	Pensions Panel receives quarterly SAA repot/valuation. Pensions Board. Investment Consultants. Pension Panel minutes. Pension Board. Investment consultants.	·	2	3	Quarterly Quarterly	currently, new SAA to be approved March 22 with implementation to follow.  Pensions Panel reviews the SAA report and takes mitigating action where required  Working documents, custody records and performance records	Panel recommends an amendment to actual/ tactical SAA  No Tactical positions	Pensions Panel MS
urn of the 'neutral' Strategic Asset	(determined by the Panel) fails to exceed the return	Failure to report the actual/ tactical SAA compared to the neutral SAA to the Pension Panel quarterly  Failure to record the tactical positions, approved by the pensions panel, compared to the neutral SAA.  Failure to monitor the impact of tactical	4 4	3 1	Actual/ tactical SAA position is reported to Pension Panel quarterly  Any tactical positions taken by the Pension Panel are properly recorded and the outcome monitored Performance measurer reports tactical returns vs	Pensions Panel receives quarterly SAA repot/valuation. Pensions Board. Investment Consultants. Pension Panel minutes. Pension Board. Investment consultants. Fund performance reports to Pension Panel. Pension Board	·	2	3	Quarterly	currently, new SAA to be approved March 22 with implementation to follow.  Pensions Panel reviews the SAA report and takes mitigating action where required  Working documents, custody records and performance records	Panel recommends an amendment to actual/ tactical SAA  No Tactical positions	Pensions Panel MS
turn of the 'neutral' Strategic Asset	(determined by the Panel) fails to exceed the return	Failure to report the actual/ tactical SAA compared to the neutral SAA to the Pension Panel quarterly  Failure to record the tactical positions, approved by the pensions panel, compared to the neutral SAA.  Failure to monitor the impact of tactical	4 4	3 1	Actual/ tactical SAA position is reported to Pension Panel quarterly  Any tactical positions taken by the Pension Panel are properly recorded and the outcome monitored Performance measurer reports tactical returns vs neutral SAA returns	Pensions Panel receives quarterly SAA repot/valuation. Pensions Board. Investment Consultants. Pension Panel minutes. Pension Board. Investment consultants. Fund performance reports to Pension Panel. Pension Board Use of appropriate	·	2	3	Quarterly Quarterly	currently, new SAA to be approved March 22 with implementation to follow.  Pensions Panel reviews the SAA report and takes mitigating action where required  Working documents, custody records and performance records	Panel recommends an amendment to actual/ tactical SAA  No Tactical positions	Pensions Panel MS
turn of the 'neutral' Strategic Asset	(determined by the Panel) fails to exceed the return	Failure to report the actual/ tactical SAA compared to the neutral SAA to the Pension Panel quarterly  Failure to record the tactical positions, approved by the pensions panel, compared to the neutral SAA.  Failure to monitor the impact of tactical positions against the neutral SAA	4 4	3 1	Actual/ tactical SAA position is reported to Pension Panel quarterly  Any tactical positions taken by the Pension Panel are properly recorded and the outcome monitored Performance measurer reports tactical returns vs neutral SAA returns	Pensions Panel receives quarterly SAA repot/valuation. Pensions Board. Investment Consultants. Pension Panel minutes. Pension Board. Investment consultants. Fund performance reports to Pension Panel. Pension Board Use of appropriate procurement process	·	2	3	Quarterly Quarterly	currently, new SAA to be approved March 22 with implementation to follow.  Pensions Panel reviews the SAA report and takes mitigating action where required  Working documents, custody records and performance records updated	Panel recommends an amendment to actual/ tactical SAA  No Tactical positions	Pensions Panel MS
turn of the 'neutral' Strategic Asset location	(determined by the Panel) fails to exceed the return	Failure to report the actual/ tactical SAA compared to the neutral SAA to the Pension Panel quarterly  Failure to record the tactical positions, approved by the pensions panel, compared to the neutral SAA.  Failure to monitor the impact of tactical positions against the neutral SAA  Failure of SPF/LGPS Central to conduct a	4 4	3 1	Actual/ tactical SAA position is reported to Pension Panel quarterly  Any tactical positions taken by the Pension Panel are properly recorded and the outcome monitored Performance measurer reports tactical returns vs neutral SAA returns	Pensions Panel receives quarterly SAA repot/valuation. Pensions Board. Investment Consultants. Pension Panel minutes. Pension Board. Investment consultants. Fund performance reports to Pension Panel. Pension Board Use of appropriate procurement process compliant with EU	·	2	3	Quarterly Quarterly Quarterly	currently, new SAA to be approved March 22 with implementation to follow.  Pensions Panel reviews the SAA report and takes mitigating action where required  Working documents, custody records and performance records updated  LGPS Cental agreed to involve Partner Fund	Panel recommends an amendment to actual/ tactical SAA  No Tactical positions	Pensions Panel MS
turn of the 'neutral' Strategic Asset location  8 To achieve performance above the turn of the 'neutral / tactical' strategic	(determined by the Panel) fails to exceed the return of the neutral SAA	Failure to report the actual/ tactical SAA compared to the neutral SAA to the Pension Panel quarterly  Failure to record the tactical positions, approved by the pensions panel, compared to the neutral SAA.  Failure to monitor the impact of tactical positions against the neutral SAA  Failure of SPF/LGPS Central to conduct a robust due diligence process in appointing	4 4	3 1	Actual/ tactical SAA position is reported to Pension Panel quarterly  Any tactical positions taken by the Pension Panel are properly recorded and the outcome monitored Performance measurer reports tactical returns vs neutral SAA returns  benchmark	Pensions Panel receives quarterly SAA repot/valuation. Pensions Board. Investment Consultants. Pension Panel minutes. Pension Board. Investment consultants. Fund performance reports to Pension Panel. Pension Board Use of appropriate procurement process compliant with EU regulations if relevant,	·	2	3	Quarterly Quarterly Quarterly Quarterly	currently, new SAA to be approved March 22 with implementation to follow.  Pensions Panel reviews the SAA report and takes mitigating action where required  Working documents, custody records and performance records updated  LGPS Cental agreed to involve Partner Fund	Panel recommends an amendment to actual/ tactical SAA  No Tactical positions	Pensions Panel MS Pensions Panel
B To achieve performance above the turn of the 'neutral' I tactical' strategic nchmark return, through the	(determined by the Panel) fails to exceed the return of the neutral SAA  2.3 Failure of active	Failure to report the actual/ tactical SAA compared to the neutral SAA to the Pension Panel quarterly  Failure to record the tactical positions, approved by the pensions panel, compared to the neutral SAA.  Failure to monitor the impact of tactical positions against the neutral SAA  Failure of SPF/LGPS Central to conduct a robust due diligence process in appointing active managers including where	4 4	3 1	Actual/ tactical SAA position is reported to Pension Panel quarterly  Any tactical positions taken by the Pension Panel are properly recorded and the outcome monitored Performance measurer reports tactical returns vs neutral SAA returns benchmark  Active managers are	Pensions Panel receives quarterly SAA repot/valuation. Pensions Board. Investment Consultants. Pension Panel minutes. Pension Board. Investment consultants. Fund performance reports to Pension Panel. Pension Board Use of appropriate procurement process compliant with EU regulations if relevant, including the use of	·	2	3	Quarterly Quarterly Quarterly Quarterly, with a long term	currently, new SAA to be approved March 22 with implementation to follow.  Pensions Panel reviews the SAA report and takes mitigating action where required  Working documents, custody records and performance records updated  LGPS Cental agreed to involve Partner Fund	Panel recommends an amendment to actual/ tactical SAA  No Tactical positions	Pensions Panel MS Pensions Panel
turn of the 'neutral' Strategic Asset location  3 To achieve performance above the turn of the 'neutral / tactical' strategic enchmark return, through the pointment of active managers, where	(determined by the Panel) fails to exceed the return of the neutral SAA  2.3 Failure of active managers to deliver	Failure to report the actual/ tactical SAA compared to the neutral SAA to the Pension Panel quarterly  Failure to record the tactical positions, approved by the pensions panel, compared to the neutral SAA.  Failure to monitor the impact of tactical positions against the neutral SAA  Failure of SPF/LGPS Central to conduct a robust due diligence process in appointing active managers including where appropriate an open competition compliant	4 4 4	3 1	Actual/ tactical SAA position is reported to Pension Panel quarterly  Any tactical positions taken by the Pension Panel are properly recorded and the outcome monitored Performance measurer reports tactical returns vs neutral SAA returns benchmark  Active managers are appointed by LGPS Central	Pensions Panel receives quarterly SAA repot/valuation. Pensions Board. Investment Consultants. Pension Panel minutes. Pension Board. Investment consultants. Fund performance reports to Pension Panel. Pension Board Use of appropriate procurement process compliant with EU regulations if relevant, including the use of consultant advice as	·	2	3	Quarterly Quarterly Quarterly Quarterly	currently, new SAA to be approved March 22 with implementation to follow.  Pensions Panel reviews the SAA report and takes mitigating action where required  Working documents, custody records and performance records updated  LGPS Cental agreed to involve Partner Fund representitives in	Panel recommends an amendment to actual/ tactical SAA  No Tactical positions	Pensions Panel  MS  Pensions Panel
turn of the 'neutral' Strategic Asset	(determined by the Panel) fails to exceed the return of the neutral SAA  2.3 Failure of active managers to deliver outperformance (net of	Failure to report the actual/ tactical SAA compared to the neutral SAA to the Pension Panel quarterly  Failure to record the tactical positions, approved by the pensions panel, compared to the neutral SAA.  Failure to monitor the impact of tactical positions against the neutral SAA  Failure of SPF/LGPS Central to conduct a robust due diligence process in appointing active managers including where	4 4 4	3 1	Actual/ tactical SAA position is reported to Pension Panel quarterly  Any tactical positions taken by the Pension Panel are properly recorded and the outcome monitored Performance measurer reports tactical returns vs neutral SAA returns benchmark  Active managers are appointed by LGPS Central through robust competitive	Pensions Panel receives quarterly SAA repot/valuation. Pensions Board. Investment Consultants. Pension Panel minutes. Pension Board. Investment consultants. Fund performance reports to Pension Panel. Pension Board Use of appropriate procurement process compliant with EU regulations if relevant, including the use of	·	2	3	Quarterly Quarterly Quarterly Quarterly, with a long term	currently, new SAA to be approved March 22 with implementation to follow.  Pensions Panel reviews the SAA report and takes mitigating action where required  Working documents, custody records and performance records updated  LGPS Cental agreed to involve Partner Fund representitives in oversight of	Panel recommends an amendment to actual/ tactical SAA  No Tactical positions	Pensions Panel  MS  Pensions Panel

	Failure of SPF/LGPS Central to to ensure managers in the same asset class are complimentary			Active managers in the same asset class are complimentary. Investment advisors review managers/funds in each asset class periodically.	Consultant involved in product development and due diligence process/PAF-IWG/LGPS Central Joint Committee. Investment advisors prduce a suitability report prior to investment. Performance measurer report.			a 5 year focus	LGPS Cental agreed to involve Partner Fund representitives in oversight of appointment process (not decision)		Pensions Panel
	Failure of SPF/LGPS Central to consider whether active managers can add value and whether the benchmark and target level of performance allows sufficient scope to deliver their target	4	4 16	Active managers are appointed where it is clear they can add value and their benchmark and performance target allow them scope to deliver	Consultant involved in product development and due diligence process/PAF-IWG/LGPS Central Joint Committee/Pensions Panel/Pensions Board	3	4 12	Quarterly, with a 5 year focus	LGPS Cental agreed to involve Partner Fund representitives in oversight of appointment process (not decision)		Pensions Panel
	Failure to report asset manager performance to the Pension Panel or to include annual (and longer term) performance in the Annual Report	4	3 12	Asset manager performance is reported regularly to the Pension Panel and in the Annual Report	LGPS Central performance reports, Performance measurer, Pension Panel reports, Pension Board. Audit. Investment Consutants.	2	1 2	. Quarterly			MS
	Failure of SPF/LGPS Central to regularly review and understand the reasons for the level of performance of managers	5	4 20	Asset managers are regularly reviewed to ensure changes to key personnel or the investment process do not undermine the reasons for appointing them		5		Quarterly	Mangers appointed by LGPS Central invited to attend quarterly PAF IWG meetings where concerns about performance are raised, Manager days. LGPSC 3 yearly review.		Pensions Panel
	Failure of SPF/LGPS Central to remove mangers who fail to deliver expected performance			Active managers are sacked or holdings reduced if they do not deliver outperformance, the fund has the right to withdraw its investment if performance is not met	Meetings with LGPS Central and mangers, Consultant comments, Manager presentations to Pension Panel, Pension Board, Joint			ongoing, long term focus	Mangers appointed by LGPS Central invited to attend quarterly PAF IWG meetings where concerns about performance are raised. LGPSC 3 yearly review.		Pensions Panel
	Failure of SPF/LGPS Central to understand the reasons for removing managers leading to high turnover of managers and significant transition costs	4	3 12	Manager processes are understood and clear reasoning is presented to LGPS Central/Panel to approve any removal of a manager	Committee, PAF-IWG Meetings with LGPS Central and mangers, Consultant comments, Manager presentations to Pension Panel, Pension Board, Joint Committee, PAF-IWG	3	1 3	ongoing			Pensions Panel
	Failure to maintain a 'Professional Client status' with investment managers and LGPS Central under MIFID II regulations. Limiting diversification and markets available, therefore potentially reducing returns on investments. Ongoing compliance with criteria is required.	3	2 6	Being an administering authority of a Pension fund is one of the criteria, along with investment balances of over £10m, which the fund is likely to always have.	Continuous monitoring by officers of investment balances	3		ongoing	MIFID II documents are regularly updtade as they are requested by managers		MS
erstand between inagers ions to	Failure to consider and address the impact of asset correlation	4	4 16	Asset Liability Modelling undertaken as part of Strategic Asset Allocation review in order to determine likely investment returns for 20 years. This includes asset correlation across return seeking and defensive asset classes.	Meetings with mangers, Consultant comments, Manager presentations to Pension Panel, Pension Board. Annual SAA review.	4	2 8	Quarterly			Pensions Panel
	Failure of SPF/LGPS Central to consider and address the impact of manager correlation	4	4 16	Managers strategies are understood to ensure any strategy overlap is minimised	Manager fit is understood on appointment, Manager monitoring, Consultant comments, Performance measurement, Joint Committee, PAF-IWG	3	4 12	Quarterly		likelihood increased due to upcoming implementaion of new SAA following review.	Pensions Panel

2.4 To ensure that asset classes and 2.4 To ensure that asset classes and managers are understood together with their returns and correlations to each their returns and correlations to each other

2.4 Failure to unders and their correlations each other.

	Failure to consider and address any systemic risk factors across the fund	4	5 2	Macroeconomic factors are understood, Manager review, meetings with mangers, Consultant and potential risk areas, The fund has a long term investment strategy, diversification of olivestments are understant of the factor of th	3	4 12	2 Quarterly	Likelihood inceased due to combination of current macroeconomic factors, eg inflation, energy prices, covid, geopolitical events.
	Failure to consider and address currency risk	3	3	Impact of Currency risk on fund value is understood (As a long term investor with no immediate need to sell assets short term fluctuations have a limited impact). Awareness of Currency market fluctuations. Appropriate currency hedging policy is in	3	3	No current requirement for Currency Hedging but need to consider process for implementing Currency Hedging if required in future (LGPS Central) will be reviewed as part of SAA	cy Pensions Panel ?),
	Failure to consider and address risk from leveraged investment funds	4		Impact of leverage on the Fund is understood. Amount due diligence, LGPS of leverage within investment funds is understood and limited.  Consultants, Manager due diligence, LGPS Central, PAF-IWG, information in fund prospectus	3		Ad hoc	Pensions Panel
2.5 To ensure the Fund takes account of 2.5 Failure to take Responsible Investment (RI) factors in its investment decisions.  account of RI factors in investment decisions	Failure for the SPF/ LGPS Central to have a policies on RI&E	3	3	Fund Policies in place and complied with. All fund managers signed up to UNPRI. All fund managers report quarterly on Voting and Engagement. Quarterly report to Pensions Panel. Investment beliefs include RI&E considerations.	2	3	Consideration to be given to actions arisir from review of FRC U Stewardship Code plu SAB guidance.	IK TB
	Failure to comply with the FRC UK Stewardship Code	2	5 1	FRC UK Stewardship Code (Tier 1 signatory to 2016 2016 Investment code), as are all fund regulations, ISS, LGPS managers, working towards becoming signatory of 2020 revised code  FRC UK Stewardship Code  Contracts contain clause.	2		To become signatorion of the 2020 FRC UK Stewardship Code, pl SAB guidance	TR
	Failure to have a Climate Policy and take into account the impact of climate change on the SAA and subsequent investment returns			Climate policy produed, Pensions Panel takes into account impact of cliamte change in its investment decisions and setting of SAA, through scenario analysis, RI factors are incorporated in investment beliefs.  Climate risk report, Climate Policy produced, TCFD reporting, Hymans, LGPSC, Scenario analysis, SAA review incorporates climate change roadmap, Climate stewardship Plan.				ТВ
	Failure to meet TCFD reporting requirements and understand the associated climate metrics	3	3 1	Pensions Committee, TCFD report is produced annualy and metrics are monitored Pensions Board, Hymans, LGPSC, SAB, DLUHC	3	2	3 Apr-23 6 Apr-23	ТВ
	Failure to have all fund managers signed up the UNPRI Code of Practice	3	3	All fund managers signed LGPS Central, manager up to UNPRI. contracts contain clause	2		Annual	ТВ
	Failure of LGPS Central/mangers to report engagement actions quarterly	3	3	All fund managers/LGPS Central report quarterly on Voting and Engagement. Quarterly report to Pensions Quarterly report to Pensions Panel.  Manger reports, LGPS Central Investment Director for RI, LGPS Central Joint Committee (Hermes)	2	3 6	6 Quarterly	Pensions Panel
	Failure to report RI&E issues to the Pension Panel regularly			All fund managers/LGPS Central report quarterly on Voting and Engagement. Quarterly report to Pensions  Pension Panel reports, Pension Board				Pensions Panel
	Failure to collaborate on RI&E issues	3		9 Panel.  Member of LAPFF, cross pool RI&E working group and LGPS Central.  Member of LAPFF, LGPS Central	2		G Quarterly G Ongoing	TB/ Pensions Panel

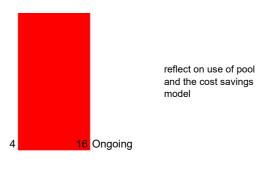
		Failure to integrate Climate change and the transition to low carbon economy into the investment portfolio.	4	3 1	LAPFF, LGPS Central and fund managers liaise directl with companies on climate change issues	Member of LAPFF, Managers reports, officers member of PAF RI working group, LGPS Central Investment Director for RI (Hermes). y Carbon Risk Metrics (MSCI) and Climate Scenario Analysis (Mercers) offered by LGPS Central. Climate Change Roadmap. SAA review takes account of Climate Change factors.	3	2	6 Ongoing	Review climate risk reporting output from LGPS central, Consider wider implications of Climate risk on the fund, eg funding, employers etc. Investment consultant climate roadmap.	TB/ Pensions Panel
2.6 To minimise fee levels and total expense ratios consistent with performance targets i.e. active / passive	2.6 Failure to minimise manager fees and expenses commensurate with performance target	Failure of SPF/LGPS Central to include fees as part of a competitive procurement process	2		Competitive tender process use of framework, joint procurement	Procurement using EU , rules and/or expert external advisor, consideration of performance net of fees					Pensions Panel
		Failure to benchmark fees and expenses annually at fund level with appropriate benchmark	3	3	Benchmark fees/expenses at fund level	CEM benchmarking, including value add, Total expense ratio, Peer Benchmarking, CIPFA annual report guidance, consideration of	2	2	4 Ad hoc		Pensions Committee
		Failure to account for fees or to report fees to the Pension Committee and in the Annual Report	3	3	Account for fees transparently, Report fees to Pension Committee and in Annual Report (open to scrutiny)	performance net of fees  Accounts in accordance	2	2	4 Annual 6 Annual		Pensions Committee
		Failure of SPF/LGPS Central to consider whether performance related fees may be appropriate	3	3	Performance related fees considered as part of competitive manager appointment	Fee basis based on individual or sub-fund level reported to Pension Panel, Advisors views taken, consideration of performance net of fees	2	2	4 Ad hoc		Pensions Panel
2.7 Understand and consider the difference between the liability benchmark and the 'neutral' SAA	2.7 Failure to understand the changes in the liabilit benchmark of the Fund and adjust the 'neutral' SAA accordingly	by Impact of changes in interest rates and its effect on liabilities is not taken into account when setting the 'neutral' SAA			Cash flows of the fund are monitored quarterly and understood. The fund operates on a liability aware basis.	Actuarial Valuation, annual change in the Funds liability benchmark are reported to the Pensions Panel. Considered as part of the SAA. Asset Liability					Pensions Committee / Pensions Panel
		Impact of changes in inflation and its effect on liabilities is not taken into account when setting 'neutral' SAA	4	3 1	Cash flows of the fund are monitored quarterly and understood. The fund operates on a liability aware	Modelling.  Actuarial Valuation, annual change in the Funds liability benchmark are reported	3	3	9 Annual		Pensions Committee / Pensions Panel
2.8 Ensure the efficient transfer of	2.8 Operating costs of the pool exceed budget, staff impacted and anticipated	F Diels that the amounting scate of the goal and	4	3 1	Budgets for operating costs are in place, monitored and	SAA. Asset Liability Modelling. Shareholders approve annual budget (based on inflationary uplift), with	3	3	9 Annual		Sharehold ers Forum
assets to, set up and running of LGPS Central	savings do not materialise, impacting Fund performance	Fund	4	4 1	there is a cost sharing mechanism in place.  6 6 Ensure other members of	requiring additional approval. Quarterly budget monitoring reported to PAF Regular strategy and planning meetings to	4	4	16 Ma	r-23	& PAF
		Risk of SPF/LGPS Central losing key personnel and knowledge.  Failure of LGPS Central to deliver the	4	4	staff know how to do all roles and are aware of work on going, including within LGPS Central  6 There is a regulatory	schedule work and priorities, generic job descriptions, succession planning, PAF-IWG	3	4	12 Ma	LGPSC turnover close to 20% Likelihood increased.	MS/Team
		services set out in their Regulatory Buisness Plan and within agreed timescales to provide SPF with expected level of service for BAU and development.	4	4	business plan approved by shareholders, FCA oversight, Senior manager regime, LGPSC board.	monitoring, LGPSC joint committee, PAF, budget monitoring, shareholders forum	4	3	12 ongoing	LGPSC trunover close to 20% could impact service delivery.	Pensions Committee /MS

Risk that the forecast savings from pooling do not materialise, impacting the performance of the fund.

Transition plans are in place, senior management Shareholders forum, team of LGPS central will LGPS central joint monitor fees and have processes in place. SPF input via shareholders forum, LGPS central joint reported. CEM are in advisory forum. Cost use of transition advisor savings model is used for and transition manager. monitoring.

committee and practitioners advisory forum. Savings are committee and practitioners place for Benchmarking, use of transition advisor

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