

# Havering Pension Fund

## Risk Register

October 2024

### 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.

Likelihood	A	Green	Amber	Red	Red	<b>Risk Likelihood</b> F = Very Unlikely E = Unlikely D = Possible C = Likely B = Very likely A = Certainty  <b>Risk Impact</b> 4 = Negligible 3 = Moderate 2 = Serious 1 = Major
	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	
		Impact				

Abbreviations	Description
AUM	Asset Under Management
CMO	Contract Monitoring Officer - Caroline Guyon
CIPFA	Chartered Institute of Public Finance and Accountancy
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	LPB
LPPA	Local Pensions Partnership Administration
MHCLG	Ministry for Housing, Communities & Local Government
PFM	Pension Fund Manager, Finance – Debbie Ford
SAB	Scheme Advisory Board
SLT	Society of London Treasurers
TCFD	Task Force on Climate-related Financial Disclosures
tPR	The Pensions Regulator
UPM	Universal Pensions Management

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
<b>RISK TITLE</b>								
<b>No 1. Risk of Inaccurate three yearly actuarial valuation</b>								
<b>Upper Level: S151 Officer/Director of Exchequer and Transactional Services</b>								
1.1	Lower Levels: PFM	<b>Strategic Risk</b> Inappropriate assumptions used by actuary in calculations for valuation.	Inappropriate investment risk may be adopted and deficit not reduced.	AMBER B/2 Very Likely/ Serious	Valuation completed by a qualified professional actuary.  Valuation results are checked against the 4 aims set out in the Public Service Pensions Act 2013, Section 13 (S13): <ul style="list-style-type: none"> <li>compliance</li> <li>constituency</li> <li>solvency</li> <li>long-term cost efficiency</li> </ul> Actuarial assumptions are open to challenge by officers, members during training and as part of the Funding Strategy Statement consultation with stakeholders.	GREEN E/3 Unlikely/ Moderate	GAD S13 report on 2022 valuations resulted in the Fund receiving no flags against any of the 4 aims, meaning no overall concerns. Reported to Pensions Committee 1 October 2024  Planning meeting for 2025 valuation held with officers 15 Aug 24. Assumption discussions to commence from Apr 25.  Latest FSS consultation undertaken Nov 23 when updated for legislative changes	Risk and Controls Reviewed by Officers Oct 24.  No changes recommended to current controls.
1.2	PFM	<b>Operational Risk</b> Poor governance of Actuary.	Potential for financial loss	AMBER B/2 Very Likely/ Serious	Robust, open procurement process in place for appointment of actuary.	GREEN E/3 Unlikely/ Moderate	Current contract expires 15 July 25 Contract extension to 30 Jun 26 being sought to avoid potential risk of a change in Actuary part	Risk and Controls Reviewed by Officers Oct 24.

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
					Annual review of actuary performance undertaken by Pensions Committee		way through a valuation exercise 23/24 Service Review scheduled for 5 Nov 24 Pensions Committee 08.	No changes recommended to current controls
1.3	PFM / CMO	<b>Operational Risk</b> 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 Very Likely/ Serious	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.  Pensions Administration Strategy implemented with effect from 01/10/21 to clarify employer responsibilities regarding data accuracy and timeliness.	GREEN E/3 Unlikely/ Moderate	As at 30 June 24, common data score of 97.7%, scheme specific data score of 73.6%.  CMO monitors data scores quarterly and will investigate changes.  LPPA are commencing work on a data project to ensure good quality data is held on member records.	Risk and Controls Reviewed by Officers Oct 24.  No changes recommended to current controls.
<b>RISK TITLE</b>								
<b>No 2. Risk of Incorrect / Inappropriate Investment Strategy</b>								
<b>Upper Level:S151 Officer</b>								
2.1	Lower Levels: PFM	<b>Strategic Risk</b> Lack of or poor professional investment	Potential for financial loss.	AMBER B/2 Very Likely/Serious	FCA Regulated Investment Advisor appointed to advise the Fund who is instrumental in advising the	GREEN E/3 Unlikely/ Moderate		Risk and Controls Reviewed by Officers Oct 24

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
		advice given or not taken.	Loss of investment opportunities and adverse performance. Growth opportunities are not maximised.		Pension Committee when setting Investment Strategy.			No changes recommended to current controls.
2.2	PFM	<b>Strategic Risk</b> 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 does not actually exist.	AMBER B/2 Very Likely/Serious	Investment Strategy Statement (ISS) /risks continually assessed as part of the quarterly monitoring process by the Pensions Committee. Diverse portfolio to reduce concentration risk. Members are informed of risk vs return consequences on any proposal to change the ISS.	GREEN E/3 Unlikely/Moderate		Risk and Controls Reviewed by Officers Oct 24  No changes recommended to current controls.
2.3	PFM	<b>Strategic Risk</b> Based upon inaccurate actuarial valuation.	Pension deficit not reduced and potential for Council Tax increases.	AMBER C/2 Likely/Serious	Liabilities analysed during inter-valuation period in addition to every three years.  A close working relationship is in place 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.	GREEN E/3 Unlikely/Moderate	Inter-valuation report as at 30 September 2023 reported to Pensions Committee on 24 Jan 24. Funding level increased from 80% to 106%	Risk and Controls Reviewed by Officers Oct 24  No changes recommended to current 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
2.4	PFM	<b>Operational Risk</b> Poor governance of Investment Advisor.	Potential for financial loss.	AMBER B/2 Very Likely/Serious	Robust, open procurement process in place for appointment of Investment Advisor	GREEN E/3 Unlikely/ Moderate	Contract expires 31 March 2026. Officers to seek approval to commence new contract	Risk and Controls Reviewed by Officers Oct 24
					Investment Advisor performance is annually reviewed by the Pensions Committee and close working relationship are maintained with officers		23/24 Service Review scheduled for 5 Nov 24 Pensions Committee 08.	
2.5	PFM	<b>Operational Risk</b> 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 B/2 Very Likely/Serious	Investment Advisor attends each quarterly Pension Committee meeting and provides training as appropriate.	GREEN D/2 Possible/ Serious	Pensions Committee & LPB -Training / Awareness ongoing - working towards full compliance with CIPFA Knowledge and Skills framework.	Risk and Controls Reviewed by Officers Oct 24 No changes recommended to current controls.
					Knowledge and skills training of LPB and Committee Members / Inductions carried out for new LPB and Pension Fund Committee members			
					The Fund Subscribes to Fund Actuary (Hymans) online learning platform (LOLA) v1 from August 22. Mandatory models on LOLA v1 completed by Pension Committee members. LOLA v2 went live Oct 23 – Newer members of the Pensions Committee and LPB working towards completion of LOLA v2 modules.			

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<b>RISK TITLE</b>								
<b>No 3. Risk of Failure of Investments to Perform In-Line with Growth Expectations</b>								
<b>Upper Level: S151 Officer</b>								
3.1	Lower Levels: PFM	<b>Strategic Risk</b> Poor Fund Manager selection.	Potential for losses to be incurred. Reputational risk from poor investments.	AMBER C/2 Likely/Serious	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 Unlikely/ Moderate		Risk and Controls Reviewed by Officers Oct 24  No changes recommended to current controls
3.2	PFM	<b>Strategic Risk</b> Underperformance by Fund Manager.	Deficit reduction targets not met/Increased employer contributions.	AMBER C/2 Likely/Serious	Fund Managers attend Pension Committee to present quarterly performance reports and are challenged by the Committee and Fund Investment Advisor.	GREEN D/3 Possible/ Moderate		Risk and Controls Reviewed by Officers Oct 24  No changes recommended to current controls
3.3	PFM	<b>Strategic Risk</b> 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/2 Likely/Serious	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. 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	GREEN D/3 Possible/ Moderate		Controls Reviewed by Officers Oct 24  No changes recommended to current 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
					<p>sub fund manager performance and LCIV updates. Open to challenge by the Pensions Committee and Fund Advisor.</p> <p>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</p> <p>Development charges and ad valorem fees are reported at the LCIV General Shareholder meetings - attended and challenged by shareholder reps i.e. Councillors from each borough, SLT</p>		All the Funds' investments in LCIV sub funds are on Normal monitoring.	
			<p>Failure to meet AUM target may impact LCIV service delivery</p> <p>Annual charges may not decrease in line with MTFS expectations.</p>					
3.4	PFM	<p><b>Strategic Risk</b> A negative financial market impacts/external factors/increased market volatility i.e. Recession/inflation</p>	Economy downturn could result in general fall in investment values.	<p>RED B/1 Very Likely/Major</p>	<p>Diverse portfolio to reduce effects from market volatility.</p> <p>Close monitoring of Markets by the Fund's investment Advisor.</p> <p>Investment Advisor produces monthly market updates.</p>	<p>GREEN D/3 Possible/ Moderate</p>		<p>Risk and Controls Reviewed by Officers Oct 24</p> <p>No changes recommended to current controls</p>
3.5	PFM	<p><b>Strategic Risk</b> Climate Risk /ESG Considerations</p>	Failure to consider the extent of climate change could impact negatively on financial outcomes e.g. stranded assets,	<p>AMBER C/2 Likely/Serious</p>	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	<p>GREEN D/2 Possible/ Serious</p>		<p>Risk and Controls Reviewed by Officers Oct 24</p> <p>No changes recommended</p>

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
			carbon taxes etc. Could also result in the Fund missing out on investment opportunities associated with Climate change		<p>outcomes and these beliefs are incorporated as part of the ongoing implementation of investment strategy</p> <p>Climate Policy and Action Plan agreed by Pensions Committee on 25 July 2023</p> <p>Climate scenario stress testing is now included in the contribution modelling exercise for the Funds Valuation process.</p> <p>The Pensions Regulator has set up a working party to consider guidance for pension schemes. The SAB is also expected to incorporate climate change considerations into its guidance for LGPS funds during 2020.</p> <p>The Fund currently reports voluntarily under TCFD to demonstrate financial impact on climate-related issues</p>		<p>Workshop to assess progress against action plan delivered on the 27 Mar 23.</p> <p>Officers in conjunction with Hymans to monitor progress against Action Plan</p>	to current controls
3.6	PFM	<b>Strategic Risk</b> Fund Managers – noncompliance to the Code of Transparency.	Failure to disclose full management fees in the Pension Fund Annual Report and accounts and charges not in line with agreements.	AMBER C/2 Likely/Serious	<p>Fund Managers complete the Code of Transparency compliance template annually.</p> <p>Officers have access to the Byhiras client portal to check submission of templates and will chase as appropriate.</p>	GREEN D/3 Possible/ Moderate		<p>Risk and Controls Reviewed by Officers Oct 24</p> <p>No changes recommended to current controls</p>



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
3.7	PFM	<b>Operational Risk</b> 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 Likely/Serious	Investment Advisor/Pensions Committee and officers review fund performance and asset class targets quarterly.	GREEN D/3 Possible/ Moderate		Risk and Controls Reviewed by Officers Oct 24  No changes recommended to current controls
3.8	PFM	<b>Operational Risk</b> Delays in compliance with capital calls/FX Hedges on new illiquid mandates could result in penalty payments.	Penalty payments are charged to the Fund.	AMBER C/3 Likely/ Moderate	Robust processes in place to ensure capital calls/FX cash settlements are funded in a timely manner.	GREEN E/3 Unlikely/ Moderate		Risk and Controls Reviewed by Officers Oct 24  No changes recommended to current 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
3.9	PFM	<b>Strategic Risk</b> Where MATS hold membership across various funds, a risk to consolidate membership to a single Pension Fund outside Havering.	If a request to transfer out from the Fund is granted by MHCLG, 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	RED B/1 Very Likely/Major	The Fund has responded to the consultation issued by MHCLG opposing the transfer on the grounds of the wider risks faced by the Fund.  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.	RED B/1 Very Likely/Major	To monitor MHCLG actions re Transfer request from Oasis Community Learning. MHCLG continuing to consider the Oasis application, as at September 2024- no update officers awaiting decision.  To ensure contact with the Actuary regarding transfers and exit valuations.	Risk and Controls Reviewed by Officers Oct 24  No changes recommended to current controls
<b>RISK TITLE</b>								
<b>No 4. Risk of Failure to comply with Legislative requirements</b>								
<b>Upper Level for All Risks S151 Officer/Director of Exchequer and Transactional Services</b>								
4.1	Lower Levels: PFM / CMO	<b>Operational Risk</b> Lack of appropriate skills/knowledge of tPR, MHCLG and CIPFA Guidance, Financial Regulations and accounting standards. Unaware of legislative changes/poor/inaccurate	Potential for breach of legislation resulting in incurring financial penalties from the tPR/legal challenges/ reputational damage.	AMBER C/1 Likely/Major	LPB is in place to oversee adherence to the Regulations and guidance. Statutory policy documents reviewed annually to ensure compliance with legislation. Officers are members of the CIPFA Pensions Network and participate in	GREEN E/3 Unlikely/ Moderate	CIPFA K&S questionnaires to be	Risk and Controls Reviewed by Officers Oct 24  No changes recommended to current 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
		interpretation of the regulations.			<p>the CIPFA Pensions Network/Peer forums to share knowledge &amp; awareness.</p> <p>Active participation in Legislative Consultations where appropriate. Legislative changes are reported to the Pensions Committee where required.</p> <p>Induction carried out for new Pension Fund Committee and LPB members so aware of legislative requirements..</p> <p>External and in house training provided where required. Fund subscribes to Hymans online learning platform (LOLA) from August 2022. Continual personal development for all Committee/LPB members and Officers.</p> <p>Access to specialist pension media sources.</p>		<p>completed by LPB and Pensions Committee members.</p> <p>Personal development for all Committee/LPB members and officers is on-going.</p>	
4.2	PFM / CMO	<b>Operational Risk</b> Key person dependency	Loss of corporate knowledge and expertise in both administration and finance management.	RED B/1 Very Likely/Major	Experienced personnel in place to support the Fund in Accounting and Investment and Administration contract monitoring at present.	AMBER B/2 Very Likely/Serious	<p>Succession planning in place.</p> <p>Finance Section has a vacant post, awaiting recruitment to commence.</p> <p>Head of Service post currently covered on</p>	<p>Risk and Controls Reviewed by Officers Oct 24</p> <p>No changes recommended to current controls</p>

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
							an interim basis, pending final decisions	
4.3	PFM / CMO	<b>Operational Risk</b> Failure/inability to administer the pension scheme in accordance with regulations.	Non-compliance could result in an adverse external audit report.	AMBER C/2 Likely/Serious	<p>LPB to oversee adherence to the Regulations and guidance.</p> <p>Adherence to TPR General Code of Practice issued March 24.</p> <p>Adherence to ALL issued guidance</p> <p>Attendance at seminars/training to ensure Fund up to date with regulatory requirements.</p> <p>Financial statements are subject to external and internal audit with no qualifications.</p>	GREEN E/3 Unlikely/ Moderate	<p>Officers to ensure compliance checklist is completed in order to evidence adherence to regulations and Best practice</p> <p>2020/21 Accounts - Requires audit sign off (PF audit completed). 2021/22 Accounts - Requires audit sign off (PF audit completed) 2022/23 Accounts- Requires audit sign off (PF audit completed). 2023/24 Accounts - Requires audit sign off (PF audit completed)</p>	<p>Risk and Controls Reviewed by Officers Oct 24</p> <p>No changes recommended to current controls.</p>
<b>RISK TITLE</b>								
<b>No 5. Risk of inability to Manage/Govern the Pension Fund and Associated Services.</b>								
<b>Upper Level for all Risks: S151 Officer/Director of Exchequer and Transactional Services.</b>								
5.1	Lower levels: PFM /CMO	<b>Operational Risk</b> Staffing issues: Loss of corporate knowledge/expertise. Long-term sickness absence.	Negative impacts upon service provision. Potential for Time delays.	AMBER C/1 Likely/Major	Pension Administration Services outsourced to Lancashire County Council who have engaged the LPPA to undertake their pension portfolio	GREEN D/2 Possible/ Serious		<p>Reviewed by Officers Oct 24</p> <p>No changes recommended</p>

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
		Increase in staff turnover. Lack of resource (Staffing/financial). No knowledge base to store experiences/information	Increased costs due to "buying in" external expertise.		LPPA have case type dedicated teams to ensure expertise is maintained. Continuous pension training for LPB, Pensions Committee members and staff and the Fund subscribes to Hymans online learning platform (LOLA) Participates in the CIPFA Pensions Network/ Peer forums to share knowledge & awareness Guidance from external agencies (some will be at a cost) Procedure notes in place for key activities to ensure processes can be followed		Completion of modules continue to be monitored.  Pension Fund officers to maintain and ensure procedure notes in place for key activities.	to current controls
5.2	PFM	<b>Operational Risk</b> LCIV resourcing – LCIV staff turnover.	Undermines investor confidence in the LCIV.	AMBER B/2 Very Likely/Serious	Continued monitoring of LCIV in place.	GREEN D/3 Possible/Moderate		Risk and Controls Reviewed by Officers Oct 24  No changes recommended to current controls
5.3	PFM / CMO	<b>Operational Risk</b> ICT failure/Disaster Recovery.	Loss of infrastructure. Failure of all ICT services.	RED B/1 Very Likely/Major	ICT/ Disaster Recovery in place. Regular security upgrades to computer systems at both Havering and LPPA.	AMBER C/2 Likely/Serious		Risk and Controls Reviewed by Officers Oct 24

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
					Use protected portals to send personal information. Internal Firewalls in place.			No changes recommended to current controls.
5.4	PFM / CMO	<b>Operational Risk</b> Cyber Security Risk.	Ransomware risk.	RED B/1 Very Likely/Major	LPPA hold a current Cyber Essentials Certificate and ISO 27001 Certification. LPPA systems are monitored 24 hours a day 7 days a week all year round by a security Operations Centre service. Data is regularly backed up and cyber security measures are in place.	AMBER C/2 Likely/Serious		Risk and Controls Reviewed by Officers Oct 24  No changes recommended to current controls..
5.5	CMO	<b>Operational Risk</b> Poor Pension fund administration by the outsourced service LPPA.	Service Delivery failure leading to client/customer complaints and reputational damage.	RED B/1 Very Likely/Major	Formal agreement in place with LPPA, working to SLA's. CMO in post to monitor the administration work of LPPA and carries out spot checks on a regular basis. LPPA provide an Internal Control report - AAF 01/20 "Type 1" report, focuses on operational and financial controls and designed for pension management. No qualifications issued for the 2022 report. LPPA provides quarterly performance reporting to the LPB and subject to challenge	GREEN E/3 Unlikely/ Moderate	LPPA working towards AAF/01/20 "Type 2" report, expected 2025	Risk and Controls Reviewed by Officers Oct 24  No changes recommended to current controls.
5.6	CMO	<b>Operational Risk</b> Poor administration by the employers/payroll providers in the fund.	Service delivery failure leading to client/customer complaints and	AMBER C/2 Likely/Serious	Pensions Administration Strategy in place to clarify the responsibilities of scheme employers and	GREEN D/3 Possible/ Moderate		Risk and Controls Reviewed by Officers Oct 24

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			<p>reputational damage.</p> <p>Inaccurate data provided give rise to data and financial consequences such as actuary setting contribution rates with a higher margin of error.</p> <p>Pension costs and payments delayed or incorrect</p>		<p>provide timescales for the submission of data.</p> <p>LPPA have a programme of employer training and a dedicated employer engagement team to provide support</p> <p>CMO maintains regular contact with scheme employers to provide support</p> <p>Actuary undertakes data checks/cleansing as part of triennial review process</p> <p>Mandatory monthly reporting by employers ensures efficient notifications of record updates are received by LPPA and enables queries to be raised in a timely manner</p> <p>Reconciliations of Pension Benefit payments are carried out between General Ledger and LPPA systems quarterly with any queries referred to LPPA/CMO for investigation</p>		<p>LPPA are commencing work on a data project to ensure good quality data is held on member records</p>	<p>No changes recommended to current controls.</p>

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
			Incorrect Contribution oncome received		<p>Monthly reconciliations to monitor cash flow carried out.</p> <p>Monthly contribution schedules maintained by the Havering Pensions Team.</p> <p>Reconciliations between General Ledger and Employer schedules undertaken quarterly with any queries referred to CMO for investigation.</p>		Officers to enhance monitoring contribution income over concerns of reconciling data received from some employers in regard to employer/employee contributions	
5.7	PFM	<b>Operational Risk</b> Failure/inability to undertake the accounting of the pension scheme appropriately.	Qualified opinion on the accounts by external auditor.	AMBER C/2 Likely/Serious	<p>Experienced personnel in place.</p> <p>Attendance at accounting seminars/training to ensure adherence to guidance and regulations</p> <p>Pension Fund accounts subject to external audit.</p> <p>Pension Fund uses the service of an external custodian to verify asset values and performance.</p>	GREEN E/3 Unlikely/ Moderate	<p>2020/21 Accounts - Requires audit sign off (PF audit completed).</p> <p>2021/22 Accounts - Requires audit sign off (PF audit completed)</p> <p>2022/23 Accounts- Requires audit sign off (PF audit completed).</p> <p>2023/24 Accounts – Requires audit sign off (PF audit completed).</p>	<p>Risk and Controls Reviewed by Officers Oct 24</p> <p>No changes recommended to current controls.</p>



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					<p>Fund Managers performance is monitored quarterly. Fund Managers present at Pension Fund Committee meetings.</p> <p>Monitoring of internal control reports of fund managers to ensure operations administered correctly.</p>			
5.8	PFM / CMO	<b>Operational Risk</b> Poor communications with stakeholders.	Potential breach of regulations and member entitlement Potential for litigation. .	AMBER C/2 Likely/Serious	<p>The Pension Fund publishes a Communications Strategy that is reported against annually and reviewed every 3 years. The strategy is reviewed by the LPB and approved by the Pensions Committee.</p> <p>The Fund has a pensions dedicated page within the Havering Council website where fund specific information is published and where the Fund publishes its Annual Report and other statutory policies</p> <p>LPPA has an LGPS dedicated website that contains all relevant information for scheme members and employers.</p> <p>Database maintained on all contact details for LGPS communications.</p>	GREEN E/3 Unlikely/ Moderate		<p>Risk and Controls Reviewed by Officers Oct 24</p> <p>No changes recommended to current controls</p>
5.9	PFM / CMO	<b>Operational Risk</b> Excessive charges by suppliers.	Fund incurring unnecessary costs.	AMBER C/2 Likely/Serious	Third Party Fee Invoices checked prior to payment.	GREEN E/3 Unlikely/		Reviewed by Officers Oct 24

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						Moderate		No changes recommended to current controls
5.10	PFM	<b>Operational Risk</b> 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 Likely/Serious	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 Possible/ Serious	Officers to keep under review the risk of employer's ability to meet their obligations and liaise with the Fund's actuary as appropriate.	Risk and Controls Reviewed by Officers Oct 24  No changes recommended to current controls
<b>RISK TITLE</b>								
<b>No 6. Risk of failure to on board or exit employers/members effectively.</b>								
<b>Upper Level for all Risks:S151 Officer/Director of Exchequer and Transactional Services</b>								
6.1	Lower Levels: PFM / CMO	<b>Operational Risk</b> Delays in internal processing of documentation/ admission agreements.	Contribution delays from the employers & members until on-boarding has been completed impacts cash flow.  Late payment of pension benefits pending on-boarding of new employers	AMBER C/2 Likely/Serious	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.  Script in place to deliver to new Academy employers, with feedback process in place. CMO maintains communications and contact with employers to provide dedicated point of contact  Bond or guarantee reviews in place and reviewed	GREEN E/3 Unlikely/ Moderate		Reviewed by Officers Oct 24  No changes recommended to current 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
					<p>every three years as part of valuation process. This will cease to be necessary for new admissions from 1 Jan 24 due to the introduction of pass-through</p> <p>Standard Admission Templates adopted</p> <p>Officers liaise with Legal colleagues to ensure Legal requirements are met in a timely manner</p> <p>Pensions Administration Strategy in place to clarify the responsibilities of scheme employers and provide timescales for the submission of contribution payments</p> <p>Admissions Policy – sets out entry conditions to the Fund is in place and accessible via the Council website</p> <p>Outsourcing Guide - sets out organisations responsibilities when outsourcing is in place and accessible via the Council website</p> <p>Pensions Administration Strategy in place to clarify the responsibilities of scheme employers and provide timescales for the submission of contribution payments</p>		Officers to identify reasons for delays as they arise	

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		Escalation to Heads of Service where required			
			Employer's liabilities may fall back onto other employers and ultimately local taxpayers.		Actuarial assessment completed for all new and exits requests to assess the level of financial risk. Bonds and suitable guarantees put into place to protect the Fund in case of default.			
6.2	CMO	<b>Operational Risk</b> Member data incomplete or incorrect.	Incorrect member data causes processing delays.	AMBER B/2 Very Likely/ Serious	Mandatory monthly reporting by employers ensures efficient notifications of record updates are received by LPPA and enables queries to be raised in a timely manner	GREEN E/3 Unlikely/ Moderate		Reviewed by Officers Oct 24  No changes recommended to current controls
					Member self-service – online tool for members to check and update personal data.			
					Data is reviewed as part of the triennial valuation exercise.			
					Reconciliations between General Ledger and UPM undertaken quarterly identifies member mismatches.			
<b>RISK TITLE</b>								
<b>No 7. Risk of Pension Fund Payment Fraud</b>								
<b>Upper Level for all Risks: S151 Officer/Director of Exchequer and Transactional Services.</b>								
7.1	Lower Levels: CMO	<b>Operational Risk</b> Pension overpayments arising because of non-	Financial loss. Reputational damage of	AMBER C/2 Likely/Serious	Participate in the National Fraud Initiative (bi-annually).	GREEN E/4 Unlikely/		Reviewed by Officers Oct 24

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
		notification in change of circumstances.	Pension Administration and the Council.		<p>Signed up for DWP database Tell us Once – DWP inform LPPA of deaths relating to members of the Havering LGPS fund. Monitored on a daily basis</p> <p>Policy regarding the overpayment of pensions following death of a pensioner or dependent in place</p> <p>Mortality Screening outsourced to an external supplier. Checks carried out monthly.</p> <p>Address checked for deferred pensions prior to payment.</p> <p>Process is in place to investigate return of payment by banks.</p> <p>Internal audit checks carried out.</p>	Negligible		No changes recommended to current controls
7.2	PFM / CMO	<b>Operational Risk</b> Internal staff fraud/ Staff acting outside of their levels of authorisation.	Potential for financial loss.	AMBER C/2 Likely/Serious	<p>Segregation of duties.</p> <p>Pension Fund bank account reconciled to General Ledger monthly.</p> <p>Internal audit checks carried out.</p> <p>Internal disciplinary process in place.</p>	GREEN E/3 Unlikely/ Moderate		<p>Reviewed by Officers Oct 24</p> <p>No changes recommended to current controls</p>
7.3	PFM / CMO	<b>Operational Risk</b> Conflict of interest.	Inappropriate decision making.	AMBER C/2 Likely/Serious	<p>Register of interest declarations are covered within the agenda at all LPB/Committee meetings.</p> <p>All Council Officers undertake a declaration of interest on a periodic basis</p>	GREEN E/3 Unlikely/ Moderate		<p>Reviewed by Officers Oct 24</p> <p>No changes recommended to current controls</p>

