



Gloucestershire

COUNTY COUNCIL

Meeting papers

Pension Board

Friday 24 March 2017 at 10.00 am

Meeting Room 6 - Shire Hall, Gloucester



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Pension Board	
Friday 24 March 2017 at 10.00 am	
Meeting Room 6 - Shire Hall, Gloucester	
AGENDA	

1	APOLOGIES	Stephen Bace
2	MINUTES OF THE PREVIOUS MEETING (Pages 1 - 4)	Stephen Bace
3	MINUTES OF THE PENSION COMMITTEE (Pages 5 - 10)	Graham Burrow
4	RISK REGISTER (Pages 11 - 24)	Graham Burrow
5	EXCLUSION OF PRESS AND PUBLIC <i>That in accordance with Section 100 A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following agenda items, because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part 1 of Schedule 12 A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.</i>	Cllr Ray Theodoulou
6	EXEMPT MINUTES OF THE PREVIOUS MEETING (Pages 25 - 30)	Stephen Bace
7	EXEMPT DRAFT MINUTES OF THE PENSION COMMITTEE (Pages 31 - 40)	Graham Burrow
8	STRATEGIC ASSET ALLOCATION AND INVESTMENT STRATEGY STATEMENT (Pages 41 - 90)	Mark Spilsbury
9	PENSION ADMINISTRATION REPORT (Pages 91 - 126)	Mark Spilsbury

10	BRUNEL PENSION PARTNERSHIP UPDATE (Pages 127 - 128)	Mark Spilsbury
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Membership – *Cllr Nigel Moor, Sean Collins (Head of Pensions, Oxfordshire County Council), Owen Shaw (Head of HR, Cirencester College), Jon Topping (Head of Finance, Gloucester City Council) and Kate Walton (Head of Finance, University of Gloucestershire)*

- (a) **DECLARATIONS OF INTEREST** – Members requiring advice or clarification about whether to make a declaration of interest are invited to contact the Monitoring Officer (Jane Burns ☎01452 328472 /fax: 425149/ e-mail: Jane.Burns@gloucestershire.gov.uk) prior to the start of the meeting.
- (b) **INSPECTION OF PAPERS AND GENERAL QUERIES** - If you wish to inspect Minutes or Reports relating to any item on this agenda or have any other general queries about the meeting, please contact:
 Stephen Bace, Senior Democratic Services Officer (Scrutiny Team)
 ☎:01452 324204 /fax: 425850/e-mail: stephen.bace@gloucestershire.gov.uk

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EVACUATION PROCEDURE - in the event of the fire alarms sounding during the meeting please leave as directed in a calm and orderly manner and go to the assembly point which is **outside the main entrance to Shire Hall in Westgate Street**. Please remain there and await further instructions.



PENSION BOARD

MINUTES of a meeting of the Pension Board held on Wednesday 26 October 2016 at the Members' Room - Shire Hall, Gloucester.

PRESENT:

Sean Collins
Cllr Nigel Moor
Owen Shaw

Jon Topping
Kate Walton

Substitutes:

Officers in attendance: Stephen Bace and Graham Burrow

Apologies:

29. DECLARATION OF INTERESTS

Owen Shaw informed the Board that he had been co-opted as a Governor at Cirencester College.

30. MINUTES OF THE PREVIOUS MEETING

- 30.1 The minutes were approved as a correct record.
- 30.2 Board members considered the actions from the previous meeting.
- 30.3 The Board was informed that the National Scheme Advisory Board recommended high level Key Performance Indicators were still in draft form. Gloucestershire would wait until they were formalised.
- 30.4 The Pension Administration Report which had been received by Pension Committee in May 2016 was circulated for the Board. This included benchmarking data which presented Gloucestershire as one of the lowest cost funds as well as being low on staff numbers. Although additional staff had been recruited, draft figures for 2015/16 still showed Gloucestershire as one of the lowest cost Funds. A staffing review of the Pension Team was being undertaken with proposals to increase staff further.
- 30.5 In response to a question, it was explained that there had been an increase in workload for the pension team due to the new 2014 care LGPS scheme; a lot more information was required from employers and there were additional updates required to the administration systems.
- 30.6 While responses to the benchmarking data were anonymised, a comparator group of fifteen would be selected; these generally included the members of the Brunel group and other LGPS Funds of a similar size to the

Gloucestershire Fund. The data from this would be shared with the Pension Board.

ACTION **Graham Burrow**

- 30.7 Local performance indicators for 2014/15 and 2015/16 showed a reduction in performance levels. Concern was expressed by the Board about the revised performance targets which allowed for additional days to complete tasks. The Board questioned whether these targets had been revised due to the original targets being unrealistic or due to comparisons with other Funds. The Board requested that they be provided with these details.

ACTION **Graham Burrow**

- 30.8 The Board noted the positive actions that had been taken to improve the timeliness of returns for the Annual Benefit Statement.

31. MINUTES OF THE PENSION COMMITTEE MEETING

- 31.1 The Board noted the minutes of the last Pension Committee meeting. In response to a question on item 75 in relation to Cotswold Water Park, it was explained that further detail would be available in the exempt minutes that would be circulated prior to the next Pension Committee meeting.

- 31.2 Confirmation of the date in January for the annual training day would be circulated.

ACTION **Stephen Bace**

32. ANNUAL PENSION BOARD REPORT

The Board noted the report which had been agreed by the Chairman and Officers.

33. PENSION FUND RISK REGISTER

- 33.1 The Board received the Risk Register that had been considered by the Pension Committee in August. This included a new risk (G8) which was linked to IT vulnerabilities through malicious attacks. There was some discussion around the differences between this risk which were assessed as being 'medium' and risk (G7) which was 'low'. It was explained that G8 related to external attacks and therefore even with mitigation there was still an element of risk that could not be controlled. G7 related to internal processes and therefore there was a greater deal of control. It was requested that the wording be amended to make this clear.

ACTION **Graham Burrow**

Minutes subject to their acceptance as a correct record at the next meeting

33.2 Some discussion was given to the impact of mitigation on risks such as G8. The Board considered whether for a risk such as G8, the likelihood or impact of the risk would be affected by putting in measures of control.

33.3 The risk levels for (F1 and F5) had not changed, but given the market fluctuations it was important to keep an eye on market returns. Short term fluctuations could be managed but any more permanent changes to returns would have to be taken into account. It was suggested that the comments shown for these risks be extended into the further actions section on the spreadsheet.

ACTION **Graham Burrow**

33.4 The Board noted that for the majority of the risks the impact was considered moderate. It was suggested that in future the report include the guidance on the different categories to help the Board's understanding.

ACTION **Graham Burrow**

33.5 The Board expressed some surprise that the direction of travel had not changed since they had last considered the register. They asked that these points relating to the Risk Register be shared with the Pension Committee.

ACTION **Graham Burrow**

34. EXCLUSION OF PRESS AND PUBLIC

RESOLVED that, in accordance with Section 100 A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following agenda items, because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12 A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

35. UPDATE ON BRUNEL PENSION POOLING

The Board were updated on the proposals, including timescales.

36. NEXT MEETING

The Board agreed that a meeting be arranged in March 2017.

ACTION **Stephen Bace**

CHAIRMAN

Meeting concluded at 11.40 am

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PENSION COMMITTEE

MINUTES of a meeting of the Pension Committee held on Friday 10 February 2017 at the Meeting Room 1&2 - Shire Hall, Gloucester.

PRESENT: Cllr Ray Theodoulou, Cllr Nigel Cooper, Cllr Shaun Parsons, Cllr David Brown, Cllr Colin Hay, Cllr Jasminer Gill.

Substitutes:

Officers in attendance: Jo Walker, Graham Burrow, Mark Spilsbury, Sharon Crane, Steve Tyson, Alan Marshall, Paul Potter

Apologies: Cllr Lynden Stowe, Peter Clark

1. MINUTES –

The minutes of the meeting held on 11 November 2016 were agreed as a correct record.

The minutes of the meeting held on 2 December 2016 were agreed as a correct record.

2. DECLARATIONS OF INTEREST -

No additional declarations were made to those already recorded.

3 PUBLIC QUESTIONS -

No public questions were received.

4 MEMBERS' QUESTIONS -

No Members' questions were received.

5 MARKET VALUATIONS AND QUARTERLY PERFORMANCE REPORT

5.1 Sharon Crane, presented the report outlining that there had been a good result for the end of the calendar year. The markets remained quite volatile with fund performance at 3.5% for the portfolio overall. The best performing was Blackrock Global.

5.2 Over the 12 months period the portfolio had underperformed benchmark and over the rolling three year period, there was again underperformance shown with the returns at 9.9% against 11.2% benchmark since inception.

5.3 The Committee noted the comparison from the end of December against the previous quarter; this included the rebalancing that had taken place to switch an extra £6.8m to Standard Life Equities with the proposal for quarter 1 to switch a similar amount to WAMCO.

5.4 Members commented that while the outlook was volatile and there was risk caused by uncertainty, the performance of the fund had not reflected that level of volatility. There was some discussion around the fear of uncertainty.

5.5 Members commented about the performance of Standard Life.

6 FUNDING STRATEGY STATEMENT

6.1 Graham Burrow introduced the Funding Strategy Statement(FSS), stating that at the November meeting the Committee had considered the draft statement. Since then it had been out for consultation. In addition a meeting had been held with employers to discuss valuation results in early December where they also had the opportunity to ask questions relating to the FSS. Following the 6 week consultation period there had been no responses from employers on the content of the FSS.

6.2 In response to a question on how Brunel would affect the strategy it was explained that the extent and principles of the strategy would still apply and that if a review was needed after the transition to Brunel, then that could be carried out.

6.3 There was some discussion around the lack of feedback on the strategy.. It was explained that this was similar in previous years. It was felt that if employers were confident the fund was being appropriately managed then they would be unlikely to make comments.

6.4 One member commented on a ruling regarding Pensions in the supreme court. This specifically related to the access to the scheme of a partner where a nomination form had not been signed. Officers would go back to Hymans Robertson to better understand the implications and size of the risk. It was suggested that this related to the impact on fund liabilities and the impact on resourcing the administration. A report would be received by the Committee at the next meeting.

ACTION **Graham Burrow**

6.5 Members commented that it was important that the Funding Strategy Statement was kept under regular review.

It was resolved that:

The Committee agreed the Funding Strategy Statement

7 TRAINING UPDATE

7.1 Graham Burrow reported back on the training day on 11 January 2017 where it was noted that there had been good attendance. Members recognised the importance of regular group training, but also opportunities for individual training.

7.2 Steve Tyson would stay at the end of Committee meeting where members requested 'one to ones' on any particular areas.

7.3 There was some discussion around what training should be provided to Pension Committee members following the Election in May 2017, particularly focussed on any new members. The form and content of these discussions to fit into the Member Induction programme would be developed. This would include the LGA training course sessions available to members, details of how Brunel worked and the role and responsibility of the Committee (including 'admissions agreements').

ACTION Jo Walker/Graham Burrow/ Mark Spilsbury

8 EXCLUSION OF THE PRESS AND PUBLIC

It was resolved

That in accordance with Section 100 A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following agenda items, because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 & 5 of Part 1 of Schedule 12 A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

9 INDEPENDENT ADVISOR BRIEFING

9.1 Steve Tyson, Independent Adviser provided members with a briefing which included the market background, future outlook and current investment performance.

10 INVESTMENT STRATEGY STATEMENT AND STRATEGIC ASSET ALLOCATION

10.1 Mark Spilsbury introduced the report and emphasised the importance of the Committee setting the asset allocation. Paul Potter, Hymans Robertson, would go through the detail of the report and get the committees views on the draft

Minutes subject to their acceptance as a correct record at the next meeting

recommendations. He emphasised that detailed discussions had been had with officers. The report would be received by the Committee in March and would also be considered by the Pension Board.

10.2 Cllr Ray Theodoulou asked that officers put together options based on the proposals for the next meeting for the Committee to consider.

ACTION Graham Burrow/Mark Spilsbury

10.3 Members commented that when consulting with employers on the strategy that they be asked specific questions. It was explained that a letter would be written to accompany the consultation.

ACTION Graham Burrow/Mark Spilsbury

10.4 The Committee agreed the draft Strategic Asset Allocation and draft investment strategy statement, as a basis for consultation, in the context that both would be submitted to the committee at its meeting in March 2017.

11 BRUNEL PARTNERSHIP UPDATE

11.1 Mark Spilsbury provided members with the latest update and timescales involved.

12 PENSION ADMINISTRATION REPORT

12.1 Mark Spilsbury provided an update on the administration report and benchmarking information. This was based on November 2016 CIPFA figures and members were referred to the one page summary.

13 VALUATION UPDATE

13.1 Graham Burrow updated on the 2016 valuation process.

14 ADMISSION BODIES REQUEST

RESOLVED

That the requests for admission to the Fund be approved.

15 EXEMPT MINUTES

Minutes subject to their acceptance as a correct record at the next meeting

15.1 The exempt minutes of the meeting held on 11 November 2016 were agreed as a correct record and signed by the Chairman.

15.2 The exempt minutes of the meeting held on 2 December 2016 were agreed as a correct record and signed by the Chairman.

15.3 Members were updated in relation to a matter on the meeting held on 11 November 2016.

CHAIRMAN

Meeting concluded at 12:50pm

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Review of the Pension Fund Risk Register

Report of the Strategic Finance Director

Introduction

The Administering Authority is required by the Local Government Pension Scheme (LGPS) Regulations to maintain a Funding Strategy Statement (FSS) and to keep it under review. The FSS is always reviewed as part of the Triennial Valuation.

In preparing the FSS, the LGPS Regulations require the Administering Authority to have regard to the best practice guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). This guidance includes the need to identify risks relating to the Pension Fund and the measures or controls to be taken to help counter those risks.

The Risk Register was last reviewed by the Pension Committee in August 2016 and will also be considered at their next meeting on 29th March 2017. Following feedback from the Pension Board the Pension Committee have agreed that in future a report on the Risk Register will be considered at each of their regular quarterly meetings.

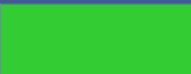
The Pension Board considered the Risk Register at their last meeting in October 2016.

Report

The attached Risk Register reflects the risks relating to the Pension Fund and indicates the significance of each risk.

The significance of individual risks is measured by a scoring system which multiplies the likelihood of the occurrence with the potential impact of such an occurrence. Both “likelihood” and “impact” are scored 1 – 5 and after multiplying both numbers together, the higher the product, the higher the risk.

Based on these scores, the following summarises the risk levels, from low, to high.

Level of Risk	Score	Colour		
Low	1 – 6		Green	
Moderate	7 – 12		Amber	
High	13 – 25		Red	

The following scoring matrix indicates which risk score is produced by multiplying the different levels of “likelihood” and “impact” together. It also defines the different levels of “likelihood” and “impact” represented by the scores of 1 to 5 and illustrates the resultant levels of risk that can be produced.

RISK	IMPACT / CONSEQUENCE				
	(1)	(2)	(3)	(4)	(5)
LIKELIHOOD	Insignificant	Minor	Moderate	Major	Critical
Almost Certain (5)	5	10	15	20	25
Highly Likely (4)	4	8	12	16	20
Probable (3)	3	6	9	12	15
Possible (2)	2	4	6	8	10
Rare (1)	1	2	3	4	5

The attached Risk Register shows each risk, scored before and after controls are in place (i.e. the inherent and residual risks), and also shows the target level for each risk, i.e. the risk appetite, with adverse being low, open being medium and dynamic being high..

The Board asked for some more information on the methodology behind scoring for Impact and this is summarised in the table below

	Impact	Financial	Reputation	Performance
5	Most Severe	> £100m	Govt intervention, Public Enquiry	Non achievement of Key priority
4	Major	£10m to £100m	Adverse national or sustained local media interest	Key priority impaired
3	Moderate	£1m to £10m	One off local media interest	Impact contained within one service area
2	Minor	£100k to £500k	A few complaints. No media interest	Little impact but some disruption
1	Insignificant	< £100k	Minor complaints	No impact on service

The risks are referenced as follows:

Financial Risks (F)
Funding / Demography Risks (F/D)
Administration / Regulatory Risks (A/R)
Governance Risks (G)

The Risk register has been reviewed. No new risks have been added but the "Period Comments" and "Further Actions" columns have been updated for a number of Risks.

Recommendation

The Board are asked to review the attached Risk Register, including the amendments identified above.

Contact Officer

Graham Burrow (01452 328944)

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Risk Register - Gloucestershire LGPS Pension Fund

Version: 1d
Date: March 2017

Ref	Date Added	Risk Description	Objective	IR Likelihood	IR Impact	IR Risk Score	Current controls in place, including from other Assurance Providers (e.g. OfSTED)	RR Likelihood	RR Impact	RR Risk Score	Risk Appetite	Categories of Risk	Risk Owner	Date Reviewed	Period Comments	Further Actions Required	FA Due	Progress of FA	Period Comments	FA Owner	
F1	01/04/2014	Fund assets fail to deliver returns in line with the anticipated returns underpinning valuation of liabilities over the long-term	The achievement of fully funded pension liabilities over the long term	4	3	12	Only anticipate long-term return on a relatively prudent basis to reduce risk of under-performing. Assets invested on the basis of specialist advice, in a suitably diversified manner across asset classes, geographies, managers, etc. Analyse progress at three yearly valuations for all employers. Inter-valuation roll-forward of liabilities between valuations at whole Fund level. Actuarial Review on a like for like basis has confirmed a strong deficit recovery plan.	2	3	6	Low	Financial	Head of Pension Fund	July 2016	Due to increased uncertainty following the BREXIT vote and possible negative long term implications, this risk will be monitored to determine whether the likelihood of this risk materialising needs to be increased from 2 to 3, which would increase the overall risk rating from low to medium.	To monitor the long term movements on the fund and the investment returns being achieved by each asset class to consider whether any changes are required	Quarterly monitoring	On Target	Rolling 12 month returns easily exceed long term target	Head of Pension Fund	
F2	01/04/2014	Inappropriate long-term investment strategy.	The achievement of fully funded pension liabilities over the long term	4	3	12	Regular monitoring of Fund's cash flow with actuarial estimates of future cash flow position. Overall investment strategy options including diversification considered as an integral part of the funding strategy. Use of asset liability modelling. Actuarial Review on a like for like basis has confirmed a strong deficit recovery plan.	2	3	6	Low	Financial	Head of Pension Fund	July 2016	Strategic Asset Allocation Review is taking place - January to March 2017	Move to agreed new Strategic Asset Allocation over the Short, Medium and Longer term, to fit in with the new pooling arrangements with BPP					Head of Pension Fund
F3	01/04/2014	Fall in risk-free returns on Government bonds, leading to rise in value placed on liabilities.	The achievement of fully funded pension liabilities over the long term	4	3	12	Stabilisation modelling at whole Fund level allows for the probability of this within a longer term context. Inter-valuation monitoring, as above. Some investment in bonds helps to mitigate this risk. Actuarial Review on a like for like basis has confirmed a strong deficit recovery plan.	2	3	6	Low	Financial	Head of Pension Fund	July 2016							

Risk Register - Gloucestershire LGPS Pension Fund

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F4	01/04/2014	Increasing Pension Fund deficit	The achievement of fully funded pension liabilities over the long term	4	3	12	Actuarial review via Triennial Valuation and regular update reports. Regular consideration by Pension Committee on manager performance relative to funding assumptions, funding position and funding strategy. Actuarial Review on a like for like basis has confirmed a strong deficit recovery plan.	2	3	6	Low	Financial	Head of Pension Fund	July 2016	Funding deficit reduced at 2016 Fund Valuation						
F5	01/04/2014	Active investment manager under-performance relative to benchmark.	Maximising investment returns to help the Fund achieve its funding targets	4	3	12	Quarterly investment monitoring analyses market performance and active managers relative to their index benchmark. Diversification of investments across asset classes and across different fund managers	3	3	9	Medium	Financial	Head of Pension Fund	July 2016	Due to increased uncertainty following the BREXIT vote and possible negative long term implications, this risk will be monitored to determine whether the likelihood of this risk materialising needs to be increased from 2 to 3, which would increase the overall risk rating from low to medium.	Transition of one active manager to passive management. Strategic Asset Allocation Review taking place. Monitoring of Fund investment performance	Quarterly monitoring	On Target	Rolling 12 month returns easily exceed long term target	Head of Pension Fund	
F6	01/04/2014	Pay and price inflation significantly more than anticipated.	The achievement of fully funded pension liabilities over the long term	4	2	8	The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases. Inter-valuation monitoring, as above, gives early warning. Some investment in index-linked bonds also helps to mitigate this risk. Employers pay for their own salary awards and should be mindful of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.	3	2	6	Medium	Financial	Head of Pension Fund	July 2016							

Risk Register - Gloucestershire LGPS Pension Fund

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Ref	Date Added	Risk Description	Objective	IR Likelihood	IR Impact	IR Risk Score	Current controls in place, including from other Assurance Providers (e.g. OfSTED)	RR Likelihood	RR Impact	RR Risk Score	Risk Appetite	Categories of Risk	Risk Owner	Date Reviewed	Period Comments	Further Actions Required	FA Due	Progress of FA	Period Comments	FA Owner	
F7	01/04/2014	Unexpected increase in employer's contribution rate	To stabilise changes in employer contribution rates over the long term	4	3	12	An explicit stabilisation mechanism has been agreed for eligible employers as part of the funding strategy. Other measures are also in place to limit sudden increases in contributions. Obtain information on financial strength of individual employers. Discuss with employers their ability to absorb rises in their level of contribution. Where appropriate mitigate impact through deficit spreading and phasing in of contribution rises, with appropriate security from employers and further analysis by the Fund's actuary.	2	3	6	Low	Financial	Head of Pension Fund	July 2016							
F8	01/04/2014	Orphaned employers give rise to added costs for the Fund	To ensure individual employers in the Fund are responsible for their own costs	4	3	12	The Fund seeks a cessation debt (or security/guarantor) to minimise the risk of this happening in the future. At risk employers are identified and are engaged in discussions over remedial actions in advance of retirement of all active members. If it occurs, the Actuary calculates the added cost spread pro-rata among all employers	2	3	6	Medium	Financial	Head of Pension Fund	July 2016							
F/D1	01/04/2014	Pensioners living longer, thus increasing cost to Fund.	The achievement of fully funded pension liabilities over the long term	5	2	10	Set mortality assumptions with some allowance for future increases in life expectancy. The Fund Actuary has direct access to the experience of over 50 LGPS funds which allows early identification of changes in life expectancy that might in turn affect the assumptions underpinning the valuation. The Fund also sets life expectancy assumptions using ClubVita, which is a specialised longevity company and provides life expectancy assumptions based on the profile of the Fund's own membership. Administering Authority encourage any employers concerned at costs to promote later retirement culture. Each 1 year rise in the average age at retirement would save roughly 5% of pension costs.	3	2	6	Medium	Funding/ Demographic	Head of Pension Fund	July 2016							

Risk Register - Gloucestershire LGPS Pension Fund

Version: 1d
Date: March 2017

Ref	Date Added	Risk Description	Objective	IR Likelihood	IR Impact	IR Risk Score	Current controls in place, including from other Assurance Providers (e.g. OfSTED)	RR Likelihood	RR Impact	RR Risk Score	Risk Appetite	Categories of Risk	Risk Owner	Date Reviewed	Period Comments	Further Actions Required	FA Due	Progress of FA	Period Comments	FA Owner	
F/D2	01/04/2014	Maturing Fund – i.e. proportion of actively contributing employees declines relative to retired employees leading to the possibility of there not being sufficient liquid funds available to pay liabilities as they fall due.	Efficient management of the Fund by the Administering Authority, ensuring it's responsibilities are met, while costs are minimised	4	3	12	Continue to monitor at each valuation, seeking monetary amounts rather than % of pay. Between valuations regularly monitor level of active members on both a total Fund basis and by individual employer. Regularly monitor how cash flow positive the Fund is. Regularly review investment strategy.	2	3	6	Medium	Funding/ Demographic	Head of Pension Fund	July 2016							
F/D3	01/04/2014	A company admitted to the Fund as an admission body may become financially unviable	Efficient management of the Fund by the Administering Authority, ensuring it's responsibilities are met, while costs are minimised	4	3	12	A transferee admission body will always have a funding guarantee from the transferring scheme employer. A community admission body will only be admitted to the Fund if they have a funding guarantee from a scheme employer with tax raising powers. A surety bond to cover the cost of paying pensions early if the company goes into liquidation is also generally required by the scheme employer to cover the potential risk of the admitted body becoming insolvent and the value of this surety or bond is reviewed regularly to ensure it provides adequate cover for the financial risks involved.	3	3	9	Medium	Funding/ Demographic	Head of Pension Fund	July 2016							
F/D4	01/04/2014	Deteriorating patterns of early retirements	To ensure individual employers in the Fund are responsible for their own costs	4	3	12	Employers are charged the extra cost of non ill-health retirements following each individual decision. Employer ill health retirement experience is monitored, and insurance is an option.	2	3	6	Medium	Funding/ Demographic	Head of Pension Fund	July 2016							

Risk Register - Gloucestershire LGPS Pension Fund

Version: 1d

Date: March 2017

Ref	Date Added	Risk Description	Objective	IR Likelihood	IR Impact	IR Risk Score	Current controls in place, including from other Assurance Providers (e.g. OfSTED)	RR Likelihood	RR Impact	RR Risk Score	Risk Appetite	Categories of Risk	Risk Owner	Date Reviewed	Period Comments	Further Actions Required	FA Due	Progress of FA	Period Comments	FA Owner	
F/D5	01/04/2014	Reductions in payroll causing insufficient deficit recovery payments	To ensure individual employers in the Fund are responsible for their own costs	4	3	12	Require employers to pay sums due for deficit recovery contributions as a fixed monetary amount rather than being expressed as a % of pay.	2	3	6	Medium	Funding/ Demographic	Head of Pension Fund	July 2016							
F/D6	01/04/2014	Ill-health retirements significantly more than anticipated	To ensure individual employers in the Fund are responsible for their own costs	4	3	12	Monitoring of each employer's ill-health experience on an ongoing basis. The employer may be charged additional contributions if this exceeds the ill-health assumption built in. Health insurance is available to be purchased by individual employers	2	3	6	Medium	Funding/ Demographic	Head of Pension Fund	July 2016							
F/D7	01/04/2014	Adverse effect on the Fund's investment strategy and employer contributions if large numbers of active members are outsourced on a "closed" (to new entrants) basis	The achievement of fully funded pension liabilities over the long term	3	3	9	Take advice from the Fund actuary on the likely impact this will have on Fund investment out performance assumptions and employer contributions. Monitor levels of outsourcing on a "closed" basis and advise employers of implications so these are taken into account when they consider the business case for an outsourcing. Regularly review investment strategy and strategic asset allocation.	2	3	6	Low	Funding/ Demographic	Head of Pension Fund	July 2016							

Risk Register - Gloucestershire LGPS Pension Fund

Version: 1d

Date: March 2017

Ref	Date Added	Risk Description	Objective	IR Likelihood	IR Impact	IR Risk Score	Current controls in place, including from other Assurance Providers (e.g. OfSTED)	RR Likelihood	RR Impact	RR Risk Score	Risk Appetite	Categories of Risk	Risk Owner	Date Reviewed	Period Comments	Further Actions Required	FA Due	Progress of FA	Period Comments	FA Owner	
F/D8	30/07/2015	Transfers out of the Fund into DC schemes due to introduction of "Freedom & Choice" resulting in a change in funding level	The achievement of fully funded pension liabilities over the long term	3	3	9	Taken advice from the Fund actuary on the proportion of the Fund's active and deferred members aged 55 or over and the maximum exposure of the Fund to these transfers, split between active and deferred members. Considered impact on funding level given different possible levels of take up from active and deferred members.	2	2	4	Medium	Funding/ Demographic	Head of Pension Fund	July 2016							
A/R1	01/04/2014	Significant additional costs resulting from changes to national pension requirements and/or HMRC rules e.g. changes arising from public sector pensions reform.	Efficient management of the Fund by the Administering Authority, ensuring it's responsibilities are met, while costs are minimised	3	3	9	The Administering Authority considers all consultation papers issued by the Government and comments where appropriate. Considered different % take up scenarios for active and deferred members The results of the most recent reforms have been built into the 2013 valuation. Any changes to member contribution rates or benefit levels will be carefully communicated with members to minimise possible opt-outs or adverse actions.	2	3	6	Low	Administration/ Regulatory	Head of Pension Fund	July 2016							
A/R2	01/04/2014	Failure to collect and account for contributions from employers and employees on time	Efficient management of the Fund by the Administering Authority, ensuring it's responsibilities are met, while costs are minimised	4	3	12	Regular monthly monitoring and reconciliation of Fund contributions received, including a detailed analysis of individual employer contributions and employee contributions by pay banding. Robust debt management processes are in place to recover any late payments	2	3	6	Low	Administration/ Regulatory	Head of Pension Fund	July 2016							

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A/R3	01/04/2014	Loss of funds through fraud or misappropriation	Efficient management of the Fund by the Administering Authority, ensuring it's responsibilities are met, while costs are minimised	4	3	12	Procedures and processes are in place and applied in relation to eg: checking for "ghost" scheme members; multiple levels of authorisation for claims and fund payments plus secondary checking of lump sum payments. Procedures are documented and staff are trained and managed in carrying these out. The Fund's internal auditors carry out regular reviews.	2	3	6	Low	Administration/Regulatory	Head of Pension Fund	July 2016							
A/R4	01/02/2016	Does the fund have sufficient resources to provide sufficient input to the development of the South West Regional Pool without having a detrimental effect on the service provided	To ensure the fund is proactive in the development of the proposals and the robust control environment required for the collective management of assets, to avoid a detrimental impact on the fund.	4	4	16	Additional staffing resources may be required to facilitate dedicated staffing resources to take forward the pooling proposal. This may require additional contributions from participating funds.	2	3	6	Medium	Administration/Regulatory	Head of Pension Fund	July 2016							
G1	01/04/2014	Administering Authority unaware of structural changes in an employer's membership (e.g. large fall in employee members, large number of retirements) or not advised of an employer closing to new entrants	The achievement of fully funded pension liabilities over the long term	4	3	12	The Administering Authority has a close relationship with employing bodies and communicates required standards e.g. for submission of data. The Actuary may revise the rates and Adjustments certificate to increase an employer's contributions (under Regulation 38) between triennial valuations Deficit contributions may be expressed as monetary amounts.	2	3	6	Low	Governance	Head of Pension Fund	July 2016							

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G2	01/04/2014	Actuarial or investment advice is not sought, or is not heeded, or proves to be insufficient in some way	Efficient management of the Fund by the Administering Authority, ensuring it's responsibilities are met, while costs are minimised	4	3	12	The Administering Authority maintains close contact with its specialist advisers. Advice is delivered via formal meetings involving Elected Members, and recorded appropriately. Actuarial advice is subject to professional requirements such as peer review	2	3	6	Low	Governance	Head of Pension Fund	July 2016								
G3	01/04/2014	Administering Authority failing to commission the Fund Actuary to carry out a termination valuation for a departing Admission Body.	Efficient management of the Fund by the Administering Authority, ensuring it's responsibilities are met, while costs are minimised	4	3	12	The Administering Authority requires employers with Best Value contractors (Transferee Admission Bodies) to inform it of forthcoming changes. The administering authority also monitors contract periods of Transferee Admission Bodies and regularly monitors levels of active employees across all employers but particularly for Community Admission Bodies. Where their active membership materially decreases further steps are taken.	2	3	6	Low	Governance	Head of Pension Fund	July 2016								
G4	01/04/2014	An employer ceasing to exist with insufficient funding or adequacy of a bond.	Efficient management of the Fund by the Administering Authority, ensuring it's responsibilities are met, while costs are minimised	4	3	12	The Administering Authority believes that it would normally be too late to address the position if it was left to the time of departure. The risk is mitigated by: Seeking a funding guarantee from another scheme employer. Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice. Vetting prospective employers before admission. Where permitted under the regulations requiring a bond to protect the Fund from various risks. Requiring new Community Admission Bodies to have a scheme employer with tax raising powers as guarantor. Reviewing bond or guarantor arrangements at regular intervals. Monitoring funding levels more closely as approaching cessation and reviewing contributions well ahead of cessation if thought appropriate	3	3	9	Low	Governance	Head of Pension Fund	July 2016								

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G5	01/04/2014	Failure to comply with the Myners' Investment Principles	Efficient management of the Fund by the Administering Authority, ensuring it's responsibilities are met, while costs are minimised	4	3	12	Compliance as detailed in the Statement of Investment Principles is kept under regular review.	2	3	6	Low	Governance	Head of Pension Fund	July 2016							
G6	01/04/2014	Lack of relevant expertise, knowledge and skills at officer and member level in relation to administering the LGPS	Efficient management of the Fund by the Administering Authority, ensuring it's responsibilities are met, while costs are minimised	4	3	12	Training needs assessments for the Administering Authority are carried out and an annual training plan produced. The Fund subscribes to the CIPFA Knowledge and Skills Framework for the LGPS and makes this information available to all members of the Pension Committee and relevant officers. Appropriately qualified external advisers and consultants are used as appropriate.	2	3	6	Low	Governance	Head of Pension Fund	July 2016	Internal and external training provided for staff and Members of Pension Board and Pension Committee	Training programme and external training for new members of Pension Committee following elections in May 2017	Internal training May/June 2017. External training Oct/Nov/Dec 2017				Head of Pension Fund
G7	01/04/2014	Failure to hold personal data securely and keep pension records up-to-date and accurate	Efficient management of the Fund by the Administering Authority, ensuring it's responsibilities are met, while costs are minimised	4	4	16	Personal data and scanned documents relating to scheme members are maintained in an online system with logical access controls via individual password access for those that need to maintain and access this information. Procedures for maintaining pension records are documented and the process is monitored and managed within the Pensions Administration team. Procedures are regularly reviewed by the Fund's internal auditors. Physical access controls are also in operation within the Pension Fund office.	1	4	4	Low	Governance	Head of Pension Fund	July 2016							

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G8	01/03/2016	Failure to protect the Pension Fund's key information and data as a result of exploited technological vulnerabilities facilitated through malicious attack, primarily from external sources.	Efficient management of the Fund by the Administering Authority, ensuring it's responsibilities are met, while costs are minimised	5	5	25	Anti-malware and internet security software. Patch management policies and procedures. Compliance with PSN. Internal and External ICT security testing. Manging user privileges.	3	3	9	Medium	Governance	Head of Pension Fund	July 2016	New risk added at the request of the Pension Committee	Review of controls to be included in Audit Plan for 2017/18	2017/18				Head of Pension Fund

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