

Appendix - Teesside Pension Fund Risk Register

Code	Risk Description	Original Score	Current Score
TPF 001	<p>INFLATION</p> <p>Price inflation is significantly more than anticipated: an increase to long-term CPI inflation of 0.2% a year will increase Fund liabilities by £129m and reduce the funding level from 116% to 112% (31.03.2022 valuation figures).</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-5</p>		
Current Mitigation		Future Mitigation	Responsible Officer
In assessing the member liabilities, the triennial Fund Actuary assumptions made for inflation are "conservatively" set based on independent economic data, and hedged against by setting higher investment performance targets.			Head of Pensions Governance and Investments

Code	Risk Description	Original Score	Current Score
TPF 002	<p>ADVERSE ACTUARIAL VALUATION</p> <p>Impact of increases to employer contributions following the actuarial valuation.</p> <p>Fund & Reputation Impact-3 Employers Impact-5 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer
Interim valuations provide early warnings. Actuary has scope to smooth impact for most employers.			Head of Pensions Governance and Investments

Code	Risk Description	Original Score	Current Score
TPF 003	<p>GLOBAL FINANCIAL INSTABILITY</p> <p>Outlook deteriorates in advanced economies because of heightened uncertainty and setbacks to growth and confidence, with declines in oil and commodity prices. Leading to tightened financial conditions, reduced risk appetite and raised credit risks.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer
Increasing investment diversification will allow the Fund to be better placed to withstand this type of economic instability. As a long-term investor the Fund does not have to			Head of Pensions Governance and Investments

be a forced seller of assets when they are depressed in value.		
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Code	Risk Description	Original Score	Current Score
TPF 004	<p>POLITICAL RISK</p> <p>Significant volatility and negative sentiment in investment markets following the outcome of adversely perceived political changes.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer
Increasing investment diversification will allow the Fund to be better placed to withstand this type of political instability. As a long-term investor the Fund does not have to be a forced seller of assets when they are depressed in value.			Head of Pensions Governance and Investments

Code	Risk Description	Original Score	Current Score
TPF 005	<p>INVESTMENT CLASS FAILURE</p> <p>A specific industry investment class/market fails to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer
Increasing investment diversification will allow the Fund to be better placed to withstand this type of market class failure. As a long-term investor the Fund does not have to be a forced seller of assets when they are depressed in value.			Head of Pensions Governance and Investments

Code	Risk Description	Original Score	Current Score
TPF 007	<p>KEYMAN RISK</p> <p>Concentration of knowledge & skills in small number of officers and risk of departure of key staff - failure of succession planning.</p> <p>Fund & Reputation Impact-5 Employers Impact-1 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer
Two Deputy positions were created in 2018/19 (although one remains to be filled). These act to support deputise as required for the Head of Investments, Governance and Pensions.			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 009	<p>HIGHER THAN EXPECTED COSTS OF INVESTMENT POOLING</p> <p>Higher setup and ongoing costs of Border to Coast and of the management associated with investment pooling arrangements (or lack of reduction compared to current costs).</p> <p>Fund & Reputation Impact-7 Employers Impact-2 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>21</p>	<p>Probability</p> <p>Impact</p> <p>2</p>
Current Mitigation		Future Mitigation	Responsible Officer
<p>Border to Coast's budget is set annually with the agreement of at least 9 of the 12 partner funds. Expenditure is monitored and reported to the quarterly Joint Committee meetings. Tenders for on-going suppliers and staff are all now in place.</p>			<p>Head of Pensions Governance and Investments</p>

Cod e	Risk Description	Original Score	Current Score
TPF 010	<p>INADEQUATE POOLING TRANSPARENCY</p> <p>Lack of transparency around investment pooling arrangements.</p> <p>Fund & Reputation Impact-7 Employers Impact-1 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>21</p>	<p>Probability</p> <p>Impact</p> <p>14</p>
Current Mitigation		Future Mitigation	Responsible Officer
<p>With the pooling of investment assets TPF staff will work closely with Border to Coast sub-fund asset managers and Border to Coast management to gain full clarity of performance, with training provided to TPF staff as required.</p>			<p>Head of Pensions Governance and Investments</p>

Cod e	Risk Description	Original Score	Current Score
TPF 011	<p>UNANTICIPATED PAY RISES</p> <p>Increases are significantly more than expected for employers within the Fund.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>15</p>	<p>Probability</p> <p>Impact</p> <p>4</p>
Current Mitigation		Future Mitigation	Responsible Officer
<p>1) Fund employers will monitor own experience. 2)Triennial Actuarial valuation Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) will be long term assumptions, any employer specific assumptions above the actuaries long term assumption would lead to further review.</p>			<p>Head of Pensions Governance and Investments</p>

3) Employers are made aware of generic impact that salary increases can have upon final salary linked elements of LGPS benefits.		
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Cod e	Risk Description	Original Score	Current Score
TPF 012	<p>POOLING INVESTMENT UNDERPERFORMANCE</p> <p>Investments in the investment pool not delivering the required return.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 014	<p>LONGEVITY</p> <p>Pensioners living longer: adding one year to life expectancy will increase the future service rate by 0.8%.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer
In assessing the member longevity and pension liabilities, the Triennial Actuary assumptions made for longevity are "conservatively" set based on the latest life expectancy economic data. They are reviewed and updated at each three year Actuarial valuation. If required, further investigation can be carried out of scheme specific/employer longevity data.			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 015	<p>EMPLOYER FAILURE</p> <p>An employer ceasing to exist with insufficient funding, or being unable to meet its financial commitments, adequacy of bond or guarantee. Any shortfall would be attributed to the fund as a whole.</p> <p>Fund & Reputation Impact-2 Employers Impact-3 Member Impact-3</p>		
Current Mitigation		Future Mitigation	Responsible Officer
1) Fund employers should monitor own experience. 2) Triennial Actuarial Assumptions will account for the possibility of employer(s) failure (for the purposes of IAS19/FRS102 and actuarial valuations). Any employer specific			Head of Pensions Governance and Investments

assumptions above the actuaries long term assumption, would lead to further review. 3) Employer covenant review.		
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Cod e	Risk Description	Original Score	Current Score
TPF 016	ADVERSE LEGISLATIVE CHANGE Risk of changes to legislation, tax rules etc.; resulting in increases required in employer contributions. Fund & Reputation Impact-3 Employers Impact-3 Member Impact-3	 Probability Impact 12	 Probability Impact 9
Current Mitigation		Future Mitigation	Responsible Officer
Plans being developed to meet governance changes being required of the Fund. The process of legislative change and the actuarial valuation cycle means any such change to benefits would be flagged up well in advance. The actuary has scope to mitigate any contribution increase in respect of most Fund employers.			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 017	BULK TRANSFER VALUE DISPUTE Failure to ensure appropriate transfer is paid to protect the solvency of the fund and equivalent rights are acquired for transferring members. Fund & Reputation Impact-3 Employers Impact-5 Member Impact-1	 Probability Impact 15	 Probability Impact 6
Current Mitigation		Future Mitigation	Responsible Officer
A mechanism exists within the regulations to resolve such disputes - this should reduce the financial impact of any such event.			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 019	TPF GOVERNANCE SKILLS SHORTAGE Lack of knowledge of Committee & Board members relating to the pension arrangements and related legislation and guidance. Fund & Reputation Impact-5 Employers Impact-3 Member Impact-1	 Probability Impact 15	 Probability Impact 15
Current Mitigation		Future Mitigation	Responsible Officer
Pension Fund Committee new members have an induction programme and will have subsequent training based on the requirements of CIPFA Knowledge			Head of Pensions Governance and Investments

and Skills Framework including Pooling.		
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Cod e	Risk Description	Original Score	Current Score
TPF 020	<p>INADEQUATE BORDER TO COAST OVERSIGHT</p> <p>Insufficient resources to properly monitor pooling & Border to Coast.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer
Sufficient resources exist within the team to oversee and monitor Border to Coast. External providers are also involved, such as Portfolio Evaluation Limited and the two independent investment advisors.			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 021	<p>INAPPROPRIATE INVESTMENT STRATEGY</p> <p>Mismatching of assets and liabilities, inappropriate long term asset allocation of investment strategy, mistiming of investment strategy.</p> <p>Fund & Reputation Impact-7 Employers Impact-7 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer
This is mitigated by the Triennial Valuation and the engagement of Two Independent Investment Advisors.			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 022	<p>GDPR COMPLIANCE</p> <p>Non-compliance with GDPR regulations.</p> <p>Fund & Reputation Impact-3 Employers Impact-1 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer
Data protection privacy notices have been distributed by XPS Administration. The Council has established GDPR-compliant processes and procedures.			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
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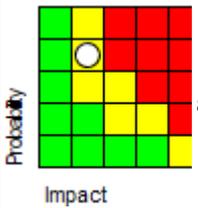
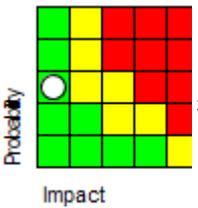
TPF 023	INACCURATE DATA RECORD COLLATION		
	<p>Failure to maintain proper, accurate and complete data records leading to increased errors and complaints.</p> <p>Fund & Reputation Impact-1 Employers Impact-3 Member Impact-3</p>		
Current Mitigation		Future Mitigation	Responsible Officer
TWPF to produce data improvement plan, as well as being assessed regularly in order to meet Pensions Regulator requirements on scheme data..			Head of Pensions Governance and Investments

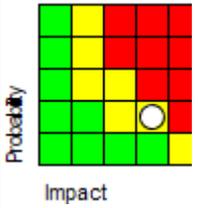
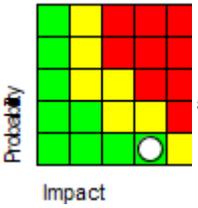
Code	Risk Description	Original Score	Current Score
TPF 024	STRUCTURAL CHANGES TO EMPLOYER MEMBERSHIP		
	<p>Risk that TPF are unaware of structural changes to an employer's membership, or changes (e.g. closing to new entrants) meaning the individual employer's contribution level becomes inappropriate.</p> <p>Fund & Reputation Impact-2 Employers Impact-3 Member Impact-2</p>		
Current Mitigation		Future Mitigation	Responsible Officer
TWPF Administration employer liaison team will improve this by working closely with employers.			Head of Pensions Governance and Investments

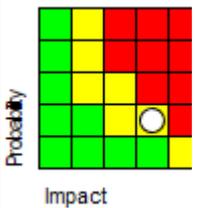
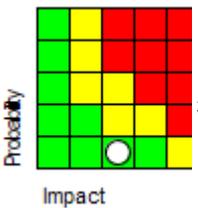
Code	Risk Description	Original Score	Current Score
TPF 025	OUTSOURCED MEMBER ADMIN FAILURE		
	<p>TWPF fails to the point where it is unable to deliver its contractual services to employers and members.</p> <p>Fund & Reputation Impact-1 Employers Impact-1 Member Impact-5</p>		
Current Mitigation		Future Mitigation	Responsible Officer
TWPF Administration is a well-resourced established pensions administration provider specialising in LGPS which is not in financial difficulty.			Head of Pensions Governance and Investments

Code	Risk Description	Original Score	Current Score
TPF 026	INSECURE DATA		
	<p>Failure to hold personal data securely - i.e data stolen/cyber attack.</p> <p>Fund & Reputation Impact-3 Employers Impact-1 Member Impact-5</p>		
Current Mitigation		Future Mitigation	Responsible Officer

Current Mitigation	Future Mitigation	Responsible Officer
TWPF Administration have advised they are not aware of any attempted hacking events.		Head of Pensions Governance and Investments

Code	Risk Description	Original Score	Current Score
TPF 027	SCHEME MEMBER FRAUD Fraud by scheme members or their relatives (e.g. identity, death of member). Fund & Reputation Impact-1 Employers Impact-1 Member Impact-2	 8	 3
Current Mitigation	Future Mitigation	Responsible Officer	
		Head of Pensions Governance and Investments	

Code	Risk Description	Original Score	Current Score
TPF 028	INADEQUATE POOLING INVESTMENT EXPERTISE Inadequate, inappropriate or incomplete investment expertise exercised over the pooled assets. Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1	 10	 5
Current Mitigation	Future Mitigation	Responsible Officer	
Border to Coast has completed recruitment of experienced and capable management team, alongside most of its final expected complement of 70 staff.		Head of Pensions Governance and Investments	

Code	Risk Description	Original Score	Current Score
TPF 029	INSUFFICIENT RANGE OF POOLING ASSET CLASSES Insufficient range of asset classes or investment styles being available through the investment pool. Fund & Reputation Impact-5 Employers Impact-3 Member Impact-1	 10	 3
Current Mitigation	Future Mitigation	Responsible Officer	
There is now in place a roll-out plan of different asset classes and engagement with Border to Coast to identify relevant future asset classes		Head of Pensions Governance and Investments	

Code	Risk Description	Original Score	Current Score
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TPF 031	INTERNAL COMPLIANCE FAILURES		
	<p>Failure to comply with recommendations from the local pension board, resulting in the matter being escalated to the scheme advisory board and/or the pensions regulator.</p> <p>Fund & Reputation Impact-5 Employers Impact-1 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 033	ESG REPUTATIONAL DAMAGE		
	<p>Insufficient attention to environmental, social and governance (ESG) leads to reputational damage.</p> <p>Fund & Reputation Impact-2 Employers Impact-1 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer
Border to Coast provides increased focus on Responsible Investment.			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 034	THIRD PARTY SUPPLIER FAILURE		
	<p>Financial failure of third party supplier results in service impairment and financial loss.</p> <p>Fund & Reputation Impact-3 Employers Impact-3 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 037	COMPLIANCE FAILURES		
	<p>Failure to comply with legislative requirements e.g. SIP, FSS, Governance Policy, Freedom of Information requests, Code of Practice 14.</p> <p>Fund & Reputation Impact-3 Employers Impact-2 Member Impact-0</p>		
Current Mitigation		Future Mitigation	Responsible Officer

		Head of Pensions Governance and Investments
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Cod e	Risk Description	Original Score	Current Score
TPF 040	<p>INACCURATE FUND INFORMATION</p> <p>In public domain leads to damage to reputation and loss of confidence.</p> <p>Fund & Reputation Impact-2 Employers Impact-2 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 041	<p>LIQUIDITY SHORTFALLS</p> <p>Risk of illiquidity due to difficulties in realising investments and paying benefits to members as they fall due.</p> <p>Fund & Reputation Impact-2 Employers Impact-1 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 042	<p>DECISION MAKING FAILURES</p> <p>Failure to take difficult decisions inhibits effective Fund management.</p> <p>Fund & Reputation Impact-5 Employers Impact-2 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 043	<p>CASH INVESTMENT FRAUD</p> <p>Financial loss of cash investments from fraudulent activity.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments

		Head of Pensions Governance and Investments
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Cod e	Risk Description	Original Score	Current Score
TPF 044	ICT SYSTEMS FAILURE Prolonged administration ICT systems failure. Fund & Reputation Impact-2 Employers Impact-2 Member Impact-3	 Probability Impact	 Probability Impact
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 045	CONTRIBUTION COLLECTION FAILURE Failure to collect employee/er member pension contributions. Fund & Reputation Impact-1 Employers Impact-2 Member Impact-1	 Probability Impact	 Probability Impact
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 046	INADEQUATE DISPUTES RESOLUTION PROCESS Failure to agree and implement an appropriate complaints and disputes resolution process. Fund & Reputation Impact-1 Employers Impact-2 Member Impact-2	 Probability Impact	 Probability Impact
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 047	BORDER TO COAST CESSATION Partnership disbands or fails to produce a proposal deemed sufficiently ambitious. Fund & Reputation Impact-2 Employers Impact-2 Member Impact-1	 Probability Impact	 Probability Impact
Current Mitigation		Future Mitigation	Responsible Officer

		Head of Pensions Governance and Investments
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Cod e	Risk Description	Original Score	Current Score
TPF 048	<p>POOLING CUSTODIAN FAILURE</p> <p>Failure to ensure safe custody of assets.</p> <p>Fund & Reputation Impact-2 Employers Impact-2 Member Impact-1</p>	<p>Probability</p> <p>Impact</p>	<p>Probability</p> <p>Impact</p>
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments

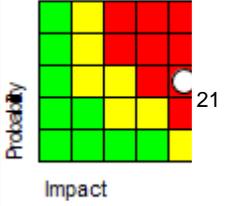
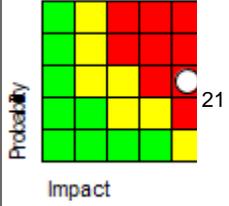
Cod e	Risk Description	Original Score	Current Score
TPF 049	<p>OFFICER FRAUD</p> <p>Fraud by administration staff.</p> <p>Fund & Reputation Impact-5 Employers Impact-1 Member Impact-1</p>	<p>Probability</p> <p>Impact</p>	<p>Probability</p> <p>Impact</p>
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 050	<p>EXCESSIVE ADMIN COSTS</p> <p>Excessive costs of member benefit administration leads to lack of VFM and loss of reputation.</p> <p>Fund & Reputation Impact-1 Employers Impact-1 Member Impact-1</p>	<p>Probability</p> <p>Impact</p>	<p>Probability</p> <p>Impact</p>
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 051	<p>ERRONEOUS MEMBER BENEFIT CALCS</p> <p>Risk of incorrect calculation of members benefits.</p> <p>Fund & Reputation Impact-1 Employers Impact-1 Member Impact-2</p>	<p>Probability</p> <p>Impact</p>	<p>Probability</p> <p>Impact</p>
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 052	<p>INADEQUATE MEMBER COMMS</p> <p>Increased workload for pensions team or increased opt-outs if communications inadequate or misunderstood.</p> <p>Fund & Reputation Impact-2 Employers Impact-1 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 053	<p>CLIMATE CHANGE</p> <p>The systemic risk posed by climate change and the policies implemented to tackle them will fundamentally change economic, political and social systems and the global financial system. They will impact every asset class, sector, industry and market in varying ways and at different times, creating both risks and opportunities to investors. The Fund's policy in relation to how it takes climate change into account in relation to its investments is set out in its Investment Strategy Statement and Responsible Investment Policy In relation to the funding implications, the administering authority keeps the effect of climate change on future returns and demographic experience, eg. longevity, under review and will commission modelling or advice from the Fund's Actuary on the potential effect on funding as required.</p>		
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments

Code	Risk Description	Original Score	Current Score
TPF 054	<p>Political Risk to Scheme The Reform Party has made policy statements suggesting that they would end public sector defined benefit pension entitlements. Should the LGPS become a scheme closed to new entrants then the funding assumptions used by the Actuary would have to be re-evaluated which would impact the funding level of the scheme and likely contribution rates.</p>		
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments

