

CHB - FIB

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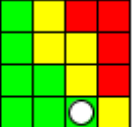
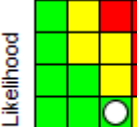

Rows are sorted by Risk Score

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB – FIB01 Insufficient assets Pension Fund, City’s Cash and Bridge House Estates 08-Mar-2018 Peter Kane	Cause: The asset allocation of each investment portfolio (Pension Fund, City’s Cash and Bridge House Estates) are unable to fund long term liabilities and expenditure requirements due to market movements. Event: There are insufficient assets to meet liabilities or expenditure requirements Effect: Employers of the Pension Fund are required to provide further funding through contributions to finance liabilities. City’s Cash and Bridge House Estates would be required to sell financial assets to fund expenditure requirements.	 Likelihood	8	The Pension Fund’s Investment Strategy review carried out in October 2017 required no changes to the Fund’s existing asset allocation. It was agreed to amend the Pension Fund’s absolute return target to 5.7% from 1st April 2018. City’s Cash and Bridge House Estates’ Investment Strategy review was carried out in March 2018 and it was agreed to amend both Fund’s return target to CPI+4% from 1st April 2018 10-May-2018	 Likelihood	8	24-May-2018	 Constant

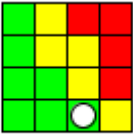
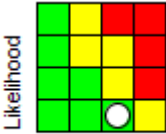

Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
CHB – FIB01a	The Investment strategy of the Pension Fund, City’s Cash and Bridge House Estates is reviewed at least every three years by Financial Investment Board.	The Pension Fund’s triennial liability valuation is carried out by the Fund’s actuary as required by statute every three years and this serves as foundation for the Pension Fund’s Investment Strategy, which in turn provides the basic themes and framework for the City’s Cash and Bridge House Estates’ Investment Strategy reviews. The Pension Fund’s Investment Strategy review was completed in October 2017. The Investment Strategy reviews for City’s Cash and Bridge House Estates are to be finalised in May 2018.	Caroline Al-Beyerty/Kate Limna	10-May-2018	24-May-2018
CHB – FIB01b	The investment performance of the Pension Fund, City’s Cash and the Bridge House Estates is measured against absolute return targets required to meet long term objectives. This is reported to the Financial Investment Board throughout the year and is supplemented by market insight from the Corporation’s investment consultants which will assist any strategic decisions required in between the three-year formal Strategy reviews.	Individual Fund Investment performance is brought to each Financial Investment Board for consideration.	Kate Limna/Tom Broughton	10-May-2018	24-May-2018

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB – FIB02 Targeted returns Pension Fund, City’s Cash and Bridge House Estates 08-Mar-2018 Peter Kane	<p>Cause: The Funds fail to achieve the targeted investment returns because</p> <ul style="list-style-type: none"> the Board appoints unsuitable fund managers, individual fund managers underperform against the benchmarks agreed by the Board, aggregate fund manager performance fails to achieve the Board’s long-term targets <p>Event: There are insufficient assets to meet the liabilities or net expenditure. Failure to be seen to manage the Funds responsibly</p> <p>Effect: Employers of the Pension Fund are required to provide further funding through contributions to finance liabilities. City’s Cash and Bridge House Estates would be required to sell financial assets to fund expenditure requirements. Supervisory intervention over management of the Funds</p>	<p>Likelihood</p> <p>Impact</p>	6	The performance of fund managers and their aggregate performance is reported against target to each Financial Investment Board. 10-May-2018	<p>Likelihood</p> <p>Impact</p>	6	24-May-2018	 Constant

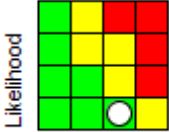
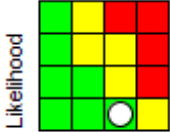

Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
CHB – FIB02a	Investment manager performance and their aggregate is measured against appropriate benchmarks and monitored by the Financial Investment Board throughout the year. It is supplemented by market insight from the Corporation’s investment consultants which provides peer group comparisons, checks on movement of key officers and reviews on the incorporation of ESG considerations in implementing their investment strategies. Fund managers are invited to meet with Officers and Members to account for their performance as and when the Board deem this necessary/as required	Alongside officers, investment consultant Mercer provide quarterly performance reviews of the Funds.	Kate Limna/Tom Broughton	10-May-2018	24-May-2018

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB – FIB03 Service provider failure Pension Fund, City's Cash and Bridge House Estates 08-Mar-2018 Peter Kane	Cause: Corporate, financial or economic threats result in service provision withdrawal or liquidation of partner organisations Event: Failure of fund manager, investment consultant or other service provider without notice. Effect: Pension Fund, City's Cash or Bridge House Estates' asset valuations at risk or a period of time without service provision.	 Likelihood Impact	4	Officers meet regularly with fund managers, investment consultants and other service providers. Investment consultants. Officers writing to all counterparties requesting latest internal control report from fund managers and custodian ahead of 2017/18 closure of accounts. 08-Mar-2018	 Likelihood Impact	4	31-Mar-2019	 Constant

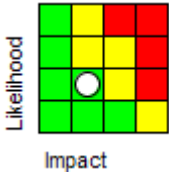
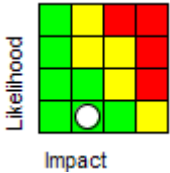

Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
CHB – FIB03a	Detailed due diligence is carried out when new fund managers, investment consultant or other service provider are appointed.	New manager due diligence undertaken in consultation with investment consultant. Investment consultant appointed via the National LGPS procurement framework in 2015.	Kate Limna/Tom Broughton	08-Mar-2018	31-Mar-2019
CHB – FIB03b	Review of internal control reports on annual basis.	Corporate Treasury compile an archive of the most up to date relevant annual internal control reports issued by all issuing fund managers and custodian as part of statement of account compilation across Funds.	Kate Limna/Tom Broughton	08-Mar-2018	31-May-2018
CHB – FIB03c	Monitor markets regularly through financial publications and seek advice of managers and investment consultant when appropriate.	Officers regularly monitor financial press and industry publications particularly in search of any news regarding entities that have an existing relationship across the Corporation's Funds.	Kate Limna/Tom Broughton	08-Mar-2018	31-Mar-2019

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CHB – FIB04 Counterparty failure Treasury Management 08-Mar-2018 Peter Kane	Cause: External events threaten the solvency of counterparties the Corporation has lent to. Event: Failure of counterparty to fulfil obligation to the Corporation, i.e. default on repayments. Effect: Asset valuations at risk.	 Likelihood	4	Treasury Management Strategy Statement was agreed at Court of Common Council on 8th March 2018. 08-Mar-2018	 Likelihood	4	31-Mar-2019	 Constant

Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
CHB – FIB04a	Detailed due diligence is carried out when new counterparties are onboarded.	Independent analysis and consultation with treasury investment advisor when adding additional counterparties, most recent additions are L&G and Royal London.	Kate Limna/Tom Broughton	08-Mar-2018	31-Mar-2019
CHB – FIB04b	When lending directly to counterparties, ensure they meet the minimum credit criteria as set out in the most recent Treasury Management Strategy Statement.	Treasury Management Strategy Statement agreed by Court of Common Council on 8 th March 2018	Kate Limna/Tom Broughton	10-May-2018	31-Mar-2019
CHB – FIB04c	Monitor markets regularly through credit rating updates and financial publications, plus seeking the advice of treasury investment advisors when appropriate.	Officers continually monitor for credit rating updates, also financial press and industry publications in search of any news regarding the Corporation’s counterparties. Treasury investment advisors provide rating agency credit watches on money market participants.	Kate Limna/Tom Broughton	08-Mar-2018	31-Mar-2019

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB – FIB05 Insufficient Cash Treasury Management 08-Mar-2018 Peter Kane	Cause: Inaccurate cash flow modelling for Corporation as a whole. Event: There is insufficient cash available to meet day to day obligations. Effect: Overdrawn position incurs unnecessary expenditure and missed payments damages the Corporations reputation.	 Likelihood	4	Officers have built a cash flow model projecting the Corporation’s combined known and unknown cash flow requirements for the forthcoming year on an on-going basis. 08-Mar-2018	 Likelihood	4	31-Mar-2019	 Constant

Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
CHB – FIB05a	Combined cashflow daily forecast maintained to project inflows and outflows over the year forward to ensure a sufficient level of on-going liquidity. Cashflow requirements is the fundamental consideration when agreeing duration of fixed term deposits or placing capital in money market funds.	Cash flow model maintained daily, incorporating known flows and estimating payments and income of uncertain timing based on the cash flow profiles of the previous 12 months.	Kate Limna/Tom Broughton	08-Mar-2018	31-Mar-2019

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CHB – FIB06 Governance 08-Mar-2018 Peter Kane	<p>Cause: Lack of understanding of the applicable statutory requirements such as investment regulations, prudential code etc.</p> <p>Event: Board members and Officers do not have appropriate skills or knowledge to discharge their responsibilities. Regulatory Breach.</p> <p>Effect: Inappropriate decisions are made leading to a financial impact or a breach of legislation or service not provided in line with best practice and legal requirements. Potential regulatory fines.</p>	 <p>Likelihood</p> <p>Impact</p>	4	<p>Member and officer experience and knowledge was assembled as part of the MiFID II opt up process and deemed sufficient by all Fund Managers, advisors and counterparties to substantiate opt up to 'professional' client status.</p> <p>08-Mar-2018</p>	 <p>Likelihood</p> <p>Impact</p>	2	31-Mar-2019	 Decreasing

Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
CHB – FIB06a	Training provided to Board Members on a range of investment topics and asset classes on a needs basis. Continued Professional Development (CPD) records maintained and updated annually.	Training record created in support of MiFID II application to professional client status and will be updated in September 2018.	Kate Limna/Tom Broughton	08-Mar-2018	30-Sep-2018
CHB – FIB06b	Job descriptions used at recruitment to attract candidates with skills and experience related to investment finance. The Corporation maintains membership of CIPFA's Pension Network, CIPFA's Treasury Management Network plus the LAPFF, LPFA and PLSA – all providing access to training opportunities via courses, seminars and conferences.	Officers continue to attend training courses, seminars and conferences where deemed appropriate to enhance understanding of markets, financial instruments, regulatory and statutory reporting issues.	Caroline Al-Beyerty/Kate Limna	08-Mar-2018	31-Mar-2019
CHB – FIB06c	Training plans in place for all staff as part of the performance appraisal arrangements, which are reviewed every six months.	Appraisals due to take place after the end of March for all staff including review of individual training requirements going forward.	Caroline Al-Beyerty/Kate Limna	08-Mar-2018	31-Mar-2019
CHB – FIB06d	External professional advice sought where required.	Investment consultants provided focused training session as and when required.	Kate Limna/Tom Broughton	08-Mar-2018	31-Mar-2019