

CHB LGPS Detailed risk register EXCLUDING COMPLETED ACTIONS

Report Author: Graham Newman

Generated on: 10 June 2022



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/Risk Approach	Current Risk score change indicator
CHB LGPS 009 McCloud Remedy	<p>Cause: Implementation of the proposed remedy following new pension legislation and scheme specific regulations for the removal of age discrimination from the LGPS due to the McCloud judgement.</p> <p>Event: The impact of scheme amendments upon scheme members, Pensions Office and scheme employers due to implementation of the proposed remedy for McCloud.</p> <p>Effect: The Pensions Office is unable to adequately comply with legislative and regulatory amendments arising from the proposed McCloud remedy.</p>	<p>Likelihood</p> <p>Impact</p>	16	<p>In 2014 the LGPS was reformed. These reforms included an ‘Underpin protection’, for people closer to retirement. In December 2018, the Court of Appeal ruled that this directly discriminated against some younger pension scheme members – this is now referred to as the McCloud Judgement or McCloud.</p> <p>On 15 July 2019 the government confirmed that the difference in treatment would be remedied in the LGPS.</p> <p>On 16 July 2020 the government published a consultation document that set out options for how the government proposed to remove the discrimination.</p>	<p>Likelihood</p> <p>Impact</p>	4	<u>01-Oct-2023</u>	

<p>21-Jan-2022 Jeff Henegan</p>			<p>On 4 February 2021 HM Treasury published its response to the consultation document and set out its preferred remedy choice.</p> <p>DLUHC have produced a document that gives general details as to how the remedy proposal would work for the LGPS.</p> <p>Further legislative changes are required before the remedy can be implemented, however, due to the complexity of the proposed remedy pension administrators and pension systems providers have commenced development of systems and processes based on current understandings to enable the remedy to be implemented.</p> <p><u>On 10 March 2022 the Public Services and Judicial Offices Act 2022 received Royal Assent.</u></p> <p><u>The main purpose of the Act was to support the implementation of the McCloud remedy, however further guidance and legislation is required before I can be applied directly to the LGPS.</u></p> <p>21 Jan 10 June 2022</p>				<p>Constant</p>
-------------------------------------	--	--	---	--	--	--	-----------------

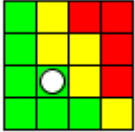
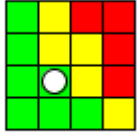
Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB LGPS 009a	DLUHC has confirmed the proposed remedy and the intention to introduce legislation to the statute books from 1 April 2023 but applied retrospectively to 31 March 2012 and 31 March 2014. The Pensions Office will need to understand what this means, develop processes and calculations to apply the regulations for the amended schemes and should be aware of all relevant correspondence issued by the DLUHC, LGA & HMRC and regularly attend seminars, forums, webinars and user groups.	Continue with membership of working groups including Southeast Counties Senior Officer Group (SEC SOG), Aquila Heywood Remedy Implementation Group, to ensure development of software and understanding of legislation. Attend conferences, webinars, forums and seminars as appropriate and keep up to date with bulletins and guidance from the Home Office	<u>Graham Newman</u>	<u>10 June 2022</u>	<u>01 Oct 2023</u>
CHB LGPS 009b	Identification of eligible scheme members who will qualify for the remedy. All data must be reviewed and if necessary amended. In some cases data may be missing and must be requested from employers and previous pension providers	Perform data review exercise in bulk and individually to identify scheme members who may qualify and/or identify missing data. Software provider currently developing systems to identify qualifying scheme member on bulk reports. Develop data process to request missing information and scheme member record update	<u>Graham Newman</u>	<u>10 June 2022</u>	<u>01 Oct 2023</u>
CHB LGPS 009c	System Development Calculation/Revaluation	Software provider currently developing calculations and recalculations of deferred benefits and those already in receipt of pension to identify incorrect values and any over/underpayments. Development should include bulk calculations and calculations for individuals, include revised pension amounts, arrears payable/collectible (benefits and contributions) plus interest payable if applicable.	<u>Graham Newman</u>	<u>10 June 2022</u>	<u>01 Oct 2023</u>
CHB LGPS 009d	Working in conjunction with LGA to prepare communications and standard responses (FAQs) to be sent to affected scheme members.	It will be essential for communications to be regular and clear. Further detail about the proposed remedy and delivery of it, including scheme members who may be affected, must be known prior to any specific remedy communications. The Pensions Office website carries current information from various sources including DLUHC. Further communications will be added when they are released. The Annual Benefit Statements (ABS) contain a statement on McCloud provided by the LGA. The ABS will need to be amended following implementation of the amended regulations as it is anticipated McCloud data will need to be included for each scheme member.	<u>Graham Newman</u>	<u>10 June 2022</u>	<u>01 Oct 2023</u>

		Scheme members who may be affected will need a final communication confirming if benefit values have been amended and if so by how much, including value of arrears and interest if applicable.			
--	--	---	--	--	--

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/Risk Approach	Current Risk score change indicator
CHB LGPS 001 Insufficient assets 17-Dec-2019 Caroline Al-Beyerty	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	The Pension Fund's absolute return target has been set at 5.2% annually from 1st April 2020 by the Financial Investment Board (which is consistent with the strategy for funding the Fund's liabilities). The Fund's investment assets have continued to perform strongly during this financial year (2021/22). As at 30 September 2021 , <u>31 December 2021</u> the Fund is exceeding its absolute return target over all time horizons (the last quarter, one year, three years and five years). The score for this risk has been maintained to reflect the judgement that the likelihood of this risk materialising is "unlikely". 21 Jan 2022 <u>10 June 2022</u>		8 4	<u>31-Mar-2023</u>	Constant

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. <u>Prior to 1 April 2022, the Financial Investment Board reviewed this, but going forward this will fall to the Pensions Committee</u>	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. This will be reviewed following the 2022 triennial actuarial valuation that is currently being undertaken by the scheme Actuary, Barnett Waddingham, will commence after 31 March 2022	Caroline Al-Beyerty; Kate Limna	<u>10 June 2022</u>	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 will be is reported to the Financial Investment Board <u>Pensions Committee</u>	Individual Fund investment performance will be brought to each Pensions Committee <u>is brought to each Financial Investment Board</u> for consideration.	Kate Limna	<u>10 June 2022</u>	<u>31 Mar 2023</u>

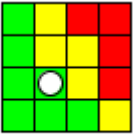
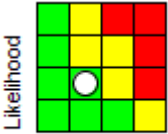

	throughout the year and is supplemented by market insight from the Corporation's Investment Consultant who will assist any strategic decisions required in between the three-year formal strategy reviews.				
--	--	--	--	--	--

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/Risk Approach	Current Risk score change indicator
<p>CHB LGPS 004 Pension Scheme Administration</p> <p>17-Dec-2019 Caroline Al-Beyerty</p>	<p>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.</p>	<p>Likelihood</p>  <p>Impact</p>	<p>4</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>This may lead to financial penalties and sanctions being imposed by the governing industry bodies such as the Pensions Regulator.</p> <p>21 Jan 2022 <u>10 June 2022</u></p>	<p>Likelihood</p>  <p>Impact</p>	<p>4</p>	<p><u>31-Mar-2023</u></p>	<p>■</p> <p>Constant</p>

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.	<u>Graham Newman</u>	<u>10 June 2022</u>	31-Mar-2022
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.	<u>Graham Newman</u>	<u>10 June 2022</u>	31-Mar-2022
CHB LGPS 004c	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.	<u>Graham Newman</u>	<u>10 June 2022</u>	31-Mar-2022
CHB LGPS 004e	Accurate and appropriate checking procedures in place at all areas of administration.	All checking procedures reviewed and where necessary amended due to take account of COVID 19 and officers having worked from home since 23 March 2020.	<u>Graham Newman</u>	<u>10 June 2022</u>	31-Mar-2022

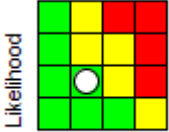
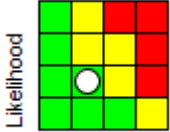
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB LGPS 006 Employer insolvency 17-Dec-2019 Caroline Al- Beyerty	<p>Cause: Processes not in place to capture or review covenant of individual employers.</p> <p>Event: Employer becomes insolvent or is abolished with insufficient funding to meet liabilities.</p> <p>Effect: Fund would pick up the liabilities potentially leading to increased contribution rates for other employers.</p>	<p>Likelihood</p> <p>Impact</p>	4	<p>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.</p> <p>The actuary assesses the value of these risks to the Fund and sets the value for a bond, generally for a three-year period.</p> <p>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.</p>	<p>Likelihood</p> <p>Impact</p>	4	31-Mar-2023	

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.	Graham Newman	10 June 2022	31 Mar 2023

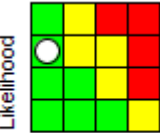
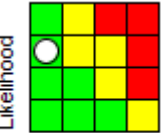

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB LGPS 007 Cyber security 17-Dec-2019 Caroline Al-Beyerty	Cause: (i) Ineffective 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	 Likelihood	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.	 Likelihood	4	31 March 2023	 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.	Graham Newman	10 June 2022	31 March 2023
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.	Graham Newman	10 June 2022	31 March 2023
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.	Graham Newman	10 June 2022	31 March 2023

CHB LGPS 007d	Pensions administration staff to be aware of Data Protection legislation	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.	<u>Graham Newman</u>	<u>10 June 2022</u>	<u>31 March 2023</u>
------------------	--	---	----------------------	---------------------	----------------------

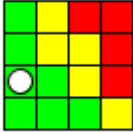
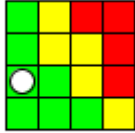
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB LGPS 008 Pension Administration Software 17-Jun-2021	Cause: (i) Contract expires and is not replaced. (ii) Contract expires and replacement is delayed. Event: Unable to meet statutory obligations of the LGPS or PPS Effect: (i) Pensions not paid (ii) sanctions and fine (iii) Complaints and loss of reputation	 Likelihood Impact	4	The new contract has commenced. 21 Jan 2022 <u>10 June 2022</u>	 Likelihood Impact	4	<u>31-Mar-2023</u>	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
008a	Commencement of data hosting by provider	From 24 th November 2021 pensions data on Altair is now hosted on Heywood's servers.	<u>Graham Newman</u>	<u>10 June 2022</u>	<u>31 Mar 2023</u>
008b	Removal of single person dependencies	Following the implementation of the new contract further members of the Pensions Office will become involved to help develop new ways of working.	<u>Graham Newman</u>	<u>10 June 2022</u>	<u>31 Mar 2023</u>
008c	Resourcing - Work with the successful vendor on resource requirements are identified from the onset. This will be part of a wider mobilisation plan	Project Management resource allocated from IT Project office to help manage post tender award to be confirmed and will commence once contract has been signed. Over the coming months the pensions office will be looking to bring new modules of the pension software online.	<u>Graham Newman</u>	<u>10 June 2022</u>	<u>31 Mar 2023</u>
008d	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.	David Clelland	<u>10 June 2022</u>	<u>31 Mar 2023</u>
008e	Include Data migration and Exit management in the requirement to vendors.	All system data identified; Analysis carried out on all data sets. Estimated budget allocated to each data migration event. Decommissioning of On-Premises legacy systems can be carried out under the current support contract. Contractual obligation for migration support from the Incumbent exists.	<u>Graham Newman</u>	<u>10 June 2022</u>	<u>31 Mar 2023</u>

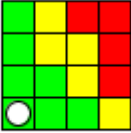

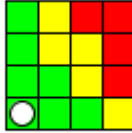

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB LGPS 003 Legislative Compliances 17-Dec-2019	<p>Cause: (i) Lack of appropriate knowledge or skill. (ii) Lack of training/ appropriately skilled staff.</p> <p>Event: The failure to comply with legislative requirements.</p> <p>Effect: (i) Inaccurate benefits paid. (ii) Financial loss. (iii) Increase in Appeals. (iv) Fines from Pensions Regulator. (v) Reputational damage</p>	 <p>Likelihood</p> <p>Impact</p>	<p>3</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>20 Jan 2022 <u>10 June 2022</u></p>	 <p>Likelihood</p> <p>Impact</p>	<p>3</p>	<p><u>31-Mar-2023</u></p>	

Caroline Al-Beyerty							Constant
---------------------	--	--	--	--	--	--	----------

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB LGPS 003a	Robust recruitment and training processes.	Robust recruitment and training processes.	<u>Graham Newman</u>	<u>10 June 2022</u>	<u>31 March 2023</u>
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.	<u>Graham Newman</u>	<u>10 June 2022</u>	<u>31 March 2023</u>

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/Risk Approach	Current Risk score change indicator
CHB LGPS 005 Fraud 17-Dec-2019 Caroline Al-Beyerty	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	Likelihood  Impact	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. 20 Jan 2022 <u>10 June 2022</u>	Likelihood  Impact	2	<u>31-Mar-2023</u>	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.	<u>Graham Newman</u>	<u>10 June 2022</u>	<u>31 Mar 2023</u>

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/Risk Approach	Current Risk score change indicator
CHB LGPS 002 Actuarial valuation 17-Dec-2019 Caroline Al-Beyerty	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.	Likelihood  Impact 	1	The latest full actuarial valuation of the Pension Fund, using member data and investment asset information as at 31 March 2019, has been completed. 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 has been used to establish appropriate employer contribution rates for use from 1 April 2020. The <u>2022 actuarial valuation has now commenced and once completed, it will set the employers rates from 1 April 2023, next valuation is due to take place in 2022/23.</u> 22 Jun 2021 <u>10 June 2022</u>	Likelihood  Impact 	1	31-Mar-2023	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 <u>Officers and Members of the Pensions Committee, nominated Members of the Finance Cttee, with final report to Finance Cttee.</u>	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 were reported to the Finance Cttee at its meeting on 18 February 2020. The 2022 triennial valuation will <u>has commenced and the results will be reported to the Pensions Committee, commence after 31 March 2022 and will fall under the remit of the newly formed Pension Committee</u>	<u>Graham Newman</u>	<u>10 June 2022</u>	<u>31 Mar 2023</u>
CHB LGPS 002c	Robust Year End procedures and updates.	The Pension Fund Accounts for the year ending 31 March 2021 have been published in draft form, formal sign off has been delayed until the City Fund audit is completed. <u>Whilst the City</u>	<u>Graham Newman</u>	<u>10 June 2022</u>	<u>31 Mar 2023</u>

		<p>Fund accounts have been completed, a wider issue has arisen within local government around accounting for infrastructure assets; this has meant that any local authority accounts that were not signed off prior to this issue being raised cannot be finalised until the issue is resolved. CIPFA is currently conducting an urgent consultation on how to resolve this issue. The delays are beyond Pension Fund control and have no material impact on the Fund's position.</p>			
CHB LGPS 002d	Checking for errors or inconsistencies in valuation extract report before submission to the Actuary	<p>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.</p>	<u>Graham Newman</u>	<u>10 June 2022</u>	<u>31 Mar 2023</u>