

## Enfield Pension Fund Risk Register as at 31/01/2020

Description	Actions in Place	Progress- comment	Risk category/ rating/DOT	Lead officers/ Councillors
<b>PEN 01 - Fund assets fail to deliver returns in line with the anticipated return underpinning valuation of liabilities over the long-term</b>	<ol style="list-style-type: none"> <li>1. Anticipate long-term return on a relatively prudent basis to reduce risk of failing to meet return expectations.</li> <li>2. Analyse progress at three yearly valuations for all employers.</li> <li>3. Undertake Inter-valuation monitoring.</li> </ol>	With the assistance of the Aon the position is kept under regular review and Pension Committee informed of the impact of prevailing market conditions on the funding level.	Strategic risk Likelihood = Medium Impact = Large <b>Rating = 12 (Static)</b>	Bola Tobun/ PPIC
<b>PEN 02 - Inappropriate long-term investment strategy</b>	<ol style="list-style-type: none"> <li>1. Set Pension Fund specific strategic asset allocation benchmark after taking advice from investment advisers, balancing risk and reward, based on historical data.</li> <li>2. Keep risk and expected reward from strategic asset allocation under review.</li> <li>3. Review asset allocation formally on an annual basis.</li> <li>4. Investment strategy group actively monitors this risk</li> </ol>	<p>The PPIC supported by our Advisors monitor the investment strategy and to develop proposals for change / adjustment for Pension Committee consideration.</p> <p>Officers will also closely monitor manager performance between the quarterly reviews</p> <p>The impact of each decision is carefully tracked against the Investment Strategy Statement for the Fund to ensure that long-term returns are being achieved and are kept in line with liabilities.</p>	Strategic risk Likelihood = Low Impact = Large <b>Rating = 8 (Static)</b>	Bola Tobun/ PPIC
<b>PEN 03 - Active investment manager under-performance relative to benchmark</b>	<ol style="list-style-type: none"> <li>1. The structure includes active and passive mandates and several managers are employed to diversify the risk of underperformance by any single manager.</li> <li>2. Short term investment monitoring provides alerts on significant changes to key personnel or changes of process at the manager.</li> <li>3. Regular monitoring measures performance in absolute terms and relative to the manager's index benchmark, supplemented with an analysis of absolute returns against those underpinning the valuation.</li> </ol>	<p>The Fund is widely diversified, limiting the impact of any single manager on the Fund. Active monitoring of each manager is undertaken with Advisors and Officers meeting managers where there are performance issues and communicating regularly.</p> <p>Comments on whether mandates should be maintained or reviewed are included and where needed specific performance issues will be discussed and reviewed</p>	Strategic risk Likelihood = Low Impact = Small <b>Rating = 4 (Static)</b>	Bola Tobun/ PPIC

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	4. Investment managers would be changed following persistent or severe underperformance			
<b>PEN 04 - Pay and price inflation significantly more than anticipated</b>	<p>1. The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases. The actuarial basis examines disparity between the inflation linking which applies to benefits, the escalation of pensionable payroll costs, which only applies to active members, and on which employer and employee contributions are based.</p> <p>2. Inter-valuation monitoring gives early warning and investment in index-linked bonds also helps to mitigate this risk.</p> <p>3. Employers pay for their own salary awards and are reminded of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.</p>	<p>The impact of pay and price inflation is monitored as part of the Council's MTFF processes and any potential impact on pension fund contributions is kept under review and factored into the Council's overall position.</p> <p>However, there is an increasing likelihood of rising inflation impacting on the overall liabilities of the Fund however the risk rating takes this into account.</p>	<p>Strategic risk Likelihood = Low Impact = Medium <b>Rating = 6 (Static)</b></p>	Bola Tobun/ PPIC
<b>PEN 05 - Pensioners living longer.</b>	<p>1. Mortality assumptions are set with some allowance for future changes in life expectancy. Sensitivity analysis in triennial valuation helps employers understand the impact of changes in life expectancy.</p>	Mortality monitoring is undertaken by the Fund's actuary	<p>Strategic risk Likelihood = Low Impact = Small <b>Rating = 2 (Static)</b></p>	Bola Tobun/ PPIC
<b>PEN 06 -Pensions Administration poor quality information supplied to both members and the Fund Actuary</b>			<p>Strategic risk Likelihood = Low Impact = Large <b>Rating = 8 (Static)</b></p>	Julie Barker/Tim O'Connor
<b>PEN 07- Failure to receive employers contributions</b>	<p>Receipt of contributions from employers are monitored monthly – for timelessness and accuracy. Escalation Procedure in place for late payments</p>	All breaches are reported in the Fund's Annual report. There have been no major breaches for six years.	<p>Strategic risk Likelihood = Low Impact = Small <b>Rating = 2 (Static)</b></p>	Bola Tobun
<b>PEN 08- Succession Planning</b>	Loss of experience pensioner officer -	Recruitment completed – two experience officers appointed and in place by end of June and proper handover in place	<p>Strategic risk Likelihood = Low Impact = Medium</p>	Matt Bowmer

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			<b>Rating = 6</b>	
<b>PEN 9</b>	Impact of moving to a low carbon investment Strategy on the Fund's fiduciary duty	Assessing the impact of moving the index to a low carbon passive index and assessing the long-term implications over short term costs.	Strategic risk Likelihood = High Impact medium <b>Rating = 12 (New)</b>	Bola Tobun PPIC
<b>PEN 10</b>	Impact of the McCloud Judgement on the 2019 valuation process – could increase employers % contribution by up to 0.9%	Working with the Fund's actuary to mitigate the impact of this judgement.	Strategic risk Likelihood = High Impact = Large <b>Rating = 16 (New)</b>	Bola Tobun
<b>PEN 11</b>	Impact of having disproportionate investment holdings	Working with the Fund's Investment Consultant to monitor and mitigate possible impact of this occurrence.	Strategic risk Likelihood = medium Impact = Large <b>Rating = 12 (New)</b>	Bola Tobun PPIC