

LOCAL PENSION BOARD SUPPLEMENTARY AGENDA

21 November 2023

The following report is attached for consideration and is submitted with the agreement of the Chairman as an urgent matter pursuant to Section 100B (4) of the Local Government Act 1972

8 RISK REGISTER (Pages 3 - 28)

**Zena Smith
Head of Committee & Election
Services**

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Havering Pension Fund

Risk Register

September 2023

Generic Pension Fund Risk Register

The pension fund uses a 4 x 6 matrix to plot risk likelihood and impact and has set its risk appetite. The Risk Likelihood/Impact score shows in the column “Risk Likelihood / Impact Prior to controls” and the column “Risk Likelihood / Impact Post Controls.” The green shaded area on the matrix shows the risks where there is good control and the Council is comfortable with the risk. Risks in the amber and red zones are those over which closer control is needed.

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Likelihood	A	Green	Amber	Red	Red	Risk Likelihood F = Very Unlikely E = Unlikely D = Possible C = Likely B = Very likely A = Certainty
	B	Green	Amber	Amber	Red	
	C	Green	Green	Amber	Amber	
	D	Green	Green	Green	Amber	
	E	Green	Green	Green	Green	
	F	Green	Green	Green	Green	
		4	3	2	1	
	Impact				Risk Impact	

Abbreviations	Description
CMO	Contract Monitoring Officer - Caroline Guyon
CIPFA	Chartered Institute of Public Finance and Accountancy
DLUHC	Department for Levelling UP, Housing & Communities
DWP	Department for Work and Pensions
ESG	Environmental, Social and Governance
FCA	Financial Conduct Authority
GAD	Government Actuary's Department
ICT	Information and Communications Technology
LCIV	London Collective Investment Vehicle
LGPS	Local Government Pension Scheme
LPB	Local Pension Board
LPPA	Local Pensions Partnership Administration
PFM	Pension Fund Manager, Finance – Debbie Ford
SAB	Scheme Advisory Board
SLA	Service Level Agreement
SLT	Society of London Treasurers
TCFD	Task Force on Climate-related Financial Disclosures
tPR	The Pensions Regulator

Agenda Item 8

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood / Impact prior to Controls	Controls / Mitigations	Risk Likelihood / Impact post Controls	Actions / Recommendations	Review of Actions taken to date and further actions identified
RISK TITLE								
No 1. Risk of Inaccurate three yearly actuarial valuation								
Upper Level: S151 Officer/Director of Exchequer and Transactional Services								
1.1	Lower Levels: PFM	Inappropriate assumptions used by actuary in calculations for valuation.	Inappropriate investment risk may be adopted and deficit not reduced.	AMBER B/2	Assumptions for valuation are compliant with regulation.	GREEN E/3		Officer meeting October 2022. Valuation training for pensions Committee members delivered by Hymans December 22. Valuation 2022 process completed by March 2023 deadline. Risk and Controls Reviewed by LPB July 23. GAD S13 report for 2022 not expected until 2024 – Officers to assess results and report to Committee on the outcomes.
					Actuarial assumptions are open to challenge by officers, members during training and as part of the Funding Strategy Statement consultation with stakeholders.			
					Valuation results are checked for consistency across LGPS funds via GAD S13 report.		GAD S13 report measures valuations using 4 criteria: <ul style="list-style-type: none"> • compliance • constituency • solvency • long-term cost efficiency. GAD S13 report on 2019 valuations resulted in the Fund receiving “white” flag under the solvency measure – meaning no overall concerns.	
					Local Government benchmarking/comparisons of assumptions. Asset/Liability review following Valuation and consideration by members.			

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1.2	PFM / CMO	Poor quality data provided /personal data not maintained (gaps/incorrect).	Potential for Council Tax increases to plug funding gap.	AMBER B/2	Valuation completed by a qualified professional actuary.			Risk and Controls Reviewed by LPB July 23. 22/23 Service Review due to be presented to Pensions Committee in November 2023.
					Robust, open procurement process in place for appointment of actuary.			
					Annual review of actuary performance undertaken by Pensions Committee.		21/22 Service Review submitted to Pensions Committee 08 November 2022. Current contract extended to 2025, in line with framework agreement.	
1.2	PFM / CMO	Poor quality data provided /personal data not maintained (gaps/incorrect).	Poor quality or incomplete data could result in an increase to employer contributions/ inappropriate contribution percentages calculated.	AMBER B/2	Data cleansing/Controls in place to ensure accuracy and completeness of data. Data accuracy measured against the Pensions Regulator scoring criteria with a requirement to achieve 100% accuracy on common data. An annual data improvement plan is in place with agreement from LPPA to ensure identified areas for improvement are recorded and dealt with.	GREEN E/3		Risk and Controls Reviewed by LPB July 23.
					Annual Data Improvement plan implemented with agreement from LPPA and regular checking of the Pensions Regulator data scores to identify areas to be fed into the plan.			
					Pensions Administration Strategy implemented with			

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					effect from 01/10/21 to clarify employer responsibilities regarding data accuracy and timeliness.			
RISK TITLE								
No 2. Risk of Incorrect / Inappropriate Investment Strategy								
Upper Level:S151 Officer								
2.1 Page 6	Lower Levels: PFM	Lack of or poor professional investment advice given or not taken.	Potential for financial loss.	AMBER C/2	Investment Advisor appointed to advise the Fund who is instrumental in setting Investment Strategy. Investment Advisor is FCA regulated so is required to evidence that they meet the required standards.	GREEN D/3		Risk and controls reviewed September 23. No changes required to current controls.
			Loss of investment opportunities and adverse performance.					
			Growth opportunities are not maximised.					
2.2	PFM	Poor governance of Investment Advisor.	Potential for financial loss.	AMBER C/2	Robust, open procurement process in place for appointment of Investment Advisor.	GREEN E/3	Contract ends 31 March 2024 with the option to extend to 31 March 2024. 21/22 Service review presented to Pensions Committee 13 December 2022.	Risk and controls reviewed September 23. No changes required. 22/23 Service review due to Pensions Committee November 2023. Officers to recommend
					Investment Advisor performance is annually reviewed by the Pensions Committee and conforms to Competitive Markets Order.			
					Option to appoint an Independent advisor to undertake a health check and add robustness to the			

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					investment strategy as required.			extension of contract to 31 March 2026.
2.3	PFM	Lack of understanding and awareness (Pension Committee).	More investment risk may be taken to bridge a gap that does not actually exist and could generate inefficiencies and unintended risks if not fully understood.	AMBER C/2	Investment strategy /risks continually assessed as part of the quarterly monitoring process by the Pensions Committee.	GREEN D/2		Risk and controls reviewed September 23. Hymans LOLA Version 2 to go live 1 October 2023. Continue to monitor completion of modules
					Investment Advisor attends each quarterly Pension Committee meeting.			
					Knowledge and skills training of LPB and Committee Members / Inductions carried out for new LPB and Pension Fund Committee members.		Pensions Committee & LPB -Training / Awareness ongoing - working towards full compliance with CIPFA Knowledge and Skills framework. Signed up to Hymans online learning platform (LOLA) from August 2022.	
2.4	PFM	Concentration risk by asset, region and sector/Lack of clear risk appetite.	Potential for a more risk averse Investment Strategy when more risk is required or more investment risk may be taken to bridge a gap that	AMBER C/2	Investment Strategy Statement (ISS) /risks continually assessed as part of the quarterly monitoring process by the Pensions Committee. Diverse portfolio to reduce concentration. Members are informed of risk vs return	GREEN E/3		Risk and controls reviewed September 23. No changes required.

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			does not actually exist.		consequences on any proposal to change the ISS.			
2.5	PFM	Based upon inaccurate actuarial valuation.	Pension deficit not reduced and potential for Council Tax increases.	AMBER C/2	Liabilities analysed during inter-valuation period in addition to every three years.	GREEN E/3		Risk and controls reviewed September 23. No changes required. Inter-valuation report as at 30 September 2023 due in December 2023. Officers to report outcomes to Pensions Committee.
					A close working relationship is encouraged between the actuary and the investment advisor in the development of the investment strategy. Thus made easier as both services undertaken by the same firm.			
RISK TITLE								
No 3. Risk of Failure of Investments to Perform In-Line with Growth Expectations								
Upper Level: S151 Officer								
3.1	Lower Levels: PFM	Poor Fund Manager selection.	Potential for losses to be incurred.	AMBER C/2	Fund Manager selection now undertaken by LCIV. LCIV is FCA regulated Product reviews and due diligence are undertaken by the Investment Advisor before the Fund invests. A robust Fund Manager selection process is in place (Non LCIV where required).	GREEN E/3		Risk and controls reviewed September 23. No changes required.
			Reputational risk from poor investments.					
3.2	PFM	Underperformance by Fund Manager.	Deficit reduction targets not met/Increased	AMBER C/2	Fund Managers and LCIV attend Pension Committee to present quarterly performance reports and	GREEN D/3		Risk and controls reviewed September 23.

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			employer contributions.		are challenged by the Committee and Fund Investment Advisor.			No changes required.
3.3	PFM	Poor investment advice provided to the Fund or not taken.	Deficit reduction targets not met.	AMBER C/2	Investment Advisor performance is annually reviewed by the Pensions Committee and close working relationship are maintained with officers.	GREEN D/3	21/22 Service Review submitted to Pensions Committee 13 December 2022.	Risk and controls reviewed September 23. No changes required. 22/23 Service review due to Pensions Committee November 2023.
3.4	PFM	A negative financial market impacts/external factors/increased market volatility (i.e. Recession, COVID 19 Pandemic, inflation).	Economy downturn could result in general fall in investment values.	RED B/1	Diverse portfolio to reduce effects from market volatility. Close monitoring of Markets by the Fund's investment Advisor. Investment Advisor produces monthly market updates.	GREEN D/3		Risk and controls reviewed September 23. No changes required.
3.5	PFM	Delays in the implementation of the strategy will reduce the effectiveness of the strategy and may impact growth.	The Fund's assets are not sufficient to meet its long-term liabilities.	AMBER C/2	Investment advisor/Pensions Committee and officers review fund performance and asset class targets quarterly.	GREEN D/3		Risk and controls reviewed September 23. No changes required.
3.6	PFM	Delays in compliance with capital calls/FX Hedges on new illiquid	Penalty payments are charged to the Fund.	GREEN D/3	Robust processes in place to ensure capital calls/FX cash settlements are funded in a timely manner.	GREEN D/4	No penalty charges or missed capital calls to date.	Risk and controls reviewed September 23.

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood / Impact prior to Controls	Controls / Mitigations	Risk Likelihood / Impact post Controls	Actions / Recommendations	Review of Actions taken to date and further actions identified
		mandates could result in penalty payments.						No changes required.
3.7	PFM	Underperformance of LCIV Fund manager. Failure to achieve Asset Under Management (AUM) Target.	The Fund's assets are not sufficient to meet its long-term liabilities.	AMBER C/1	Officers attend LCIV monthly business meetings to ensure the Fund is up to date with LCIV events. Summaries are reported back to the Pensions Committee quarterly.	GREEN D/3		Risk and controls reviewed September 23. No changes required to current controls. This Fund is in the process of being fully divested, proceeds to fund LCIV Global Bond Fund.
					LCIV arrange regular "meet the manager" sessions that are open to Officers and Committee members.			
					LCIV attend Pension Committee, as part of the reporting cycle, to report on sub fund manager performance and LCIV updates. Open to challenge by the Pensions Committee and Fund Advisor.			
				LCIV sub fund manager performance is monitored by LCIV – monitoring status awarded "normal", "enhanced" or "on-watch". Deep dives undertaken annually or more frequently if on "enhanced" monitoring or "on watch"		LCIV Diversified Growth Fund currently classified as "enhanced" monitoring Next review: December 2023.		
		Failure to meet AUM target may impact LCIV service delivery.			Development charges and ad valorem fees are reported at the LCIV General Shareholder			

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			Annual charges may not decrease in line with MTFS expectations.		meetings - attended and challenged by shareholder reps i.e. Councillors from each borough, SLT.			
3.8	PFM	Fund Managers – noncompliance to the Code of Transparency.	Failure to disclose full management fees in the Pension Fund Annual Report and accounts and being overcharged.	GREEN C/3	Fund Managers complete the Code of Transparency compliance template annually. Officers have access to the Byhira client portal to check submission of templates.	GREEN D/3	All fund managers now submit data so further analysis can be undertaken.	Risk and controls reviewed September 23. No changes required.
3.9	PFM	Climate Risk /ESG Considerations.	Failure to consider the extent of climate change could impact negatively on financial outcomes e.g. stranded assets, carbon taxes etc. Could also result in the Fund missing out on investment opportunities associated with Climate change.	AMBER C/2	The Committee have developed a set of Investment beliefs that recognises that climate change and the expected transition to a low carbon economy represents a long –term financial risk to Fund outcomes. Investment beliefs incorporated as part of the ongoing implementation of investment strategy and some funds have switched to less carbon intensity products.	GREEN D/2	Climate Risk Policy agreed by Pensions Committee on 25 July 2023. Consultation “LGPS Governance & Reporting of Climate change Risk” closed in Nov 2022. Officers will monitor progress of regulations and	Risk and controls reviewed September 23. No changes required. Workshops to be arranged to assess progress against action plan.

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					<p>guidance for LGPS funds during 2020.</p> <p>climate scenario stress testing is now included in the contribution modelling exercise for the local authority as at the 2022 valuation.</p>		<p>guidance- yet to be issued.</p>	
<p>3.10</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 12</p>	<p>PFM</p>	<p>Risk that MATS Consolidate existing Pension Fund memberships funded within various Local Authorities into a Pension Fund outside Havering.</p>	<p>If a request to transfer out from the Fund is granted by DLUHC, this could set a precedent for the sector and the potential wider impact on other employers who may also seek to transfer out. There will be an impact on cash flow and the Investment Strategy, as it is estimated that 10% of the Fund's assets and liabilities would transfer out, if all existing MATS followed precedent</p>	<p>AMBER C/2</p>	<p>The Fund has responded to the consultation issued by DLUHC opposing the transfer on the grounds of the wider risks faced by the Fund.</p> <p>If the Transfer request is granted the Fund will ensure data is correct and work with the actuary to ensure that the settlement of the transfer is valued correctly for exit.</p>	<p>AMBER C/2</p>	<p>To monitor DLUHC actions re Transfer request from Oasis Community Learning.</p> <p>To ensure contact with the Actuary regarding transfers and exit valuations.</p>	<p>DLUHC continuing to consider the Oasis application, no update as at September 2023- officers awaiting decision.</p>

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RISK TITLE								
No 4. Risk of Failure to comply with Legislative requirements								
Upper Level for All Risks S151 Officer/Director of Exchequer and Transactional Services								
4.1	Lower Levels: PFM / CMO	Lack of appropriate skills/knowledge of tPR, DLUHC and CIPFA Guidance, Financial Regulations and accounting standards. Unaware of legislative changes/poor/inaccurate interpretation of the regulations.	Potential for breach of legislation resulting in incurring financial penalties from the tPR/legal challenges/reputational damage.	AMBER C/1	Local Pension Board is in place to oversee adherence to the Regulations and guidance.	GREEN E/3		Risk and controls reviewed September 23. No changes required.
					Statutory policy documents reviewed annually to ensure compliance with legislation.			
					Officers are members of the CIPFA Pensions Network and participate in the CIPFA Pensions Network/Peer forums to share knowledge & awareness.			
					Active participation in Legislative Consultations where appropriate. Legislative changes are reported to the Pensions Committee where required.			
					Induction carried out for new Pension Fund Committee and Local Pension Board members.			
					External and in house training provided where required. Continual personal development for all Committee/LPB members and Officers.		Personal development for all Committee/LPB members and officers is on-going.	
					A K&S questionnaires to be completed by Local Pension Board	v2 to go live from 1 October 2023.		

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Page 14							and Pensions Committee members. ed up to Hymans online learning platform (LOLA) from August 2022.	pletion of modules to continue to be monitored.
					Access to specialist pension media sources.			Risk and controls reviewed September 23. No changes required.
					Financial requirements are subject to external and internal audit with no qualifications.			
4.2	PFM / CMO	Key person dependency	Loss of corporate knowledge and expertise in both administration and finance management.	RED B/1	Experienced personnel in place at present.	GREEN D/2	One Source is undergoing a restructure. Havering Pension Fund finance will be returning to sovereign borough. Succession planning scheduled.	Risk and controls reviewed September 23. No changes required. OneSource restructure ongoing.
4.3	PFM / CMO	Failure/inability to administer the pension scheme in accordance with regulations.	Non-compliance could result in an adverse external audit report.	AMBER C/2	Local Pension Board in place to oversee adherence to the Regulations and guidance.	GREEN E/3		Risk and controls reviewed September 23. No changes required.
					tPR undertook a review of the Fund's day-to-day practices and operations in 2019 with no overall concerns and officers have since implemented recommendations arising from their review.			Continued monitoring against tPR recommendations.

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					Experienced personnel in place at present.			Risk and controls reviewed September 23. No changes required.
					Attendance at seminars/training to ensure up to date regulatory requirements.			
					Financial statements are subject to external and internal audit with no qualifications.		Outstanding - audit sign off for the 20/21 accounts (audit completed). Outstanding -Pension Fund audit for 21/22 accounts (audit commenced September 2023). Outstanding -Pension Fund audit 22/23 - not commenced.	
4.4	PFM	Employers ability to meet contribution rates determined by the Actuary in the Valuation Rates and Adjustment certificate due to budget pressures	Potential loss of Income to the Pension Fund and target funding level not met. Potentially leading to higher employer contributions rates set in future.	AMBER C/2	The Administrating Authority has a policy included within its FSS, setting out its approach to reviewing contribution rates between triennial valuations. This has been adopted in line with regulations	GREEN D/2	Officers to keep under review the risk of employers ability to meet their obligations and liaise with the Fund's actuary as appropriate	
RISK TITLE								
No 5. Risk of inability to Manage/Govern the Pension Fund and Associated Services.								
Upper Level for all Risks: S151 Officer/Director of Exchequer and Transactional Services.								
5.1	Lower levels: PFM /CMO	Staffing issues: Loss of corporate knowledge/expertise.	Negative impacts upon service provision.	AMBER B/1	The London Borough of Havering delegated the pension administration service to Lancashire	GREEN D/2		Risk and controls reviewed September 23.

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5.2	PFM	Long-term sickness absence. Increase in staff turnover. Lack of resource (Staffing/financial). No knowledge base to store experiences/information.	Potential for Time delays. Increased costs due to "buying in" external expertise.	AMBER C/2	County Council who have engaged the Local Pensions Partnership Administration (LPPA) to undertake their pension portfolio.			No changes required.
					LPPA have case type dedicated teams to ensure expertise is maintained.			
					Continuous pension training for LPB, Pensions Committee members and staff.		Signed up to Hymans online learning platform (LOLA) from August 2022.	LOLA v2 to go live from 1 October 2023. Completion of modules to continue to be monitored.
					Participates in the CIPFA Pensions Network/ Peer forums to share knowledge & awareness.			Risk and controls reviewed September 23.
					oneSource has introduced a knowledge sharing platform (the Finance Academy).		Pension Fund officers to maintain and ensure procedure notes in place for key activities.	No changes required.
					Guidance from external agencies (some will be at a cost).			
					Members of Local Authority Pensions Web.			
5.2	PFM	LCIV resourcing – LCIV staff turnover.	Undermines investor confidence in the LCIV.	AMBER C/2	Continued monitoring of LCIV in place.	GREEN D/3		Risk and controls reviewed September 23. No changes required.

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood / Impact prior to Controls	Controls / Mitigations	Risk Likelihood / Impact post Controls	Actions / Recommendations	Review of Actions taken to date and further actions identified
5.3	PFM / CMO	ICT failure/Disaster Recovery.	Loss of infrastructure. Failure of all ICT services.	RED B/1	ICT/ Disaster Recovery in place.	GREEN D/3		Risk and controls reviewed September 23. No changes required.
					Regular security upgrades to computer systems at both Havering and LPPA.			
					Implementation of COVID-19 working restrictions has maintained service continuity.			
					Use protected portals to send personal information.			
					Internal Firewalls recommended.			
GDPR good practice is undertaken.								
5.4	PFM / CMO	Cyber Security Risk.	Ransomware risk.	RED B/1	Internal Audit for oneSource Cyber Security carried out in Oct 2018.	AMBER C/2		Risk and controls reviewed September 23. No changes required.
					LPPA hold a current Cyber Essentials Certificate, issued 13/07/2021. They also undertake regular penetration testing with a CREST accredited company with any vulnerabilities being remediated.			
5.5	PFM / CMO	Functionality of Oracle Cloud causes pension fund system issues.	Pension Fund Accounts system malfunction.	AMBER C/2	Oracle team aware of Pension fund system requirements.	GREEN D/2	Monitoring ongoing with regard to system reconciliations and balance sheet requirements.	Risk and controls reviewed September 23. No changes required.
					Systems tested at each stage of implementation. Pension Finance staff undertook testing of General Ledger Revenue codes.			

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5.6	CMO	Poor Pension fund administration by the outsourced service LPPA.	Service Delivery failure leading to client/customer complaints and reputational damage.	RED B/1	Formal agreement in place with administrator, including SLA's.	GREEN E/3		Risk and controls reviewed September 23. No changes required.
					CMO in post to monitor the administration work of LPPA.			
					Service is subject to external auditor report of pension's admin processes. LPPA supply an annual internal assurance report where the control objectives link in to the Pensions Regulator Code of Practice 14.			
5.7	CMO	Poor administration by the employers/payroll providers in the fund.	Service delivery failure leading to client/customer complaints and reputational damage.	AMBER C/2	Local Pension Board is in place to assist the administering authority in effective and efficient governance of the Havering Pension Fund.	GREEN E/3		Risk and controls reviewed September 23. No changes required.
					Pensions Administration Strategy in place to clarify the responsibilities of scheme employers and provide timescales for the submission of data.			
					LPPA have a programme of employer training and a dedicated employer engagement team to provide support.			
					CMO maintains regular contact with scheme employers to provide support.			

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			Inaccurate data provided give rise to inaccurate data and financial reputational consequences such as actuary to set contribution rates with a high margin of error.		CMO in post to monitor the administration work of LPPA.			
					Actuary undertakes data checks/cleaning as part of triennial review process.			
					Data cleanse checks undertaken as part of the year end pensions administration process.			
					Annual data improvement plan implemented with agreement from LPPA and regular checking of the Pensions Regulator data scores to identify areas to be fed into the plan			
			Pension costs and payments delayed or incorrect.		Monthly reconciliations to monitor cash flow carried out.			
					CMO monitors benefit payments from the Fund.			
			Admission agreements not completed by the transfer date.		Employer on boarding process in place. Service handover completed when the process of admitting bodies to the fund transferred from LPPA to in-house on 1 April 2021.		Strengthens the process for on boarding new employers and Bond reviews. Staff member appointed September 2022.	
Bond or guarantee reviews in place and reviewed every three years as part of valuation process.								
5.8	PFM	Failure/inability to undertake the accounting of the	Qualified opinion on the accounts	AMBER C/2	Pension Fund accounts subject to external audit.	GREEN E/3	Outstanding audit sign off for the 20/21 accounts (audit	Risk and controls

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		pension scheme appropriately.	by external auditor.				completed). Outstanding Pension Fund audit for 21/22 accounts (audit commenced September 2023). Outstanding Pension Fund audit 22/23 - not commenced.	reviewed September 23. No changes required. Officers currently complying with 21/22 audit requests.
					Experienced personnel in place.			
					Pension Fund uses the service of an external custodian to verify asset values and performance.			
					Fund Managers performance is monitored quarterly. Fund Managers present at Pension Fund Committee meetings.			
					Monitoring of internal control reports of fund managers to ensure operations administered correctly.			
Attendance at accounting seminars/training to ensure adherence to guidance and regulations.								
5.9	PFM / CMO	Poor communications with stakeholders.	Disaffection and actions against the Council.	GREEN C/3	The Council has in place a complaints system to address complaints via the website that goes all the way up to the pension's ombudsman.	GREEN E/3		Risk and controls reviewed September 23. No changes required.

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					The Pension Fund has a communications strategy that is updated annually and reviewed every 3 years. The strategy is reviewed by the local pensions board and approved by the Pensions Committee.			
					LPPA has an LGPS dedicated website that contains all relevant information for scheme members and employers.			
					The Fund has a pensions dedicated page within the Havering Council website where fund specific information is published and where the Fund publishes an Annual Report.			
5.10	PFM / CMO	Excessive charges by suppliers.	Fund incurring unnecessary costs.	AMBER C/2	Third Party Fee Invoices checked prior to payment.	GREEN E/4		Risk and controls reviewed September 23. No changes required.
5.11	CMO	The Data migration from Altair to UPM (Universal Pensions Management) in November 2022 is not complete and accurate.	Member's records may not be accurate which would leave LPPA unable to calculate the correct level of pension benefits.	RED B/1	LPPA have a dedicated project team and robust project plan in place that includes rigorous testing of data migration and calculations.	GREEN D/2	Havering data migrated to UPM in November 2022.	Continued monitoring in place to ensure accurate transfer.
					The project risk register has been presented to the Local Pensions Board.			

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RISK TITLE								
No 6. Risk of failure to on board or exit employers/members effectively.								
Upper Level for all Risks:S151 Officer/Director of Exchequer and Transactional Services								
6.1	Lower Levels: PFM / CMO	Delays in internal processing of documentation/ admission agreements.	Contribution delays from the employers & members until on-boarding has been completed impacts cash flow.	AMBER C/2	Monthly contribution schedules maintained by the Havering Pensions Team.	GREEN E/3		Risk and controls reviewed September 23. No changes required.
					Reconciliations between the General Ledger and contribution schedules undertaken monthly.			
					Reconciliations between General Ledger and Altair undertaken quarterly with any queries referred to LPPA/CMO for investigation.			
					Pensions Administration Strategy in place to clarify the responsibilities of scheme employers and provide timescales for the submission of contribution payments.			
					Late payments of pension benefits			
		CMO works closely with LPPA. Carries out spot checks to review LPPA work on a regular basis.						
Pensions Administration Strategy in place to clarify the responsibilities of scheme employers and								

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood / Impact prior to Controls	Controls / Mitigations	Risk Likelihood / Impact post Controls	Actions / Recommendations	Review of Actions taken to date and further actions identified
			Adverse External Audit Opinion on internal controls.		provide timescales for the submission of data.			
					Service handover completed when process of admitting bodies to the fund transferred from LPPA to in-house on 1 April 2021.			
					LPPA performance report presented to the Local Pension Board at every meeting.			
					Escalation to Heads of Service where required.			
6.2	PFM / CMO	Poor communications with stakeholders/ lack of understanding by employers with regard to their responsibilities.	Potential breach of regulations and member entitlement. Potential for litigation.	AMBER C/2	Script in place to deliver to new Academy employers, with feedback process in place.	GREEN E/3		Risk and controls reviewed September 23. No changes required.
					Admission policy and manual completed in November 2017.			
					TUPE manual completed in November 2017.			
					Pensions Administration Strategy in place to clarify the responsibilities of scheme employers.			
					CMO maintains contact with employers to provide dedicated point of contact.			
					Database maintained on all contact details for LGPS communications.			
					Employer's liabilities may fall back onto other employers and			

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood / Impact prior to Controls	Controls / Mitigations	Risk Likelihood / Impact post Controls	Actions / Recommendations	Review of Actions taken to date and further actions identified
			ultimately local taxpayers.		Bonds and suitable guarantees put into place to protect the Fund in case of default.			
6.3	CMO	Member data incomplete or incorrect.	Incorrect member data causes processing delays.	AMBER B/2	LPPA raise queries with scheme employers.	GREEN E/3		Risk and controls reviewed September 23. No changes required
					Member self-service – online tool for members to check and update personal data.			
					Annual data cleansing and checks are undertaken as part of the year end administration process.			
					Data is reviewed as part of the triennial valuation exercise.			
					Reconciliations between General Ledger and UPM undertaken quarterly identifies member mismatches.			
6.4	PFM / CMO	Government white paper on academies, which sets out that it wants all LEA's to convert to academy status within the next 8 years.	There are 42 schools currently with the LEA that may need to convert, which could impact existing resources to on-board and administer. Cost implications for the Administration contract due to	AMBER D/3	To monitor development of Government plans.	AMBER B/3	Having to liaise with LPPA to have appropriate plans in place to review resources for implementation and ongoing monitoring.	Risk and controls reviewed February 23. Update – The Government has scrapped the schools bill and the aim to convert all LEA schools to Academies by 2030 will not go ahead.

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood / Impact prior to Controls	Controls / Mitigations	Risk Likelihood / Impact post Controls	Actions / Recommendations	Review of Actions taken to date and further actions identified
			increased levels of employers and employees to manage.					A regulatory review will continue.
RISK TITLE								
No 7. Risk of Pension Fund Payment Fraud								
Upper Level for all Risks: S151 Officer/Director of Exchequer and Transactional Services.								
7.1 Page 25	Lower Levels: CMO	Pension overpayments arising because of non-notification in change of circumstances.	Financial loss. Reputational damage of Pension Administration and the Council.	GREEN C/3	Participate in the National Fraud Initiative (bi-annually).	GREEN E/4		Risk and controls reviewed September 23. No changes required
					Signed up for DWP database Tell us Once – DWP inform Havering of deaths relating to members of the Havering LGPS fund. Monitored on a daily basis			
					September 20 – Mortality Screening outsourced to an external supplier. Checks carried out monthly.			
					Address checked for deferred pensions prior to payment.			
					Process is in place to investigate return of payment by banks.			
					Internal audit checks carried out.			
7.2	PFM / CMO	Internal staff fraud/	Potential for financial loss.	AMBER C/2	Segregation of duties.	GREEN E/3		Risk and controls

Risk No.	Risk Owner	Details of Risk	Consequences (Effect) of not addressing the risk	Risk Likelihood / Impact prior to Controls	Controls / Mitigations	Risk Likelihood / Impact post Controls	Actions / Recommendations	Review of Actions taken to date and further actions identified
		Staff acting outside of their levels of authorisation.			Pension Fund bank account reconciled to General Ledger monthly. Internal audit checks carried out. Internal disciplinary process in place.			reviewed September 23. No changes required
7.3	PFM / CMO	Conflict of interest.	Inappropriate decision making.	AMBER C/2	Register of interest declarations are covered within the agenda at all Local Pensions Board/Committee meetings.	GREEN E/3		Risk and controls reviewed September 23. No changes required

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