

**Pension Fund
RISK REGISTER**

Areas covered

Governance
Investments and Funding
Operational
People

Service Objectives

- 1 Ensure there are enough assets to cover liabilities in the long term
- 2 To prepare the statutory accounts for the Pension Fund to the agreed timetable and with an unqualified audit.
- 3 To monitor all investments to ensure they are fit for purpose and within the targeted risk and return levels
- 4 To monitor the external investment managers and service providers to ensure they are acting within their IMA and/or SLA
- 5 To ensure that there is sufficient liquidity available to pay drawdowns on the Funds commitments and pensions due
- 6 To work in partnership with WYPF to ensure an effective and efficient Pensions Administration Service is provided
- 7 To work in partnership with WYPF to support the employers and scheme members

Fully Refreshed July 2019

ID	Linked to Objective	Description of Risk		Risk Owner	Existing Controls	Status	1:Low....4:High		Overall Current Risk Score
		Source (Lack of....Failure to)	Consequences (Results inLeads to)				L	I	
Governance									
G1	1,2,3,4,5,6,7	Governance requirements not met	Financial loss Damaged reputation Legal issues	Head of Pensions	Governance compliance statement Pension Committee reporting Monthly member letter Investment Strategy Statement Funding Strategy Statement Trained Committee members and officers Pension Board	Good	1	2	2
G2	1,3,4	Failure to ensure that the Committee's knowledge and understanding of pensions related activities is robust and meets all statutory requirements.	Improper scrutiny and challenge, non-compliance, loss of professional investor status with inability to implement investment strategy, reputational damage, secretary of state intervention	Head of Pensions	induction training, training policy and annual training plan, additional committees for training session, self assessment	Good	1	2	2
G3	1,3,4	Failure to ensure that the Pension Board's is effective in carrying out its role.	Ineffective scrutiny and challenge, non-compliance, reputational damage, Pensions Regulator intervention	Head of Pensions	induction training, ongoing training and work plan, additional meetings for training session, self assessment	Good	1	2	2
G4	1,3,4,5	Governance of asset pooling - management of relationship with BCPP	Inability to implement asset allocation decisions Increased costs Reduced returns	Head of Pensions	Joint Committee Officer operation group Senior officer group	Fair	2	3	6
Investment and Funding									
I1	1	Required returns not met due to poor strategic allocation	Damaged reputation Increase in employer contribution	Head of Pensions	Professional advice Triennial review Performance monitoring Monthly Members letter Reporting to Pensions Committee	Good	2	3	6

I2	4	Custodian bank goes bust	Inability to settle trades No reconciliation, accounting or performance service Loss of access to cash accounts	Head of Pensions	Service level agreement with termination clause Regular Meetings Regular control reports Other Custodian options - review markets	Good	1	3	3
I3	1,3,4	Poor investment performance from managers	Lower funding level Increase in employer contributions	Head of Pensions	Performance measurement Managers report monthly Reporting to pensions committee Diversification across managers Manager meetings	Good	2	3	6
I4	1	Assets not enough to meet liabilities	Lower funding level Increase in employer contributions	Head of Pensions	Valuation Asset Liability Study Quarterly reporting of funding level Professional advice	Good	2	3	6
I5	4	Non compliance of external managers	Damaged reputation Financial loss	Head of Pensions	FSA regulated Manager due diligence Investment Management Agreements Manager monitoring Report quarterly to team Review every 3 years Qualified officers Additional managers meetings Termination clause	Good	1	2	2
I6	1,3,4,5	Asset pooling - transition of assets	Inability to implement asset allocation Impact on performance of costs	Head of Pensions	Officer operations group Workstreams within Border to Coast Communicate to Committee regularly S151 meetings	Fair	2	3	6
I7	1,3	Failure to meet requirements as a responsible investor - across all ESG risks (including, climate change and a move to a low carbon economy)	Reputational risk, loss of Fund value	Head of Pensions	Stewardship code compliance Managers reporting requirements LAPFF membership Voting	Good	1	2	2
I8	1,5	Economic uncertainty due to UK leaving the EU	Volatility of market Lower gilt yields leading to higher liabilities Inflation increasing liabilities Uncertainty of political direction re pooling	Head of Pensions	Increased monitoring of managers Review investment strategy Regular communications with Committee and Board	Poor	4	3	12
I9	1,5	Maturing Fund	Cashflow issues to pay pensions or commitments Increasing employer rates	Head of Pensions	Investment strategy Cashflow monitoring Discourage opt outs 50/50 scheme option Communication	Fair	3	2	6
Operational									
O1	6,7	Contributions and payments of pensions • Non-collection • Miscoding • Non-payment	If it doesn't get discovered it effects employers accounting report and Valuation, final accounts and cashflow in pension fund	Head of Pensions	Employer contribution monitoring Additional monitoring at specific times Reconciliations Improved employer contribution data Monthly returns checks UPM employer module Ongoing employer training	Good	1	3	3

O2	6,7	Inability to deliver the administration service in accordance with the agreement	Members of the pension scheme not serviced Statutory deadlines not met	Head of Pensions	Performance Indicators General management indicators Bi-monthly meetings with WYPF Horizon Scanning Internal Audit Service Level Agreement Response to Audit Reports in the form of action plans Benchmarking & performance data Process management Error reporting Complaint reporting Customer Surveys	Good	2	3	6
O3	6	Calculating and paying pensions correctly (inc. completion of the Guaranteed Minimum Pension Reconciliation and communication with Pensioners)	Damaged reputation Financial loss	Head of Pensions	Internal control through audit process Constant monitoring / checking Quality standard at WYPF Process management NFI and Tracing services Data Cleansing	Good	2	2	4
O4	4,6,7	Non-compliant in Information Governance - incl. GDPR compliance	Risk of fines Reputational risk Personal/sensitive data in the wrong hands	Head of Pensions	WYPF policies Reporting to Committee LCC policies	Fair	2	3	6
O5	4,6	Cyber security breach	Systems hacked Loss of Admin system leading to being unable to calculate and pay pensions Loss of data from third party service providers and managers	Head of Pensions	WYPF and Bradford Council policies LCC policies External provider control reports	Good	2	3	6
O6	6,7	Employer breaches	Reporting to TPR Fines to employers Reputational risk to LCC and WYPF	Head of Pensions	Make employers aware of responsibilities through Admin Strategy and training Reporting breaches procedure Contribution monitoring	Good	1	2	2
O7	1,6	Pension Freedom and Choice rules	Impact on cashflow Process not followed	Head of Pensions	Value of transfers monitored	Good	1	2	2
O8	2,6,7	Increasing employer numbers and/or reducing covenant strengths	Increased workload Incorrect rates paid	Head of Pensions	Admission agreements Bonds Employer covenant monitoring Contribution monitoring Employer communication and PFR roles	Good	3	2	6
O9	2	Financial Statements of Pension Fund incorrect or late	Damaged reputation Qualified accounts	Head of Pensions	Agreed timetable Externally audited Qualified and trained staff Closedown procedures	Good	1	2	2
O10	1,3,4,6	Fraud risk not managed	Financial loss Damaged reputation	Head of Pensions	Separation of duties Internal & external audit Monthly reporting Reconciliation procedures	Good	1	3	3

O11	1,3,4	Financial regulations (e.g. LCC / CIPFA) and statutory requirements not adhered to / legal guidelines not followed	LCC may incur penalties Damaged reputation Intervention from Secretary of State Intervention from the Pensions Regulator	Head of Pensions	Underlying regulation of Fund Managers FM control reports Contracts in place setting out parameters LCC staff appropriately qualified and aware of policies and procedures Pension Fund managed in line with statutory regulations Membership of CIPFA Pensions Network, PLSA etc. Pension Board	Good	1	2	2
O12	1,3,4,6	Financial or administration decisions challenged	Ombudsman report Reported to TPR	Head of Pensions	Performance monitoring and reporting Monthly and quarterly reporting Admin processes and procedures	Good	1	1	1
O13	3,4	Personal gain (internal or external) through: • Fraud or misappropriation of funds • Manipulating share price	Financial loss Damaged reputation	Head of Pensions	Declaration of interests Investment Management Agreements with Fund Managers Vetting of new Fund Managers through tender process Access restricted regarding transfer of funds - authorised signatories required Regulation of Fund Managers Insurance arrangements Code of Conduct Separation of duties	Good	1	1	1
People									
P1	2,3,4,6	Loss of key staff and loss of knowledge & skills	Inability to deliver service Statutory requirements not met Damaged reputation Pensioners not paid Inability to make investment/administrati on decisions Loss of professional investor status under MIFIDII	Head of Pensions	Diversified staff / team Look at other authorities with best practices to ensure LCC positions still desirable Attendance at pensions user groups, both WYPF and LCC Procedural notes which includes new systems as and when (LCC & WYPF) Section meetings / appraisals (LCC & WYPF) Regular team building (LCC & WYPF) B2C and partner funds relationship Head of Pensions obj. to support/train new Director Agreed training plan/skills gap analysis with Executive Director of Resources	Poor	3	2	6