




Risks: Devon Pension Services

Risk status (score)	Overdue (0 - 0)	Low (1 - 9)	Medium (10 - 14)	High (15 - 23)	Very high (24 - 30)
Mitigating controls	Not started	Green	Amber	Red	Completed


Risk details	Status and Risk owner	Mitigating controls
<p>A1: Accounting</p> <p>Cause: Lack of training/awareness around pension fund accounting regulations.</p> <p>Event: Non compliance with accounting regulations and fin regs.</p> <p>Impact: Reputational damage. Qualified accounts.</p> <hr/> <p>Notes 13/08/2019 - Risk wording updated and category added. 29/08/2019 - Risk wording updated</p>	<p>Inherent status : 12 Medium</p> <p>Current status : 9 Low (<input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: Mark Gayler</p> <p>Accountable officer: Angela Stirland</p> <p>Category: Compliance</p> <p>Last review: 24 Aug 2020</p> <p>Latest review details</p> <p>Controls reviewed and confirmed</p>	<p>Green Staff are kept up to date with changes to legislative requirements via network meetings, professional press, training and internal communication procedures.</p> <p>Green Pension Fund financial management and administration processes are maintained in accordance with the CIPFA Code of Practice, International Financial Reporting Standards (IFRS), and the DCC Financial Regulations.</p> <p>Green Regular reconciliations are carried out between in-house records and those maintained by the custodian and investment managers.</p> <p>Green Internal Audits are carried out on an annual basis.</p> <p>Green External Audit review the Pension Fund's accounts annually.</p>

Risk details	Status and Risk owner	Mitigating controls
<p>B1: Brunel Pension Partnership</p> <p>Cause: The Devon Pension Fund has insufficient resources available to deliver the pooling proposal within the required timescale, without impacting the day-to-day management of the fund.</p> <p>Event: The management of the Pension Fund is adversely affected due to existing resources concentrating on the pooling proposal.</p> <p>Impact: Underperformance and failure to meet statutory obligations.</p> <p>Notes 13/08/2019 - Risk wording updated and category added. 20/02/2020 - Now part way through the transition process and progress is on course</p>	<p>Inherent status : 16 High</p> <p>Current status : 9 Low ( 3)</p> <p>Risk owner: Mark Gayler</p> <p>Accountable officer: Mark Gayler</p> <p>Category: Operational</p> <p>Last review: 05 Mar 2021</p> <p>Latest review details</p> <p>The Fund's fixed interest mandates are due to transition in April/May 2021, at which point the transition will be complete. The Fund's remaining non-Brunel holdings, comprising infrastructure and private debt investments will not transition, but will continue to be held until the end of the various fund lives. Brunel will move from the transition phase to a business as usual phase and the transition risk can be removed</p>	<p>Completed The Brunel Pension Partnership is now established as an FCA regulated company, fully staffed to meet the business case as approved by the 10 client LGPS funds.</p> <p>Completed Governance arrangements are in place with an Oversight Board of elected members and a Client Group of fund officers from each of the LGPS client funds to oversee the service provided by Brunel and ensure that Brunel are delivering on their key objectives.</p> <p>Green Regular update meetings are held between the County Treasurer and Assistant County Treasurer, as well as update meetings within the Devon Investment Services team, to review progress, workloads in order to identify and address any areas of concern.</p>
<p>B2: Brunel Pension Partnership</p> <p>Cause: There is a Failure to control operational risks and transaction costs during the transition process</p> <p>Event: Asset transition costs are greater than</p>	<p>Inherent status : 16 High</p> <p>Current status : 9 Low ( 3)</p> <p>Risk owner: Mark Gayler</p> <p>Accountable officer: Mark Gayler</p> <p>Category: Operational</p> <p>Last review: 05 Mar 2021</p> <p>Latest review details</p> <p>The Fund's fixed interest mandates are</p>	<p>Completed Two asset transition management companies have analysed the costs of transitioning our current assets into the pool, under a variety of scenarios. The results of these analyses have been used as a basis for calculating the initial set-up costs of the Brunel Pension Partnership.</p>

Risk details	Status and Risk owner	Mitigating controls
<p>forecast. Impact: An increase in the initial set-up costs forecast by the pooling proposal.</p> <p>Notes 13/08/2019 - Risk wording updated and category added.</p>	<p>due to transition in April/May 2021, at which point the transition will be complete. The Fund's remaining non-Brunel holdings, comprising infrastructure and private debt investments will not transition, but will continue to be held until the end of the various fund lives. Brunel will move from the transition phase to a business as usual phase and the transition risk can be removed. Impact assessment reduced to moderate as most transitions now complete.</p>	<p>Amber The transition process includes selling securities from one portfolio and buying securities in another while systematically controlling operational risks and transaction costs. There may also be the opportunity to transfer securities in 'specie', that is to transfer a security directly from an existing portfolio into the new portfolio. The timing of sales and purchases is also critical.</p> <p>Green A transition management service will be used by Brunel to ensure assets are transitioned efficiently, with the objective of preserving asset values, managing risk and project managing the transition process to ensure that costs are monitored and controlled. A transition advisor will also be used to ensure that the transition process for each portfolio has been carried out in an efficient and effective manner</p>
<p>B3: Brunel Pension Partnership</p> <p>Cause: Ineffective governance of Brunel or departure of key people from Brunel Event: Ineffective management of the Fund's investments or at the extreme breakup of the partnership. Impact: Significant costs to the Fund and financial loss.</p>	<p>Inherent status : 16 High Current status : 12 Medium ( Unchanged) Risk owner: Mark Gayler Accountable officer: Mark Gayler Category: Operational Last review: 11 Jan 2021 Latest review details Governance review remains amber, as still to be concluded.</p>	<p>Completed Shareholder agreement in place sets out governance framework.</p> <p>Green Strong team now in place at Brunel, so not dependent on one or two key individuals.</p> <p>Green Brunel have their own risk register which is regularly monitored both by the Brunel Board and the Oversight Board and Client Group.</p> <p>Amber Governance review still to be concluded, with some key issues left unresolved.</p>

Risk details	Status and Risk owner	Mitigating controls
<p>Reputational damage.</p> <p>Cm1: Communication</p> <p>Cause: Inadequate communications plan and/or insufficient resource to action.</p> <p>Event: Insufficient communication and engagement with pension fund stakeholders.</p> <p>Impact: Damage to reputation. Uniformed policy decisions. Non compliance with legislation/best practice.</p> <p>Notes 13/08/2019 - Risk wording updated and category added.</p>	<p>Inherent status : 12 Medium</p> <p>Current status : 9 Low (<input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: Mark Gayler</p> <p>Accountable officer: Charlotte. Thompson</p> <p>Category: Operational</p> <p>Last review: 24 Aug 2020</p> <p>Latest review details</p> <p>Controls reviewed and confirmed</p>	<p>Completed A communications strategy is in place and was last reviewed and updated in November 2018.</p> <p>Green The Devon Investment Services and Peninsula Pensions websites are kept up to date.</p> <p>Green Fund Performance is reported to the Investment & Pension Fund Committee on a regular basis.</p> <p>Green Meetings are held regularly with the Fund's Employing Authorities.</p> <p>Green Benefit illustrations are sent annually to contributing and deferred Fund members.</p> <p>Green The contact list for employers is updated regularly.</p> <p>Green Annual forums are held for employers and scheme members.</p> <p>Green The annual report and accounts are published on the Peninsula Pensions website.</p>
<p>Cu1: Custody</p> <p>Cause: Changing economic climate, fraud or changing financial position of the Custodian.</p> <p>Event: Failure of Pensions custodian.</p> <p>Impact:</p>	<p>Inherent status : 12 Medium</p> <p>Current status : 9 Low (<input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: Mark Gayler</p> <p>Accountable officer: Charlotte. Thompson</p> <p>Category: Operational</p> <p>Last review: 24 Aug 2020</p> <p>Latest review details</p> <p>Controls reviewed and confirmed</p>	<p>Green The custodian contract is subject to regular review and periodic re-tendering by the Brunel Pension Partnership.</p> <p>Completed Following the formation of the Brunel Pension Partnership, State Street were appointed as Third Party Administrator, and will provide a custody service to each of the Brunel client funds. The procurement process included an assessment of their financial standing.</p>


Risk details	Status and Risk owner	Mitigating controls
<p>Financial loss. Failure to decrease deficit. Adverse media interest/damage to reputation.</p> <p>Notes 13/08/2019 - Risk wording updated and category added. 29/08/2019 - Risk wording updated.</p>		<p>Green The custodian must adhere to FCA and PRA financial regulations.</p> <p>Green Fund assets are protected in the event of insolvency of the custodian</p>
<p>D1: Data Protection</p> <p>Cause: Failure to secure and maintain pension fund systems. Event: Loss of sensitive data. Impact: Reputation risk. Financial loss arising from legal action.</p> <p>Notes 13/08/2019 - Risk wording updated and category added. 29/08/2019 - Risk wording updated.</p>	<p>Inherent status : 9 Low</p> <p>Current status : 6 Low (<input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler Category: Operational Last review: 04 Dec 2020 Latest review details Review of controls</p>	<p>Completed It is a mandatory requirement for all DCC employees to undertake Data Protection training and to adhere to DCC's data protection policy.</p>
<p>F 1: Funding and Investments</p> <p>Cause: The committee Members and Investment Officers have insufficient knowledge of financial markets and inadequate investment and actuarial advice received.</p>	<p>Inherent status : 16 High</p> <p>Current status : 12 Medium (<input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: Mark Gayler Accountable officer: Charlotte. Thompson Category: Financial Last review: 14 April 2021</p>	<p>Green The Investment Strategy is set in accordance with LGPS investment regulations.</p> <p>Green The Investment Strategy is reviewed, approved and documented by the Investment and Pension Fund Committee.</p> <p>Green The Investment Strategy takes into</p>

Risk details	Status and Risk owner	Mitigating controls
<p>Event: The committee Members and Investment officers make inappropriate decisions. Impact: Poor fund performance/financial loss. Increased employer contribution costs.</p> <p>Notes 13/08/2019 - Wording of risk updated and category added. 25/02/2020 - Wording of mitigation updated to reflect delay in producing handbook due to delay in new website 14/04/2021 – Wording of mitigation updated to note development of dedicated sharepoint site for training and knowledge base.</p>	<p>Latest review details Controls reviewed. Training can be delivered virtually where required</p>	<p>account the Fund’s liabilities. Green DCC employ an external investment advisor who provides specialist guidance to the Investment and Pension Fund Committee regarding the investment strategy. Green An Annual Training Plan has been agreed for 2020/21. Training programmes are available for Committee Members and Investment Staff. This can be delivered virtually where required Green Members and Officers are encouraged to challenge advice and guidance received when necessary. Amber Sharepoint site dedicated to training and knowledge in development and will be used for new members to the board and committee in 2021.</p>
<p>F 2: Funding and Investments</p> <p>Cause: The Pension Fund's investment strategy and /or Fund Managers fail to produce the required returns. Event: The Pension Fund has insufficient assets to meet its long term liabilities. Organisational changes / manager departures at a Fund Manager damage performance. Impact:</p>	<p>Inherent status : 20 High Current status : 15 High ( Unchanged) Risk owner: Mark Gayler Accountable officer: Mark Gayler Category: Financial Last review: 16 Mar 2021 Latest review details Returns during 2019/20 were severely impacted as a result of the Coronavirus COVID-19 pandemic. Markets have subsequently recovered with a return of over 20% in the nine months to December 2020, and the roll out of the vaccination</p>	<p>Green Triennial actuarial valuations provide periodic indications of the growth in assets against liabilities. Employer contribution rates are set in response to this. The 2019 actuarial valuation includes provision for the fund to achieve full funding over 19 years. Green The funding level is updated on a quarterly basis, based on roll forward of the Triennial valuation data and subsequent investment returns, pension and salary increases and reported to the Committee. Green The investment strategy is reviewed annually by the Pension Fund Committee with</p>

Risk details	Status and Risk owner	Mitigating controls
<p>Financial loss. Insufficient funds available to meet future obligations.</p>	<p>programme has provided more hope to investors. It is still likely that there will be a long lasting impact on the global economy, however the mitigations are still relevant re longer term performance.</p>	<p>advice from the External Investment Advisor to determine whether any action needs to be taken to amend the fund's asset allocation strategy.</p>
<p>Notes 13/08/2019 - Wording of risk updated and category added.</p>		<p>Green The Fund's investments are diversified across a range of different types of assets to minimise the impact of losses in individual markets.</p> <p>Green Fund-specific benchmarks and targets are set.</p> <p>Green Fund assets are kept under regular review as part of the Fund's performance management framework.</p> <p>Green Fund managers have been thoroughly vetted prior to appointment and performance is reviewed regularly against the benchmark and performance objectives, and this is reported to Committee. Appropriate action may be taken if it is considered that an Investment Manager is underperforming.</p> <p>Completed The depth of expertise in the fund managers' teams have been assessed as part of the appointment process.</p> <p>Green Performance targets are agreed by the Investment and Pension Fund Committee and are based upon recommendations provided by the DCC in-house Investment Team and our external investment advisor.</p> <p>Green The Investment and Pension Fund Committee have the power to terminate a fund</p>

Risk details	Status and Risk owner	Mitigating controls
		<p>manager's contract if it is deemed that the manager has not performed as expected, or there are concerns about future performance due to organisational change / manager departures.</p> <p>Completed External review of the Fund's investment strategy is commissioned on a regular basis. Mercers undertook an investment strategy review in 2016, which was then refreshed in February 2019. The 2019 report and recommendations were presented to the Investment and Pension Fund Committee in February 2019.</p> <p>Green From April 2018, responsibility for new fund manager appointments and monitoring of the new managers appointed transferred to the Brunel Pension Partnership. The Devon Fund still has incumbent managers to monitor, but will primarily need to focus on monitoring of Brunel's performance.</p>
<p>F 3: Funding and Investments</p> <p>Cause: Investment arrangements are structured poorly.</p> <p>Event: The fund is exposed to unnecessary risks and avoidable costs.</p> <p>Impact: Financial loss.</p>	<p>Inherent status : 10 Medium</p> <p>Current status : 8 Low (<input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: Mark Gayler</p> <p>Accountable officer: Mark Gayler</p> <p>Category: Operational</p> <p>Last review: 24 Aug 2020</p> <p>Latest review details</p> <p>Controls reviewed and confirmed.</p>	<p>Green The Fund's investments are diversified across a range of different types of assets to minimise the impact of losses in individual markets.</p> <p>Green IMA disclosure tables are reviewed to ensure best execution by managers.</p> <p>Green The new cost transparency initiative should ensure full transparency of costs</p> <p>Green Specialist services (e.g. transitions, currency transfers) are considered where</p>

Risk details	Status and Risk owner	Mitigating controls
<p>Notes 13/08/2019 - Risk wording updated and category added.</p>		<p>appropriate in order to reduce costs. Green Banking and custodian arrangements are reviewed and re-tendered when appropriate. Green The Brunel Pension Partnership has been set up as part of the investment pooling requirements of Government. The investment arrangements under Brunel should provide for improved risk management and better risk adjusted investment returns</p>
<p>F 4: Funding and Investments</p> <p>Cause: Inadequate risk management policies on Environmental, Social and Governance Issues. Lack of awareness/training. Event: The fund fails to manage environmental, social and governance risks. Impact: Financial loss. Damage to reputation.</p>	<p>Inherent status : 15 High Current status : 8 Low (<input checked="" type="checkbox"/> Unchanged) Risk owner: Mark Gayler Accountable officer: Mark Gayler Category: Operational Last review: 24 Aug 2020 Latest review details Controls reviewed and updated</p>	<p>Green The Fund requires the Brunel Pension Partnership, and its other fund managers, to monitor and manage the risks associated with ESG issues, and will review with managers on a regular basis how they are managing those risks. Brunel has a leading reputation for responsible investment. Green The Fund will engage (through Brunel, its asset managers, the Local Authority Pension Fund Forum or other resources) with investee companies to ensure they can deliver sustainable financial returns over the long term. Green The Fund holds annual meetings for both employers and scheme members to provide the opportunity for discussion of investment strategy and consideration of non-financial factors.</p>
<p>Notes 13/08/2019 - Risk wording updated and category added. 29/08/2019 - Risk wording updated</p>		
<p>F 5: Funding and Investments</p> <p>Cause:</p>	<p>Inherent status : 12 Medium Current status : 9 Low (<input checked="" type="checkbox"/> Unchanged) Risk owner: Mark Gayler</p>	<p>Green The Fund has considered the financial stability of managers during past appointment processes and the situation is kept under review.</p>

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<p>Collapse of a fund manager. Fraudulent activity (Internal/external). Event: Negligent or wilful loss of pension funds. Impact: Inability to meet financial obligations.</p> <hr/> <p>Notes 13/08/2019 - Risk wording updated and category added.</p>	<p>Accountable officer: Mark Gayler Category: Financial Last review: 24 Aug 2020 Latest review details Controls reviewed and updated</p>	<p>Future selection processes will be the responsibility of the Brunel Pension Partnership. When Brunel is selecting managers we would expect them to consider financial stability of those managers, and will work with other Brunel clients to ensure that Brunel has in place robust procedures to do so.</p> <p>Completed DCC use a global custodian service to ensure that there exists a separation of investment management arrangements from custody of assets.</p> <p>Completed Legal requirements are in place for fund managers and are set out in the investment management agreements.</p> <p>Green Fund managers are required to be fully compliant with FCA, PRA and other regulatory requirements.</p> <p>Green The risk that a fund manager cannot provide a service during windup is mitigated by the availability of transition management arrangements put in place by the Brunel Pension Partnership.</p>
<p>F 6: Funding and Investments</p> <p>Cause: Global financial crisis. Substantial political changes. Event: The market crashes, reducing the value</p>	<p>Inherent status : 20 High Current status : 16 High ( Unchanged)</p> <p>Risk owner: Mark Gayler Accountable officer: Mark Gayler Category: Financial Last review: 16 Mar 2021 Latest review details</p>	<p>Green The fund is well diversified and consists of a wide range of asset classes which aims to mitigate the impact of poor performance from an individual market segment.</p> <p>Amber Investment performance reporting and monitoring arrangements exist which provide the committee and investment officers with the</p>

Risk details	Status and Risk owner	Mitigating controls
<p>of investments. Impact: The deficit increases, or there is a failure to reduce the deficit. Financial loss. Increased employer contribution costs.</p>	<p>Markets incurred significant losses as a result of the Coronavirus COVID-19 pandemic. This had a significant impact on the value of the Fund as at 31 March 2020. Markets have subsequently recovered and the roll out of the vaccination programme has provided hope to investors. However, it is likely that there will be a long lasting impact on the global economy, hence uncertainty remains.</p>	<p>flexibility to rebalance the portfolio in a timely manner. Green The long term nature of the liabilities provides some mitigation, in that markets tend to bounce back after crashes, such that the impact is significantly reduced.</p>
<p>Notes 13/08/2019 - Risk wording updated and category added.</p>		
<p>F 7: Funding and Investments Cause: Substantial changes to UK or global economies. Event: Pay and price inflation are higher than anticipated. Impact: There is an increase in liabilities which exceeds the previous valuation estimate.</p>	<p>Inherent status : 12 Medium Current status : 9 Low (+3) Risk owner: Mark Gayler Accountable officer: Mark Gayler Category: Strategic Last review: 24 Aug 2020 Latest review details Controls reviewed and updated. High global inflation not seen as likely in the current economic conditions</p>	<p>Green The triennial actuarial valuation review focuses on the real returns on assets, net price and pay increases. Green 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. Green The Fund is increasing its target allocation to investments in infrastructure funds with inflation linked returns, to act as a hedge against inflation increases.</p>
<p>Notes 13/08/2019 - Risk wording updated and category added.</p>		<p>Green The Committee has received training on understanding liabilities and potential approaches to Liability Driven Investment. Completed Hymans Robertson were commissioned to produce a report which reviewed the strategy for the fixed interest and its role in managing inflation risk. The report was presented to the I&PFC in September 2015, and</p>



Risk details	Status and Risk owner	Mitigating controls
		recommendations partly implemented. This issue was also addressed in the strategic review carried out by Mercer in 2016/17 and the refresh in 2018/19.
<p>F 8: Funding and Investments</p> <p>Cause: Public services are cut and ill health increases.</p> <p>Event: There is an increase in the number of early retirements.</p> <p>Impact: There is an increase in liabilities which exceeds the previous valuation estimate.</p>	<p>Inherent status : 12 Medium</p> <p>Current status : 6 Low (<input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: Charlotte. Thompson</p> <p>Accountable officer: Mark Gayler</p> <p>Category: Strategic</p> <p>Last review: 24 Aug 2020</p> <p>Latest review details</p> <p>Controls reviewed and confirmed</p>	<p>Green Employers are charged the extra capital cost of non ill health retirements following each individual decision.</p> <p>Green Employer ill health retirement experience is monitored.</p>
<p>Notes</p> <p>13/08/2019 - Risk wording changed and category added.</p>		
<p>F 9: Funding and Investments</p> <p>Cause: The average life expectancy of pensioners is greater than assumed.</p> <p>Event: The actuarial assumptions are incorrect.</p> <p>Impact: There is an increase in liabilities which exceeds the previous valuation estimate.</p>	<p>Inherent status : 16 High</p> <p>Current status : 9 Low (<input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: Mark Gayler</p> <p>Accountable officer: Mark Gayler</p> <p>Category: Strategic</p> <p>Last review: 24 Aug 2020</p> <p>Latest review details</p> <p>Controls reviewed and updated</p>	<p>Green Life expectancy assumptions are reviewed at each triennial valuation. For the 2022 Valuation this will include a review of the impact of COVID19 on mortality.</p> <p>Green Mortality assumptions include an allowance for future increases in life expectancy.</p>

Risk details	Status and Risk owner	Mitigating controls
<p>Notes 13/08/2019 - Risk wording updated and category added.</p>		
<p>F10: Funding and Investments</p> <p>Cause: Inadequate training. Availability of staff. Cashflow issues for employers</p> <p>Event: Scheme employers' contributions to the Fund are not received, processed and recorded completely and accurately.</p> <p>Impact: There are increased costs across all remaining scheme employers.</p>	<p>Inherent status : 12 Medium</p> <p>Current status : (9 – Low Unchanged)</p> <p>Risk owner: Mark Gayler Accountable officer: Martyn Williams Category: Operational Last review: 31 Mar 2020</p> <p>Latest review details Cashflow for some employers might be impacted by the Coronavirus COVID-19 pandemic, increasing the likelihood that they may find it difficult to make contributions payments</p>	<p>Completed The team has procedures in place to monitor the receipt of contributions to the fund.</p> <p>Green The team communicates regularly with scheme employers to ensure that contributions are made in a timely manner and are recorded accurately.</p> <p>Green Details of any outstanding and overdue contributions are recorded and appropriate action is taken in order to recover payments.</p>
<p>Notes 13/08/2019 - Risk wording updated and category added.</p>		
<p>F11: Funding and Investments</p> <p>Cause: An employer ceases to exist with insufficient funding available to settle any outstanding debts, or refuses to pay the cessation value.</p> <p>Event: Departing employer does not fully meet their liabilities.</p> <p>Impact:</p>	<p>Inherent status : 12 Medium</p> <p>Current status : 6 Low (<input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler Category: Financial Last review: 24 Aug 2020</p> <p>Latest review details Controls reviewed and updated</p>	<p>Green Vetting prospective employers before admission and ensuring that they fully understand their obligations. Applications for admission to the Fund are considered carefully and a bond or guarantee is put into place if required.</p> <p>Green The Actuary has an objective of keeping contributions as stable as possible whilst ensuring the long term solvency of the Fund.</p> <p>Green Outstanding liabilities will be assessed and</p>

Risk details	Status and Risk owner	Mitigating controls
<p>Increased costs across the remaining scheme employers.</p> <hr/> <p>Notes 13/08/2019 - Risk wording updated and category added.</p>		<p>recovered from any successor bodies or spread amongst remaining employers.</p> <p>Green The actuarial valuation attempts to balance recovery period with risk of withdrawal.</p> <p>Green If necessary, appropriate legal action will be taken.</p> <p>Completed An Employer Covenant Risk Assessment was undertaken by the Fund Actuary, Barnett Waddingham, in conjunction with the 2019 Triennial Valuation of the Fund.</p> <p>Green Bond levels for each relevant employer are re-assessed following each triennial actuarial valuation.</p>
<p>F12: Funding and Investments</p> <p>Cause: The Government's 'Freedom and Choice' legislation. Event: A significant number of LGPS members transfer their pension pots to other pensions providers. Impact: Significant cashflow out of the Fund. Reduction in assets greater than reduction in the Fund's liabilities.</p> <hr/> <p>Notes 13/08/2019 - Risk wording updated and category updated.</p>	<p>Inherent status : 9 Low Current status : 6 Low (<input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler Category: Financial Last review: 24 Aug 2020 Latest review details Controls reviewed and confirmed</p>	<p>Green Effective communication of the benefits of remaining in the LGPS.</p> <p>Green Actuarial calculation of transfer value should ensure transfer value does not exceed reduction in liability.</p>

Risk details	Status and Risk owner	Mitigating controls
<p>F13: Funding and Investments</p> <p>Cause: Significant economic instability and slowdown as a result of the decision to leave the European Union, Event: Lower investment returns. Impact: Financial loss, and/or failure to meet return expectations. Increased employer contribution costs.</p> <hr/> <p>Notes 13/08/2019 - Risk wording updated and category added. 29/08/2019 - Risk wording updated.</p>	<p>Inherent status : 12 Medium Current status : 8 Low (<input type="checkbox"/> 8) Risk owner: Mark Gayler Accountable officer: Mark Gayler Category: Financial Last review: 14 Jan 2021 Latest review details A deal was agreed at the end of December, which has significantly reduced the level of uncertainty. However, there is still likely to be some economic disruption as arrangements settle down, and areas not covered by the deal are addressed. However, the level of risk is now reduced.</p>	<p>Amber The long term nature of the Fund's liabilities provides some mitigation, as the impact of "Brexit" will reduce over time. Green Diversification of the Fund's investments across the world, including economies where the impact of "Brexit" is likely to be smaller.</p>
<p>F14: Funding and Investments</p> <p>Cause: UK Leaving the EU. Event: Updated Legislative and regulatory requirements. Impact: Additional work to ensure compliance. Fines for noncompliance. Damage to reputation. Loss of members.</p> <hr/> <p>Notes</p>	<p>Inherent status : 12 Medium Current status : 8 Low (<input type="checkbox"/> Unchanged) Risk owner: Mark Gayler Accountable officer: Charlotte. Thompson Category: Compliance Last review: 24 Aug 2020 Latest review details Controls reviewed and confirmed</p>	<p>Amber The Government is likely to ensure that much of current EU regulation is enshrined in UK law. Green Officers receive regular briefing material on regulatory changes and attend training seminars and conferences, in order to ensure that any regulatory changes are implemented in the management of the Fund.</p>

Risk details	Status and Risk owner	Mitigating controls
13/08/2019 - Risk wording updated and category added.		
<p>F15: Funding and Investments</p> <p>Cause: There is a failure to meet the requirements of the Markets in Financial Instruments Directive II.</p> <p>Event: The Devon fund is downgraded to retail client status.</p> <p>Impact: Assets are sold at less than fair value . The Fund is unable to access a range of investment opportunities. Failure to meet return expectations. Reduction in diversification.</p>	<p>Inherent status : 12 Medium</p> <p>Current status : 6 Low (<input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: Mark Gayler</p> <p>Accountable officer: Mark Gayler</p> <p>Category: Strategic</p> <p>Last review: 24 Aug 2020</p> <p>Latest review details</p> <p>Controls reviewed and confirmed</p>	<p>Completed All the Fund's current fund managers and financial counterparties have accepted Devon's application for elective professional client status.</p> <p>Green Robust training plan to ensure committee and officers have required knowledge and experience to meet the qualitative criteria to opt up.</p> <p>Completed Availability of LGA template to enable the Fund to make multiple applications to financial institutions to opt back up to professional client status, should any new applications or amendments be required.</p>
<p>Notes</p> <p>13/08/2019 - Risk wording updated and category added.</p>		
<p>F16: Funding and Investments</p> <p>Cause: Remedies resulting from McCloud and Sargeant legal cases.</p> <p>Event: Significant additional pension liabilities for the Fund.</p> <p>Impact: Increased employer contribution costs.</p>	<p>Inherent status : 16 High</p> <p>Current status : 15 High (<input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: Mark Gayler</p> <p>Accountable officer: Mark Gayler</p> <p>Category: Strategic</p> <p>Last review: 17 Feb 2021</p> <p>Latest review details</p> <p>The consultation on proposals to remedy the discrimination has now closed, but the</p>	<p>Amber A level of prudence was incorporated into the 2019 Triennial Valuation to take account of the potential consequences of McCloud/Sargeant</p>

Risk details	Status and Risk owner	Mitigating controls
<p>Notes 13/08/2019 - Risk wording updated and category added. 29/08/2019 - Risk wording updated.</p>	<p>Government response is awaited.</p>	
<p>F17: Funding and Investments</p> <p>Cause: Climate Change Event: Impact on investee companies of the consequences of climate change and the transition to a low carbon economy Impact: Financial loss and/or failure to meet return expectations Increases employer contribution costs</p>	<p>Inherent status : 16 High Current status : 12 Medium ( Unchanged) Risk owner: Mark Gayler Accountable officer: Mark Gayler Category: Last review: 11 Jan 2021 Latest review details Carbon footprint assessed as at 31 March 2019 and 31 December 2019, showing a 21% reduction in Weighted Average Carbon Intensity. The Fund is targeting a 7% per annum reduction in its carbon footprint on an ongoing basis.</p>	<p>Completed 100% of Brunel's portfolios, across all asset classes, are carbon and climate aware. Consideration of climate change impacts is fully embedded into their manager selection process Green Brunel integrates climate change into their risk management process, using carbon footprinting, assessing fossil fuel exposure and challenging managers on physical risks, and seek to reduce unrewarded climate and carbon risk. Green The Devon Fund requires its non-Brunel investment managers to take climate change risks into account, engage with companies over their approach to climate change issues and report back regularly. Green The Devon Fund will undertake an annual assessment of the carbon footprint of its investments. The assessment as at 31 December 2019 showed a 21% reduction in the Weighted Average Carbon Intensity of the Fund's equity investments compared with 31 March 2019</p>
<p>F18: Funding and Investments</p> <p>Cause: Bank of England move to negative</p>	<p>Inherent status : 8 Low Current status : 8 Low ( Unchanged) Risk owner: Charlotte. Thompson Accountable officer: Mark Gayler</p>	<p>Green Cash balances to remain low</p>

Risk details	Status and Risk owner	Mitigating controls
<p>interest rates</p> <p>Event: Money Market funds go negative</p> <p>Impact: No or negative return on cash balances held which could impact on investment returns</p>	<p>Category: Financial</p> <p>Last review: 01 Jan 2021</p> <p>Latest review details</p>	
<p>G1: Governance Arrangements</p> <p>Cause: The Administering Authority fails to have appropriate governance arrangements, including the requirement for a Pension Board.</p> <p>Event: The administering authority is non compliant with legislation and/or best practice.</p> <p>Impact: There is an inability to determine policy. There is an inability to make effective decisions. There is an inability to deliver service. Negative impact on reputation.</p>	<p>Inherent status : 12 Medium</p> <p>Current status : 8 Low (<input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: Mark Gayler</p> <p>Accountable officer: Charlotte. Thompson</p> <p>Category: Strategic</p> <p>Last review: 24 Aug 2020</p> <p>Latest review details</p> <p>Controls reviewed and confirmed</p>	<p>Completed DCC has produced a Governance Policy and Compliance Statement, as required by regulation 31 of the LGPS Regulations 2008.</p> <p>Green The Governance Policy and Compliance Statement is reviewed and updated regularly and scheme employers are consulted to ensure that the policy remains appropriate.</p> <p>Completed The Statement is published on the Devon Pensions website: https://www.peninsulapensions.org.uk/pension-fund-investments/devon-county-council-investments/devon-fund-key-documents/</p> <p>Green Pension fund stakeholders are made aware of the Statement.</p> <p>Completed DCC has appointed an Investment and Pension Fund Committee to discharge the duties of the Council as Administering Authority of the Pension Fund.</p>
<p>Notes</p> <p>13/08/2019 - Wording of risk updated.</p>		<p>Green The Committee review and approve the annual statement of accounts of the Devon Pension Fund, consider whether appropriate accounting policies have been followed and</p>

Risk details	Status and Risk owner	Mitigating controls
		<p>whether there are concerns arising from the financial statements or from any audit that need to be brought to the attention of the Council.</p> <p>Completed A Pension Board has been established as required by the Public Service Pension Act 2013.</p> <p>Green Support and training are being provided to ensure that the Board is equipped to undertake its role.</p>
<p>G2: Governance Arrangements</p> <p>Cause: Poor governance arrangements.</p> <p>Event: The Investment and Pension Fund Committee and Pension Board are unable to fulfil their responsibilities effectively.</p> <p>Impact: Non-compliance with legislation and/or best practice. There is an inability to determine policy, make effective decisions and/or deliver service. There is a risk to reputation. Possibility of fines/sanctions.</p> <p>Notes 13/08/2019 - Wording of risk updated and category added.</p>	<p>Inherent status : 12 Medium</p> <p>Current status : 9 Low (<input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: Mark Gayler</p> <p>Accountable officer: Charlotte. Thompson</p> <p>Category: Operational</p> <p>Last review: 05 Mar 2021</p> <p>Latest review details Updated re Provision of on-line alternative means of delivering on-line training due to Coronavirus pandemic, and current position re provision of web-based member handbook</p>	<p>Green The Committee has adopted the CIPFA Code of Practice on Knowledge and Skills, and regular training is provided to ensure that members have the level of understanding required.</p> <p>Green An Annual Training Plan is agreed by the Committee and Pension Board on an annual basis. The plan has been adapted to ensure provision of on-line sessions given the Coronavirus pandemic</p> <p>Green A training and induction programme is available for new Committee and Pension Board Members.</p> <p>Amber Committee and Pension Board members are asked to complete the Pension Regulator Trustee Toolkit.</p> <p>Green The Fund subscribes to relevant bodies (e.g. CIPFA, LAPFF, PLSA) and sends representatives to major conferences.</p>

Risk details	Status and Risk owner	Mitigating controls
		<p>Green DCC organises at least two training days per year for Investment and Pension Fund Committee and Pension Board members, with an additional engagement day being held with the Brunel Pension Partnership.</p> <p>Green Committee and Pension Board members are made aware of and adhere to the Governance Compliance Statement, and are encouraged to identify training requirements.</p> <p>Amber Following discussion at the Pension Board in April 2019, officers are working on the compilation of a web-based handbook/manual for Board and Committee members.</p>
<p>I1: Internal</p> <p>Cause: Concentration of knowledge in a small number of staff.</p> <p>Event: Loss of staff leading to a breakdown in internal processes and service delivery.</p> <p>Impact: Financial loss and potential risk to reputation.</p> <p>Notes 13/08/2019 - Risk wording updated and category added. 29/08/2019 - Risk wording updated.</p>	<p>Inherent status : 16 High</p> <p>Current status : 12 Medium (Unchanged)</p> <p>Risk owner: Mark Gayler</p> <p>Accountable officer: Charlotte. Thompson</p> <p>Category: Strategic</p> <p>Last review: 05 Mar 2021</p> <p>Latest review details</p> <p>Controls reviewed and confirmed</p>	<p>Green The Investment Manager is able to cover in the absence of the Assistant County Treasurer.</p> <p>Completed In 2018 the Head of Peninsula Pensions and the Investment Manager swapped roles to improve the sharing of knowledge and the resilience of the Fund. The change of roles has now been made permanent, but the shared knowledge will continue to provide resilience.</p> <p>Green Knowledge of all tasks shared by at least two team members and can in addition be covered by senior staff.</p> <p>Green Training requirements are set out in job descriptions and reviewed annually with team members through the appraisal process.</p> <p>Green A formal training record for officers is</p>

Risk details	Status and Risk owner	Mitigating controls
		<p>maintained centrally.</p> <p>Green A procedure manual is in place which sets out work instructions for the majority of crucial tasks undertaken.</p> <p>Green The Devon Investment Services procedure manual will continue to be refined and updated on an ongoing basis.</p> <p>Green Ensure the review of CIPFA's knowledge and skills framework relating to officers results in key outcomes being delivered.</p>
<p>I2: Internal</p> <p>Cause: Inadequate treasury management practices.</p> <p>Event: Fraud, corruption or error.</p> <p>Impact: Risk of financial loss. Damage to reputation.</p> <p>Notes 13/08/2019 - Risk wording updated and category added.</p>	<p>Inherent status : 12 Medium</p> <p>Current status : 9 Low (<input checked="" type="checkbox"/> Unchanged)</p> <p>Risk owner: Mark Gayler</p> <p>Accountable officer: Mark Gayler</p> <p>Category: Operational</p> <p>Last review: 24 Aug 2020</p> <p>Latest review details</p> <p>Controls reviewed and updated. Enforced working at home as a result of the Coronavirus pandemic has demonstrated the effectiveness of the processes in place working remotely</p>	<p>Green Counterparty transactions are authorised by senior staff outside of the investment team.</p> <p>Green All staff are covered by fidelity insurance up to £15 million</p> <p>Green Sufficient members in the team to cover absence and leave - a weekly planner is produced in order to review cover requirements.</p> <p>Green Appropriate separation of duties exists.</p> <p>Green Treasury Management Practices are reviewed and updated regularly.</p> <p>Green Up to date financial regulations and practices.</p> <p>Green Processes in place ensure that all elements of the daily treasury management activity can be carried out remotely away from the office.</p>



14 Apr 2021

