

# IWCRMS - Service Area - Extract Risk Register (6risks)

## Technical Finance - Technical Finance (Pension Fund)

Risk: RESILIENCE (Key person risk (G3)) (Id: 196) - Assigned To: Joanna Thistlewood					
Description:			Inherent Rating:	Current Rating	Target Rating:
reliance on key people, lack of supporting resource, single points of failure CLOSED 9 Sep 22: combined with A13 for NEW risk REOPENED 23Nov22 and renamed at request of committee <b>Consequence:</b> Severe disruption if key staff are absent for any period of time. <b>Review Date:</b> 30/11/2023 <b>Closed Date:</b>			15 - Very High	16 - Very High <b>(13/11/2023)</b>	5 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update	
Governance support from Hymans Robertson commissioned and reported to committee. Fortnightly meetings with fund officers and Hymans Robertson personnel.	25	31/03/2024	Joanna Thistlewood	update 13 Nov-23: underlying assumptions, and high priority items reported to PFC in September 2023. Regular update calls held. progress somewhat delayed due to administration staffing issues.	
work force plan to be developed, using IWC model	0	29/03/2024	Joanna Thistlewood	update 15-Mar-23: no progress on this, subject to outcome of structure review. update 13-Nov-23: no significant progress, although administration team redesign is being progressed following significant number of staff resignations.	
Barnett Waddingham to present options report from structure review to Council's Corporate Management Team on 4 April 2023	0	29/12/2023	Joanna Thistlewood	Report not presented to CMT - to be discussed with Director of Finance, Chief Executive and Director of Corporate Resources on 12 May 2023 update 13-Nov-2023: report was reviewed, but action deferred until after completion of Council's structure review. Discussed with Chris Ward/Kerry Hubbleday 13 October; no further progress to report.	
Administration staff resources and technical support programme agreed with Hymans Robertson, for period of three months, to cover gaps following staff resignations, while service redesign work is completed. Following redesign, recruitment to new structure can begin.	0	17/11/2023	Matthew Collier	Update 13-Nov-23: questions on support contract raised by HR, Corporate Information Unit, and Procurement, has delayed the implementation of this contract - which was scheduled to start on 30 October 2023 for a period of three months. Expect to sign contract before 17 November 2023.	

Recruitment of three trainee posts to pensions administration team, to replace three resignations.	100	28/04/2023	Matthew Collier	recruitment complete - new staff start on 9 May 2023
commission external review of pension fund structure to ensure most effective and appropriate structure is in place - linking into Good Governance Project.	100	31/08/2022	Joanna Thistlewood	<p>update 9-May-22: further competition launched via procurement portal to National LGPS Framework providers on 3 May. Deadline for submission of responses 24 May 2022; evaluation to be complete by 7 June, with award shortly thereafter and work to commence as soon as possible after award.</p> <p>update 30-May-22: 4 tender submission received by deadline - evaluation in progress.</p> <p>update 01-Jul-22: unable to identify preferred provider, so procurement process suspended 10 June 2022. Reworking of further competition documentation to be deferred until after award of custodian contract, so early August 2022,</p>
Financial Management staffing restructure changes Technical Finance Manager role to Pension Fund Manager, with 100% focus on Pension Fund. New cost centre to be created to separate Pension Fund Finance costs from mainstream Accountancy team.	100	01/04/2022	Joanna Thistlewood	update 9-May-22: structure now implemented, cost centre created and budget transferred. costs to be monitored via Finance Mini Service Board monthly.

**Risk: CAPACITY (Sufficient resources (A13)) (Id: 220) - Assigned To: Joanna Thistlewood**

<p><b>Description:</b>          Insufficient resources (staffing, financial) to deliver responsibilities - LGPS          CLOSED 9-Sep-22: combined with G3 for NEW risk          REOPENED 23-Nov-22 and renamed at request of committee</p> <p><b>Consequence:</b>          inability to pay benefits, unable to engage with stakeholders, inappropriate decisions, non-compliance with regulatory and best practice requirements</p> <p><b>Review Date:</b> 29/12/2023 <b>Closed Date:</b></p>	<p><b>Inherent Rating:</b>           15 - Very High</p>	<p><b>Current Rating</b>           16 - Very High   <b>(13/11/2023)</b></p>	<p><b>Target Rating:</b>           9 - Medium</p>
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Mitigations / Actions	% Complete	Due Date	Assigned To	Update
Governance support from Hymans Robertson commissioned and reported to committee. Fortnightly meetings with fund officers and Hymans Robertson personnel.	25	31/03/2024	Joanna Thistlewood	update 13 Nov-23: underlying assumptions, and high priority items reported to PFC in September 2023. Regular update calls held. progress somewhat delayed due to administration staffing issues.
Ensure appropriate strategic planning is in place, identifying resource and budgetary needs and putting them in place as required	0	29/03/2024	Joanna Thistlewood	update 13-Nov-23: support commissioned from Hymans Robertson for both governance and administration activities, which should alleviate immediate pressures, but at a significant financial cost.
succession planning for administration team	25	31/12/2023	Matthew Collier	update 16-May-22: will be factored into output of operational structure review. Update 02-02-23 Due to be reviewed by CMT 7 March 2023. Update 16-03-23 review CMT pushed back to April. Update 11-May-23: Awaiting review by 151 Officer and IWC Directors TBC. Update 01-Oct-23: Director of Corporate services reviewing Pensions Admin Team structure.
next steps for structure review to be discussed between Chief Executive, Director of Finance and Director of Corporate Resources, including process for onward referral. meeting scheduled for 12 May 2023	0	29/12/2023	Joanna Thistlewood	update 13-Nov-2023: report was reviewed, but action deferred until after completion of Council's structure review. Discussed with Chris Ward/Kerry Hubbleday 13 October; no further progress to report.

Administration staff resources and technical support programme agreed with Hymans Robertson, for period of three months, to cover gaps following staff resignations, while service redesign work is completed. Following redesign, recruitment to new structure can begin.	0	17/11/2023	Matthew Collier	Update 13-Nov-23: questions on support contract raised by HR, Corporate Information Unit, and Procurement, has delayed the implementation of this contract - which was scheduled to start on 30 October 2023 for a period of three months. Expect to sign contract before 17 November 2023.
commission external review of pension fund structure to ensure most effective and appropriate structure is in place - linking into Good Governance Project.	100	31/08/2022	Joanna Thistlewood	<p>update 9-May-22: further competition launched via procurement portal to National LGPS Framework providers on 3 May. Deadline for submission of responses 24 May 2022; evaluation to be complete by 7 June, with award shortly thereafter and work to commence as soon as possible after award.</p> <p>update 30-May-22: 4 tender submission received by deadline - evaluation in progress.</p> <p>update 01-Jul-22: unable to identify preferred provider, so procurement process suspended 10 June 2022. Reworking of further competition documentation to be deferred until after award of custodian contract, so early August 2022,</p>

**Risk: Investment pooling (I11) (Id: 231) - Assigned To: Joanna Thistlewood**

<p><b>Description:</b> ACCESS (investment asset pool) fails to meet Administering Authority's objectives or needs, through lack of appropriate sub-funds, additional costs, etc.</p> <p><b>Consequence:</b> investments held outside pool, regulatory compliance, potential for government intervention, reputational issues</p> <p><b>Review Date:</b> 29/12/2023 <b>Closed Date:</b></p>	<p><b>Inherent Rating:</b></p> <p>12 - High</p>	<p><b>Current Rating</b></p> <p>9 - Medium</p> <p><b>(13/11/2023)</b></p>	<p><b>Target Rating:</b></p> <p>5 - Low</p>
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Mitigations / Actions	% Complete	Due Date	Assigned To	Update
Rolling annual mitigation. Attendance at, and participation in, officer working groups at least monthly - covering investment sub-funds, illiquid asset investments, governance, etc.	50	29/12/2023	Joanna Thistlewood	<p>update 24-Mar-23: JMT active participation in main officer working group, EPT (for operator contract work), and Reporting sub-group (JEC). JMT attended all s151 meetings, and supported IWPf rep at all JC meetings. attendance at other working groups as and when possible.</p> <p>significant burden on single officer</p> <p>Update 13-Nov-23: agreed that JMT will step back from some working groups where activity is not a local priority (NLSG, LSG, EPT, ESG-RI) while maintaining attendance to OWG, S151 and JC meetings. JEC attending reporting subgroup meetings.</p>
Rolling annual mitigation. Chair of pension committee or named deputy attendance at quarterly Joint Committee meetings.	50	29/12/2023	Joanna Thistlewood	<p>update 9-May-22: Cllr Andre named as primary attendee for JC meetings, agreed by Cllr Jarman and monitoring officer.</p> <p>2022-23 meetings: 6 Jun 22, 12 Sep 22, 5 Dec 22, 6 Mar 23</p> <p>Update 9-Sep-22: Cllr Churchman now primary representative, Cllr Andre named deputy.</p> <p>Update 24-Mar-23: 100% participation in JC meetings.</p> <p>Update 13-Nov-23: 100% elected member participation in JC meetings and related calls to date in 2023-24.</p>
as smallest fund, pressure on local budget from shared costs is greatest of all 11 ACCESS funds. Fund must be included in all governance and investment discussions to ensure our needs are reflected and our cost concerns are heard.	50	29/12/2023	Joanna Thistlewood	<p>update 9-Sep-22: active participation in officer meetings, and representation at Joint Committee meeting ensure our voice is heard.</p> <p>update 24-Mar-23: 100% representation at JC meetings in 2022-23, and active participation in discussions.</p> <p>update 13-Nov-23: 100% representation at JC meetings in 2023-24, and active participation in discussions. Views of smallest fund are considered in working groups even when officers are not present.</p>

<p>implementation of illiquid asset solutions subject to issues with adviser (MJ Hudson). Timing of transition of investments into new real estate solutions subject to market conditions, meaning it could be a very lengthy and potentially very expensive process.</p>	25	29/12/2023	Joanna Thistlewood	<p>update 24-Mar-23: UK real estate manager has been identified, but lack of clear understanding about the solution and transition plan is of concern. Update 13-Nov-23: Apex (successor firm to MJ Hudson) have been approved by ACCESS pool to continue work on illiquid solutions. Still no confirmation of on-boarding process for Real Estate solution. Pool has confirmed some Infrastructure funds as "pool-aligned". work has begun on private debt and private equity solutions. In the meantime, fund has selected managers outside of the pool to fulfil its increased allocations to both private debt and infrastructure. A similar approach is being followed by other members of ACCESS pool.</p>
<p>pool operator, Link Fund Solutions, business being sold by Australian parent group. Pool working with advisers (Hymans Robertson and Squire Patton Boggs) to ensure the proposed purchaser (Waystone Group) is suitable for ongoing relationship with underlying authorities</p>	100	13/11/2023	Joanna Thistlewood	<p>update 24-Mar-23: negotiations between LFS and Waystone progressing. Assurance provided by advisers that, assuming negotiations conclude satisfactorily, there should be no significant disruption for the remaining duration of the current operator contract (march 2025) Update 28-Apr-23: confirmation that agreement between LFS and Waystone signed. expectation that regulatory approval will allow transaction to be completed by 30 September 2023. Update 13-Nov-23: successful takeover of Link Fund Solutions business by Waystone Group completed in October 2023. All LFS staff transferred to new organisation, ACCESS-related processes unchanged</p>
<p>monitoring of government consultations, briefings, and updates from ACCESS Support Unit to ensure that fund is up-to-date with asset pooling developments and best placed to act when required</p>	100	02/10/2023	Joanna Thistlewood	<p>update 9-May-22: DLUHC consultation on (among others) pooling and levelling-up expected to be issued in summer 2022. consultation will be shared with committee and board members for input. Update 24-Mar-23: Spring budget 2023 included details about potential consolidation of pools, fewer in number, larger in size. Consultation expected to be launched shortly, impact to be considered once consultation issued. Update 13-Nov-23: Response to DLUHC consultation submitted at both ACCESS and local fund level. Monitor until such time as government publishes its reply and confirms next steps.</p>

**Risk: Cyber security (NEW 2) (Id: 1276) - Assigned To: Joanna Thistlewood**

<p><b>Description:</b>                  A Cyber Security Incident is defined as:                  A Breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data or confidential information                  or                  An event having an actual adverse effect on the security of or unauthorised access to or use of, inability to access, loss or theft of, or malicious infection of network and information systems that reasonably may compromise the privacy or confidentiality, integrity, or availability of confidential information or personal data or the council's operating environment, services, network and information systems</p> <p><b>Consequence:</b>                  Complete or significant Loss of data                  Unlawful release of personal data held by the Council to unauthorised third parties resulting in legal action/fines                  Loss of Council or individual staff members money through fraudulent transactions as a result of phishing                  Temporary or permanent disabling of key council ICT systems                  Other fraudulent activity                  Other breaches of GDPR</p> <p><b>Review Date:</b> 29/12/2023    <b>Closed Date:</b></p>	<p><b>Inherent Rating:</b>  15 - Very High</p>	<p><b>Current Rating</b>  13 - High  <b>(13/11/2023)</b></p>	<p><b>Target Rating:</b>  13 - High</p>
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Mitigations / Actions	%	Due Date	Assigned To	Update
	<b>Complete</b>			
IWC cyber incident response plan has been obtained. To be reviewed for compatibility with pension fund needs, then used to create pension specific plan	0	29/03/2024	Joanna Thistlewood	update 13-Nov-23: no progress to date.
Review TPR single code of practice requirements for cyber risk considerations and ensure compliant. (NB TPR combined code expected to be launched Sept 2022)	25	29/12/2023	Joanna Thistlewood	Update 15-Mar-23: TPR expect to launch "General Code" in spring 2023. but reviewing cyber processes against expectations set out in draft code issued for consultation. First steps = assessment of IWC and Heywood controls at board meeting on 4 April 2023 update 28-Apr-23: TPR code delayed until July 2023. Board agreed good start, needs further work on evidencing testing of controls in place. Update 13-Nov-23: TPR code still not launched. Hymans Robertson have agreed to support with training and understanding of TPR requirements in advance of launch of code.

Pension Fund specific disaster recovery/cyber incident response plan in place to ensure back-up systems are in place within an agreed timescale. Regularly reviewed and updated.	50	29/12/2023	Joanna Thistlewood	update 28-Apr-23: no progress to date update 13-Nov-23: included in high priority work following governance outlook review and support. Hymans have indicated that they can support with training and understanding of specific requirements of TPR code, but work must be carried out by IWC staff or external data risk specialists if needed.
Ensure appropriate training and awareness sessions provided to administration staff, other officers and members of the Pension Committee and Pension Board. monitored as part of annual PDR process and reported in pension fund annual report.	75	29/12/2023	Joanna Thistlewood	update 13-Nov-23: all finance and administration staff have completed required internal training. Hymans have offered to support future training for committee and board members.
compliance with Council data security protocols and building access controls maintained. rolling annual mitigation	100	31/03/2023	Joanna Thistlewood	
Cyber risk assessment tool (AON) to be completed, and action plan developed.	100	30/12/2022	Joanna Thistlewood	update 9-Sep-22: access to tool currently blocked under IWC firewalls; incident reported to ICT 5/9/22 update 15-Mar-23: Cyber risk assessment tool completed and presented to Pension Board 26 October 2022. Actions identified to improve performance.

**Risk: ESG/RI and Climate Change (NEW 3) (Id: 1277) Assigned To: Joanna Thistlewood**

<p><b>Description:</b> The fund fails to consider Environmental, Social and Governance risk factors, including climate change, when considering its investment strategy, funding strategy and reporting requirements. It also fails to engage with its investment managers (including the ACCESS pool) to ensure their climate risk processes align with those of the fund.</p> <p><b>Consequence:</b> loss of returns through obsolete investments and/or stranded assets; reduction in the creditworthiness of individual investee companies should they fail to address climate change implications, for example moving away from fossil fuels. reduction in funding level, higher employer contribution rates. reputational issues. non-compliance with legislation/regulations/reporting requirements.</p> <p><b>Review Date:</b> 29/12/2023 <b>Closed Date:</b></p>	<p><b>Inherent Rating:</b></p> <p>12 - High</p>	<p><b>Current Rating</b></p> <p>12 - High</p> <p><b>(13/11/2023)</b></p>	<p><b>Target Rating:</b></p> <p>9 - Medium</p>
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Mitigations / Actions	% Complete	Due Date	Assigned To	Update
ESG/RI workgroup established to review fund's current beliefs and statements to ensure fit for purpose.	25	29/03/2024	Joanna Thistlewood	2 meetings held to date update 9-May-22: no meetings held since November 2021, due to officer capacity update 13-Nov-23: no further progress.
fund commissioned ESG analysis and carbon footprint report in June 2021, which has informed some manager challenge, and will form baseline for future climate change actions.	0	29/03/2024	Joanna Thistlewood	Update 9-May-22: consideration to be given to commissioning updated report for 2022-23. cost identified as £13k. update 28-4-23: to be reviewed as part of TCFD reporting compliance. Update 13-Nov-23: proposal for work plan has been received from Hymans Robertson, although further work deferred until such time as TCFD reporting for LGPS requirements are confirmed by central government. Indication that these will not come into force until 2024-25 reporting at the earliest.
consider requirements of UK Stewardship code	0	29/03/2024	Joanna Thistlewood	
Membership of LAPFF to improve engagement with investee companies. Reporting of engagement to be improved.	50	29/12/2023	Joanna Thistlewood	Update 28-Apr-23: LAPFF membership renewed for 2023-24. reporting of engagement to be improved. Update 13-Nov-23: membership of LAPFF continues, LAPFF communications shared with committee members as appropriate.
Fund has published responsible investment beliefs, set in 2019. To be reviewed to ensure still relevant and expanded where appropriate	0	29/12/2023	Joanna Thistlewood	update 28-4-23: to be reviewed as part of TCFD reporting compliance.

triennial valuation 2022 will model specific climate scenarios in determining likelihood of achieving funding targets, and setting contribution rates.	100	31/12/2022	Joanna Thistlewood	update 4-Jul-22: assumptions for climate modelling agreed update 15-Mar-23: draft valuation report presented to pension committee on 8 February 2023. this included sensitivity analysis of results in three different climate scenarios.
ACCESS pool developing ESG/RI guidelines which should encompass all current statements from all 11 funds. Continued involvement in the development of those guidelines at officer and elected member level	100	25/11/2022	Joanna Thistlewood	update 9-May-22: ACCESS ESG/RI guidelines were presented to elected member workshop on 27 April, with very few amendments proposed. Should be presented to 6 June 2022 JC meeting for onward recommendation. update 01-Jul-22: ACCESS JC meeting approved guidelines in principle. Next step, to build into local review of current statements. update 15-Mar-23: ACCESS JC formally recommended that guidelines be considered by local funds.
respond to DLUHC "Governance and reporting of climate change risks" consultation (issued 1 Sep. 22); develop action plan to ensure compliance with expected regulations. Reporting required for 2023-24 year, by 1 December 2024.	100	24/11/2022	Joanna Thistlewood	Update 15-Mar-23: consultation response submitted 24 November 2022. Government have not yet issued their response, nor the regulations which enforce the requirements.

**Risk: Changes to legislation (NEW 6) (Id: 1304) Assigned To: Joanna Thistlewood**

<p><b>Description:</b> Fund is not aware of, or fails to adequately respond to, changes arising from central government and/or HMRC, including: - changes from public sector report (McCloud) - changed to a particular type of employer in LGPS (e.g. academies) - Climate risk reporting - TPR General code</p> <p><b>Consequence:</b> - incorrect assessment or payment of benefits - inappropriate information provided to stakeholders - increased complaints - impact on funding strategy for particular type of employer and/or fund as a whole. - impact on investment strategy. - non-compliance with legislation, regulations and/or codes of practice - reputational damage - potential financial penalties.</p> <p><b>Review Date:</b> 29/12/2023 <b>Closed Date:</b></p>	<p><b>Inherent Rating:</b>  12 - High</p>	<p><b>Current Rating</b>  9 - Medium  <b>(13/11/2023)</b></p>	<p><b>Target Rating:</b>  5 - Low</p>
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Mitigations / Actions	%	Due Date	Assigned To	Update
The Administering Authority considers all consultation papers issued by the Government and comments where appropriate. rolling annual mitigation.	50	29/12/2023	Joanna Thistlewood	
Take advice from Fund actuary on impact of changes on the Fund and amend strategies as appropriate. rolling annual mitigation.	50	29/12/2023	Joanna Thistlewood	
participation in networking events, webinars, subscriptions to professional organisations, liaison with advisers to ensure kept up to date with latest developments. rolling annual mitigation.	50	29/12/2023	Joanna Thistlewood	update 27-Mar-23: participating throughout 2022-23. restart reprogress for 2023-24

business plan for pension fund includes these changes as they become apparent, with resource allocated as required. annual rolling mitigation.	50	29/12/2023	Joanna Thistlewood	
record of development activity and progress with learning toolkits will be presented at each board and committee meeting, and will be included in annual report, at member level.	50	29/12/2023	Joanna Thistlewood	update 27-Mar-23: included in all meetings 2022-23. renewed focus in 2023-24
Administration staff resources and technical support programme agreed with Hymans Robertson, for period of three months, to cover gaps following staff resignations, while service redesign work is completed. Following redesign, recruitment to new structure can begin.	0	17/11/2023	Matthew Collier	Update 13-Nov-23: questions on support contract raised by HR, Corporate Information Unit, and Procurement, has delayed the implementation of this contract - which was scheduled to start on 30 October 2023 for a period of three months. Expect to sign contract before 17 November 2023.
McCloud remedy consultation delayed until early calendar year 2023.	25	31/10/2023	Matthew Collier	update 9-Sep-22: Actuaries have factored in assumptions to valuation results, in line with government guidance. Data is being collected from employers - 86% of data requested has been received; 8%" analysed. Project report to each LPB meeting. update 3-Oct-22: Data from employers now 92% received and 81% analysed. Report to LPB on 26th October 2022 confirming these figures. Update 31-Oct-22: Data from employers now 92% received and 88% analysed. update 13-Nov-23: fund is working with administration system providers to implement solution. Fund is in a very strong position with respect to data.
training and development plans in place for all pension administration staff, identifying external events as well as in-house training. as part of annual PDR process.	100	30/06/2022	Matthew Collier	update 16-May-2022: all administration staff have bespoke training plans in place, which are monitored as part of regular 1-2-1 meetings.