

Risk group	Risk Ref.	Risk Description	Risk Owner	Inherent Risk				Total risk score	Control actions	Residual risk				Reviewed on	Changes made during review			
				Exposure	Impact	Likelihood	Severity			Exposure	Impact	Likelihood	Severity					
Funding	F1	Price inflation is significantly more or less than anticipated: an increase in CPI inflation by 0.1% would increase the liability valuation by 1.4%.	Neil Mason (NM)	4	4	12	4	TOLERATE- 1) The discount rate used for the 2019 actuarial valuation is derived from CPI inflation, so the value of Fund liabilities will be calculated with reference to CPI. 2) The assumptions of the Fund actuary are prudent and allow for variations in inflation and interest rate fluctuations.	4	4	12	4	48	Oct-20				
Funding	F2	Members living longer: adding one year to life expectancy would approximately increase the liability by 3-5%.	NM	4	4	1	9	48	TOLERATE- 1) The Fund Actuary uses long term longevity projections in the actuarial valuation process. 2) SCC has joined Club Vita, which would allow to monitor mortality rates that are employer and postcode specific.	4	4	1	9	48	Oct-20			
Funding	F3	Pay increases are significantly more than anticipated for employers within the Fund.	NM	4	4	3	11	33	TREAT/TOLERATE- 1) Fund employers should monitor own experience. 2) Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) should be long term assumptions, any employer specific assumptions above the actuary's long term assumption would lead to further review. 3) Employers to be made aware of general impact that salary increases can have upon final salary linked elements of LGPS benefits.	4	4	3	11	33	Oct-20			
Funding	F4	Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy.	NM	4	3	10	4	48	TREAT- 1) Active investment strategy and asset allocation monitoring from Committee officers and consultants. 2) 2019 investment strategy review is current. 3) Separate source of advice from Fund's independent advisor. 4) Setting of Fund specific benchmark relevant to the current position of fund liabilities. 5) Fund manager targets set and based on market benchmarks or absolute return measures. Overall investment benchmark and out-performance target is fund specific.	4	3	10	3	30	Oct-20			
Funding	F5	Impact of increases to employer contributions following the actuarial valuation.	NM	3	3	9	3	27	TREAT- 1) Officers to consult and engage with employer organisations in conjunction with the actuary. 2) Actuary will assist where appropriate with stabilisation and phasing in processes.	3	3	9	2	18	Oct-20			
Funding	F6	Impact of government policy on the employer workforce.	NM	3	2	1	6	3	18	TREAT/TOLERATE- 1) The Fund actuary uses prudent assumptions on future of workforce. The fund has regular communications with employer to allow them to flag up major changes in workforce. 2) Need to make worst case assumptions about diminishing workforce when carrying out the actuarial valuation.	2	2	6	2	12	Oct-20		
Funding	F7	HM Treasury and Scheme Advisory Board cost management process has a implied increase in employer contributions.	NM	2	2	6	4	24	TREAT/TOLERATE- 1) The Fund actuary stabilises employer contribution, which reduces the impact of conditions which could otherwise produce spikes in contribution rates. 2) Communicate with employers and explore the opportunity for the strengthening of their covenant by the provision of additional security to the Fund.	1	4	3	8	2	16	Oct-20		
Funding	F8	Additional costs as a result of the McCloud judgement.	NM	3	3	1	7	4	28	TOLERATE / TREAT- 1) Depending on MHCLG's response to the ruling, the actuary may reconsider the funding position, the investment adviser may reposition assets to compensate and the Administration Team may need more resource but, ultimately, it is likely to have an impact on employer's contribution rates.	3	3	1	7	3	21	Oct-20	
Investment	F9	Increased risk to global financial stability. Outlook deteriorates in advanced economies because of heightened uncertainty and setbacks to growth and confidence. Leading to tightened financial conditions, reduced risk appetite and raised credit risks.	NM	4	3	10	5	58	TREAT/TOLERATE- 1) Increased vigilance and continued dialogue with managers as to events on and over the horizon. 2) Continued investment strategy involving portfolio diversification and risk control. 3) Investment strategy review will accompany the 2019 actuarial valuation. 4) See Coronavirus risk register.	4	3	10	4	48	Oct-20			
Investment	F10	Investment Managers fail to achieve performance targets over the longer term: a shortfall of 0.1% on the investment target will result in an annual impact of £4.3m.	NM	4	4	12	3	36	TREAT- 1) The Investment Management Agreements clearly state SCC's expectations in terms of performance targets. 2) Investment manager performance is reviewed on a quarterly basis. 3) The Pension Fund Committee should be positioned to move quickly if it is felt that targets will not be met. 4) Having Border to Coast Pensions Partnership (BCPP) as an external manager facilitates a smooth transition of assets into the pool. 5) The Fund's investment management structure is highly diversified, which lessens the impact of manager risk compared with less diversified structures.	4	4	12	2	24	Oct-20			
Investment	F11	Investment markets fail to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers.	NM	4	3	10	4	48	TOLERATE- 1) Proportion of asset allocation made up of equities, bonds, property and alternatives, limiting exposure to one asset category. 2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal asset allocation. 3) Actuarial valuation and asset/liability study take place automatically at least every three years. 4) IAS19 data is received annually and provides an early warning of any potential problems. 5) The actuarial assumption regarding asset outperformance of a measure of CPI over gilts, which is regarded as achievable over the long term when compared with historical data. 6) See coronavirus risk register.	4	3	10	3	30	Oct-20			
Investment	F12	Volatility caused by uncertainty with regard to the withdrawal of the UK from the European Union and its after effects.	NM	3	3	2	8	3	24	TOLERATE- 1) Officers to consult and engage with advisors. 2) Future possibility of looking at move from UK to Global benchmarks on UK Equities and UK Property. 3) Possibility of further hedging of currency movements against Sterling.	3	3	2	8	2	16	Oct-20	
Investment	F13	Risk of losses through the transition of assets to BCPP.	NM	2	3	2	7	4	28	TREAT/TOLERATE- 1) Independent Transition manager appointed by BCPP. 2) Independent transition advice appointed by Partner funds. 3) Market fluctuations between original and new portfolio are impossible to predict.	2	3	2	7	3	21	Oct-20	
Investment	F14	Financial loss of cash investments from fraudulent activity.	NM	4	4	12	3	36	TREAT/TOLERATE- 1) Policies and procedures are in place which are regularly reviewed to ensure risk of investment loss is minimised. Governance arrangements are in place in respect of the Pension Fund. External advisors assist in the development of the Investment Strategy. Fund Managers/BCPP have to provide SAS70 or similar (statement of external controls).	4	4	12	2	24	Oct-20			
Investment	F15	Financial failure of a fund manager leads to increase costs and service impairment.	NM	4	3	4	11	3	33	TREAT- 1) Fund is reliant upon current adequate contract management activity. 2) Fund is reliant upon alternative suppliers at similar price being found promptly. 3) Fund is reliant on the scale and risk management opportunity offered by BCPP.	4	3	4	11	2	22	Oct-20	
Investment	F16	Insufficient attention to environmental, social and governance (ESG) factors leads to underperformance and reputational damage.	NM	1	1	4	6	4	24	TREAT- 1) Review ISS in relation to published best practice (e.g. Stewardship Code). 2) Ensure fund managers are encouraged to engage and to follow the requirements of the BCPP Responsible Investment Policy. 3) The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and all assets held with BCPP are monitored by Robeco, this raises awareness of ESG issues and facilitates engagement with fund managers. 4) The Fund has approved a Stewardship Code and a share voting policy which provides specific guidance in the voting of company resolutions. 5) The Fund complies with the BCPP Responsible Investment Policy. 6) Fund reviewing a responsible investment approach. 7) Fund engaging with lobbying groups.	1	1	4	6	3	18	Oct-20	
Investment	F17	Impact of Climate Change risk on value of Fund's investments as a result of failing to adapt to a low carbon economy, in light of IPCC's Oct 2018 report on Climate Change.	NM	2	1	3	6	4	24	TREAT- 1) Ensure fund managers are encouraged to engage and to follow the requirements of the BCPP Responsible Investment Policy, more specifically its Climate Change Engagement Policy. 2) The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and all assets held within BCPP are monitored by Robeco, this facilitates engagement with companies who operate in carbon intensive industries. 3) The Fund is also part of the BCPP Climate Change Working Group, which aims to measure climate change risk to portfolio returns, scenario planning on how 1-2 degree increase can affect funding levels, understanding decision making in relation to engagement vs divestment, and how to collaborate to increase influence where possible. 4) Continued review of carbon exposure within current portfolio: holding c£350m in a Passive Low Carbon fund, as well as making regular investments into Infrastructure assets.	2	1	3	6	3	18	Oct-20	
Investment	F18	Counterparty risk within the SCC treasury management operation.	NM	2	2	2	6	2	18	TOLERATE- 1) Lending limits with approved banks and other counterparties are set at prudent levels. 2) The pension fund treasury management strategy is based on that of SCC.	2	2	2	6	1	6	Oct-20	
Investment	F19	Inaccurate cash flow forecasts or drawdown payments lead to shortfalls on cash levels and borrowing becomes necessary to ensure that funds are available.	NM	2	1	1	4	2	8	TOLERATE/TREAT- 1) Borrowing limits with banks and other counterparties are set at levels that are more than adequate should cash be required at short notice. 2) Cashflow analysis of pension fund undertaken quarterly. 3) Comply with the Pension Fund Cash Management Strategy. 4) Annual Cash flow analysis on ongoing basis.	2	1	1	4	1	4	Oct-20	
Governance	F20	Failure to take difficult decisions inhibits effective Fund management.	NM	3	2	4	9	3	27	TREAT- 1) Ensure scrutiny analysis encourages decision making on objective empirical evidence rather than emotion. 2) Ensure that basis of decision making is grounded in ISS/FSS/Governance Statement/Responsible Investment policy and that appropriate advice is sought. 3) Ensure the Governance Matrix is made visible to all stakeholders in the pension fund enabling clear identification of roles and responsibilities.	3	2	4	9	2	18	Oct-20	
Governance	F21	Implementation of proposed changes to the LGPS (pooling) does not conform to plan or cannot be achieved within time scales.	NM	1	2	4	7	4	28	TREAT/TOLERATE- 1) Officers consult and engage with MHCLG, LGPS Advisory Board, BCPP OOG, consultants, peers, seminars, conferences. 2) Officers engage in early planning for implementation against agreed deadlines. 3) Participation in Cross Pool Collaboration Groups. 4) Recent government guidance continues to endorse pooling. 5) See Coronavirus risk register.	1	2	4	7	3	21	Oct-20	
Governance	F22	Changes to LGPS regulations.	NM	3	2	1	6	3	18	TREAT/TOLERATE- 1) Impact on contributions and cashflows will be considered during the 2019 valuation process. 2) Fund will respond to consultations and statutory guidance. 3) Impact of LGPS (Management of Funds) Regulations 2016 to be monitored.	3	2	1	6	2	12	Oct-20	
Governance	F23	Change in membership of Pension Fund Committee or Local Pension Board leads to dilution of member knowledge and understanding.	NM	4	2	1	7	4	28	TREAT- 1) Ongoing training of Pension Fund Committee and Local Pensions Board members. 2) Pension Fund Committee and Local Pensions Board new member induction programme.	4	2	1	7	2	14	Oct-20	
Governance	F24	That the Border to Coast Pensions Partnership disbands or the partnership fails to produce a proposal deemed sufficiently ambitious.	NM	3	2	4	9	1	9	TOLERATE- 1) Partners for the pool were chosen based upon the perceived expertise and like-mindedness of the officers and members involved with the fund to ensure compliance with the pooling requirements. 2) Ensure that ongoing fund and pool proposals are comprehensive and meet government objectives. 3) Engage with advisors throughout the process.	3	2	4	9	1	9	Oct-20	
Governance	F25	Failure to comply with legislative requirements e.g. ISS, FSS, Governance Policy, Freedom of Information requests.	NM	4	1	4	9	2	18	TREAT- 1) Publication of relevant documents on external website. 2) Managers monitored with their compliance with ISS and IMA. 3) Pension fund committee and Local Pension Board self-assessment to ensure awareness of all relevant documents. 4) Annual audit review.	4	1	4	9	1	9	Oct-20	
Governance	F26	Failure to comply with recommendations from the local pension board, resulting in the matter being escalated to the scheme advisory board and/or the pensions regulator.	NM	1	1	4	6	1	6	TOLERATE- 1) Ensure that an cooperative, effective and transparent dialogue exists between the pension committee and local pension board. 2) Officers to carry out annual measurement against TPR code of conduct.	1	1	4	6	1	6	Oct-20	
Delivery	F27	Concentration of knowledge in small number of officers and risk of departure of key staff.	NM/Nick Weaver (NW)	2	3	2	7	3	21	TREAT- 1) How to notes in place. 2) Development of team members & succession planning needs to be improved. 3) Officers and members of the Pension Fund Committee and Local Pension Board will be mindful of the proposed CIPFA Knowledge and Skills Framework and appropriate IPR Codes of Conduct when setting objectives and establishing training needs. 4) Skills Matrices completed by all staff and standardised Personal Development Plans being introduced.	2	3	2	7	3	21	Oct-20	
Delivery	F28	Failure to hold personal data securely.	NM/NW	1	1	4	6	3	18	TREAT- 1) Data encryption technology is in place, which allow secure the sending of data to external service providers. 2) Phasing out of holding records via paper files. 3) Pensioners Admin records are locked daily in a secure safe. 4) SCC IT data security policy adhered to. 5) SCC carry's out Security Risk Assessments. 6) Pension Fund custodian proactively and reactively identify and respond to other threats.	1	1	4	6	2	12	Oct-20	
Delivery	F29	Inaccurate information in public domain leads to damage to reputation and loss of confidence.	NM/NW	1	1	4	6	3	18	TREAT- 1) Ensure that all requests for information (Freedom of Information, Member & Public questions at Council, etc) are managed appropriately and that Part 2 items remain so. 2) Maintain constructive relationships with employing bodies to ensure that news is well managed. 3) Update website information as and when required and at least quarterly.	1	1	4	6	2	12	Oct-20	
Delivery	F30	Financial failure of third party supplier results in service impairment and financial loss.	NM/NW	2	2	2	6	3	18	TOLERATE- 1) Performance of third parties (other than fund managers) monitored. 2) Regular meetings and conversations with Northern Trust take place. 3) Actuarial and investment consultations are provided by two different providers.	2	2	2	6	2	12	Oct-20	
Delivery	F31	Procurement processes may be challenged if seen to be non-compliant with OJEU rules. Unsuccessful fund managers may seek compensation following non compliant process.	NM	1	1	4	6	3	18	TREAT/TOLERATE- 1) Ensure that assessment criteria remains robust and that full feedback is given at all stages of the procurement process. 2) Use the National LGPS or other established procurement frameworks.	1	1	4	6	1	6	Oct-20	
Delivery	F33	Failure to deliver an accurate and effective pension administration service.	NM/NW	4	3	4	11	4	44	TREAT- 1) Improve metrics to better measure performance and monitor the pension administration service. 2) The pension administration will present a comprehensive recovery plan to the members at next LPS meeting (April 2019). 3) Monthly meetings between fund and admin team to discuss projects and Business as Usual (BAU).	4	3	4	11	3	33	Oct-20	

This page is intentionally left blank