

# Service Area : Pension Fund - Extract of Full Risk Register (3 RED risks)

## Technical Finance - Technical Finance (Pension Fund)

**Financial Management - Technical Finance (Pension Fund)**

**Risk: Pension fund resourcing (NEW1) (Id: 1275) - Assigned To: Pension Fund Manager**

<b>Description:</b> reliance on key people, single points of failure, lack of succession planning. Insufficient resources (staffing, financial) to deliver responsibilities - LGPS. <b>Consequence:</b> Severe disruption if key staff are absent for any period of time. Inability to pay benefits, unable to engage with stakeholders, inappropriate decisions. reputational and financial costs (rectification costs and/or regulator fines) if mistakes are made. inability to participate in ACCESS pool activities - loss of active voice <b>Review Date:</b> 25/11/2022	<b>Inherent Rating:</b> 15 - Very High (RED)	<b>Current Rating</b> 15 - Very High (RED) (04/10/2022)	<b>Target Rating</b> 3 - Low (GREEN)
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Mitigations / Actions	% Complete	Due Date	Assigned To	Update
commission external review of pension fund structure (using National LGPS framework) to ensure most effective and appropriate structure is in place - linking into Good Governance Project. This will support production of a workforce plan, to: - analyse existing skills, knowledge and talents - consider changes due to retirements/resignations - identify optimal staffing requirements - numbers and skills - develop recruitment and development plans	25	31/03/2023	Pension Fund Manager	first procurement exercise failed as unable to identify preferred provider. revised procurement, with more detailed specification and pricing schedule, launched on IWC procurement portal on 2 September 2022. Submission deadline 23 September, anticipate award on 6 October.
sharing of knowledge, documentation of procedures/processes both in finance and administration teams.	0	31/03/2023	Pension Fund Manager	
Ensure appropriate strategic planning is in place, identifying resource and budgetary needs and putting them in place as required	0	31/03/2023	Pension Fund Manager	
Business Continuity Plan for Pension Fund to be completed	0	31/03/2023	Pension Fund Manager	

shared operational workplan for key activities to be developed for admin projects, McCloud, GMP, Dashboards, system enhancements, etc. and governance/operational priorities (TCFD, cyber, pooling, investments, etc).	0	30/12/2022	Pension Fund Manager	admin project plan has been drafted
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**Financial Management - Technical Finance (Pension Fund)**

**Risk: Cyber security (NEW 2) (Id: 1276) - Assigned To: Pension Fund Manager**

<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 <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 <b>Review Date:</b> 25/11/2022	<b>Inherent Rating:</b>	<b>Current Rating</b>	<b>Target Rating:</b>
	15 - Very High (RED)	15 - Very High (RED)  (04/10/2022)	13 - High (RED)

Mitigations / Actions	% Complete	Due Date	Assigned To	Update
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.	0	31/03/2023	Pension Fund Manager	
compliance with Council data security protocols and building access controls maintained. rolling annual mitigation	50	31/03/2023	Pension Fund Manager	
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.	25	31/03/2023	Pension Fund Manager	

Review TPR single code of practice requirements for cyber risk considerations and ensure compliant. (NB TPR combined code expected to be launched Sept 2022)	0	31/03/2023	Pension Fund Manager	
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	31/03/2023	Pension Fund Manager	
Cyber risk assessment tool (AON) to be completed, and action plan developed.	0	30/12/2022	Pension Fund Manager	update 9-Sep-22: access to tool currently blocked under IWC firewalls; incident reported to ICT 5/9/22 (no response)

### Financial Management - Technical Finance (Pension Fund)

**Risk: ESG/RI and Climate Change (NEW 3) (Id: 1277) - Assigned To: Pension Fund Manager**

**Description:**

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.

**Consequence:**

loss of returns through obsolete investments and/or stranded assets; reduction in funding level, higher employer contribution rates; reputational issues; non-compliance with legislation/regulations/reporting requirements.

**Review Date:** 25/11/2022

**Inherent Rating:**

12 - High (RED)

**Current Rating**

12 - High (RED)

(04/10/2022)

**Target Rating:**

9 - Medium (AMBER)

**Mitigations / Actions**

**% Complete**

**Due Date**

**Assigned To**

**Update**

Fund has published responsible investment beliefs, set in 2019. To be reviewed to ensure still relevant and expanded where appropriate	0	31/03/2023	Pension Fund Manager	
Membership of LAPFF to improve engagement with investee companies. Reporting of engagement to be improved.	50	31/03/2023	Pension Fund Manager	
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	31/03/2023	Pension Fund Manager	Update 9-May-22: consideration to be given to commissioning updated report for 2022-23. cost identified as £13k.
consider requirements of UK Stewardship code	0	31/03/2023	Pension Fund Manager	
triennial valuation 2022 will model specific climate scenarios in determining likelihood of achieving funding targets, and setting contribution rates.	25	31/12/2022	Pension Fund Manager	update 4-Jul-22: assumptions for climate modelling agreed

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	50	25/11/2022	Pension Fund Manager	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.
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.	0	24/11/2022	Pension Fund Manager	
ESG/RI workgroup established to review fund's current beliefs and statements to ensure fit for purpose.	25	24/11/2022	Pension Fund Manager	2 meetings held to date update 9-May-22: no meetings held since November 2021, due to officer capacity