

RISK REGISTER														30/09/21	Version 2.3
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 /Robert Browning	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 /Robert Browning	Threat	2	2	4	2	2	4	↔	Regular training is provided via a structured training programme to allow members to review and challenge recommendations. An updated Training Policy has been drafted in line with the revised 2021 CIPFA Code of Practice on Knowledge and Skills Actuarial, investment, independent and officer advice is available to assist members in making their decisions.	
PA3 (Operational)	Governance & Compliance	Failure to adhere to LGPS legislation (including transitional protection or other relevant legislation)	Introduction of numerous regulations resulting in complex calculations.	Financial and reputational damage, e.g. complaints leading to possible fines.	Linda D'Souza	Threat	2	2	4	1	2	2	↔	The Altair system calculates transitional protection appropriately and other regulations appropriately. Support may be obtained from the Local Government Association and Lambeth's Pension Fund actuary, Hymans Robertson. Ongoing training of officers in addition to performance management and scheduled appraisals to ensure compliance.	
PA4 (Operational)	Governance & Compliance	Inaccurate or insufficient membership data stored in the pensions system	Inaccurate data received from Fund employers and/or poor data recording and maintenance on the pensions administration system. Inability of employers to provide additional information required as a result of McCloud (PA24)	Errors in producing pension statements and pension benefits to members. Complaints leading to possible fines.	Linda D'Souza	Threat	2	2	4	1	2	2	↔	1) Recording of pay and pension contributions is checked thoroughly by officers and through running Altair reports. 2) Regular validation of employer scheme membership data 3) Statutory guidance on the calculation of benefits where historic information is incomplete.	
PA5 (Strategic)	Strategy & Finance	Rise in ill health retirements impact employer organisations		Increased contribution rate	Linda D'Souza	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	Lack of resources/time	Concentration of knowledge in small number of officers and risk of departure or absence of key staff	Benefits applied incorrectly. Possible complaints	Linda D'Souza	Threat	2	2	4	1	2	2	↔	1) Clear process notes in place. 2) Development of team members & succession planning regularly reviewed. 3) Further training and 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	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 and Member Self Service 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	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 via the Council's contract management system.	
PA9 (Operational)	Governance & Compliance	Incorrect, failed or late employee/employer contributions payments received	PLT deficit contributions issues not yet resolved.	Incorrect, failed or late employee/employer contributions payments received	Linda D'Souza	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.	

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PA10 (Operational)	Information Governance	Cyber Risk	Increased risk of fraud and loss of data from laptops due to increased home working.	Data breaches. Fraudulent activity resulting in loss of benefits to Fund members or next of kin. Possible fines.	Linda D'Souza	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. 3) Paper copies with sensitive data not taken home (e.g. original birth certificates). 4) Movement towards provision of electronic documents instead of hard copy (from March 2020) 5) encrypted documentation and secure passwords.	
PA11 (Operational)	Governance & Compliance	Systems failures	The risk of loss, disruption or damage to the Fund or its members as a result of the failure of its IT systems and processes.	Pensioners do not receive their pension payment. Payments to members and third parties not made (refunds, retirement lump sum, death grant, Tax Office etc.).	Linda D'Souza	Threat	2	2	4	1	2	2	↔	1) Pension Fund Disaster Recovery Plan in place. 2) Cloud based pensions system along with system backup.	
PA12 (Operational)	Governance & Compliance	Governance review - Risks	Governance review identifies fundamental issues that significantly impact the pension fund.	Adverse impact on the Pension Fund	Linda D'Souza	Threat	2	2	4	1	2	2	↔	Prompt action to respond to/rectify identified issue and continual assessments carried out.	
PA13 (Operational)	Growth & Opportunities	Governance review - Opportunities	Governance review identifies opportunities to improve service efficiency	Improved service	Linda D'Souza	Opportunity	4	2	-8	4	4	-16	↔	Business improvements identified (pensions workflow and document management).	
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%	Robert Browning	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 next actuarial valuation in 2022. 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%	Robert Browning	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/FRS102 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%	Robert Browning	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	Robert Browning	Threat	2	2	4	1	2	2	↑	1) Officers consult and engage with employer organisations in conjunction with the actuary during the valuation process. The latest FSS will be issued to employers for comment and an Employer Forum will be arranged during the consultation period. 2) Actuary will assist where appropriate with stabilisation and phasing in processes. 3) Allowance for possible increases to be made within budgets. 4) Committee sign-off would be sought.	
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	Robert Browning	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	Robert Browning	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	Robert Browning	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.	

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PA21 (Strategic)	Strategy & Finance	Insufficient attention to social, ethical & environmental risks		Leads to reputational damage and/or financial loss	Robert Browning	Threat	2	2	4	1	1	1	↔	1) Ensure no conflict of interests between Council and Pension Fund 2) Review ISS in relation to published best practice 3) Ensure fund managers are encouraged to engage and to follow the requirements of the published ISS. 4) The Fund is a member of the Local Authority Pension Fund Forum, which raises officer awareness of ESG issues and facilitates engagement with fund managers. 5) The Fund has signed-up to a sustainable exclusion mandate 6) Direct fossil fuel exposure nil and indirect exposure <1%. 7) The Fund has committed to adopting TCFD recommendations for monitoring and reporting against its climate change objectives 8) The Fund will seek to become a signatory to the UK Stewardship Code 2020	
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	Robert Browning	Threat	1	1	1	1	1	1	↔	1) Ensure cooperative dialogue between committee and board. 2) Pensions Governance manager appointed.	
PA23 (Operational)	Governance & Compliance	Failure to sign-off accounts and annual report on time		Qualified audit opinion	Robert Browning	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 (Operational & 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	Linda D'Souza/ Robert Browning	Threat	3	2	6	1	2	2	↔	1) Allowance has been made in the MTFS (1% of pay) 2) Allowance made with actuarial tri-ennial valuation 2019 3) Taken into account within IAS18/FRS102 calculations 4) Increase resources within the pensions team to effectively manage the equalisation process. 5) Utilise system automated processes where possible	
PA25 (Operational & 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. Government dropped GMP conversion in favour for full indexation.	Impact of increases to employer contributions	Linda D'Souza/ Robert Browning	Threat	1	2	2	1	2	2	↔	1) Allowance has been made in the MTFS (1% of pay) 2) Allowance made with actuarial tri-ennial valuation 2019 3) Taken into account within IAS18/FRS102 calculations 4) Increased resources within the pensions team to effectively manage the GMP equalisation process will no longer be required since this is a 'BAU' process.	
PA26 (Operational)	Customer outcomes & quality	Guaranteed Minimum Pension (GMP) reconciliation & Rectification	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	Threat	3	2	6	1	2	2	↔	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 reconciliation process. 5) Utilise system automated processes where possible	
PA27 (Operational & Strategic)	Strategy & Finance/ People / Governance & Compliance	Covid-19	Implications as a result of the coronavirus pandemic.	Staffing – Significant number of council staff and providers are infected with COVID-19 and unable to perform their duties. Cashflow – Concerns on whether ee/er contributions will be received from employers and whether there is sufficient cashflow to pay for benefits. Governance – Inability to hold Member/Officer meetings.	Linda D'Souza/ Robert Browning	Threat	2	2	4	2	2	4	↔	Staffing – All the teams (Lambeth Pensions Service and the Pensions & Treasury Team) are working from home and following the Council's policy with regards to COVID19. There is currently >80% staffing capacity. Cashflow – Over 99% of the Fund is Lambeth Council. The Council has made suitable arrangements to continue paying their primary and secondary rates. Movement towards cash-flow driven investing undertaken as part of the investment Strategy from 2019, recognising the need for income as a result of contributions received being lower than benefits paid. Governance – Government advice on holding future Committee and Pension Board meetings has been adopted, and Committee/Board meetings have now moved to a hybrid approach. Officer meetings held remotely through Skype.	
PA28 (Operational)	Growth & Opportunities	Maximising on new way of working since pandemic (New Beginnings)		Improvements identified	Linda D'Souza	Opportunity	4	2	-8	4	4	-16		Increase use of digital platforms to enhance customer experience.	
PA29 (Operational)	Strategy & Finance/ People / Governance & Compliance	Pensions system procurement	Implications of contract not being in place from 1 April 2021.	Unable to fulfil statutory obligations; e.g. Unable to pay pensioners. Unable to calculate scheme member benefits.	Linda D'Souza	Threat	1	4	4	1	4	4		New contract in place by April 2020 via a direct award or the National LGPS Framework. New contract in place.	