

Risk no	Service	Risk	Causes (s)	Consequences	Risk Owner	List of current controls	I	L	Current Risk Score	Risk Response; <i>Tolerate</i> <i>Treat</i> <i>Terminate</i> <i>Transfer</i>	Further Actions / Additional Controls	I	L	Residual Risk Score	Action owner
1	Pens	If the Pension Fund fails to reconcile HRMC Guaranteed Minimum Pension (GMP) data with the Pension Section data there is a risk of overpayment of Pensions Increase	From 2018 the pensions section has had responsibility for GMPs creating the need to ensure that this is accounted for in the pensions increases	Overpaying pensions (i.e. for GMP cases pension increases are lower)  Reputation	Ian Howe	Checking of HMRC GMP data to identify any discrepancies  Full time person recruited to work on the project	3	3	9	Treat	Working through cases  Developed reporting tools to assist  HMRC have closed their window for new submissions	2	1	2	Ian Howe
2	Pens	If the Pension Fund fails to implement a pension administration system, pensioner payroll and immediate payments system the Pension Section will fail to deliver its statutory duties. It will also be unable to pay pensioners and other single payments (e.g. lump sums)	A new system has been implemented, with several features subject to a gradual roll-out.	Unable to pay pensioners  Unable to pay single payments  Unable to meet statutory requirements  Manual calculations  Huge increase in administration time causing delays  Increased appeals	Ian Howe	Gradual implementation of member self-service functionality  Working in partnership with another Fund  Phased approach to implementation, with single payment the most significant piece of functionality remaining.	4	2	8	Treat	Detailed project planning for final phase, accounting for other pressures in the section  Pensioner payroll and MSS completed.  Immediate payments to be completed by the 31 March 2020	2	1	2	Ian Howe

3	Pens	<b>If the pensions fund fail to receive accurate and timely data from employers scheme members pension benefits could be incorrect or late</b>	A continuing increase in Fund employers is causing administrative pressure in the Pension Section. This is in terms of receiving accurate and timely data from these new employers who have little or no pension knowledge	Late or inaccurate pension benefits to scheme members Reputation Increased appeals Greater administrative time being spent on individual calculations	Ian Howe	Training provided for new employers Guidance notes provided for employers Amended SLA and communication and administration guide distributed to employers making IConnect a statutory requirement by 31/3/2021)	3	3	9	Treat	Implement IConnect with employers so they provide monthly data in a secure and timely manner Inform the Local Pension Board each quarter on progress made	3	2	6	Ian Howe
4	Pens	<b>If the Pensions Section fails to meet the information/cyber security and governance requirements then there may be a breach of the statutory obligations.</b>	Pensions database now hosted outside of LCC. Employer data submitted through online portal. Member data accessible through member self service portal (MSS). Data held on third party reporting tool (DART). Greater awareness of information rights by service users.	Diminished public trust in ability of Council to provide services. Loss of confidential information compromising service user safety. Damage to LCC reputation. Financial penalties.	Ian Howe	Regular LCC Penetration testing and enhanced IT health checks in place. LCC have achieved PSN compliance. New firewall in place providing two layers of security protection in line with PSN best practice.	5	2	10	Treat	Work with LCC ICT and Aquila Heywood (software suppliers) to establish processes to reduce risk, e.g. can Aquila Heywood demonstrate that they are carrying out regular penetration testing and other related processes take place. Liaise with Audit to establish if any further processes can be put in place in line with best practice.	5	1	5	Stuart Wells
5	Pens	<b>2019/20 Data in respect of some new 'i-Connect Employers' may not be uploaded to altair in time to meet the Fund's statutory obligations.</b>	Process of onboarding Leicester City Council to iConnect still ongoing, due to the large number of discrepancies that need to be resolved and a lack of available resources. Twelve monthly submissions will still require loading by end of June at the latest. Initial load is expected to be extremely time consuming	Some or all of these employers' LGPS scheme members are not issued with annual pension statements by statutory deadline of 31.8.20. This is potentially reportable to The Pensions Regulator as a breach of The Pensions Act.	Ian Howe	Allocating as much Pensions Section resource as possible. Currently recruiting to increase resources allocated to team responsible for data load. Regular contact with Leicester City Council payroll to ensure that	2	3	6	Treat	Ensure that following the initial load only the minimum number of queries are raised with Leicester City Council to reduce time before subsequent loads are submitted to Pensions. Importance of timely submission of data raised with DMU and to be emphasised at	2	2	4	Stuart Wells

			<p>for both Pensions and Leicester City Payroll and many queries will require resolving before the second load is able to be loaded.</p> <p>The situation is similar at De Montfort University where currently, only April's data has been loaded. Delays at DMU, in part due to illness, have meant a proposed visit to their offices to load data has been postponed. This has been provisionally rescheduled for 10<sup>th</sup> Feb by which time it is expected that May and June data will be ready for loading. This leaves 9 monthly returns still to load.</p>	<p>Some of these employers' LGPS scheme members are not issued with Pensions Saving Statements by statutory deadline of 6.10.20. This is potentially reportable to The Pensions Regulator as a breach of The Pensions Act.</p> <p>Damage to LCC reputation.</p> <p>Possible financial penalties.</p> <p>Up to date data cannot be shown on section's Member Self Service portal, leading to reduced confidence in the portal's 'Benefits Projector' functionality.</p>	<p>they provide Pensions with data in a timely fashion.</p> <p>Schedule agreed with DMU to provide May and June's data, with a handover meeting provisionally scheduled for 10 Feb 2020.</p>				<p>February meeting.</p> <p>Prioritise this work and resources within Pensions iConnect team to maximise chances of loading data in time.</p>						
6	Pens	<p><b>Retaining the administration of the Firefighter Pension Schemes until Dec 2020 could negatively impact on the Pensions Section.</b></p>	<p>The three Fire Authorities have opted to undergo a full tender process for the pensions administration, meaning that the initial plan to for LCC to cease administration in April 2020 has ceased.</p> <p>Following the original plan to cease administering Fire Pensions, a member of the team has decided to resign, reducing staff from three to two.</p>	<p>In addition to dealing with regular casework with less resource;</p> <p>2020 is a valuation year for Fire, which will result in extra work;</p> <p>There is a potentially new area of Fire work pending relating to the new modified retained exercise;</p>	Ian Howe	<p>Reduction in KPI targets, increasing the timeline for replies to cases;</p> <p>Cessation of estimates except in cases where 6 months from retirement;</p> <p>Cease deferred annual statements for 1992 members as this is not statutory;</p> <p>Cease projecting figures forward on</p>	4	3	12	Treat	<p>Investigate additional resource, e.g. overtime;</p> <p>Fire Team Manager to spend more time on casework;</p> <p>Checking of some areas of work to move to Pensions Manager;</p>	4	2	8	Ian Howe



				Complaints/appeals Increased costs											
8	Invs	Employer and employee contributions are not paid accurately and on time	Error on the part of the scheme employer	Potentially reportable to The Pensions Regulator as late payment is a breach of The Pensions Act.	Ian Howe	Receipt of contributions is monitored and late payments are chased quickly	2	4	8	Treat	Late payers will be reminded of their legal responsibilities.	2	3	6	Declan Keegan
9	Invs	Assets held by the Fund are ultimately insufficient to pay benefits due to individual members	Ineffective setting of employer contribution rates over many consecutive actuarial valuations	Significant financial impact on scheme employers due to the need for large increases in employer contribution rates.	Chris Tambini	Input into actuarial valuation, including ensuring that actuarial assumptions are reasonable and the manner in which employer contribution rates are set does not bring imprudent future financial risk	5	2	10	Treat	Actuarial assumptions need to include an element of prudence, and Officers need to understand the long-term impact and risks involved with taking short-term views to artificially manage employer contribution rates. The 2019 valuation will assess the contribution rates with a view to calculating monetary contributions alongside employer percentages of salaries where appropriate.	4	2	8	Bhulesh Kachra
10	Pens/ Invs	Sub-funds of individual employers are not monitored to ensure that there is the correct balance between risks to the Fund and fair treatment of the employer	Changing financial position of both sub-fund and the employer	Significant financial impact on employing bodies due to need for large increases in employer contribution rates.  Risk to the Fund of insolvency of an individual employer. This will ultimately increase the deficit of all other	Ian Howe/ Declan Keegan	Ensuring, as far as possible, that the financial position of each employer is understood. On-going dialogue with them to ensure that the correct balance between risks and fair treatment continues.	5	2	10	Treat	Dialogue with the employers, particularly in the lead up to the setting of new employer contribution rates.  Include employer risk profiling as part of the Funding Strategy Statement update. To allow better targeting of default risks  Investigate arrangements to de-risk funding arrangements for individual	4	2	8	Ian Howe/ Declan Keegan

				employers.															
11	Invs	<b>Market investment returns are consistently poor and this causes significant upward pressure onto employer contribution rates</b>	Poor market returns, most probably caused by poor economic conditions	Significant financial impact on employing bodies due to the need for large increases in employer contribution rates	Chris Tambini	Ensuring that strategic asset allocation is considered at least annually, and that the medium-term outlook for different asset classes is included as part of the consideration	5	2	10	Treat	Ensure that the implications of the independent, non-public sector status, of further education, sixth form colleges, and the autonomous, non-public sector status of higher education corporations is fully accounted for in the Funding Strategy								
12	Invs	<b>Market returns are acceptable but the performance achieved by the Fund is below reasonable expectations</b>	Poor performance of individual managers, or poor asset allocation policy	Opportunity cost in terms of lost investment returns, which is possible even if actual returns are higher than those allowed for within the actuarial valuation	Chris Tambini	Ensuring that the causes of underperformance are understood and acted on where appropriate	3	3	9	Treat	After careful consideration, take decisive action where this is deemed appropriate. It should be recognised that some managers have a style-bias and that poorer relative performance will occur. Decisions regarding manager termination to consider multiple factors including performance versus mandate and it's reason for original inclusion.								

13	Invs	<b>Failure to take account of ALL risks to future investment returns within the setting of asset allocation policy and/or the appointment of investment managers</b>	Some assets classes or individual investments perform poorly as a result of incorrect assessment of all risks inherent within the investment.	Opportunity cost within investment returns, and potential for actual returns to be low. This will lead to higher employer contribution rates than would otherwise have been necessary.	Chris Tambini	<p>Ensuring that all factors that may impact onto investment returns are taken into account when setting the asset allocation.</p> <p>Only appointing investment managers that integrate responsible investment (RI) into their processes.</p> <p>Utilisation of dedicated RI team at LGPS Central and preparation of a RI plan for the fund.</p>	3	3	9	Treat	<p>Responsible investment aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns.</p> <p>Annual refresh of the Fund's asset allocation allows an up to date view of risks to be incorporated and avoids significant sort term changes to the allocation.</p> <p>Asset allocation policy allows for variances from target asset allocation to take advantage of opportunities and negates the need to trade regularly where investments under and over perform in a short period of time.</p>	2	2	4	Bhulesh Kachra
14	Invs	<b>Investment pooling within the LGPS fails to deliver a higher long term net investment return</b>	LGPS Central fails to deliver better net investment returns than the Fund would have expected to achieve it investment pooling did not occur	Lower returns will ultimately lead to higher employer contribution rates than would otherwise have been the case	Chris Tambini	<p>Shareholders' Forum, Joint Committee and Practitioners' Advisory Forum will give significant influence in the event of issues arising.</p> <p>Appraisal of each investment products before a commitment to transition is made</p>	3	3	9	Treat	<p>The set-up of LGPS Central is likely to be the most difficult phase. The Fund will continue to monitor closely how the company evolves</p> <p>Programme of LGPS Central internal audit activity, which has been designed in collaboration with the audit functions of the partner funds</p>	2	2	4	Bhulesh Kachra

15	Invs	<b>Investment decisions are made without having sufficient expertise to properly assess the risks and potential returns</b>	The combination of knowledge at Committee, Officer and Consultant level is not sufficiently high	Poor decisions likely to lead to low returns, which will require higher employer contribution rates	Chris Tambini	Continuing focus on ensuring that there is sufficient expertise to be able to make thoughtfully considered investment decisions	3	3	9	Treat	On-going process of updating and improving the knowledge of everybody involved in the decision-making process	2	2	4	Bhulesh Kachra
16	Invs	<b>The transition of investment assets to LGPS Central is not successful</b>	Pooling does not reduce the on-going management costs of assets  Transition costs are significantly higher, for example the cost of selling the existing investments and buying new ones.	Savings available do not justify the transition costs and on-going cost of running LGPS Central	Chris Tambini	Central maintains the flexibility to run funds internally.  Specialist transition manager being appointed, with independent specialist oversight.  Formal review follows each transition.  Implementation being phased, allowing capacity to be managed and lessons learned.	2	3	6	Treat	Approach for each transition assessed independently.  Views from 8 partners sought throughout the transition process.  LGPS Central's Internal Audit plan includes an assessment of the governance surrounding the transition	2	2	4	Bhulesh Kachra

### Risk Impact Measurement Criteria

Scale	Description	Departmental Service Plan	Internal Operations	People	Reputation	Financial per annum / per loss
1	Negligible	Little impact to objectives in service plan	Limited disruption to operations and service quality satisfactory	Minor injuries	Public concern restricted to local complaints	Pension Section <£50k Investments Losses expected to be recovered in the short term

Scale	Description	Departmental Service Plan	Internal Operations	People	Reputation	Financial per annum / per loss
2	Minor	Minor impact to service as objectives in service plan are not met	Short term disruption to operations resulting in a minor adverse impact on partnerships and minimal reduction in service quality.	Minor Injury to those in the Council's care	Minor adverse local / public / media attention and complaints	Pension Section £50k-£250k Minimal effect on budget/cost Investments Some underperformance, but within the bounds of normal market volatility
3	Moderate	Considerable fall in service as objectives in service plan are not met	Sustained moderate level disruption to operations / Relevant partnership relationships strained / Service quality not satisfactory	Potential for minor physical injuries / Stressful experience	Adverse local media public attention	Pension Section £250k - £500k Small increase on budget/cost: Handled within the team/service Investment Underperformance by a manager requiring review by the Investment Sub-committee
4	Major	Major impact to services as objectives in service plan are not met.	Serious disruption to operations with relationships in major partnerships affected / Service quality not acceptable with adverse impact on front line services. Significant disruption of core activities. Key targets missed.	Exposure to dangerous conditions creating potential for serious physical or mental harm	Serious negative regional criticism, with some national coverage	Pension Section £500-£750k. Significant increase in budget/cost. Service budgets exceeded Investment Underperformance of significant proportion of assets leading to a review of the Investment or Funding strategy

Scale	Description	Departmental Service Plan	Internal Operations	People	Reputation	Financial per annum / per loss
5	Very High/Critical	Significant fall/failure in service as objectives in service plan are not met	Long term serious interruption to operations / Major partnerships under threat / Service quality not acceptable with impact on front line services	Exposure to dangerous conditions leading to potential loss of life or permanent physical/mental damage. Life threatening or multiple serious injuries	Prolonged regional and national condemnation, with serious damage to the reputation of the organisation i.e. front-page headlines, TV. Possible criminal, or high profile, civil action against the Council/Fund, members or officers	Pension Section >£750k Large increase on budget/cost.  Investment Employer contributions expect to increase significantly above Funding Strategy requirement

### Risk Likelihood Measurement Criteria

Rating Scale	Likelihood	Example of Loss/Event Frequency	Probability %
1	Very rare/unlikely	EXCEPTIONAL event. This will probably never happen/recur.	<20%
2	Unlikely	Event NOT EXPECTED. Do not expect it to happen/recur, but it is possible it may do so.	20-40%
3	Possible	LITTLE LIKELIHOOD of event occurring. It might happen or recur occasionally.	40-60%
4	Probable /Likely	Event is MORE THAN LIKELY to occur. Will probably happen/recur, but it is not a persisting issue.	60-80%
5	Almost Certain	Reasonable to expect that the event WILL undoubtedly happen/recur, possibly frequently.	>80%

### Risk Scoring Matrix

Impact

5 Very High/Critical

4 Major

5	10	15	20	25
4	8	12	16	20

3 Moderate

2 Minor

1 Negligible

3	6	9	12	15
2	4	6	8	10
1	2	3	4	5

1

2

3

4

5

Very Rare/Unlikely

Unlikely

Possible/Likely

Probable/  
Likely

Almost certain

Likelihood of risk occurring over lifetime of objective (i.e. 12 mths)

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