

## Appendix 1 – Cambridgeshire Pension Fund Risk Register

Risk No	Risk Description	Previous Assessment			Current Assessment			Movement	Action/Comment
		Impact	Likelihood	Residual Rating	Impact	Likelihood	Residual Rating		
1.	Employers unable to pay contribution rates.	4	3	12	4	3	12	-	
2.	Failure to respond to changes in economic conditions.	4	3	12	4	3	12	-	
3.	As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	3	3	9	3	3	9	-	
4.	Contributions to the Fund are not received on the correct date and/or for the correct amount.	4	2	8	4	2	8	-	
5.	Fund assets are not sufficient to meet obligations and liabilities.	4	2	8	4	2	8	-	
6.	The Pension Fund and its members may become a target for fraudsters and criminals (cybercrime)	4	2	8	4	2	8	-	
7.	Information may not be provided to stakeholders as required.	3	2	6	3	2	6	-	
8.	The Investment Strategy's Risk Reward profile does not match the requirements of the Fund.	3	2	6	3	2	6	-	
9.	Those charged with governance are unable to fulfil their responsibilities effectively.	3	2	6	3	2	6	-	
10.	Risk of fraud and error.	3	2	6	3	2	6	-	
11.	Failure to understand and monitor risk compliance.	3	2	6	3	2	6	-	
12.	Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.	2	3	6	2	3	6	-	
13.	Failure to recognise and manage conflicts of interest.	2	3	6	2	3	6	-	

Risk No	Risk Description	Previous Assessment			Current Assessment			Movement	Action/Comment
		Impact	Likelihood	Residual Rating	Impact	Likelihood	Residual Rating		
14.	Incorrect/poor quality data held on the Pension Administration and Payroll platforms or delays with receiving information leading to incorrect information/delayed provision of information to members and stakeholders	3	2	6	3	2	6	-	
15.	Custody arrangements may not be sufficient to safeguard Pension Fund assets.	4	1	4	4	1	4	-	
16.	Pension Fund systems and data may not be secure and appropriately maintained	4	1	4	4	1	4	-	
17.	Failure to administer the scheme in line with regulations and guidance.	4	1	4	4	1	4	-	
18.	Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.	2	2	4	2	2	4	-	
19.	Pension Fund investments may not be accurately valued.	2	2	4	2	2	4	-	
20.	Actual experience materially differs from actuarial assumptions used at each valuation.	2	2	4	2	2	4	-	
21.	Failure to act appropriately upon expert advice and/or risk of poor advice.	2	2	4	2	2	4	-	
22.	Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met in conjunction with the Fund Actuary/specialist advisors.	2	2	4	2	2	4	-	
23.	Unable to deliver pension services due to an inadequate business continuity plan.	2	2	4	2	2	4	-	

Risk No	Risk Description	Previous Assessment			Current Assessment			Movement	Action/Comment
		Impact	Likelihood	Residual Rating	Impact	Likelihood	Residual Rating		
24.	Unable to deliver pension services due to inadequate recruitment and retention processes.	2	3	6	2	2	4	↓	Decrease in residual likelihood score to reflect appointments being made within the service.
25.	Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.	3	1	3	3	1	3	-	
26.	Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage.	3	1	3	3	1	3	-	
27.	Pension Fund objectives are not defined and agreed.	2	1	2	2	1	2	-	

<b>Potential impact if risk occurred</b>	5 Catastrophic	5	10	15	20
	4 Major	4	8	12	16
	3 Moderate	3	6	9	12
	2 Minor	2	4	6	8
	1 Insignificant	1	2	3	4
		1 Rare (5%)	2 Unlikely (15%)	3 Possible (40%)	4 Likely (65%)

**Likelihood of risk occurring**

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Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
1.	Employers unable to pay contribution rates.  <i>Responsible Lead(s): Employer Services and Systems Manager. Relevant objective: 9</i>	4	4	16	R	<ul style="list-style-type: none"> <li>Provisional contribution rates are consulted on with each scheme employer as part of the valuation process.</li> <li>Review of employer covenant, looking at the terms of the admission agreement and bond/guarantor arrangements.</li> <li>Negotiate terms of deficit recovery whilst keeping employer contribution rates as stable and affordable as possible.</li> </ul>	4	3	12	A
2.	Failure to respond to changes in economic conditions.  <i>Responsible Lead(s): Fund Accounting Manager and Investment Manager. Relevant objectives: 15,16</i>	4	4	16	R	<ul style="list-style-type: none"> <li>The Fund has established a quarterly Investment Sub Committee dedicated to focus on Investment matters.</li> <li>The Fund receives quarterly performance reports which consider operational and strategic investment issues.</li> <li>A formal review of the strategic asset allocation is undertaken on at least a triennial basis.</li> <li>The Fund publishes an Investment Strategy Statement, incorporating a Responsible Investment Policy, which is regularly reviewed.</li> <li>The Fund has currency hedging and equity protection arrangements in place.</li> <li>Coronavirus pandemic: Increased engagement with investment managers and monitoring of asset movements.</li> </ul>	4	3	12	A

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
3.	<p>As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.</p> <p><i>Responsible Lead(s): Fund Accounting Manager and Investment Manager.</i> <i>Relevant objectives: 18,19</i></p>	4	4	16	R	<ul style="list-style-type: none"> <li>Investment managers are required to take account of both financial and non-financial factors in their investment decisions.</li> <li>A new Responsible Investment Policy has been agreed that increases the climate and carbon reporting requirements of the Fund and its managers.</li> <li>An action plan is being developed to help reduce the carbon risk within the Fund's investments and transition to a more sustainable portfolio</li> <li>The Head of Pensions is chairing an ACCESS Task &amp; Finish Group helping ensure the Fund's Responsible Investment ambitions can be met through the access Pool.</li> </ul>	3	3	9	A
4.	<p>Contributions to the Fund are not received on the correct date and/or for the correct amount.</p> <p><i>Responsible Lead(s) Fund: Accounting Manager.</i> <i>Relevant objectives: 1,8,9,16</i></p>	4	3	12	A	<ul style="list-style-type: none"> <li>Employer contributions are set as stable as possible and the Fund works with employers closely to ensure pragmatic solutions if an employer is unable to meet monthly contributions.</li> <li>A procedure is in place to identify non-payment and late payment of contributions as defined in the Employee and Employer Late Payment Policy.</li> <li>The Policy includes a reporting process to report late payments to Committee and the Pensions Regulator.</li> <li>Internal Audit reviews take place on an annual basis and external audit review the accounts annually.</li> </ul>	4	2	8	A

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
5.	<p>Fund assets are not sufficient to meet obligations and liabilities.</p> <p><i>Responsible Lead(s): Fund Accounting Manager and Investment Manager.</i>  <i>Relevant objectives: 2,16,17,19</i></p>	4	3	12	A	<ul style="list-style-type: none"> <li>The Funding Strategy Statement is reviewed every 3 years or more often as required.</li> <li>The Fund Actuary considers asset valuations and the Fund Investment Strategy in setting employer contributions rates.</li> <li>The Fund has currency hedging and equity protection arrangements in place.</li> </ul>	4	2	8	A
6.	<p>The Pension Fund and its members may become a target for fraudsters and criminals (cybercrime).</p> <p><i>Responsible Lead(s): All managers</i>  <i>Relevant objectives: 10,11</i></p>	4	3	12	A	<ul style="list-style-type: none"> <li>Cyber hygiene arrangements in place for system access.</li> <li>Disaster recovery plans are in place for major data processors.</li> <li>Compulsory annual online training for Officers on Cyber resilience and Data Protection.</li> <li>Cyber Strategy and Action Plan developed</li> <li>Data asset mapping undertaken (and will be continually reviewed) to understand risks during data transfer and whilst data is held by third parties</li> <li>Highest risk third parties have completed a cyber survey and action plans are being developed from responses</li> </ul>	4	2	8	A

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
7.	<p>Information may not be provided to stakeholders as required.</p> <p><i>Responsible Lead(s): All Managers</i> <i>Relevant objectives: 14</i></p>	3	3	9	A	<ul style="list-style-type: none"> <li>• Officers keep up to date with disclosure regulations and distribute knowledge to teams accordingly using resources such as relevant websites, seminars, professional bodies and working groups.</li> <li>• Letters are generated through task management for consistency and are checked before being sent out.</li> <li>• Communications Officer now in place.</li> <li>• Membership of the LGA Communications Working Group.</li> <li>• Membership of the Regional Joint Communications Group.</li> <li>• Communication and Digital Communication Strategy in place.</li> </ul>	3	2	6	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
8.	<p>The Investment Strategy's risk reward profile does not match the requirements of the Fund.</p> <p><i>Responsible Lead(s): Fund Accounting Manager and Investment Manager</i>  <i>Relevant objectives: 16,17,18</i></p>	3	3	9	A	<ul style="list-style-type: none"> <li>Investment Strategy in place which is in accordance with LGPS investment regulations.</li> <li>A formal review of the strategic asset allocation is undertaken on a triennial basis.</li> <li>The Fund appoints professional investment advisers to support the Pension Committee's investment decisions.</li> <li>At each triennial valuation the Fund Actuary considers and makes a statement on the links and consistency between the Fund's Funding Strategy and Investment Strategy.</li> <li>Investment allocations are closely monitored, in particular the Investment Sub Committee receives quarterly performance reports which highlight variations from the strategic asset allocation.</li> <li>Members are encouraged to participate in Skills &amp; Knowledge training with respect to investments and attend relevant industry conferences. Detailed training records are maintained.</li> </ul>	3	2	6	G



Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
9.	<p>Those charged with governance are unable to fulfil their responsibilities effectively.</p> <p><i>Responsible Lead(s): Governance and Regulations Manager.</i> <i>Relevant objectives: 2,3</i></p>	3	4	12	A	<ul style="list-style-type: none"> <li>• Training Strategy in place to facilitate the continual development of both Committee and Board members.</li> <li>• New members are provided with relevant documentation to assist them in their roles.</li> <li>• The Fund subscribes to relevant professional bodies such as the Local Authority Pension Funds Forum (LAPFF) and the Pension and Lifetime Savings Association (PLSA).</li> <li>• CIPFA Skills and Knowledge training within 6 months of joining followed by targeted training based on decisions that the Committee are asked to make.</li> </ul>	3	2	6	G
10.	<p>Risk of fraud and error.</p> <p><i>Responsible Lead(s): All Managers</i> <i>Relevant objectives: 2,10</i></p>	3	3	12	A	<ul style="list-style-type: none"> <li>• Anti- Fraud and Corruption policy in place.</li> <li>• Fund participates in the National Fraud Initiative and undertakes overseas pensioner existence checks.</li> <li>• Robust processes in place including segregation of duties and authorisation protocols.</li> <li>• Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams.</li> <li>• Aspects of the control environment are tested by Internal Audit and External Audit.</li> </ul>	3	2	6	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
11.	<p>Failure to understand and monitor risk compliance.</p> <p><i>Responsible Lead(s): Governance and Regulations Manager.</i> <i>Relevant objective: 5</i></p>	3	2	6	G	<ul style="list-style-type: none"> <li>• Business Continuity plan in place and is reviewed at least annually.</li> <li>• Active risk register in place, the Committee and Board are updated if there are any risk movements between scheduled reporting timescales.</li> <li>• The Local Pension Board have oversight of risk monitoring to assist the Pensions Committee on decision making.</li> </ul>	3	2	6	G
12.	<p>Lack of understanding of employer responsibilities which could result in statutory and non-statutory deadlines being missed.</p> <p><i>Responsible Lead: Employer Services and Systems Manager.</i> <i>Relevant objective: 8</i></p>	3	4	12	A	<ul style="list-style-type: none"> <li>• Employers are made aware of their responsibilities upon admission via the Pension Service website and direct employer communication.</li> <li>• Training is provided to employers by a dedicated Employer's Team as required.</li> <li>• The importance of a statutory deadlines is stressed to employers through regular communications and events such as the Employer Forum.</li> <li>• Support is also available through the website, dedicated employers help line and templates issued where applicable.</li> <li>• An Administration Strategy is in place setting out employer performance targets.</li> <li>• Escalation pathways have been agreed with the Fund's major providers of member data.</li> </ul>	2	3	6	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	RAG	Controls	Residual Impact	Residual Likelihood	Residual Total	RAG
13.	<p>Failure to recognise and manage conflicts of interest.</p> <p>Responsible Lead: Governance and Regulations Manager. Relevant objectives: 2,10</p>	4	2	8	A	<ul style="list-style-type: none"> <li>• Declaration of interests are made at the beginning of all statutory meetings where not held on the Councillor declaration register.</li> <li>• Conflicts of Interest Policy in place for the Local Pension Board.</li> <li>• Committee and Board members are encouraged to undertake the Pension Regulator's Toolkit which includes a conflicts of interest module.</li> <li>• Governance and legal advice sought as required</li> <li>• Conflicts of Interest Policy will be developed following guidance from the Scheme Advisory Board and DLUHC resulting from the GGR</li> </ul>	2	3	6	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
14.	<p>Incorrect/poor quality data held on the Pension Administration and Payroll platforms or delays with receiving information leading to incorrect information/delayed provision of information to members and stakeholders</p> <p><i>Responsible Lead(s): Governance and Regulations Manager</i> <i>Relevant objectives: 15,16</i></p>	3	3	9	A	<ul style="list-style-type: none"> <li>The Data Improvement Policy and Plan are in place and reviewed annually.</li> <li>The Local Pension Board have oversight of policy reviews in line with Pension Committee approvals.</li> <li>The Pension Committee and Local Pension Board receive updates against the plan quarterly.</li> <li>Dedicated Employer Services Team to query/chase data as required.</li> <li>Administration Strategy in place which sets out expectations of employers and potential sanctions.</li> <li>Escalation process in place for repeated incorrect or delayed data being received by the Fund.</li> </ul>	3	2	6	G
15.	<p>Custody arrangements may not be sufficient to safeguard Pension Fund assets.</p> <p><i>Responsible Lead(s): Fund Accounting Manager and Investments Manager</i> <i>Relevant objectives: 1,2,3</i></p>	4	2	8	A	<ul style="list-style-type: none"> <li>The Custodian is selected from experienced providers on the LGPS National Framework who have met the quality criteria for the framework.</li> <li>Complete and authorised agreements are in place with external custodian.</li> <li>External custodian's compliance with International Standard on Assurance Engagements (ISAE) No. 3402, Assurance Reports on Controls at a Service Organisation.</li> <li>Officers of the Fund engage in quarterly monitoring of custodian performance.</li> </ul>	4	1	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
16.	<p>Pension Fund systems and data may not be secure and appropriately maintained.</p> <p><i>Responsible Lead(s): Employers Services and Systems Manager. Relevant objectives: 10,11</i></p>	4	2	8	A	<ul style="list-style-type: none"> <li>• System user controls are in place including regular password changes.</li> <li>• Access rights are controlled and data is backed up.</li> <li>• Audit trails are in place.</li> <li>• Pension system is protected against viruses and other system threats.</li> <li>• The pensions administration system is updated to ensure LGPS requirements are met by adhering to legislation, meeting disclosure regulations and following statutory guidance.</li> <li>• Hosted pensions server and backup server are at separate sites.</li> <li>• Disaster recovery plans are in place for both the administration system software supplier and the authority.</li> <li>• Compulsory annual online training for Officers on Cyber resilience and Data Protection.</li> <li>• Data asset mapping is being undertaken (and will be continually reviewed) to understand risks during data transfer and whilst data is held by third parties.</li> <li>• Continually keeping up to date with evolving developments to ensure robust cyber resilience in conjunction with specialist advice, including the resilience when using laptops and non-corporate Wi-Fi networks.</li> </ul>	4	1	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
17.	<p>Failure to administer the scheme in line with regulations and guidance.</p> <p><i>Responsible Lead(s): All Managers</i> <i>Relevant objectives: 1,2,3,16</i></p>	5	2	10	A	<ul style="list-style-type: none"> <li>• Policies and strategies are in place and are accessible on the Fund website.</li> <li>• Policies and strategies are subject to review at appropriate intervals and subject to stakeholder consultation where necessary.</li> <li>• A Training Strategy is in place for those charged with governance.</li> <li>• Officers attend regional Pension Officer working groups and consult with professional advisors where appropriate.</li> <li>• Employers are aware of their responsibilities within the Fund and what information is required, in what format and by when.</li> <li>• The Fund subscribes to relevant professional bodies such as the Local Authority Pension Funds Forum (LAPFF) and the Pension and Lifetime Savings Association (PLSA).</li> <li>• Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams.</li> </ul>	4	1	4	G

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Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
18.	<p>Failure to provide relevant information to the Pension Committee/Pension Board to enable informed decision making.</p> <p><i>Responsible Lead(s): All Managers</i> <i>Relevant objectives: 1,2,3,16</i></p>	3	2	6	G	<ul style="list-style-type: none"> <li>Committee and Board papers are provided for each scheduled meeting, providing relevant information to inform decision making.</li> <li>Papers are subject to appropriate approvals including that of the Monitoring Officer and Section 151 Officer (for Pensions Committee papers) and Head of Pensions.</li> <li>Yearly effectiveness reviews for Committee and Board members are carried out to identify if any changes need to be made to the information delivered.</li> </ul>	2	2	4	G
19.	<p>Pension Fund Investments may not be accurately valued.</p> <p><i>Responsible Lead(s): Fund Accounting Manager and Investments Manager.</i> <i>Relevant objectives: 2,10,17,18</i></p>	3	2	6	G	<ul style="list-style-type: none"> <li>The Fund employs a custodian to independently review the fund asset values applied by Fund Managers and these valuations are applied in the year-end financial statements.</li> <li>The year-end financial statements record the Funds asset position and is subject to robust review by external audit.</li> <li>Officers work closely with the Fund's Custodian to ensure accuracy of asset valuations.</li> <li>Officers perform a quarterly reasonableness check on the Custodian valuations by comparison with investment manager reports.</li> </ul>	2	2	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
20.	<p>Actual experience materially differs from actuarial assumptions used at each valuation.</p> <p><i>Responsible Lead(s): Employer Services and Systems Manager. Relevant objectives: 9,17,18</i></p>	3	3	9	A	<ul style="list-style-type: none"> <li>Assumptions and actual experience are analysed through triennial valuations to ensure assumptions remain appropriate.</li> <li>Officers in partnership with Fund advisers report asset allocation performance quarterly to the Investment Sub Committee.</li> <li>Investment performance is reported quarterly to the Fund Actuary.</li> <li>A specialist longevity service is employed to provide accurate Fund specific longevity analysis.</li> <li>Probability based/stochastic modelling techniques are used by the Fund Actuary to reduce the reliance on deterministic assumptions, ensuring numerous possible financial scenarios are modelled.</li> </ul>	2	2	4	G



Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
21.	<p>Failure to act appropriately upon expert advice and/or risk of poor advice.</p> <p><i>Responsible Lead(s): All Managers</i> <i>Relevant objectives: 17,18,19,20</i></p>	4	2	8	A	<ul style="list-style-type: none"> <li>• Pension Committee decisions and oversight by the Local Pension Board.</li> <li>• Investment consultants and independent advisors appointed via a robust appointment process.</li> <li>• Members are encouraged to participate in Skills &amp; Knowledge training and attend relevant industry conferences. Detailed training records are maintained.</li> <li>• Working to achieve full compliance with the Pensions Regulator pledge to combat pension scams.</li> <li>• Continually keeping up to date with evolving developments ensure robust cyber resilience in conjunction with specialist advice.</li> </ul>	2	2	4	G
22.	<p>Failure to assess and monitor the financial strength of an employer covenant to ensure employer liabilities are met in conjunction with the Fund Actuary/specialist advisors.</p> <p><i>Responsible Lead(s): Employer Services and Systems Manager.</i> <i>Relevant objectives: 9,17,18</i></p>	3	3	9	A	<ul style="list-style-type: none"> <li>• Assessment of the strength of individual employer covenants in conjunction with the actuary and what bond/guarantor arrangements are in place.</li> <li>• Close liaison with employers in managing exit strategy in line with the Admitted bodies, Scheme employers and Transfer Policy.</li> <li>• Ensure individual employers are monitored closely to pre-empt when they are likely to cease and put in arrangements to fund cessation on an appropriate basis.</li> </ul>	2	2	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
23.	<p>Unable to deliver pension services due to an inadequate business continuity plan.</p> <p><i>Responsible Lead(s): All Managers.</i> <i>Relevant objectives: 8</i></p>	3	2	6	G	<ul style="list-style-type: none"> <li>• Business Continuity plan in place and is reviewed at least annually.</li> <li>• Business continuity arrangements includes the ability for staff to work remotely to meet the demands of the service.</li> <li>• Multi skilling across the service for flexibility and resilience.</li> </ul>	2	2	4	G
24.	<p>Unable to deliver pension services due to inadequate recruitment and retention processes.</p> <p><i>Responsible Lead(s): All Managers.</i> <i>Relevant objectives: 8</i></p>	3	3	9	G	<ul style="list-style-type: none"> <li>• Establishment reporting undertaken monthly to identify any recruitment/retention issues.</li> <li>• Recruitment undertaken utilising all available avenues including agency staff.</li> <li>• Staff leaving interviewed to understand reason for cessation.</li> <li>• Regular performance reporting across all business processes serves as early warning system.</li> <li>• Consultancy contracts in place as a backstop.</li> <li>• Establishment increased to allow for a higher vacancy factor in key teams</li> <li>• Utilising additional recruitment avenues.</li> </ul>	2	2	4	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
25.	<p>Investment decisions and portfolio management may not achieve the return required or be performed in accordance with instructions provided.</p> <p><i>Responsible Lead: Accounting and Investment Manager. Relevant objectives: 1,2,3,19</i></p>	3	2	6	G	<ul style="list-style-type: none"> <li>• The Fund is compliant with Investment regulations and best practice guidance.</li> <li>• The Fund appoints professional investment advisers to support the Pension Committees investment decisions.</li> <li>• The Funds asset allocation is considered by the Actuary when undertaking the triennial valuation.</li> <li>• Investment performance is closely monitored, in particular the Investment Sub Committee receives quarterly performance reports provided by recognised industry professionals highlighting key issues.</li> <li>• The Fund has an appropriate Investment Strategy Statement in place which the Fund's Responsible Investment Policy. An action plan is being developed to help reduce the carbon risk within the Fund's investments and transition to a more suitable portfolio.</li> </ul>	3	1	3	G

Risk No	Risk	Gross Impact	Gross Likelihood	Gross Total	R A G	Controls	Residual Impact	Residual Likelihood	Residual Total	R A G
26.	<p>Incorrect production of accounts, notices, publications and management reports leading to possible financial and reputational damage.</p> <p><i>Responsible Lead(s): All Managers.</i> <i>Relevant objectives: 1,2,10</i></p>	3	2	6	G	<ul style="list-style-type: none"> <li>Automated extraction of data where viable and agreed procedures for reporting.</li> <li>Robust authorisation protocols in place.</li> <li>Internal and External audit reviews.</li> <li>Contributions are reconciled against employer monthly reports and the bank account, which is subject to both internal and external audit review as part of the year end process.</li> <li>Membership year end reconciliation and investigate variations from the accounting valuations.</li> <li>Management and administration are maintained in accordance with the SORP and the Financial Regulations.</li> <li>Data Improvement Policy and Plan are in place.</li> <li>Anti-Fraud and Corruption Policy in place.</li> </ul>	3	1	3	G
27	<p>Pension Fund objectives are not defined and agreed.</p> <p><i>Responsible Lead(s): Governance and Regulations Manager.</i> <i>Relevant objectives: 4</i></p>	4	2	8	A	<ul style="list-style-type: none"> <li>Objectives are agreed as part of the Annual Business Plan and Medium Term Strategy by the Pensions Committee.</li> <li>Relevant objectives are referenced on every committee report.</li> <li>Objectives are referenced in all policy documents and the risk register to ensure appropriate focus.</li> </ul>	2	1	2	G

## Appendix 1 – Cambridgeshire Pension Fund Risk Register

### Criteria for assessing impact and likelihood

#### Impact

Description	Risk Appetite
Catastrophic (5)	<ul style="list-style-type: none"> <li>• Unacceptable level of risk exposure which requires immediate action to be taken.</li> <li>• &gt;£10m.</li> <li>• Section 151 or government intervention or criminal charges.</li> <li>• Critical long term disruption to service delivery.</li> <li>• Significant and sustained local opposition to policies and/or sustained negative media reporting in national media.</li> </ul>
Major (4)	<ul style="list-style-type: none"> <li>• Unacceptable level of risk exposure which requires regular active monitoring (at least quarterly) and measures put in place to reduce exposure.</li> <li>• &lt;£10m.</li> <li>• Major civil litigation setting precedent and/or national public enquiry.</li> <li>• Major disruption to service delivery.</li> <li>• Sustained negative coverage in local media or negative reporting in the national media.</li> </ul>
Moderate (3)	<ul style="list-style-type: none"> <li>• Acceptable level of risk exposure subject to regular active monitoring measures, at least quarterly.</li> <li>• &gt;£5m.</li> <li>• Major civil litigation and/or public enquiry.</li> <li>• Moderate direct effect on service delivery.</li> <li>• Significant negative front page reports/editorial comment in the local media.</li> </ul>
Minor (2)	<ul style="list-style-type: none"> <li>• Acceptable level of risk exposure subject to regular passive monitoring measures, at least half yearly.</li> <li>• &gt;£1m.</li> <li>• Minor regulatory enforcement.</li> <li>• Minor disruption to service delivery.</li> <li>• Minimal negative local media reporting.</li> </ul>
Insignificant (1)	<ul style="list-style-type: none"> <li>• Acceptable level of risk exposure subject to periodic passive monitoring measures, at least annually.</li> <li>• &gt;£0.5m.</li> <li>• Minor civil litigation or regulatory criticism.</li> <li>• Insignificant disruption to service delivery.</li> <li>• No reputational impact.</li> </ul>

**Likelihood**

<b>Description</b>	<b>% risk of happening</b>	<b>Or</b>	<b>Potential timescale</b>
Rare (1)	5		Once in 20 or more years
Unlikely (2)	15		Once in 10 to less than 20 years
Possible (3)	40		Once in 3 to less than 10 years
Likely (4)	65		Once in 1 to less than 3 years
Almost certain (5)	80		At least once in a year

## Appendix 1 – Cambridgeshire Pension Fund Risk Register

### Pension Fund Objectives

- 1 To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- 2 To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- 3 To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
- 4 To continually monitor and measure clearly articulated objectives through business planning.
- 5 To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- 6 To ensure regular monitoring of employer covenants, putting in place mitigations of adequate strength to protect the Fund.
- 7 To ensure appropriate exit strategies are put in place both in the lead up to and termination of a scheme employer.
- 8 To put in place performance standards for the Fund and its employers and ensure these are monitored and developed as necessary.
- 9 To ensure employer contributions are as stable as possible, recognising the characteristics, circumstances and affordability constraints of each employer.
- 10 To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
- 11 To maintain accurate records and ensure data is protected and used for authorised purposes only.
- 12 To promote the scheme as a valuable benefit.
- 13 To deliver consistent plain English communications to stakeholders.
- 14 To provide scheme members with up to date information about the scheme in order that they can make informed decisions about their benefits.
- 15 To seek and review regular feedback from all stakeholders and use the feedback appropriately to shape the administration of the Fund.
- 16 To ensure cash flows in to and out of the Fund are timely and of the correct amount.
- 17 To ensure the long-term solvency of the Fund, taking a prudent long term view, so that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment.

- 18 To put in place a Strategic Asset Allocation ensuring it is appropriately maintained taking into account the Funding Strategy.
- 19 To maximise investment returns over the long term within agreed risk tolerances.
- 20 To ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required.