

## PENSION FUND RISK REGISTER

LIKELIHOOD				
A Very high				
B High		18, 19		
C Significant	34	10, 12, 17		
D Low	20, 31	4, 11, 13, 14, 39	8, 9, 16	
E Very Low	32, 33	5, 6, 25, 26, 28, 30, 35, 37, 38, 40, 41, 42, 43	1, 2, 3, 7, 15, 21, 22, 23, 24, 27, 29, 36, 44, 46, 47	
F Almost Impossible			45	
<b>IMPACT</b>	4 Negligible Impact/Benefit	3 Marginal Impact / Minor Benefit	2 Critical Impact / Major Benefit	1 Catastrophic Impact / Exceptional Benefit

## DEFINITION OF TERMS

### LIKELIHOOD

<b>A Very high</b>	Greater than 80% (almost certainly will occur)
<b>B High</b>	51-80% (more likely to occur than not)
<b>C Significant</b>	25-50% (fairly likely to occur)
<b>D Low</b>	10-24% (low, but could occur)
<b>E Very Low</b>	3-9% (extremely unlikely)
<b>F Almost Impossible</b>	0-2%

### IMPACT

<b>Catastrophic</b>	Services could not be sustained or major project fails to deliver
<b>Critical</b>	Serious disruption to services
<b>Marginal</b>	Small effect on services
<b>Negligible</b>	Trivial effect on services

Risk number			Risk Rating 1 July 2015 (after controls)	Current risk rating (after controls)	Controls underway or planned	Control owner	Target risk rating	Target date	Risk owner
	<b>GOVERNANCE</b>								
1	Those charged with governance of the Fund are unable to fulfil their responsibilities effectively	The Pension Fund Committee including a co-opted member and as advised by an Investment Adviser, two independent advisers and officers is a properly constituted Committee of the Council and is able to exercise governance of the Fund in a robust manner	E2	E2	Whilst the governance of the Fund is considered to be of a high standard there remains an aspiration to improve	Ian Talbot	E1	2017	Dawn Calvert
2	Pension Fund Committee members have insufficient knowledge to make correct decisions	Regular training is provided via a structured training programme to allow Members to review and challenge recommendations. Actuarial, investment, independent and officer advice is available to assist Members in making their decisions.	E2	E2	Whilst the knowledge of the Committee Members is considered to be of a high standard there remains an aspiration to improve.	Ian Talbot	E1	2017	Dawn Calvert
3	Inadequate investment and actuarial advice is available to the Pension Fund Committee	Properly considered appointment of actuary and investment adviser with relevant experience and professional standards in place. Appointment of additional independent advisers	E2	E2	The Pension Fund Committee has made a number of requests for specific reports from the Investment Adviser who is responding well to them.	Ian Talbot	E1	2016	Dawn Calvert
4	Officers do not have sufficient knowledge and experience to advise the Committee and manage the Fund.	Suitably qualified staff appointed. Ongoing professional development (including training and technical reading); liaison with other funds and professional bodies and other networks. Training and development needs monitored through annual and monthly meetings with managers. Use of external advisers where appropriate	D3	D3	Improvements are constantly sought and the staff currently in post exhibit the potential for improvement.	Ian Talbot	E3	2017	Dawn Calvert
5	Failure to adhere to relevant statutory regulations including updates from LGPS	Investment and Administration sections review DCLG website, other literature and have networking arrangements to ensure they remain up-to date. Sufficient resources are in place to implement LGPS changes while continuing to administer the scheme. Membership of relevant professional groups ensures any potential changes in statutory requirements are properly implemented	E3	E3		Ian Talbot	E3		Dawn Calvert

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6	Non-compliance with LGPS investment regulations on permitted investments	Statement of Investment Principles and investment management mandates are structured to ensure compliance. Robust monitoring arrangements for investment managers are in place.	D3	E3	Regular review of regulations should ensure improvement	Ian Talbot	E3		Dawn Calvert
<b>FUNDING - ASSETS AND LIABILITIES</b>									
7	Pension Fund objectives are not defined and agreed	Objectives are defined in the Funding Strategy Statement which is reviewed regularly by the Pension Fund Committee	E2	E2		Ian Talbot	E2		Dawn Calvert
8	The Fund's assets are not sufficient to meet its long term liabilities. Fall in returns on Government bonds leading to rise in value placed on liabilities and an increase in deficit	Fund assets and liabilities are subject to regular assessment through triennial actuarial valuations. The Fund's investment strategy, as described in the Statement of Investment Principles, is regularly reviewed to seek to ensure that optimum returns are realised to meet its liabilities.	D2	D2		Ian Talbot	D2		Dawn Calvert
9	The relative movement in the value of the Fund's assets does not match the relative movement in the Fund's liabilities	Fund assets and liabilities are subject to regular assessment through triennial actuarial valuations. The Funding Strategy Statement is regularly reviewed in line with the triennial valuation with the main objective of ensuring the long term solvency of the Fund.	D2	D2		Ian Talbot	D2		Dawn Calvert
10	Pay and price inflation is higher than anticipated increasing the value of liabilities	Fund assets and liabilities are subject to regular assessment through triennial actuarial valuations	C3	C3		Ian Talbot	C3		Dawn Calvert
11	The Fund's pensioners are living longer than assumed in actuarial assumptions thereby increasing liabilities.	At each triennial actuarial valuation life expectancy assumptions are specifically reviewed taking into account both national and local longevity experience.	C3	D3	Actuarial assumptions becoming more accurate	Ian Talbot	D3		Dawn Calvert
12	Other demographic factors change increasing the cost of Fund benefits thereby increasing liabilities.	At each triennial valuation assumptions are reviewed.	C3	C3		Ian Talbot	C3		Dawn Calvert

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13	Increase in number of early retirements due to service reductions and/or ill-health retirements.	Employers are charged the "strain" cost of non-ill-health retirements; ill health retirement experience is closely monitored. Controls are included in admission agreements for new bodies joining the Fund. Experience between triennial valuations is monitored and incorporated in the valuation process.	D3	D3		Ian Talbot	D3		Dawn Calvert
14	Structural changes in an employer's membership (eg fall in active membership) leading to non-recovery of past service deficits	Past service deficits are being recovered by cash rather than percentage of payroll.	D3	D3		Ian Talbot	D3		Dawn Calvert
15	Insufficient assets to meet short and medium term liabilities	Including investment income the Fund currently achieves an annual surplus. Medium term requirements are being reviewed. Cashflow is monitored and reconciled on a daily basis. Most of the Fund's investments can be accessed relatively quickly.	E2	E2		Ian Talbot	E2		Dawn Calvert
	<b>FUNDING - INVESTMENT STRATEGY</b>								
16	Long term investment strategy in relation to fund liabilities is inappropriate	External investment adviser, actuary and performance measurement consultant provide specialist guidance to the Pension Fund Committee. Strategy is documented, regularly reviewed and approved by Pension Fund Committee. Strategy is in accordance with LGPS investment regulations. The Pension Fund Committee has explicitly considered its tolerance of risk and this is reflected in its allocation strategy.	D2	D2		Ian Talbot	D2		Dawn Calvert







Risk number			Risk Rating 1 July 2015 (after controls)	Current risk rating (after controls)	Controls underway or planned	Control owner	Target risk rating	Target date	Risk owner
	<b>OPERATIONAL</b>								
27	Major emergency or system failure	Business Continuity Plan in place	E2	E2		Linda D'Souza	E2		Jon Turner
28	Failure of pensions administration IT systems	Adequate IT systems and support in place supported by a robust Business Continuity Plan	E3	E3		Linda D'Souza	E3		Jon Turner
29	Systems and data may not be secure and appropriately maintained	Authentication controls including regular password changes and robust user administration procedures are in place. Access rights restricted. Data is backed up on an incremental basis daily and fully backed up weekly. Audit trails and reconciliations are in place. System is protected against viruses and other system threats. Software is regularly updated to ensure LGPS requirements are met	E2	E2		Linda D'Souza	E2		Jon Turner
30	Failure to comply with LGPS pensions benefits regulations (eg as a result of incorrect benefit calculations and the holding of incorrect data)	Proper administration procedures in place supported by independent internal and external audit review of internal control arrangements	E3	E3		Linda D'Souza	E3		Jon Turner
31	Contributions to the Fund are not received, processed and recorded completely and accurately in accordance with scheme rules.	Sufficient resources are in place, structured appropriately, to carry out the necessary transaction processing. Procedures exist to identify any non-payment of contributions. Internal audit reviews take place regularly and there is an External Audit review of the accounts annually	D4	D4		Linda D'Souza	D4		Jon Turner
32	Life events relating to scheme members eg joining the scheme, transfers in and out and retirements are not processed and recorded properly in accordance with scheme rules	Procedure notes describing all key processes are in place. Induction and training procedures are in place. Adequate staff resources are in post	E4	E4		Linda D'Souza	E4		Jon Turner
33	Failure to pay lump sums on time	Procedure notes describing all key processes are in place. Induction and training procedures are in place. Adequate staff resources are in post	E4	E4		Linda D'Souza	E4		Jon Turner



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34	Overpayments made	Most overpayments result from deaths not being notified. In addition to informal contacts, life certificates are regularly sent out and Harrow is a member of the National Fraud Initiative. .	C4	C4		Linda D'Souza	C4		Jon Turner
35	Standing member and other data and permanent records are not accurate or do not reflect changes in circumstances	Business processes are in place to identify changes to standing data. Records are supported by appropriate documentation; input and output checks are undertaken; reconciliations are carried to between input and source records. Documentation is maintained in line with agreed policy. Data matching exercises (National fraud Initiative) identifies some discrepancies	E3	E3		Linda D'Souza	E3		Jon Turner
36	Breach of data protection legislation.	Data security protocol	E2	E2		Linda D'Souza	E2		Jon Turner
37	Employers' failure to carry out their responsibilities for scheme administration.	Regular communication and guidance to employers on scheme matters	E3	E3		Linda D'Souza	E3		Jon Turner
38	Failure by AVC providers to provide proper services to the Pension Fund.	Regular reviews undertaken.	E3	E3		Linda D'Souza	E3		Jon Turner
39	Concentration of knowledge in a small number of officers and risk of departure of key staff	Appoint suitably qualified staff. Ensure training and succession planning in place	D3	D3		Linda D'Souza	D3		Jon Turner
40	Increase in workload for employers	Maintain close relationships with employers to make them aware of likely changes. Encourage employers to take account of pensions issues when considering restructuring or contracting out. Keep abreast of new developments. Work closely with software suppliers and ICT services to manage developments and planned maintenance to minimise impact	E3	E3		Linda D'Souza	E3		Jon Turner
41	Failure to communicate or engage with Pension Fund stakeholders	Maintain a communication and governance strategy and Governance Compliance Statement subject to regular review. Utilise a range of formal and informal communication routes with stakeholders	E3	E3		Linda D'Souza	E3		Jon Turner



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	<b>ACCOUNTING</b>								
47	Failure to comply with Pension Fund accounting requirements.	Sufficient properly qualified and trained staff are employed to carry out processes; knowledge is maintained via written guidance, networks, professional press and training. Accounting, management and administration processes are maintained in accordance with legislation and external regulations and the Council's Financial Regulations. Regular reconciliations are carried out between in-house records and those maintained by external custodian and investment managers. Internal audit reviews. External Audit annual review	E2	E2	Improvements are constantly sought and with the staff currently in post are being achieved.	Ian Talbot	E2		Dawn Calvert