



Essex County Council

Essex Pension Fund Investment Steering Committee

13:00	Wednesday, 20 February 2019	Committee Room 2, County Hall, Chelmsford, CM1 1QH
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For information about the meeting please ask for:

Amanda Crawford, Compliance Manager

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1	Membership, Apologies and Declaration of Interest To note the content of the report	5 - 6
2	Minutes of ISC Meeting 28 November 2018 To approve as a correct record the minutes of the Committee meeting held on 28 November 2018	7 - 14
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6	Urgent Part I Business	

Exempt Items

(During consideration of these items the meeting is not likely to be open to the press and public)

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.

- 7 Current Bond Portfolio Structure Training**
To receive a training presentation from Hymans Robertson
- 8 Bond Portfolio Structure Review**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 9a Structural Reform of the Local Government Pension Scheme - Pooling Quarterly update of ACCESS Joint Committee (AJC)**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 9b Structural Reform of the Local Government Pension Scheme - Pooling update - Phase 1 Tranche 2 progress update and Tranche 3 Sub funds next steps**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);
- 9c MHCLG Guidance on LGPS Asset Pooling – Informal Consultation with interested parties**
- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

10 Marathon Disinvestment Update

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

11 ISC Briefing Note - Partners Group

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

12 Investment Manager Update - ISC Briefing Note on Manager Presenting

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

13 Investment Manager Presentation - Hamilton Lane
To receive a presentation from Hamilton Lane

14 Urgent Exempt Business
To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.

Essex County Council and Committees Information

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Essex Pension Fund Investment Steering Committee	ISC 01
Date: 20 February 2019	

Essex Pension Fund Investment Steering Committee Membership, Apologies and Declarations of Interest

Report by the Compliance Manager for Essex Pension Fund
Enquiries to Amanda Crawford on 03330 321763

1. Purpose of the Report

- 1.1 To present Membership, apologies and Declarations of Interest for the 20 February 2019 ISC.

2. Recommendation

- 2.1 That the Committee should note:
 - Membership as shown below;
 - Apologies and substitutions;
 - Declarations of interest to be made by Members in accordance with the Members' Code of Conduct.

3. Membership

(Quorum: 4)

6 Conservative Group: 1 Labour Group

Membership

Councillor S Barker

Councillor M Platt

Councillor A Goggin

Councillor A Hedley

Councillor L Scordis

Councillor C Souter

Councillor M Maddocks

Representing

Essex County Council (Chairman)

Essex County Council (Vice Chairman)

Essex County Council

Essex County Council

Essex County Council

Essex County Council

Essex County Council

Observers

Councillor C Riley

Sandra Child

Castle Point Borough Council

Scheme Members

Minutes of the meeting of the Essex Pension Fund Investment Steering Committee (ISC) held in Committee Room 2, on 28 November 2018

1. Membership, Apologies and Declarations of Interest.

The report of the Membership, Apologies and Declarations of Interest were received.

Membership Present:

Essex County Council

Cllr S Barker	(Chairman)
Cllr M Platt	(Vice Chairman)
Cllr A Goggin	
Cllr C Souter	
Cllr L Scordis	
Cllr A Hedley	
Cllr M Maddocks	(Sub-Member)

Scheme Employer Representatives

Cllr C Riley	(Observer) (Left at 2.50pm)
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The following officers and advisors were also present in support:

Kevin McDonald	Director for Essex Pension Fund
Jody Evans	Head of Essex Pension Fund
Samantha Andrews	Investment Manager
Amanda Crawford	Compliance Manager
Marcia Wong	Compliance Officer
Mark Stevens	Independent Advisor
Matt Woodman	Hymans Robertson
John Dickson	Hymans Robertson
Marina Lund	Longview (presentation only)
Alistair Graham	Longview (presentation only)
Stuart Rhodes	M&G Investments (presentation only)
Orla Haughey	M&G Investments (presentation only)

The following Essex Pension Fund Advisory Board (PAB) members were present as observers of the meeting:

Paul Hewitt	Scheme Member Representative
Andrew Coburn	Scheme Member Representative

Members noted that the meeting would be recorded to assist with the minutes for the meeting.

The Chairman welcomed PAB observers Paul Hewitt and Andrew Coburn.

Opening Remarks

The Chairman notified the Committee that Cllr Pond, Non-Aligned Group and Member of the ISC and Essex Pension Fund Strategy Board (PSB), had resigned from the Committee and Board leaving a vacancy on each. The vacancy would be announced at a Full Council meeting to enable the position to subsequently be filled.

Resolved:

The Committee noted the update.

Apologies for Absence

Apologies were received from Cllr A Erskine (Essex CC) and Sandra Child (UNISON).

It was noted that PAB members Nicola Mark, Mark Paget and Debs Hurst were unable to attend.

Declarations of Interest

Declarations were received from Cllr S Barker who stated she was in receipt of an Essex LGPS pension and that her son was also a member of the Essex LGPS pension scheme. Cllr A Goggin declared his wife, sister and brother-in-law were in receipt of an Essex LGPS pension. Cllr C Riley and Cllr M Maddocks both declared they were in receipt of an Essex LGPS Pension.

2. Minutes

The Chairman notified the Committee that a small amendment to her declaration would be made to the minutes as her son is not in receipt of an Essex LGPS Pension, but is a current member of the scheme. The amended Minutes of the meeting of the ISC held on 17 October 2018 were approved as a correct record and signed by the Chairman.

Resolved:

The Committee noted the amendment.

3. Market Commentary

The Committee received a paper from Matt Woodman from Hymans Robertson. A verbal overview of the markets development since the July 2018 meeting was provided.

Resolved:

The Committee noted the update.

4. **Schedule of Meetings**

The Committee received a presentation from the Director for Essex Pension Fund detailing the planned Committee and Board meetings for the next municipal year. The Committee were advised that these slides would be provided alongside the minutes to formally agree the proposed Committee dates.

The Director for Essex Pension Fund also notified the Committee of the events/conferences that were on the horizon during 2019. Committee Members' particular attention was drawn to the three-yearly Baillie Gifford event in Edinburgh during October 2019. The Committee were informed that this would replace the October 2019 ISC meeting.

The Chairman also informed the Committee that she would be exploring how Committee and Board training can be delivered in consultation with Officers and the Independent Governance and Administration Advisor (IGAA).

The Committee confirmed the schedule of meetings for the municipal year 2018/19.

Investment Steering Committee

20 February 2019 – 1.00pm

27 March 2019 – 1.00pm

Pension Strategy Board

19 December 2018 – 9.30am

6 March 2019 – 1.00pm

Pension Advisory Board

16 January 2019 – 1.00pm

5. **Revised Investment and Funding Risks**

The Committee received a report from the Director for Essex Pension Fund. An overview of the work carried out to date was provided to the Committee.

The Committee were advised that the revised Investment and Funding Risks would form part of a future Committee meeting for their approval to allow the newly appointed IGAA to review the content and provide comments and/or suggestions for Officers to consider.

Resolved:

The Committee noted the update.

6. **Urgent Part I Business**

None.

Exclusion of the Public and Press

That, having reached the view that, in each case, the public interest in maintaining the exemption (and discussing the matter in private) outweighed the public interest in disclosing the information, the public (including the press) be excluded from the meeting during consideration of the following items of business on the grounds that they involved the likely disclosure of exempt information as specified in paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

Resolved:

The Chairman brought to the attention the above statement.

The Chairman recommended item 10 be taken prior to item 7.

10. Investment Manager Presentation - Longview

The Chairman welcomed and introduced Marina Lund and Alistair Graham from Longview who provided the Committee with a presentation in relation to their global equity mandate.

Resolved:

The Committee noted the presentation.

Marina Lund and Alistair Graham then left the meeting.

7. Investment Tables end September 2018

The Committee received a report from the Independent Investment Advisor Mark Stevens. The Committee raised concerns with the performance of Goldman Sachs. Further considerations will be brought back to a further meeting.

Resolved:

The Committee noted the report and update.

8a. Structural Reform of the Local Government Pension Scheme – Pooling update progress to date

The Committee received a report and presentation from the Director for Essex Pension Fund.

The Committee were provided with an update in relation to Pooling:

- a meeting was held with the Minister who was pleased with the progress made;
- the post of the Contract Manager within the ACCESS Support Unit (ASU) has been successfully recruited and the post holder would start on 3 December 2018;
- an overview of the tranche 1 and 2 sub fund implementation was provided;

- the Baillie Gifford re-balancing and transition to the Pool has been successful.

The Chairman provided the Committee with an update from an Infrastructure S101 Chairman's meeting held on 15 November which led to a discussion.

The Director for Essex Pension Fund notified the Committee that the Investment Strategy Statement would come back to the Committee to review and update during the first half of 2019.

Resolved:

The Committee noted the report, presentation and update.

8b. Structural Reform of the LGPS – Pooling update next steps – Phase 1 Tranche 2

The Committee received a paper and presentation from Matt Woodman from Hymans Robertson. The Committee were asked to agree:

- to reduce Longview's overweight equity position by 1.4%;
- to use the proceeds from the Longview rebalancing to top up equally the regional and RAFI indexes managed by the Fund's passive manager;
- the remaining Longview assets (7%) be transferred into the ACCESS Longview sub fund;
- the M&G equity assets (c7%) be transferred into the ACCESS M&G global dividend sub fund;
- to reduce Marathon's overweight equity position by 2% to bring to within an acceptable tolerance level of its existing strategic allocation;
- to use the proceeds from Marathon's rebalancing to increase the allocation to index linked gilts, pending future drawdowns to alternatives asset allocations;
- the Committee to delegate to Officers, in conjunction with Advisors, responsibility to implement the above recommendations and make the necessary arrangements;
- the Committee to delegate to Officers, in conjunction with Advisors, the discussion with Marathon; and
- note the content of the report.

Resolved:

The Committee agreed:

- to reduce Longview's overweight equity position by 1.4%;
- to use the proceeds from the Longview rebalancing to top up equally the regional and RAFI indexes managed by the Fund's passive manager;
- the remaining Longview assets (7%) be transferred into the ACCESS Longview sub fund;
- the M&G equity assets (c7%) be transferred into the ACCESS M&G global dividend sub fund;

- to reduce Marathon's overweight equity position by 2% to bring to within an acceptable tolerance level of its existing strategic allocation;
- to use the proceeds from Marathon's rebalancing to increase the allocation to index linked gilts, pending future drawdowns to alternatives asset allocations;
- the Committee to delegate to Officers, in conjunction with Advisors, responsibility to implement the above recommendations and make the necessary arrangements;
- the Committee to delegate to Officers, in conjunction with Advisors, the discussion with Marathon; and
- to note the content of the report and presentation.

9a. Investment Manager update – Traffic Light Report

The Committee received a report from Matt Woodman which summarised the current views of Hymans Robertson on each of the Fund's managers.

Resolved:

The Committee noted the report and update.

9b. ISC Briefing Note on Managers Presenting

The Committee received a report from Matt Woodman, Hymans Robertson on Longview and M&G Investments.

Resolved:

The Committee noted the report.

11. Investment Manager Presentation – M&G Investments

The Chairman welcomed and introduced Stuart Rhodes and Orla Haughey from M&G Investments who provided the Committee with a presentation in relation to their global equity mandate.

Resolved:

The Committee noted the presentation.

Stuart Rhodes and Orla Haughey then left the meeting.

12. Urgent Exempt Business

None.

13. Closing Remarks

The Chairman reaffirmed that the next PSB would take place on Wednesday 19 December 2018 at the earlier start time of 9.30am.

The Chairman reaffirmed that the next ISC would take place on Wednesday 20 February 2019 at 1pm.

There being no further business the meeting closed at 4.05pm.

Chairman
20 February 2019

DRAFT

Essex Pension Fund Investment Steering Committee	ISC 05
Date: 20 February 2019	

Revised Investment and Funding Risks

Report by the Director for Essex Pension Fund
Enquiries to Kevin McDonald on 0333 0138 488

1. Purpose of the Report

- 1.1 To provide the Committee with an update on the revised Investment and Funding Risks for the Fund.

2. Recommendation

- 2.1 The Committee should note:

- Deletions of risks;
- Amended risks;
- New risks;
- Revised scoring matrix.

- 2.2 The Committee should provide any further comments on the Revised Investment and Funding Risks to the Compliance Manager prior to the next Pension Strategy Board (PSB) meeting, due to be held on 6 March 2019.

3. Background

- 3.1 During 2018, a review was undertaken on the Fund's objectives. These objectives form the basis of the Business Plan, Risk Register and Scorecard that are presented quarterly to the Pension Strategy Board.
- 3.2 At its February meeting the Committee reviewed the Investment objectives, and made the change detailed below.

Original	Revised
To maximise the returns from investments within reasonable risk parameters	No change
To ensure the Fund is properly managed	To ensure the Fund's investments are properly managed before, during and after pooling is implemented.
Ensure investment issues are communicated appropriately to the Fund's stakeholders	No change

- 3.3 It should be highlighted at ISC meetings that the Committee uses more detailed targets to measure the performance of each manager / mandate. These are highlighted in the investment tables (specifically table 1C) and various reports from Hymans Robertson.

4. Review of Risks

- 4.1 A significant amount of work has now been undertaken on the full risk register (83 risks). All risks have been reviewed by Officers, meetings have taken place with the Independent Governance & Administration Adviser in addition to dialogue with investments advisers and the Fund Actuary.
- 4.2 The format of Risk Register has been revised to align to the format of the Essex County Council (ECC) risk registers. This provides further detail on the control activities/mitigations and their owners.
- 4.3 Members will be aware that the Investment Strategy Statement (which the Committee determines) includes the full listing of both Investment and Funding risks. An overview of developments on these areas is set out below.
- 4.4 The revised Risk Register now has 48 risks recorded. An overview of developments within the Risk Register is set out below.

Risk Type	Total Previous risks	Total Revised risks	No. Previous Amber risks	No. Revised Amber risks	No. Deleted / Merged risks	No. New risks added
Governance	22	14	2	6	11	3
Investment	16	8	2	4	9	1
Funding	21	10	5	8	12	1
Administration	18	10	4	3	10	2
Communications	6	4	1	0	4	2
TOTAL	83	46	14	21	46	9

4.5 From the above table you will note:

- 46 risks have been deleted/merged with other risks to reduce repetition;
- amber rated risks have increased due the revised risk wording descriptions. For example, we have now captured more causes within one risk description.

4.6 All risks were amended to improve their risk description wording.

5. Risk Scoring

5.1 Risk Scoring has been revised to better align to the ECC's Risk Scoring Matrix.

5.2 The difference to note is there will no longer be a use for the 'yellow' scoring where threats were scored as medium. In line with the ECC's matrix, low and medium are scored as 'green', high as 'amber' and very high as 'red'.

6. Next Steps

6.1 The Committee are invited to comment on the revised Investment and Funding risks and provide their comments to the Compliance Manager by close of play Tuesday 22 February 2019 to enable comments to be provided to the PSB at their 6 March 2019 meeting where the full Risk Register will be provided to the Board for approval.

7. Risk Implications

7.1 Maintaining an up to date risk register is best practice.

8. Communication Implications

- 8.1 Other than ongoing reporting to the PSB, there are no communication implications.

9. Finance and Resource Implications

- 9.1 The revision of the objectives and risk register has been a challenging piece of work with the final phase, revision of the Business Plan and Scorecard, still to be completed. Although significant input will still be required by officers and advisors on the development of the revised scorecard, the 2019/20 quarterly updates and annual review of objectives, risk and scorecard will be less of a burden on resources.

10. Background Papers

- 10.1 Update of Pension Fund Activity provided to the PSB at its meeting held on 12 September 2018, agenda item 6.
- 10.2 Revised Investment and Funding Risks provided to the ISC at its meeting held on 28 November 2018, agenda item 5.
- 10.3 Risk Review provided to the PSB at its meeting held on 19 December 2019, agenda item 5.

DRAFT - BUSINESS RISK ASSESSMENT

RISK ASSESSMENT COMPLETED BY:
FUNCTION / SERVICE / TEAM:
PROJECT / PROGRAMME (if applicable):
DATE:

Director of Essex Pension Fund
Essex Pension Fund
N/A
06-Feb-19

Risk No.	Previous Risk No.	Objective at Risk	Risk Event, to include: - the area of uncertainty in terms of the threat - cause / trigger - the event or situation that gives rise to the risk - impact – the effect or impact the risk would have if it occurs	Review period	Current Mitigating Actions / Controls	Current Control Owner	Current Assessment of Risk			Risk Owner	Mitigation Approach	Revised/Added Mitigating Actions / Controls	Review period	Revised/Added Control Owner	Controlled Assessment of Risk		
							Current								Target		
							Likelihood	Impact	Risk Rating						Likelihood	Impact	Risk Rating
I1	I1	To maximise the returns from investments within reasonable risk parameters	The total Fund Investment return does not meet expectations which could lead to underfunding.	Quarterly	1. EPF Investment Strategy is reviewed and monitored on a regular basis. 2. Monitoring of: investment manager performance; market conditions. Performance of both assets and liabilities is monitored periodically. 3. Institutional Investment Consultants undertake return analysis for each asset class within the portfolio, combined with the probability of reaching 100% funding	1. Samantha Andrews - Investment Manager 2. Samantha Andrews - Investment Manager 3. Kevin McDonald - Director for EPF	3	3	9	Samantha Andrews - Investment Manager	Treat		Quarterly			0	
I2	I6	To maximise the returns from investments within reasonable risk parameters	Investment Managers and/or ACCESS Operator's sub funds underperform or do not have appropriate benchmarks leading to lower investment returns	Quarterly	1. The performance of Investment Managers and/or ACCESS Operator's sub funds is subject to regular review. 2 3 4	1. Samantha Andrews - Investment Manager 2 3 4	3	2	6	Samantha Andrews - Investment Manager	Treat	1. To review benchmarks with Investment Managers and/or ACCESS Operator	Quarterly	1. Samantha Andrews - Investment Manager			0
I3	I7	To ensure the Fund's investments are properly managed before, during and after pooling is implemented	Failure by EPF or the ACCESS Operator to take advice in accordance with statutory requirements and best practice over appointing and the terms of appointment of investment managers	Quarterly	1. The Fund procures and utilises an Institutional Investment Consultant and an Independent Investment Advisor. 2. EPF ensure these arrangements are kept under review. 3. ACCESS Escalation Policy in place. 4. Appointed Contract Manager within the ASU.	1. Samantha Andrews - Investment Manager 2. Samantha Andrews - Investment Manager 3. Samantha Andrews - Investment Manager 4. Kevin McDonald - Director for EPF	1	3	3	Samantha Andrews - Investment Manager	Treat		Quarterly			0	
I4	I10	To ensure the Fund's investments are properly managed before, during and after pooling is implemented	Delays in: - implementation of decisions; and/or - availability of suitable solutions within the Pool; which could reduce the effectiveness of the decision which could lead to loss of potential return	Quarterly	1. EPF works proactively with Investment Advisors, ACCESS Pool and Investment Managers to scope, propose and implement viable revisions to the Investment Strategy. 2 3 4	1. Samantha Andrews - Investment Manager 2 3 4	3	2	6	Samantha Andrews - Investment Manager	Treat		Quarterly			0	
I5	I13	To ensure the Fund's investments are properly managed before, during and after pooling is implemented	Failure of 3rd party service providers to maintain obligations in respect of investments leading to potential loss of return or liquidity, or ability to access or control investment.	Quarterly	1. AAF0106 Annual Control Reviews are carried out. 2. Within the Pool environment the Depository has liability for safekeeping of Pool investments. 3. ASU Contract Manager ensures adherence to the Operator Agreement by the 11 ACCESS Funds and LINK. 4. Formal procurement procedures are being used for all 3rd party suppliers. 5. EPF ensure these arrangements are kept under review. 6. Fund's assets are not included on Custodian's Balance Sheet. Separate Designated Accounted for each mandate.	1. Samantha Andrews - Investment Manager 2. Samantha Andrews - Investment Manager 3. Samantha Andrews - Investment Manager 4. Amanda Crawford - Compliance Manager 5. Amanda Crawford - Compliance Manager 6. Samantha Andrews - Investment Manager	3	2	6	Samantha Andrews - Investment Manager	Treat		Quarterly			0	
I6	I15	Ensure investment issues are communicated appropriately to the Fund's stakeholders	Failure to communicate and consult on Investment Matters with stakeholders resulting in lack of understanding and potentially poor decisions being made	Quarterly	1. Investment Strategy Statement is subject to stakeholder consultation. 2. PSB/ISC Members are appropriately trained prior to key decisions being made. 3. Engagement with Employers at triennial valuation. 4	1. Samantha Andrews - Investment Manager 2. Samantha Andrews - Investment Manager 3. Sara Maxey - Employer Manager 4	1	2	2	Samantha Andrews - Investment Manager	Treat	1. To update Employers and Members of Investment Matters.	Quarterly	1. Samantha Andrews - Investment Manager			0
I7	I16	To ensure the Fund's investments are properly managed before, during and after pooling is implemented	The implementation of MFID II (January 2018) leads to the Fund being categorised by some / all of its service providers as a 'retail client' - the result of which could reduce the range of sub asset classes in which the Fund is able to invest, and may even require disinvestment from the current portfolio	Quarterly	1. The Fund has arrangements to ensure that relevant MFID II "opt ups" to Elective Professional status for all asset mandates is kept under review. 2 3 4	1. Samantha Andrews - Investment Manager 2 3 4	1	4	4	Samantha Andrews - Investment Manager	Treat		Quarterly			0	
I8	NE W	To maximise the returns from investments within reasonable risk parameters	Lack of consideration of all financial and non-financial risks relating to ESG/Responsible Investment (RI) issues leading to poor investment returns, increased employer contribution rates and reputational damage	Quarterly	1. Use of expert consultants in the selection of Investment Strategy and Investment Managers. 2. Regular monitoring of Investment Managers. 3. Regular reviews of Investment Strategy. 4. Compliance with Stewardship Code.	1. Samantha Andrews - Investment Manager 2. Samantha Andrews - Investment Manager 3. Samantha Andrews - Investment Manager 4. Samantha Andrews - Investment Manager	1	3	3	Samantha Andrews - Investment Manager	Treat	1. To develop an Responsible Investment (RI) Policy in consultation with Investment Advisors. 2. Consider membership of LAPFF. 3. Trigger report from Investment Advisors to include ESG.	Quarterly	1. Samantha Andrews - Investment Manager 2. Samantha Andrews - Investment Manager 3. Samantha Andrews - Investment Manager			0
F1	F1	To prudently set levels of employer contributions that aim to achieve a fully funded ongoing position in the timescales determined in the Funding Strategy Statement	Failure to set and collect contributions sufficient to achieve a fully funded ongoing position in the timescales determined by the Funding Strategy Statement	Quarterly	1. At each triennial valuation, assess funding position and progress made to full funding. 2. Full annual interim reviews to enable consideration of the position. 3. A specific Scorecard measure is in place on this matter. Current measure 4.3.2 - % of contributing employers submitting timely payments. 4. Work with Employers to ensure they understand their responsibilities.	1. Sara Maxey - Employer Manager 2. Sara Maxey - Employer Manager 3. Sara Maxey - Employer Manager 4. Sara Maxey - Employer Manager	2	3	6	Sara Maxey - Employer Manager	Treat	1. Introducing monthly data uploads when Employer and EPF capacity allows. 2. Development of data improvement plan.	Quarterly	1. Sara Maxey - Employer Manager 2. Sara Maxey - Employer Manager			0
F2	F4	To prudently set levels of employer contributions that aim to achieve a fully funded ongoing position in the timescales determined in the Funding Strategy Statement	Mortality rates continue to improve, in excess of the allowances built into the evidence based actuarial assumptions, resulting in increased liabilities, reduced solvency levels and increased employer contributions	Quarterly	1. Longevity analysis is conducted by the Actuary at each valuation. 2 3 4	1. Sara Maxey - Employer Manager 2 3 4	3	3	9	Sara Maxey - Employer Manager	Treat		Quarterly			0	
F3	F5	To prudently set levels of employer contributions that aim to achieve a fully funded ongoing position in the timescales determined in the Funding Strategy Statement	Demographic experience of Fund population is not in line with actuarial assumptions resulting in increases required in Employer contributions	Quarterly	1. EPF ensures the Employer pay the rates set at each valuation. 2. The Actuary provides a prudent assessment to allow for ill-health cases within the calculations. 3. Any change in demographics are reviewed at subsequent valuations and any underfunding will be addressed. 4	1. Sara Maxey - Employer Manager 2. Sara Maxey - Employer Manager 3. Sara Maxey - Employer Manager 4	1	3	3	Sara Maxey - Employer Manager	Treat		Quarterly			0	

F4	F6	To recognise in drawing up the funding strategy the desirability of employer contribution rates that are as stable as possible	Failure to apply and demonstrate fairness in the differentiated treatment of different fund employers by reference to their own circumstances and covenant	<div> <div>Quarterly</div> <div> 1. EPF carries out an analysis at each triennial actuarial valuation to assess covenant and affordability on a proportional basis. 2. A risk analysis is conducted at each triennial valuation by the Funds Actuary. 3. Ongoing monitoring of contributions to identify significant change and continuous dialogue with employers. 4. </div> </div>	<div> <div>Quarterly</div> <div> 1. Sara Maxey - Employer Manager 2. Sara Maxey - Employer Manager 3. Sara Maxey - Employer Manager 4. </div> </div>	2	3	6	Sara Maxey - Employer Manager	Treat	<div> <div>Quarterly</div> <div> 1. To review controls in light of Fair Deal. 2. </div> </div>	<div> <div>Quarterly</div> <div> 1. Sara Maxey - Employer Manager 2. </div> </div>			0
F5	F8	To recognise in drawing up the funding strategy the desirability of employer contribution rates that are as stable as possible	Pay and price inflation significantly different from actuarial assumptions resulting in increases required in employers' contributions	<div> <div>Quarterly</div> <div> 1. EPF carries out an analysis at each triennial actuarial valuation to ensure the assumptions adopted are appropriate and monitor actual experience. 2. Discussions with employers over affordability and pay policy are held. 3. Discretionary Policy to control discretionary costs. 4. </div> </div>	<div> <div>Quarterly</div> <div> 1. Sara Maxey - Employer Manager 2. Sara Maxey - Employer Manager 3. Sara Maxey - Employer Manager 4. </div> </div>	2	3	6	Sara Maxey - Employer Manager	Treat	<div> <div>Quarterly</div> <div> 1. To review controls in light of Fair Deal. 2. </div> </div>	<div> <div>Quarterly</div> <div> 1. Sara Maxey - Employer Manager 2. </div> </div>			0
F6	F13	To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption, where necessary, of employer specific funding objectives	Failure to: - recognise a weakening (strengthening) in an employer's covenant; - lack of, or inaccurate, information about an employer; leads to an inappropriate funding approach in respect of that employer	<div> <div>Quarterly</div> <div> 1. EPF monitors and send reminders of employer's responsibilities. 2. EPF carries out an analysis at each triennial actuarial valuation to assess covenant and affordability on a proportional basis. 3. A risk analysis is conducted at each triennial valuation. 4. Use of bonds and guarantees. 5. Ongoing monitoring of contributions to identify significant change and continuous dialogue with employers. 6. </div> </div>	<div> <div>Quarterly</div> <div> 1. Sara Maxey - Employer Manager 2. Sara Maxey - Employer Manager 3. Sara Maxey - Employer Manager 4. Sara Maxey - Employer Manager 5. Sara Maxey - Employer Manager 6. </div> </div>	3	3	9	Sara Maxey - Employer Manager	Treat	<div> <div>Quarterly</div> <div> 1. To review controls in light of Fair Deal. 2. </div> </div>	<div> <div>Quarterly</div> <div> 1. Sara Maxey - Employer Manager 2. </div> </div>			0
F7	F16	To ensure consistency between the investment strategy and funding strategy	Funding strategy is not aligned with Investment Strategy leading to adverse funding outcomes (over/under funding)	<div> <div>Quarterly</div> <div> 1. The Asset Liability Study is undertaken on a triennial basis. 2. The Funding Strategy and Investment Strategy are reviewed and monitored on a regular basis. 3. The Funding Strategy is aligned with the Investment Strategy. 4. </div> </div>	<div> <div>Quarterly</div> <div> 1. Samantha Andrews - Investment Manager 2. Sara Maxey - Employer Manager 3. Sara Maxey - Employer Manager and Samantha Andrews - Investment Manager 4. </div> </div>	2	3	6	Sara Maxey - Employer Manager	Treat	<div> <div>Quarterly</div> <div> 1. To review controls in light of Fair Deal. 2. </div> </div>	<div> <div>Quarterly</div> <div> 1. Sara Maxey - Employer Manager 2. </div> </div>			0
F8	F17	Maintain liquidity in order to meet projected net cash-flow outgoings	The Fund has insufficient cash to pay pensions as they fall due.	<div> <div>Quarterly</div> <div> 1. EPF ensures sufficient investment income is available to supplement contribution income to meet benefit payments. 2. This is reported to the PSB. 3. A specific Scorecard measure is in place on this matter. To link to scorecard measure no. 4. Limit on illiquid assets and levels of diversification from equities and bonds. 5. Projection of expected cash flows and daily monitoring of cash. 6. </div> </div>	<div> <div>Quarterly</div> <div> 1. Sara Maxey - Employer Manager 2. Sara Maxey - Employer Manager 3. Sara Maxey - Employer Manager 4. Samantha Andrews - Investment Manager 5. Samantha Andrews - Investment Manager 6. </div> </div>	1	3	3	Sara Maxey - Employer Manager	Treat	<div> <div>Quarterly</div> <div> 1. To review controls in light of Fair Deal. 2. </div> </div>	<div> <div>Quarterly</div> <div> 1. Sara Maxey - Employer Manager 2. </div> </div>			0
F9	F19	To minimise unrecoverable debt on termination of employer participation	An employer ceasing to exist with insufficient funding, adequacy of bond or guarantee leads to unrecoverable debt and residual liability falls on remaining employers.	<div> <div>Quarterly</div> <div> 1. New employers joining the Fund are required to meet the Funds expectations, covenant, security and guarantee as set out in the Funding Strategy. 2. Existing employers are required to meet the Funding Strategy and Actuarial Valuation obligations. 3. Monitoring of bonds and ongoing monitoring of Employer covenant. 4. </div> </div>	<div> <div>Quarterly</div> <div> 1. Sara Maxey - Employer Manager 2. Sara Maxey - Employer Manager 3. Sara Maxey - Employer Manager 4. </div> </div>	3	3	9	Sara Maxey - Employer Manager	Treat	<div> <div>Quarterly</div> <div> 1. Ensure cost management funding implications are communicated clearly and in a timely manner to employers to ensure they can budget for the changes. 2. </div> </div>	<div> <div>Quarterly</div> <div> 1. Sara Maxey - Employer Manager 2. </div> </div>			0
F10	F22	To prudently set levels of employer contributions that aim to achieve a fully funded ongoing position in the timescales determined in the Funding Strategy Statement	The adoption of a funding strategy that causes the Fund to fail any of the GAD s13 tests or be named in the GAD s13 report that causes reputational damage.	<div> <div>Quarterly</div> <div> 1. In consultation with the Actuary, EPF determine an appropriate funding strategy that meets s13 requirements. 2. 3. 4. </div> </div>	<div> <div>Quarterly</div> <div> 1. Sara Maxey - Employer Manager 2. 3. 4. </div> </div>	2	3	6	Sara Maxey - Employer Manager	Treat	<div> <div>Quarterly</div> <div> 1. To review controls in light of Fair Deal. 2. </div> </div>	<div> <div>Quarterly</div> <div> 1. Sara Maxey - Employer Manager 2. </div> </div>			0

Investment Risk Change Log

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
I1	I1	To maximise the returns from investments within reasonable risk parameters	If investment return is below that assumed by the Actuary in the Funding Strategy this could lead to an increased deficit and additional contribution requirements. The larger the level of mismatch between assets and liabilities the bigger this risk.	The total Fund Investment return does not meet expectations which could lead to underfunding.	Diversified portfolio; Annual Strategy Review; Asset Liability Study, extended recovery periods to smooth contribution increases.	1. EPF Investment Strategy is reviewed and monitored on a regular basis. 2. Monitoring of: investment manager performance ; market conditions. Performance of both assets and liabilities is monitored periodically.	9	9	
I2	None	To maximise the returns from investments within reasonable risk parameters	Inefficiencies within the portfolio can result in unintended risks	None	Diversified portfolio; Annual Strategy Review; Quantification of individual components of financial risks, Hedging of some risks,	None	2	None	Deleted

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
					Obtain expert advice				
I3	None	To maximise the returns from investments within reasonable risk parameters	If investment returns are below peer group funds, or risk levels are excessive relative to peer group, this could lead to reputational damage for the Fund or member/admitted body dissatisfaction.	None	Regular monitoring; Annual Strategy Review; Targeting most efficient portfolio	None	4	None	Deleted
I4	None	To maximise the returns from investments within reasonable risk parameters	Risk of missing opportunities to maximise returns	None	Regular monitoring; more than one investment adviser; dialogue with existing managers to encourage new ideas; peer group dialogue	None	4	None	Deleted
I5	None	To maximise the returns from investments within reasonable risk parameters	If investment strategy is inconsistent with Funding Plan, then it can lead	None	Triennial Reviews linked with Funding Strategy &	None	2	None	Deleted

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
			to employers paying the incorrect contribution rate		Investment Strategy. Asset Liability Study; SIP; Interim Reviews; co-ordination between actuary and investment consultant. A specific scorecard measure on this matter is in place.				
16	12	To maximise the returns from investments within reasonable risk parameters	Fund managers underperform their benchmarks	Investment Managers and/or ACCESS Operator underperform or do not have appropriate benchmarks leading to lower investment returns	Manager selection process and due diligence; manager monitoring across wide range of issues; diversified portfolio of managers; setting of appropriate benchmarks	1. The performance of Investment Managers and/or ACCESS Operator is subject to regular review.	2	6	
17	13	To ensure the Fund's investments are properly managed before,	Inappropriate or uninformed decisions e.g. due to lack of understanding /	Failure by EPF or the ACCESS Operator to take advice in accordance	Training and experience of ISC members; monitoring of	1. The Fund procures and has Institutional Investment	2	3	

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
		during and after pooling is implemented	training	with statutory requirements and best practice over appointing and the terms of appointment of investment managers	knowledge and understanding; an institutional investment adviser and an independent adviser have been appointed; training and experience of in-house team; papers prepared in advance of decisions being made; Annual Strategy Review sets plan for year	Consultant and Independent Investment Advisor. 2. EPF ensure these arrangements are kept under review. 3. ACCESS Escalation Policy in place. 4. Appointed Contract Manager within the ASU.			
18	None	To ensure the Fund is properly managed	Insufficient management information about the position of the Fund e.g. level of risk; amount of assets; performance of managers	None	Regular quarterly reporting on assets, performance and managers; Annual Strategy Review	None	1	None	Deleted
19	None	To ensure the Fund is properly	Failure to take expert advice or	None	Appointment of institutional	None	1	None	Deleted

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
		managed	risk of poor advice		investment consultant and an independent investment adviser, who regularly attend meetings				
I10	I4	To ensure the Fund's investments are properly managed before, during and after pooling is implemented	Delays in implementation of decisions reduces the effectiveness of the decision	Delays in: - implementation of decisions; - availability of suitable solutions within the Pool; which reduces the effectiveness of the decision which could lead to loss of potential return	In house team; use of passive manager to implement change; delegation of implementation to officers and advisers	1. EPF works proactively with Investment Advisors, ACCESS Pool and Investment Managers to scope, propose and implement viable revisions to the Investment Strategy.	2	6	
I11	None	To ensure the Fund's investments are properly managed before, during and after pooling is implemented	If liquidity is not managed correctly, assets may need to be sold at unattractive times or investment opportunities	None	Limit on illiquid assets and level of diversification from equities and bonds; projection of expected cash flows. A	None	1	None	Deleted

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
			missed as cash is unavailable.		specific scorecard measure is in place on this matter.				
I12	None	To ensure the Fund is properly managed	Insufficient scrutiny of manager mandates and terms of business may lead to inappropriate fee levels or other costs.	None	Quarterly monitoring; review of fees versus peer group; selection criteria include fees and other costs	None	2	None	Deleted – merged with I13
I13	I5	To ensure the Fund's investments are properly managed before, during and after pooling is implemented	Failure of manager or custodian	Failure of 3rd party service providers to maintain obligations in respect of investments leading to potential loss of return or liquidity, or ability to access or control investment.	Quarterly monitoring; AAF0106 audit reports; investment consultant on-going research; diversification of manager mandates; diversification of custody via pooled funds	1. AAF0106 Annual Control Reviews are carried out. 2. Within the Pool environment the Depository has liability for safekeeping of Pool investments. 3. ASU Contract Manager ensures adherence to the Operator	2	6	Amended to incorporate I12 and I14

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
						<p>Agreement by the 11 ACCESS Funds and LINK.</p> <p>4. Formal procurement procedures are being used for all 3rd party suppliers.</p> <p>5. EPF ensure these arrangements are kept under review.</p> <p>6. Fund's assets are not included on Custodian's Balance Sheet. Separate Designated Accounted for each mandate.</p>			
I14	None	To ensure the Fund is properly managed	Failure to react to major change in market / economic conditions	None	Quarterly monitoring, setting appropriate mandates for managers,	None	2	None	Deleted – merged with I13

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
					appointment of investment consultant and independent advisers, review of market conditions at each meeting, regular engagement with investment managers				
I15	I6	Ensure investment issues are communicated appropriately to the Fund's stakeholders	Inappropriate communication of risks involved in the pension fund and strategy adopted and actions taken by the ISC may lead to questions and challenge and unexpected increases in contributions	Failure to communicate and consult on Investment Matters with stakeholders resulting in lack of understanding and potentially poor decisions being made	Resourcing of in-house team; discussion forums and surgeries; statement of investment principles; funding strategy statement	1. Investment Strategy Statement is subject to stakeholder consultation. 2. PSB/ISC Members are appropriately trained prior to key decisions being made. 3. Engagement with Employers at triennial	2	2	

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
						valuation.			
I16	I7	To ensure the Fund's investments are properly managed before, during and after pooling is implemented	The implementation of MiFiD II (January 2018) leads to the Fund being categorised by some / all of its service providers as a 'retail client' – the result of which could reduce the range of sub asset classes in which the Fund is able to invest and may even require divestment from the current portfolio.	The implementation of MiFiD II (January 2018) leads to the Fund being categorised by some / all of its service providers as a 'retail client' – the result of which could reduce the range of sub asset classes in which the Fund is able to invest and may even require divestment from the current portfolio.	The Fund has now completed and received confirmation of the relevant MiFiD II "opt ups" to Elective Professional status for all asset mandates. Further opt ups will be required in due course for new mandates and pooling sub funds.	1. The Fund has arrangements to ensure that relevant MiFiD II "opt ups" to Elective Professional status for all asset mandates is kept under review.	6	4	
None	I8	To maximise the returns from investments within reasonable risk parameters	None	Lack of consideration of all financial and non-financial risks relating to ESG/Responsible Investment (RI) issues leading to poor investment returns, increased	None	1. Use of expert consultants in the selection of Investment Strategy and Investment Managers. 2. Regular monitoring of Investment	None	3	New

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
				employer contribution rates and reputational damage		Managers. 3. Regular reviews of Investment Strategy. 4. Compliance with Stewardship Code.			

Funding Risk Change Log

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
F1	F1	To prudently set levels of employer contributions that aim to achieve a fully funded ongoing position in the timescales determined in the Funding Strategy Statement	Investment markets perform below actuarial assumptions resulting in reduced assets, reduced solvency levels and increased employer contributions	Failure to set and collect contributions sufficient to achieve a fully funded ongoing position in the timescales determined by the Funding Strategy Statement	Use of a diversified portfolio which is regularly monitored against targets and reallocated appropriately. At each triennial valuation assess funding position and progress made to full funding. Full annual interim reviews to enable consideration of the position. A specific scorecard measure is in place on this matter.	1. At each triennial valuation, assess funding position and progress made to full funding. 2. Full annual interim reviews to enable consideration of the position. 3. A specific Scorecard measure is in place on this matter. Current measure 4.3.2 - % of contributing employers submitting timely payments. 4. Work with Employers to ensure they	4	6	.

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
						understand their responsibilities. 5. Year-end reconciliation of Member data.			
F2	None	Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities in the timescales determined by the Funding Strategy	Markets move at variance with actuarial assumptions resulting in increases in deficits, reduced solvency levels and increased employer contributions	None	Annual reviews to enable consideration of the position and the continued appropriateness of the funding/investment strategies and to monitor the exposure to unrewarded risks.	None	9	None	Deleted – moved to investment risks
F3	None	Within reasonable risk parameters, to achieve and then maintain assets equal to 100% of liabilities in the timescales determined by the Funding Strategy	Investment managers fail to achieve performance targets (i.e. ensure funding target assumptions are consistent with funding objectives)	None	Diversified investment structure and frequent monitoring against targets with potential for a change of managers where	None	4	None	Deleted – merged with Investment risks

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
			which reduces solvency levels and increases required in employers' contributions		considered appropriate.				
F4	F2	To prudently set levels of employer contributions that aim to achieve a fully funded ongoing position in the timescales determined in the Funding Strategy Statement	Mortality rates continue to improve, in excess of the allowances built into the evidence based actuarial assumptions, resulting in increased liabilities, reduced solvency levels and increased employer contributions	Mortality rates continue to improve, in excess of the allowances built into the evidence based actuarial assumptions, resulting in increased liabilities, reduced solvency levels and increased employer contributions	Monitoring of mortality experience factors being exhibited by the Fund members by Fund Actuary and consequent variation of the actuarial assumptions based on evidential analysis.	1. Longevity analysis is conducted by the Actuary at each valuation.	4	9	
F5	F3	To prudently set levels of employer contributions that aim to achieve a fully funded ongoing position in the timescales determined in the Funding Strategy Statement	Frequency of early retirements increases to levels in excess of the actuarial assumptions adopted resulting in increases required in employers' contributions	Demographic experience of Fund population is not in line with actuarial assumptions resulting in increases required in Employer contributions	Employers required to pay capital sums to fund costs for non-ill health cases. Regular monitoring of early retirement (including on the grounds	1. EPF ensures the Employer pay the rates set at each valuation. 2. The Actuary provides a prudent assessment to allow for ill-health	4	3	

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
					of ill health) experience being exhibited by the Fund members by Fund Actuary and consequent variation of the actuarial assumptions based on evidential analysis. Ensure that employers are made aware of consequences of their decisions and that they are financially responsible.	cases within the calculations. 3. Any change in demographics are reviewed at subsequent valuations and any underfunding will be addressed.			
F6	F4	To recognise in drawing up the funding strategy the desirability of employer contribution rates that are as stable as possible	Failure to apply and demonstrate fairness in the differentiated treatment of different fund employers by reference to their own circumstances	Failure to apply and demonstrate fairness in the differentiated treatment of different fund employers by reference to their own circumstances	At each triennial actuarial valuation an analysis is carried out to assess covenant and affordability on a proportional	1. EPF carries out an analysis at each triennial actuarial valuation to assess covenant and affordability	4	6	

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
			and covenant	and covenant	basis. On-going dialogue with employers.	on a proportional basis. 2. A risk analysis is conducted at each triennial valuation by the Funds Actuary. 3. Ongoing monitoring of contributions to identify significant change and continuous dialogue with employers.			
F7	None	To recognise when drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible	Mismatch in asset returns and liability movements result in increased employer contributions	None	Diversified investment structure and frequent monitoring against targets to adjust funding plans accordingly through the FSS. Employers are kept informed as appropriate.	None	6	None	Deleted

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
F8	F5	To recognise in drawing up the funding strategy the desirability of employer contribution rates that are as stable as possible	Pay and consumer price inflation significantly different from actuarial assumptions resulting in increases required in employers' contributions	Pay and price inflation significantly different from actuarial assumptions resulting in increases required in employers' contributions	At each triennial actuarial valuation an analysis is carried to ensure that the assumptions adopted are appropriate and monitor actual experience. Discussions with employers over expected progression of pay in the short and long term.	1. EPF carries out an analysis at each triennial actuarial valuation to ensure that the assumptions adopted are appropriate and monitor actual experience. 2. Discussions with employers over affordability are held. 3. Discretions Policy to control discretionary costs.	4	6	
F9	None	To recognise when drawing up its funding strategy the desirability of employer contribution rates that are as stable	Potential for significant increases in contributions to levels which are unaffordable. Ultimate risk is the possibility of	None	Risk profile analysis performed with a view on the strength of individual employer's	None	4	None	Deleted

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
		as possible	the employers defaulting on their contributions		covenant being formed when setting terms of admission agreement (including bonds) and in setting term of deficit recovery whilst attempting to keep employers' contributions as stable and affordable as possible. Pursue a policy of positive engagement with a view to strengthening employer covenants wherever possible.				
F10	None	To recognise when drawing up its funding strategy the desirability of employer contribution rates	Adverse changes to LGPS regulations resulting in increases required in	None	Ensuring that Fund concerns are considered by the Officers/Board as	None	3	None	Deleted

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
		that are as stable as possible	employers' contributions or Fund cash flow requirements.		appropriate and raised in consultation process with decision makers lobbied. Employers and interested parties to be kept informed. Monitor potential impact for employers in conjunction with Actuary.				
F11	None	To recognise when drawing up its funding strategy the desirability of employer contribution rates that are as stable as possible	Adverse changes to other legislation, tax rules, etc. resulting in increases required in employers' contributions	None	Ensuring that Fund concerns are considered by the Officers/Board as appropriate and raised in consultation process with decision makers lobbied. Employers and interested	None	3	None	Deleted

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
					parties to be kept informed. Monitor potential impact for employers in conjunction with Actuary.				
F12	None	To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives	Administering authority unaware of structural changes in an employer's membership, or not being advised of an employer closing to new entrants, meaning that the individual employer's contribution level becomes inappropriate requiring review and increase	None	Ensure that employers are reminded of their responsibilities, monitor and send reminders of employers responsibilities re this where appropriate, investigate the adoption of an administration strategy to clarify employer responsibilities. Employer analysis work and officer dialogue with employers concerned	None	4	None	Deleted – merged with F13

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
					(including guarantors as appropriate)				
F13	F6	To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption, where necessary, of employer specific funding objectives	Not recognising opportunities from changing market, economic or other circumstances (e.g. de-risking or strengthening of covenant)	<p>Failure to:</p> <ul style="list-style-type: none"> - recognise a weakening (strengthening) in an employer's covenant; - lack of, or inaccurate, information about an employer; <p>leads to an inappropriate funding approach in respect of that employer</p>	At each triennial valuation pursue a policy of positive engagement with a view to strengthening employer covenants wherever possible.	<p>1. EPF monitors and send reminders of employer's responsibilities.</p> <p>2. EPF carries out an analysis at each triennial actuarial valuation to assess covenant and affordability on a proportional basis.</p> <p>3. A risk analysis is conducted at each triennial valuation.</p> <p>4. Use of bonds and guarantees.</p> <p>5. Ongoing monitoring of contributions</p>	4	9	Amended to include previous F12 and F14.

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
						to identify significant change and continuous dialogue with employers.			
F14	None	To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives	Adoption of either an inappropriately slow or rapid pace of funding in the specific circumstances for any particular employer	None	At each triennial actuarial valuation an analysis is carried out to assess covenant and affordability on a proportional basis. On-going dialogue with employers.	None	4	None	Deleted – merged with F13
F15	None	To manage employers' liabilities effectively, having due consideration of each employer's strength of covenant, by the adoption of employer specific funding objectives	Failure to ensure appropriate transfer is paid to protect the solvency of the Fund and equivalent rights are acquired for transferring members in accordance with the regulations.	None	Follow the standardised approach to bulk transfers of liabilities as part of admission policy framework, complying with any statutory requirements and protecting the	None	2	None	Deleted

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
					interests of the Fund's employers by measuring the solvency of the Fund and relevant employers before and after transfer.				
F16	F7	To ensure consistency between the investment strategy and funding strategy	Over or under cautious determination of employer funding requirements due to the impact of the investment strategy on funding	Funding strategy is inconsistent with Investment Strategy leading to adverse funding outcomes (over/under funding)	Measurement will look at expected return projections vs actuarial assumptions in order to test the continued appropriateness and consistency between the funding and investment strategy.	1. The Asset Liability is undertaken on a triennial basis. 2. The Funding Strategy and Investment Strategy are reviewed and monitored on a regular basis. The Funding Strategy is aligned with the Investment Strategy.	4	6	
F17	F8	Maintain liquidity in order to meet projected net cash-flow outgoings	Illiquidity of certain markets and asset classes and difficulty in realising	The Fund has insufficient cash to pay pensions as they fall due.	Holding liquid assets and maintain positive cash flows. Reviews	1. EPF ensures sufficient investment income is available to	2	3	Amended to incorporate F18

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
			investments and paying benefits as they fall due		performed to monitor cash flow requirements	supplement contribution income to meet benefit payments. 2. This is reported to the PSB. 3. A specific Scorecard measure is in place on this matter. To link to scorecard measure no. 4. Limit on illiquid assets and levels of diversification from equities and bonds. 5. Projection of expected cash flows and daily monitoring of cash.			
F18	None	Maintain liquidity in order to meet projected net cash-flow outgoings	Unanticipated onset of cash-flow negative position, potentially requiring ad hoc	None	Holding liquid assets and maintain positive cash flows. Reviews	None	2	None	Deleted – merged with F17

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
			repositioning of assets		performed to monitor cash flow requirements. In Spring 2015 the ISC agreed to divert a portion of UK equity dividend income (L&G) & property rental income (AVIVA) to supplement contribution income in order to meet pension benefit expenditure.				
F19	F9	To minimise unrecoverable debt on termination of employer participation	An employer ceasing to exist with insufficient funding, adequacy of bond or guarantee. In the absence of all of these, the shortfall will be attributed to the Fund as a whole with increases being required	An employer ceasing to exist with insufficient funding, adequacy of bond or guarantee leads to unrecoverable debt residual liability falls on remaining employers.	Assess the strength of individual employer's covenant and/or require a guarantee when setting terms of admission agreement (including bonds) and in	1. New employers joining the Fund are required to meet the Funds expectations , covenant, security and guarantee as set out in the Funding Strategy.	6	9	Amended to incorporate F20.

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
			in all other employers' contributions		setting term of deficit recovery. Annual monitoring of risk profiles and officer dialogue with employers concerned (including guarantors as appropriate) through employer analysis. Positive dialogue with employers with a view to strengthening employer covenants wherever possible. Same mitigations for both risks F19 & F20	2. Existing employers are required to meet the Funding Strategy and Actuarial Valuation obligations. 3. Monitoring of bonds and ongoing monitoring of Employer covenant.			
F20	None	Minimise unrecoverable debt on termination of employer participation	Failure to monitor leading to inappropriate funding strategy and unrecovered debt on	None	Assess the strength of individual employer's covenant in conjunction with the	None	6	None	Deleted – merged with F19

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
			cessation of participation in the fund		Actuary and/or require a guarantee when setting terms of admission agreement (including bonds) and in setting term of deficit recovery. Annual monitoring of risk profiles and officer dialogue with employers concerned (including guarantors as appropriate) through employer analysis. Positive dialogue with employers with a view to strengthening employer covenants wherever possible				
F21	None	Maintain liquidity	Maintain	None	Communicati	None	6	None	Deleted

Previous Risk No.	Revised Risk No.	Objective	Previous Risk Wording	Revised Risk Wording	Previous Mitigations	Revised Mitigations	Previous Risk Rating	Revised Rating	Comments
		in order to meet projected net cash-flow outgoings	liquidity in order to meet projected net cash-flow outgoings		ons with both Employers and Employees over the benefits of the LGPS, both before and after any structural change. In July 2011, following discussion on liquidity and fund maturity, the ISC set a 27% limit on exposure to alternative assets.				
None	F10	To prudently set levels of employer contributions that aim to achieve a fully funded ongoing position in the timescales determined in the Funding Strategy Statement	None	The adoption of inappropriate assumptions causes the Fund to be listed in the GAD s13 report in a way that causes reputational damage.	None	1. In consultation with the Actuary, EPF determine an appropriate funding strategy that meets s13 requirements	None	6	New

