CBH LGPS - Detailed risk register

Report Author: Matt Mott
Generated on 21 September 2020

Rows are sorted by Risk Score

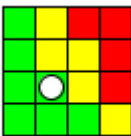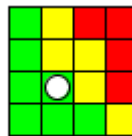| Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CHB LGPS 001 Insufficient assets 17-Dec-2019 Chamberlain	**Cause:** The asset allocation of the Pension Fund is unable to fund long term liabilities. **Event:** There are insufficient assets to meet liabilities. **Effect:** Reduced income or lower than anticipated growth . Participating employers are required to provide further funding through increased contributions to finance liabilities.		8	~~This is a Financial Investment Board (FIB) Risk: The Pension Fund's Investment Strategy review carried out in October 2017 required no changes to the Fund's existing asset allocation. FIBs agreed to amend the Pension Fund's absolute return target to 5.7% from 1st April 2018. As at 30 September 2019, the Fund is outperforming its absolute return target over one, three and five years.~~ **11 November 2019** The Financial Investment Board reviewed the investment strategy at its meetings in June and July 2020. The Board maintained the existing asset allocation strategy and reduced the absolute return target from 5.7%p.a. to 5.2%p.a. (which is consistent with the strategy for funding the Pension Fund's liabilities). The review was		8	31-Mar-2021	Constant

heavily supported by the Fund's Investment Consultant. The investment strategy remains appropriate in the context of the Fund's funding objectives.

The Pension Fund was impacted in the first quarter of 2020 by the downturn in financial markets related to COVID-19. Asset values have recovered since the end of March, and although there is notable uncertainty about the long-term impact of the virus on the global economy, some stability has returned to asset prices. The investment strategy review took place after the emergence of the pandemic and as such officers are confident that the current approach remains appropriate in terms of the Fund's funding objectives. As such the current risk score of 8. has been maintained.

21 September 2020

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB LGPS 001a	The Investment strategy of the Pension Fund is reviewed at least every three years by the Financial Investment Board with proper advice from the Investment Consultant.	~~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. The Pension Fund's Investment Strategy review was completed in October 2017.~~ Following shortly after the completion of the 2019 triennial valuation of the Fund's liabilities, the Financial Investment Board reviewed the Pension Fund investment strategy at its meetings in June and July 2020. This ensured that the investment strategy remained appropriate in the context of the Fund's updated liabilities valuation and the current investment environment.	Caroline Al-Beyerty; Kate Limna	21-Sep-20	31-Mar-2023

| CHB LGPS 001b | The investment performance of the Pension Fund 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 Consultant who 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, James Graham; | 21-Sep-20 | 31-March-2021 |

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 LGPS 006 Employer insolvency 17-Dec-2019 Chamberlain	**Cause:** Processes not in place to capture or review covenant of individual employers. **Event:** Employer becomes insolvent or is abolished with insufficient funding to meet liabilities. **Effect:** The Fund would pick up the liabilities potentially leading to increased contribution rates for other employers.		6 4	Since 2013 the LGPS regulations generally require all admission bodies to enter into an indemnity or bond to cover the possibility of an employer becoming insolvent or prematurely leaving the Fund. This would mean the Fund and the remaining employers would have to meet the outgoing employer's liabilities in the Fund. The actuary assesses the value of these risks to the Fund and sets the value for a bond, generally for a three-year period. It is generally a requirement of the City of London for all new admission agreements to have a bond and the responsibility of the admission body to arrange and regularly reassess the bond. **22-Jan-2020**		4	31-Mar-2021	 Constant

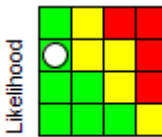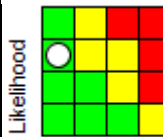| Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB LGPS 006a	Bond indemnity/guarantee required for admitted bodies and incorporated into admission agreements where appropriate.	Recent admissions to the scheme have provided a bond.	Matt Mott	22-Jan-2020	31-Mar-2021

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 LGPS 004 Pension Scheme Administration	**Cause:** (i) Ineffective succession planning. (ii) Inadequately trained staff.(iii) Absences/increased staff turnover.(v) Data Accuracy.(vi) Lack of resources. **Event:** The failure of administrators to accurately calculate and pay the correct level of benefits. **Effect:** (i) Inaccurate benefits paid or delayed. (ii) Increased costs. (iii) Financial penalties/ sanctions.		4	The Regulations of the Local Government Pension Scheme (LGPS) set out how LGPS pensions should be calculated; the procedures to be followed in certain circumstances (i.e. normal retirement and ill health retirement); the timeframes/deadlines to be adhered to; and the notifications to be provided to Scheme members. In addition, other bodies such as the Pensions Regulator, HM Revenue & Customs, the Office of National Statistics and the Financial Conduct Authority impose rules that work alongside the Scheme Regulations or may even supersede them. If the members of the Pensions Office that are responsible for administration of the LGPS Scheme lack the necessary knowledge and skills payment of benefits may be delayed and may be inaccurate. This may lead to financial penalties and sanctions being imposed by the governing industry bodies such as the Pensions Regulator.		4	31-Mar-2021	

17-Dec-2019 Chamberlain				4-Feb-2020				Constant

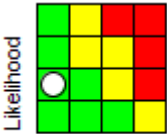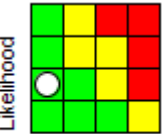| Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB LGPS 004a	Job descriptions used at recruitment to attract candidates with skills and experience related to LGPS administration. The appraisals process to monitor progress and assess training needs.	Ensuring that candidates with the necessary skills and abilities are employed by the City. Once in post, staff continue to receive relevant training and attend courses, seminars and conferences when appropriate. Have trained multiple team members for extra duties due to parental leave cover	Matt Mott	21 Jan 2020	31-Mar-2021
CHB LGPS 004b	Scheme administrators are trained to use the pensions administration software.	Ensuring that administrators are fully trained to use the pension administration software to enable them to provide accurate and efficient calculations. In addition, administrators should know the correct process to report to the software provider any errors encountered with the system in order that they can be investigated and resolved.	Matt Mott	21 Jan 2020	31-Mar-2021
CHB LGPS 004c	Accurate and appropriate checking procedures in place at all areas of administration.	~~Rigorous and thorough checking procedures are created and implemented to ensure all calculations and letters are checked for accuracy and legislative compliance~~ All checking procedures reviewed and where necessary amended due to take account of COVID 19 and officers having worked from home since 23 March 20202	Matt Mott	22 Sept 2020	31-Mar-2021
CHB LGPS 004d	.Practical disaster recovery/succession plans in place to ensure continuity in the event that key staff leave or are unable to work for a prolonged period of time.	Ensuring that skill sets are not restricted to one staff member alone. Priority cases and work types are identified to ensure continuation in the event that staff or other resources become unavailable Disaster Recovery reviewed in light of COVID 19 and officers having worked from home since 23 March 2020	Matt Mott	22 Sept 2020	31-Mar-2021

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 LGPS 007 Cyber security 17-Dec-2019 Chamberlain	**Cause:** (i) Ineffective procedures. (ii) Inadequately trained staff. (iii) IT system failure (iv) Data Accuracy. (v) Lack of resources. **Event**: Breach of Corporate IT systems and Cyber security. **Effect:** (i) Inaccurate benefits paid or delayed. (ii) Increased costs of inefficiencies. (iii) Financial penalties/ sanctions. (iv) Breach of Data Protection regulations. (v) Loss/corruption of data		4	A malicious breach of Corporate IT systems may lead to a failure of the pensions administration system and/or a breach of Data Protection regulations. A failure of the pensions administration system or a breach of the DP regulations may mean a failure or inability to calculate benefits accurately and on time which may lead to financial penalties and sanctions being imposed by the governing industry bodies such as the Pensions Regulator or Information Commissioner's Office. **4-Feb-2020**		4		 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB LGPS 007a	Pensions administration staff to be aware of the corporate policy regarding cyber security and to follow the guidelines given.	Corporate online training regarding cyber-security to be carried out by all staff and reviewed as required.	Matt Mott	31 Dec 2019	31-Mar-2021
CHB LGPS 007b	Corporate and departmental specific software to be updated as required to ensure the latest and most secure version is being used.	To ensure the most up-to-date software is being used, staff should update their computers as and when prompted.	Matt Mott	21 Jan 2020	31-Mar-2021
CHB LGPS 007c	Ensuring that the pensions administration software is included in the departmental business continuity plans	Updating the business impact analysis details used in the departmental continuity plan as required.	Matt Mott	21 Jan 2020	31-Mar-2021
CHB LGPS 007d	Pensions administration staff to be aware of Data Protection legislation	Corporate online training regarding Data Protection to be carried out by all staff and reviewed as required.	Matt Mott	22Sept 2020	31-Mar-2021

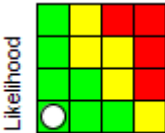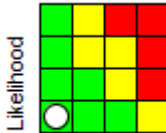| Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
		Data Protection reviewed and all staff reminded of the legislation and its importance. Processes amended for home working since 23 March 2020, ensuring the protection of scheme member data						
CHB LGPS 003 Legislative Compliances 17-Dec-2019	**Cause**: (i) Lack of appropriate knowledge or skill. (ii) Lack of training/ appropriately skilled staff. **Event:** The failure to comply with legislative requirements. **Effect**: (i) Inaccurate benefits paid. (ii) Financial loss. (iii) Increase in Appeals. (iv) Fines from Pensions Regulator. (v) Reputational damage	Likelihood / Impact	3	Local Government Pension Scheme (LGPS) regulations determine how LGPS benefits should be calculated; the procedures to be followed in certain circumstances (i.e. normal retirement and ill health retirement); the timeframes/deadlines to be adhered to; and the notifications to be provided to Scheme members. In addition, overriding pension legislation and other bodies such as the Pensions Regulator, HM Revenue & Customs, the Office of National Statistics and the Financial Conduct Authority may impose rules that work alongside the LGPS regulations or may even supersede them. If the members of the Pensions Office that are responsible for administration of the LGPS Scheme lack the necessary legislative knowledge and skills payment of benefits may be delayed or may be inaccurate. This may lead to formal complaints or appeals from scheme members, there representative or scheme employers resulting in financial penalties and sanctions imposed by the governing bodies such as the Pensions Regulator or the Pensions Ombudsman and a loss of reputation. **04- Feb- 2020**	Likelihood / Impact	3	31-Mar-2021	Constant

Chamberlain							

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB LGPS 003a	Robust recruitment and training processes.	Ensuring that suitable staff are recruited at the correct salary levels and that appropriate training is provided will help to prevent non-compliance with legislative requirements	Matt Mott	21 Jan 2020	31-Mar-2021
CHB LGPS 003b	The governing legislation may change or evolve over time and it is therefore important that staff maintain accurate and up-to-date knowledge of the Regulations.	Regular attendance at seminars, forums, webinars and user groups will ensure that knowledge of the relevant legislation is kept up-to-date and accurate.	Matt Mott	21 Jan 2020	31-Mar-2021

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 LGPS 005 Fraud 17-Dec-2019 Chamberlain	**Cause:** (i) Not notified of death. (ii) Staff acting inappropriately **Event:** Fraudulent claim of pension benefits. **Effect:** (i) Continued payment of pensions following death. (ii) Overpaid pensions. (ii) Financial loss		2	If the death of a LGPS beneficiary is not reported, their pension may continue to be paid when there is no longer an entitlement. This may be a deliberate failure to report the death or may be where there is no fraudulent intention, but in either case it will lead to benefit overpayment and a potential financial loss. **4-Feb-2020**		2	31-Mar-2021	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB LGPS 005a	Robust fraud protection/detection processes.	Use of Mortality Screening Service and Tell Us Once Service [Government initiative that allows us to be notified of a death when registered]. Participation in the National Fraud Initiative. Annually sending Life Certificates to Overseas Pensioners.	Matt Mott	21-Jan-2020	31-Mar-2021

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 LGPS 002 Actuarial valuation 17-Dec-2019 Chamberlain	**Cause:** (i) Inappropriate assumptions used by the Actuary (ii) Inaccurate data supplied to the Actuary. **Event**: Unsuitable triennial actuarial valuation. **Effects:** Employer rates unsuitable to maintain long term cost efficiency & solvency.		1	The latest full actuarial valuation of the Pension Fund, using member data and investment asset information as at 31 March 2019, ~~has been competed.~~is being finalised. Using updated financial and demographic assumptions, the actuary has been able to generate an accurate picture of the Pension Fund's funding position (assets compared to liabilities) which ~~will be~~ has been used to establish appropriate employer contribution rates for use from 1 April 2020. The next valuation is due to take place in 2022/23 **22 September 2020**		1	<u>31-Mar-2023</u>	〓 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB LGPS 002a	Regular meetings with the Actuary to ensure that assumptions are appropriate involving nominated Members of the Finance Cttee, with final report to Finance Cttee.	Nominated Members of the Finance Cttee together with relevant officers met with the Actuary in October and November 2019 to discuss the preliminary triennial valuation results and the robustness of the financial and demographic assumptions used in the valuation process. The final triennial valuation results <u>were</u> ~~will be~~ reported to the Finance Cttee at its meeting on 18 February 2020.	Matt Mott	<u>22Sept 2020</u>	31-Mar-2021
CHB LGPS 002c	Robust Year End procedures and updates.	The Pension Fund Accounts and Annual Report for 2016/17, 2017/18 and 2018/19 (covering the most recent triennial valuation period) were finalised on time and audited without qualification. <u>The draft Pension Fund Accounts and Annual Report for 2019/20 were completed on time and are currently being reviewed by the external auditor.</u>	Matt Mott	<u>22Sept 2020</u>	31-Mar-2021

CHB LGPS 002d	Checking for errors or inconsistencies in valuation extract report before submission to the Actuary	Officers review data quality prior to submission to the actuary. Additionally, member data is submitted separately from employer level cash flow data, which are held on two distinct management information systems. As a result, errors are more easily identified during the valuation process itself. For example, if the member data demonstrates that a given number of members belonging to a single employer retired during the valuation period then this should also be evident from the benefit payments reported in the cash flow data.	Matt Mott		31-Mar-2021