

RISK REGISTER															01/01/20	Version 1.5
Ref	Risk Category	Risk description	Cause of risk	Impact of risk on outcomes and benefits	Owner	TYPE	Current Likelihood	Current Impact	Current Rating	Target Likelihood	Target Impact	Target Rating	TREND	Control measures / mitigations		
Operational / Strategic risks																
PA1 (Operational)	People	Insufficient resource to support requirements and demands of Pension Committee and Board.		Committee and Board not operating effectively	Linda D'Souza / Andrien Meyers	Threat	2	2	4	1	2	2	↔	Officers assigned to Board and Committee. Utilisation of additional resource (partners / consultants).		
PA2 (Operational)	Governance & Compliance	Insufficient knowledge & understanding of Pension Board / Committee in line with legislative requirements.		Unable to effectively carry out Fund management responsibilities	Linda D'Souza / Andrien Meyers	Threat	2	2	4	2	2	4	↔	Regular training is provided via a structured training programme to allow members to review and challenge recommendations. Actuarial, investment, independent and officer advice is available to assist members in making their decisions.		
PA3 (Operational)	Governance & Compliance	Increase in errors due to more complex calculations required for transitional protection regulations		Complaints leading to possible fines	Linda D'Souza / Linda Osborne	Threat	2	2	4	1	2	2	↔	The Altair system calculates the transitional protection appropriately Support may be obtained from the Local Government Association and Lambeth's Pension Fund actuary, Hymans Robertson.		
PA4 (Operational)	Governance & Compliance	Errors in producing complex pension statements due to employer producing poor data recording of CARE benefits		Complaints leading to possible fines	Linda D'Souza / Linda Osborne	Threat	2	2	4	1	2	2	↔	Recording of pay and pension contributions is checked thoroughly by officers and through running Altair reports.		
PA5 (Strategic)	Strategy & Finance	Rise in ill health retirements impact employer organisations		Increased contribution rate	Linda D'Souza / Linda Osborne	Threat	2	2	4	1	2	2	↔	1) Possible measure of Insuring against the cost and impact 2) Actuarial Valuations (Latest valuation shows no significant increase than that assumed).		
PA6 (Operational)	People	Concentration of knowledge in small number of officers and risk of departure of key staff		Benefits applied incorrectly. Possible complaints	Linda D'Souza / Linda Osborne	Threat	2	2	4	1	2	2	↔	1) Process notes in place. 2) Development of team members & succession planning currently being reviewed. 3) Further networking with other LGPS pension administration teams.		
PA7 (Operational)	Customer outcomes & quality	Inaccurate information in public domain leads to damage to reputation and loss of confidence		Reputational damage. GDPR / data protection breach.	Linda D'Souza / Linda Osborne	Threat	1	2	2	1	2	2	↔	1) Ensure that all requests for information (Freedom of Information, Member & Public questions at Council, etc.) are managed appropriately and that Part 2 items remain so. 2) Maintain constructive relationships with employing bodies to ensure that news is well managed. 3) Ensure Lambeth Pension Fund website is kept up to date.		
PA8 (Operational)	Contract Management	Financial failure of third party supplier results in service impairment and financial loss		Service impairment and financial loss	Linda D'Souza / Linda Osborne	Threat	1	2	2	1	2	2	↔	1) Reputable third party suppliers used and fall within pension administration framework agreements. 2) Performance of third parties monitored.		
PA9 (Operational)	Governance & Compliance	Incorrect, failed or late employee/employer contributions payments received	PLT issue not yet resolved	Incorrect, failed or late employee/employer contributions payments received	Linda D'Souza / Linda Osborne	Threat	3	2	6	2	2	4	↔	1) Monthly monitoring of pensions contributions against expectation. 2) Reminders sent to employers when they fail to meet payment deadline. 3) Scope to report persistent late payment to TPR 4) Quarterly internal Audit.		
PA10 (Operational)	Information Governance	Increased chance of loss of data from laptops and paper copies when working from home	Increase in WFH from January 2018	Data being misplaced, possible fines	Linda D'Souza / Linda Osborne	Threat	1	2	2	1	2	2	↔	1) Adherence to the Council's home working policy. 2) Ensure officers and Committee/Board members have an understanding of relevant cyber security processes. 2) Paper copies with sensitive data not taken home.		
PA11 (Operational)	Governance & Compliance	Pensions Payroll not run, in time for month end.	Staff absences	Pensioners do not receive their pension payment	Linda D'Souza / Linda Osborne	Threat	2	2	4	1	2	2	↔	1) Clear procedure on processing the payroll in place. 2) Further payroll/system training undertaken in 2018.		

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PA12 (Operational)	Governance & Compliance	Governance review identifies fundamental issues that significantly impact the pension fund		Adverse impact on the Pension Fund	Linda D'Souza / Linda Osborne	Threat	2	2	4	1	2	2	↔	Prompt action to respond to/rectify identified issue		
PA13 (Operational)	Growth & Opportunities	Governance review identifies opportunities to improve service efficiency	Improvements identified	Improved service	Linda D'Souza / Linda Osborne	Opportunity	4	2	-8	4	1	-4	↔			
PA14 (Strategic)	Strategy & Finance	Bond yields fall		Leading to an increase in value of liabilities: a 0.1% reduction in the discount rate will increase the liability valuation by 2%	Andrien Meyers	Threat	2	2	4	2	2	4	↔	1) The actuarial funding navigator report is received quarterly and provides an early warning of any potential problems. 2) Early consultation with the actuary will take place with regard to the 2019 valuation. 3) Current investment strategy review has addressed liability protection.		
PA15 (Strategic)	Strategy & Finance	Pay & price inflation is significantly more or less than anticipated		An increase in CPI inflation by 0.1% will increase the liability valuation by 1.4%	Andrien Meyers	Threat	1	2	2	1	2	2	↔	1) Fund employers should monitor own experience. 2) Assumptions made on pay and price inflation (for the purposes of IAS19/FRS17 and actuarial valuations) should be long term assumptions. 3) The fund holds investment in corporate bonds to mitigate some of the risk. 4) Current investment strategy review has addressed liability protection.		
PA16 (Strategic)	Strategy & Finance	Pensioners living longer		Adding one year to life expectancy will increase the future service rate by 0.8%	Andrien Meyers	Threat	1	4	4	1	4	4	↔	1) The actuary Hymans Robertson use long term longevity projections in the actuarial valuation process. 2) Lambeth has joined Club Vita, which looks at mortality rates that are employer specific.		
PA17 (Strategic)	Strategy & Finance	Actuarial Valuation		Impact of increases to employer contributions	Andrien Meyers	Threat	2	2	4	1	2	2	↑	1) Officers to consult and engage with employer organisations in conjunction with the actuary. Draft FSS issued to employers for comment 11/12/19. Employer Forum arranged for 14 January 2020 2) Actuary will assist where appropriate with stabilisation and phasing in processes. 3) Allowance for increases made within budgets.		
PA18 (Strategic)	Strategy & Finance	The London CIV and all Investment Managers fail to achieve performance targets over the longer term		A shortfall of 0.1% on the investment target will result in an annual impact of £2.6m	Andrien Meyers	Threat	1	4	4	1	4	4	↔	1) The Investment Management Agreements clearly state Lambeth Pension Fund's expectations in terms of performance targets. 2) The LCIV and Investment manager performance is reviewed on a quarterly basis. 3) Pensions Committee should be positioned to move quickly if it is felt that targets will not be met. 4) The Fund's investment management structure is highly diversified, which lessens the impact of manager risk compared with less diversified structures. 5) Update on the LCIV is a standing item on the Committee's agenda, with a presentation from the LCIV once a year at the Committee meeting.		
PA19 (Strategic)	Strategy & Finance	Inappropriate long-term investment strategy		Impact of increases to employer contributions	Andrien Meyers	Threat	1	4	4	1	4	4	↔	1) Use of investment consultants to monitor investment strategy. 2) Setting of Fund specific benchmark relevant to the current position of fund liabilities. 3) Overall asset allocation regularly monitored by the Pensions committee. 4) Fund manager targets set based on market benchmarks or absolute return measures.		
PA20 (Strategic)	Strategy & Finance	Asset reallocations in volatile markets		May lock in past losses	Andrien Meyers	Threat	1	2	2	1	2	2	↔	1) Committee takes a long term view of strategic asset allocation. 2) Committee acts on advice from external parties.		
PA21 (Strategic)	Strategy & Finance	Insufficient attention to social, ethical & environmental risks		Leads to reputational damage and/or financial loss	Andrien Meyers	Threat	1	1	1	1	1	1	↔	1) Ensure no conflict of interests between Council and Pension Fund 2) Review ISS in relation to published best practice (e.g. UN Principles for responsible investment) 3) Ensure fund managers are encouraged to engage and to follow the requirements of the published ISS. 4) The Fund is now a member of the Local Authority Pension Fund Forum, which raises officer awareness of ESG issues and facilitates engagement with fund managers.		
PA22 (Operational)	Governance & Compliance	Failure to comply with legislative requirements e.g. ISS/FSS/Governance Policy/FOI		Resulting in the matter being escalated to the scheme advisory board and/or the pensions regulator	Andrien Meyers	Threat	1	1	1	1	1	1	↔	1) Ensure cooperative dialogue between committee and board.		
PA23 (Operational)	Governance & Compliance	Failure to sign-off accounts and annual report on time		Qualified audit opinion	Andrien Meyers	Threat	1	1	1	1	1	1	↔	1) Ensure internal audit work plan is fulfilled on a quarterly basis. 2) Early dialogue and close working with the external auditor		
PA24 (Strategic)	Strategy & Finance	Remedies relating to the McCloud judgement that need to be made in relation to the LGPS	Court of Appeal ruling that the transitional protections awarded to some scheme members were unlawful on the grounds of age discrimination and could not be justified.	Impact of increases to employer contributions	Andrien Meyers	Threat	3	2	6	1	2	2	↔	Allowance has been made in the MTFS (1% of pay)		

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PA25 (Strategic)	Strategy & Finance	Guaranteed Minimum Pension (GMP) equalisation	High court ruling determination that UK defined pension schemes must compensate members for differences attributable to GMP.	Impact of increases to employer contributions	Andrien Meyers	Threat	3	2	6	1	2	2	↔	Allowance has been made in the MTFS (1% of pay)			
PA26 (Operational)	Customer outcomes & quality	Guaranteed Minimum Pension (GMP) reconciliation	GMP values recorded on HMRC database differs to that recorded by Lambeth Pensions resulting in under and overpayment of pensions.	Rectification of under/overpayment of pensions resulting in LGPS member complaints and reputational damage.	Linda D'Souza/ Linda Osborne	Threat	3	2	6	1	2	2		<ul style="list-style-type: none"> 1) Allowance has been made in the MTFS (also enveloped in the 1% of pay) 2) Issue 'plain English' communications to affected members 3) Create simple rectification processes including a GMP reconciliation overpayment/underpayment policy 4) Increase resources within the pensions team to effectively manage the rectification process 			