

PENSION FUND RISKS		Q1	Q2	Q3	Q3	Target	DOT	CORPORATE RISK PROFILE (Risk Score = Likelihood x Impact)																																																
1	1.1. Information security arrangements	15	15	15	15	10	→	<table border="1"> <thead> <tr> <th>Impact Likelihood</th> <th>1 Insignificant</th> <th>2 Minor</th> <th>3 Moderate</th> <th>4 Major</th> <th>5 Most severe</th> </tr> </thead> <tbody> <tr> <td>5 Very Likely</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4 Likely</td> <td></td> <td></td> <td>1.6</td> <td></td> <td></td> </tr> <tr> <td>3 Possible</td> <td></td> <td>2.3</td> <td>1.2</td> <td>3.3</td> <td>1.1</td> </tr> <tr> <td>2 Unlikely</td> <td></td> <td>1.3; 1.7; 2.4; 2.5</td> <td>1.4; 1.8; 3.2</td> <td>1.5; 2.2; 3.1</td> <td></td> </tr> <tr> <td>1 Very unlikely</td> <td></td> <td></td> <td></td> <td>2.6</td> <td>2.1</td> </tr> <tr> <td colspan="4">Summary of risk changes since last report to Pensions Committee</td> <td colspan="2">Emerging Risks</td> </tr> <tr> <td colspan="4"> New risks added in Q4: <ul style="list-style-type: none"> No new risks have been added to the risk register in Q4. Risks removed in Q4: <ul style="list-style-type: none"> Following the Government's announcement that it is to revoke the Exit Payment Cap legislation, the risk associated with the implementation of that legislation has been removed from the Fund's risk register. Risk Score Changes in Q4: <ul style="list-style-type: none"> No changes have been made to the risk scores in Q4. </td> <td colspan="2"> <ul style="list-style-type: none"> There are no emerging risks as at March 2021. However, the impact of COVID-19 on the Fund's administration and investments continues to be monitored closely. New legislation and amendments to LGPS Regulations are to be reviewed to assess the impact this may have on the Fund. This includes the resolution to the McCloud judgement which is included within the Risk Register. Mitigations and risk scores may change as the position is further clarified. </td> </tr> </tbody> </table>	Impact Likelihood	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Most severe	5 Very Likely						4 Likely			1.6			3 Possible		2.3	1.2	3.3	1.1	2 Unlikely		1.3; 1.7; 2.4; 2.5	1.4; 1.8; 3.2	1.5; 2.2; 3.1		1 Very unlikely				2.6	2.1	Summary of risk changes since last report to Pensions Committee				Emerging Risks		New risks added in Q4: <ul style="list-style-type: none"> No new risks have been added to the risk register in Q4. Risks removed in Q4: <ul style="list-style-type: none"> Following the Government's announcement that it is to revoke the Exit Payment Cap legislation, the risk associated with the implementation of that legislation has been removed from the Fund's risk register. Risk Score Changes in Q4: <ul style="list-style-type: none"> No changes have been made to the risk scores in Q4. 				<ul style="list-style-type: none"> There are no emerging risks as at March 2021. However, the impact of COVID-19 on the Fund's administration and investments continues to be monitored closely. New legislation and amendments to LGPS Regulations are to be reviewed to assess the impact this may have on the Fund. This includes the resolution to the McCloud judgement which is included within the Risk Register. Mitigations and risk scores may change as the position is further clarified. 	
Impact Likelihood	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Most severe																																																			
5 Very Likely																																																								
4 Likely			1.6																																																					
3 Possible		2.3	1.2	3.3	1.1																																																			
2 Unlikely		1.3; 1.7; 2.4; 2.5	1.4; 1.8; 3.2	1.5; 2.2; 3.1																																																				
1 Very unlikely				2.6	2.1																																																			
Summary of risk changes since last report to Pensions Committee				Emerging Risks																																																				
New risks added in Q4: <ul style="list-style-type: none"> No new risks have been added to the risk register in Q4. Risks removed in Q4: <ul style="list-style-type: none"> Following the Government's announcement that it is to revoke the Exit Payment Cap legislation, the risk associated with the implementation of that legislation has been removed from the Fund's risk register. Risk Score Changes in Q4: <ul style="list-style-type: none"> No changes have been made to the risk scores in Q4. 				<ul style="list-style-type: none"> There are no emerging risks as at March 2021. However, the impact of COVID-19 on the Fund's administration and investments continues to be monitored closely. New legislation and amendments to LGPS Regulations are to be reviewed to assess the impact this may have on the Fund. This includes the resolution to the McCloud judgement which is included within the Risk Register. Mitigations and risk scores may change as the position is further clarified. 																																																				
2	1.2. Pensions administration processes	9	9	9	9	6	→																																																	
3	1.3. Scheme member communication	4	4	4	4	4	→																																																	
4	1.4. Data quality	6	6	6	6	3	→																																																	
5	1.5. Payment of contributions	8	8	8	8	8	→																																																	
6	1.6. McCloud Judgement	12	12	12	12	9	→																																																	
7	1.7 Scam Detection & Prevention	4	4	4	4	4	→																																																	
8	1.8 COVID-19 impact on Pensions Admin.	10	10	6	6	6	→																																																	
9	2.1. Pension Regulator Intervention	5	5	5	5	5	→																																																	
10	2.2. Regulatory changes	8	8	8	8	8	→																																																	
11	2.3. Financial irregularity	6	6	6	6	6	→																																																	
12	2.4 Loss of key personnel	4	4	4	4	4	→																																																	
13	2.5. Conflicts of Interest	4	4	4	4	4	→																																																	
14	2.6 Operational disaster	4	4	4	4	4	→																																																	
15	3.1 Investment performance	8	8	8	8	8	→																																																	
16	3.2 Availability of investment opportunities	6	6	6	6	6	→																																																	
17	3.3 COVID-19 impact on investments	12	12	12	12	12	→																																																	

CUMBRIA LGPS & PENSION BOARD RISK REGISTER (March 2021)

1. Scheme Administration

Risk Ref	Risk Owner	Risk Title & Description	Current Risk Score DOT	Target Score	Current Controls & Measures in Place	Planned Improvements to controls and measures to manage the risk
			(Impact x Likelihood)			
1.1	Fund & LPP (a.k.a. LPPA) Senior Manager	<p>Information Security Arrangements</p> <p>There is a risk that the Council will experience a significant information security incident.</p> <p>Caused by a concerted cyber attack on Council or LPP systems, inadequate information security arrangements, lack of training, awareness or human error.</p> <p>Resulting in partial or total interruption to service delivery to scheme members, scheme employers, Fund Officers or LPP.</p> <p>Disclosure of personal data or a data breach leading to financial penalties, liability claims and reputational damage</p>	<p>15 (5x3) DOT</p> <p style="font-size: 2em; color: white;">➔</p>	<p>10 (5x2)</p>	<p>Cumbria County Council (CCC) – Corporate Risk</p> <ul style="list-style-type: none"> The County Council maintains a detailed corporate risk register including the risk associated with Information Security Arrangements. The Fund adheres to the controls and measures in place detailed within the Corporate Risk Register. All staff within the team have completed the GDPR & Information Security e-learning training which is renewed on an annual basis. All Members have received training on information security. The Fund is compliant with the requirements of GDPR. Any data breaches by officers within the Fund are reported through the Council's data breach processes and also recorded on the Fund's breach register. In the event of systems being interrupted, the Council will implement the relevant Business Continuity Plan to ensure service continuity in a timely manner. Information security controls within the Council have strengthened and have been independently assessed in the following 3 areas: <ul style="list-style-type: none"> GDPR: 'Substantial Assurance' Internal Audit opinion Jun 2019 Cyber Security: 'Reasonable Assurance' 	<p>Cumbria County Council</p> <ul style="list-style-type: none"> All staff, elected Members and Pension Board members are required to complete on-line data security training with a new module launched in 2020/21. <p><u>Local Pension Partnership (LPP):</u></p> <ul style="list-style-type: none"> Activities are underway to refresh the Group's Cyber Essentials certification together with obtaining Cyber Essentials Plus certification. LPP's 'Secure-Score' is currently delivering improvements, primarily delivered through: <ul style="list-style-type: none"> Increased monitoring alerts and notifications of cyber security events, through use of Microsoft Identity monitoring & Cloud Application Security tooling. Introduction of control policies which manage detection of unsanctioned applications. Reviews of administrative privileges & compliance to Multi Factor Authentication (MFA) Policies.

Risk Ref	Risk Owner	Risk Title & Description	Current Risk Score DOT	Target Score	Current Controls & Measures in Place	Planned Improvements to controls and measures to manage the risk
			(Impact x Likelihood)			
					<p>Internal Audit opinion Jun 2019</p> <ul style="list-style-type: none"> PSN: Annual independent PSN Accreditation will be confirmed by 31st March 2021. All National Cyber Security Centre (NCSC) configuration guidance is adhered to where appropriate and assured as part of the PSN process. All NCSC cyber monitoring tools are implemented. <p>Local Pension Partnership (LPP):</p> <ul style="list-style-type: none"> Cyber security risks and controls in place Services backed up to tape every night and held off site. Disaster recovery plan is tested twice yearly. Networks protected by fire walls to prevent unauthorised access. Intrusion Prevention Systems are in place and penetration tests are completed annually. 	
1.2	Fund & LPPA Senior Manager	<p>Pensions' Administration Processes</p> <p>There is a risk of delays in scheme members entering into pension or receiving other services from the Fund in an untimely manner.</p> <p>Caused by organisational restructure within LPPA & personnel changes and the need for retraining.</p>	<p>9 (3x3)</p> <p>DOT</p> <p>➔</p>	<p>6 (3x2)</p>	<p>Formal agreement in place with Lancashire County Council for the discharge of pension administration functions through the Local Pensions Partnership Administration (LPPA). This confirms Lancashire will exercise the same skill, care and diligence they would apply to the discharge of their own functions in relation to the administration of pensions.</p> <p>Formal quarterly meetings of LPPA and Cumbria LGPS officers to review and consider standards of service provision against LPPA internal KPIs. Regular (at least quarterly meeting) of operational</p>	<p>Officers continue to closely review LPPA performance specifically with regard to the experience received by scheme members.</p> <p>Specific issues relating to COVID-19 are addressed in risk 1.8 – “COVID-19 – Impact on Pensions' Administration”.</p>

Risk Ref	Risk Owner	Risk Title & Description	Current Risk Score DOT	Target Score	Current Controls & Measures in Place	Planned Improvements to controls and measures to manage the risk
			(Impact x Likelihood)			
		Resulting in customer dissatisfaction with the service.			<p>group and ongoing dialogue with officers at LPPA throughout the year. LPPA host an annual Client Forum providing officers the opportunity to engage with representatives from other Funds.</p> <p>The Operations Director of LPPA attends all Cumbria Local Pension Board meetings and provides an update on performance and areas for development.</p> <p>Internal audit assurance is provided annually by Lancashire County Council that internal controls with LPPA over the operation and administration of Cumbria Fire Service Pension Scheme data are adequate and effective.</p> <p>LPPA also maintains its own internal audit programme and advise Officers of the findings of these reports.</p>	
1.3	Fund & LPPA Senior Manager	<p>Scheme Member Communication</p> <p>There is a risk that scheme members will not receive appropriate communication from the Fund.</p> <p>Caused by not having an effective Communication Strategy in place or engagement strategy or inaccurate / incomplete data</p> <p>Resulting in customer dissatisfaction and non-</p>	<p>4 (2x2) DOT ➔</p>	4 (2x2)	<p>The Fund's Communication Policy details the process by which it will communicate with members of the Scheme. This policy is reviewed at least annually, and a revised version of the policy is presented to the Committee elsewhere on this agenda.</p> <p>The 'My Pension Online' (MPO) tool is a key mechanism through which LPPA communicates with members and work is ongoing to increase the percentage of members signing up to this.</p> <p>LPPA have confirmed that 100% of Annual Benefit Statements were issued in advance of the statutory deadline of 31st August 2020.</p>	<p>LPPA and the Fund produce an annual newsletter for active members and pensioners including details of the pension scheme and specific information of relevance to members.</p> <p>MPO is promoted by the Fund and LPPA to attempt to increase take up of this self-serve pensions tool.</p>

Risk Ref	Risk Owner	Risk Title & Description	Current Risk Score DOT	Target Score	Current Controls & Measures in Place	Planned Improvements to controls and measures to manage the risk
			(Impact x Likelihood)			
		compliance with the Pension Regulator's Code of Practice 14.				
1.4	Employers and Fund Senior Manager	<p>Data Quality</p> <p>There is a risk that member data is incomplete or inaccurate.</p> <p>This could be caused by poor internal controls within the Fund and scheme employers with information not being passed to LPPA in a timely manner.</p> <p>This could result in having an impact on the production of Annual Benefit Statements for scheme members and the Triennial Valuation of the Fund which then impacts onto employer contributions.</p>	<p>6</p> <p>(3 x 2)</p> <p>DOT</p> <p>➔</p>	<p>3</p> <p>(3 x 1)</p>	<p>Internal audit work undertaken on LPPA controls to provide assurance that internal controls over the operation and administration Cumbria's data are adequate and effective (annually).</p> <p>Monthly reconciliation of employer contributions to data submitted by employers.</p> <p>Quarterly LPPA key performance indicators includes measures of timeliness of update of records.</p> <p>Employer responsibilities are set out in the Administration Policy and this is regularly reinforced by officers through a range of communication channels.</p>	<p>Planned improvements to data quality are set out in the Data Improvement plan which is reviewed and scrutinised on a quarterly basis by the Local Pension Board as requested by the Pensions Committee.</p>
1.5	Employers & Fund Senior Manager	<p>Payment of contributions</p> <p>There is a risk that employers fail to pay contributions (or the correct level of contributions) into the scheme.</p> <p>This could be caused by employer error, business failure or the general impact of increases in employer contribution rates</p>	<p>8</p> <p>(4 x 2)</p> <p>DOT</p> <p>➔</p>	<p>8</p> <p>(4 x 2)</p>	<p>Monthly monitoring of contribution payments by employer to ensure contributions received are timely and accurate. This reconciliation is considered as part of the annual audit process.</p> <p>Late payments are reported on the Fund's risk register and reported to Pensions Committee and the Local Pension Board at each quarterly meeting.</p> <p>Covenant review undertaken to assess the financial viability of employers within the scheme.</p>	<p>New admission bodies to the Fund are required to be backed by a guarantee or a bond.</p> <p>Monitoring and reconciliation of contributions continue to be undertaken monthly and a full reconciliation is completed and checked as part of the year end process.</p> <p>Where appropriate, guarantees will be called in to ensure all contributions are appropriately collected by the Fund.</p> <p>As part of the 2019 Fund valuation, employers have</p>

Risk Ref	Risk Owner	Risk Title & Description	Current Risk Score DOT	Target Score	Current Controls & Measures in Place	Planned Improvements to controls and measures to manage the risk
			(Impact x Likelihood)			
		This could result in a financial loss the Fund which may impact on all other employers, and may constitute a breach reportable to the Pensions Regulator.				been advised of their new contribution rates for the period 2020-2023. Officers will check the rates paid by employers in the first quarter of each financial year to ensure that each employer is submitting the correct employer contributions. Where appropriate, corrective action will be taken.
1.6	Employer s & Fund Senior Manager	<p>McCloud Judgement</p> <p>There is a risk that the Fund is unable to adequately comply with required administration processes arising from the resolution of the McCloud judgement.</p> <p>This could be caused by employers not having historic employment data for affected members; LPPA not having appropriate resource to undertake the work; the Fund having insufficiently capacity to adequately review the results; or insufficient budget to fund the required project work.</p> <p>This could result in legal breaches reportable to the Pensions Regulator; incorrect pension entitlements being calculated for pensioners; and loss of credibility with scheme members and employers.</p>	<p>12</p> <p>(3 x 4)</p> <p>DOT</p> <p>➔</p>	<p>9</p> <p>(3 x 3)</p>	<p>A consultation to the proposed resolution to the McCloud judgment was issued by MHCLG in July 2020. The Fund responded to this consultation and is currently awaiting the outcomes. This therefore remains an emerging risk and the Fund will be monitoring announcements from the Scheme Advisory Board as to additional information required from employers and additional workstreams for the Fund and LPPA.</p> <p>The Fund will be discussing this emerging issue with LPPA through its usual monitoring meetings and will be making preparations for managing the additional workloads.</p>	<p>The Fund and LPP are currently reviewing the proposed resolution related to McCloud to try to assess the scale and scope of additional work.</p> <p>The Fund will ensure employers are appropriately briefed as to any additional information from them and will be working closely with LPP to identify what additional workload is required.</p> <p>Planned improvements will be reported to Pensions Committee and the Local Pension Board when there is greater clarity as to what is required from the Fund.</p>

Risk Ref	Risk Owner	Risk Title & Description	Current Risk Score DOT	Target Score	Current Controls & Measures in Place	Planned Improvements to controls and measures to manage the risk
			(Impact x Likelihood)			
1.7	Employers & Fund Senior Manager	<p>Scam Detection & Prevention</p> <p>There is a risk that a Scheme Member could be the victim of fraud.</p> <p>This could be caused by the Scheme Member being exploited into transferring their pension from the LGPS to a bogus or unsuitable pension scheme.</p> <p>This could result in the Scheme Member losing their pension or being at financial loss. This could also result in the Regulator finding against the Fund and requiring it to make good the losses experienced by the Scheme Member.</p>	<p>4 (2 x 2) DOT →</p>	<p>4 (2 x 2)</p>	<p>The Fund complies with the Code of Good Practice and the Pensions Regulator's guidance.</p> <p>Pension transfers requests are reviewed against a "Safe list" of pension providers, known to be legitimate, whilst ensuring the transfer is not to a cloned company.</p> <p>Due diligence checks and forms provided by the Local Government Association are used to request detailed due diligence for pension providers not on the Safe List.</p> <p>Where necessary LPPA will undertake further checks at Companies House, HMRC, checking the receiving pension provider's Scheme rules.</p> <p>LPPA has become the first organisation to join the Pension Scams Industry Group's (PSIG's) Pension Scams Industry Forum (PSIF). The forum is held on a monthly basis to share knowledge of schemes, companies and individuals of concern, and forms a "crucial part" of the work undertaken by PSIG. The forum is used to help identify and track the techniques and approaches of scammers and how they are evolving. Findings from the forum are shared with regulators and the police through representation on Project Bloom.</p> <p>The Fund's newsletter to pensioners issued in May 2020 included a specific section on scam awareness and cyber security.</p>	<p>The existing procedures are considered appropriate to mitigate the risk of a scheme member being the victim of fraud through the transfer out of their pension.</p>

Risk Ref	Risk Owner	Risk Title & Description	Current Risk Score DOT	Target Score	Current Controls & Measures in Place	Planned Improvements to controls and measures to manage the risk
			(Impact x Likelihood)			
1.8	Employer LPPA & Fund Senior Manager	<p>COVID-19 Impact on Pensions' Administration</p> <p>There is a risk that COVID-19 could have an impact on the delivery of pensions administration services within the Fund.</p> <p>This could be caused by resourcing issues within LPPA, the Fund or individual employers such as staff sickness, excess workloads e.g. increased death cases, furloughed staff within Fund employers etc.</p> <p>This could result in poor administration across the Fund including failure to pay pensions to scheme members, payment of contributions by employers to the Fund and other adherence to regulatory requirements</p>	<p>6 (3 x 2) DOT →</p>	<p>4 (2 x 2)</p>	<p>Staff of the Fund and at Your Pension Service are following government guidance and working from home where possible.</p> <p>Staff resources has been focused on providing essential administration services including payment of monthly payroll and processing payments payable following the notified death of scheme members.</p> <p>A new telephony service suitable for home working arrangements is being procured by LPPA to ensure an enhanced service for scheme members.</p>	<p>The existing procedures are considered appropriate to mitigate the risk of a significant effect on the ability of the Fund to provide an effective pensions administration service for the Fund including the payment of the monthly pension payroll, and compliance with regulatory requirements.</p>

2. Governance & Regulation

Risk Ref	Risk Owner	Risk Title & Description	Current Risk Score DOT	Target Score	Current Controls & Measures in Place	Planned Improvements to controls and measures to manage the risk
			(Impact x Likelihood)			
2.1	Fund Senior Manager	<p>Pensions Regulator Intervention</p> <p>There is a risk that the Fund commits a serious regulatory breach</p> <p>This could be caused by the Fund failing to advise the Regulator of regulatory matter (e.g. reporting a breach, submitting the Scheme Return) or failing to implement new regulations.</p> <p>This could result in a detrimental effect to the service being provided to scheme members and employers. It could also result in serious reputational implications for the Fund and potentially a financial penalty.</p>	<p>5 (5x1) DOT →</p>	<p>5 (5x1)</p>	<p>The Fund is appropriately resourced with well trained and knowledgeable staff who understand their regulatory obligations to the Pensions Regulator and other statutory bodies.</p> <p>The Senior Manager ensures that staff take the time to consider upcoming deadlines and prioritise workloads accordingly.</p> <p>The Fund has good contacts with other LGPS Funds, the LGA, CIPFA and other bodies to ensure that it is aware of changing regulations and their impact to the Fund.</p> <p>The Pensions Committee and Local Pension Board are advised on new regulations and emerging issues at each meeting.</p>	<p>Officers will continue to “horizon scan” to understand emerging issues that may have an impact on the future of the Fund. Where appropriate, the Pensions Committee and Local Pension Board will continue to be appraised of any emerging issues. For example, on this agenda, Members are advised on the ongoing review of Tier 3 employers’ engagement in the LGPS and a consultation on amendments to the presentation of the Annual Report.</p> <p>The Fund undertakes an annual assessment of training needs of each Member. The results of this assessment inform the 2020/21 Training Plan for the Fund to be approved by the Pensions Committee. Officers will arrange for high quality training to be available to all members (including substitutes) of the Pensions Committee and Local Pension Board throughout the year to ensure that Members have the appropriate skills and knowledge to take informed decisions at each meeting.</p> <p>An update on the 2020/21 Training Plan is presented as item 10 to this meeting’s agenda.</p>
2.2	Fund Senior Manager	<p>Regulatory Changes</p> <p>There is a risk that the LGPS is mandated to invest in particular markets or risks that may otherwise impact onto the sovereignty of the Fund.</p>	<p>8 (4 x 2) DOT →</p>	<p>8 (4 x 2)</p>	<p>Officers of the Fund respond to government consultations where relevant to help influence policy.</p> <p>Where relevant, the Fund will support lobbying or lobby directly to ensure that its voice is heard in the development of national policy.</p>	<p>Officers of the Fund will continue to monitor the LGPS environment to be aware of any potential changes to the scheme.</p> <p>Where appropriate, officers will draft responses to consultations affecting the Fund and consult with the Chair of the Pensions Committee before submission.</p>

Risk Ref	Risk Owner	Risk Title & Description	Current Risk Score DOT	Target Score	Current Controls & Measures in Place	Planned Improvements to controls and measures to manage the risk
			(Impact x Likelihood)			
		<p>This may be caused by government policy or amendments to regulations.</p> <p>This may result in the funding level of the Fund being affected which could materially impact employer contributions.</p>			Officers within the Fund ensure that they are aware of impending amendments to regulations and advise Pensions Committee and the Local Pension Board (and, where relevant, employers and scheme members) in a timely way as to any amendments and their impact to the Fund.	
2.3	Fund Senior Manager	<p>Financial Irregularity</p> <p>There is a risk of fraud, fraudulent behaviour, or unintentional overpayments. Additionally there is the risk of financial loss due to corporate activities in companies that the Fund has equity holdings in.</p> <p>This may be caused by fraudulent activity, misunderstanding</p> <p>Failure to address financial irregularity may result in a financial loss to the Fund and scheme employers, as well as reputational damage to the Council.</p>	<p>6</p> <p>(2 x 3)</p> <p>DOT</p> <p>→</p>	<p>6</p> <p>(2 x 3)</p>	<p>Fraudulent Activity – Active participation in the National Fraud Initiative reduces likelihood of unidentified deaths and fraudulent pension claims.</p> <p>Segregation of duties and a delegated scheme of authority minimises the risk of fraud within the Fund.</p> <p>Unintentional overpayments – The NFI activity may identify overpayments where no fraudulent activity has arisen, but a benefactor has unintentionally benefited from the Fund, e.g. payments continuing to be made to a widow(er) following the death of their partner. In such instances officers act compassionately whilst still protecting the assets of the Fund.</p> <p>Tax and class action recoveries – Fund has specialist providers for key recovery areas such as tax and class actions.</p>	<p>In January 2021, Officers were advised through the National Fraud Initiative of 8 cases of overpayment due to the death of scheme members.</p> <p>All of these cases are currently being investigated and any overpayments will be reclaimed or have a payment plan put in place to ensure recovery.</p> <p>These cases do not necessarily constitute a fraud, but do represent areas where there is a discrepancy between the Fund's information and data from the government agencies.</p>
2.4	Fund Senior Manager	<p>Loss of key personnel</p> <p>There is a risk that the Fund may lose key personnel.</p>	4	4	The Fund is appropriately resourced and has effective arrangements in place to cover for short term absence. Managers consider succession	The risk of the loss of key personnel was identified as a risk to the Fund by the Pensions Regulator as part of its cohort review of the LGPS.

Risk Ref	Risk Owner	Risk Title & Description	Current Risk Score DOT	Target Score	Current Controls & Measures in Place	Planned Improvements to controls and measures to manage the risk
			(Impact x Likelihood)			
		<p>This risk could be caused by staff retiring, moving on or otherwise being on long-term absence.</p> <p>This could result in an erosion of skills and knowledge within the Fund</p>	<p>(2 x 2)</p> <p>DOT</p> <p>➔</p>	<p>(2 x 2)</p>	<p>planning for key staff within the team.</p> <p>A comprehensive skills needs assessment is undertaken each year for all Officers and members of the Pensions Committee and Local Pension Board and a training plan is developed to address any areas for improvement.</p> <p>The Fund has recourse to the independent expertise of two advisors and has the resource to procure additional external support as required.</p>	<p>An internal appointment within the Fund has given scope to help mitigate the risk of key personnel risk and further recruitment is currently underway to improve resilience across the team.</p>
2.5	Fund Senior Manager	<p>Conflicts of interest</p> <p>There is a risk that conflicts of interest in the governance of the Fund may detrimentally affect decision making.</p> <p>This could be caused by those involved with the governance of the Fund being influenced by interests outside of the Fund.</p> <p>This could result in decisions being taken that are detrimental to the Fund.</p>	<p>4</p> <p>(2 x 2)</p> <p>DOT</p> <p>➔</p>	<p>4</p> <p>(2 x 2)</p>	<p>Pensions Committee: All Committee members with voting rights have signed up to the Council's Code of Conduct which covers registration of interests. Disclosure of interests is a standing item on the Pensions Committee agenda.</p> <p>Local Pension Board: all members have signed up to the Board's Code of Conduct and Conflicts of interest policy (which are aligned to those of the Council). At each meeting, members are asked to disclose any changes to their situation.</p> <p>All interests are recorded and published on the Council's website.</p> <p>If appropriate legal advice can be sought as to any potential conflicts of interest within the Fund.</p>	<p>The existing procedures are considered appropriate to mitigate the risk of conflicts of interest but this position will be kept under review.</p> <p>Any potential conflicts of interest are declared at the commencement of each meeting and these are declarations are included in the minutes of each meeting.</p> <p>All members of the Local Pension Board and Pensions Committee are aware of how to manage potential conflicts. If there is doubt members of the Board and Committee may seek advice from the respective Chair or the Council's Monitoring Officer.</p>

Risk Ref	Risk Owner	Risk Title & Description	Current Risk Score DOT	Target Score	Current Controls & Measures in Place	Planned Improvements to controls and measures to manage the risk
			(Impact x Likelihood)			
2.6	Fund & LPPA Senior Manager	<p>Operational Disaster</p> <p>There is a risk that an operational disaster may impact onto the Fund.</p> <p>This could be caused by fire / flood / extreme weather events etc.</p> <p>This could result in the Fund not being able to operate effectively.</p>	<p>4 (4 x 1) DOT →</p>	<p>4 (4 x 1)</p>	<p>CCC: Business continuity procedures are in place for the scheme manager (CCC). These are tested corporately in accordance with CCC policies and procedures.</p> <p>Administration (LPPA): LPPA have business continuity procedures in place for Pensions administration. These are reviewed by Lancashire County Council's emergency planning services which provide a QA function by in respect of individual service plans.</p>	<p>The existing procedures are considered appropriate to mitigate the risk of conflicts of interest but this position will be kept under review. Where weaknesses are identified, these will be addressed to improve the Fund's preparedness for operational disaster.</p>

3. Investments

Risk Ref	Risk Owner	Risk Title & Description	Current Risk Score DOT	Target Score	Current Controls & Measures in Place	Planned Improvements to controls and measures to manage the risk
			(Impact x Likelihood)			
3.1	Fund Senior Manager	<p>Investment performance</p> <p>There is a risk that market movement or investment failure impacts onto employer contributions to the Fund.</p> <p>This could be caused by a global decline in financial markets or Cumbria investing in products that perform poorly.</p> <p>This could result in a decrease in the fund value and lead to a material increase in employer contributions at the next triennial valuation.</p>	<p>8 (4 x 2) DOT →</p>	<p>8 (4 x 2)</p>	<p>Adherence to the Fund's Investment Strategy ensures that the assets of the Fund are invested in a diverse portfolio of investments. This mitigates the risk of market movement having a direct impact on the value of the Fund.</p> <p>Potential new investments are closely scrutinised by officers and Fund Advisers to assess if the product meets the investment criteria of the Fund (including risk and forecast return). Potential new investments are then proposed to the Investment Sub Group (or Pensions Committee if above 5% of the Fund's portfolio) for further consideration and a funding decision.</p> <p>The Fund will continue with its approach to Responsible Investing (including climate change) by not divesting from any specific sector (e.g. fossil fuels) or investing in any specific sector (e.g. renewable clean energy). Instead it considers it appropriate to have a diverse portfolio of assets that can maximise return whilst seeking to mitigate investment risks.</p>	<p>The existing procedures are considered appropriate to mitigate the risk that market movement or investment failure may impact materially onto employer contribution rates.</p>
3.2	Fund Senior Manager	<p>Availability of Investments Opportunities</p> <p>There is a risk that there are insufficient opportunities available to the Fund to fully implement its investment strategy.</p>	<p>6 (3 x 2) DOT</p>	<p>6 (3 x 2)</p>	<p>The Investment Strategy Statement sets out the asset classes that the Fund is prepared to invest in. A revised strategy was approved by the Pensions Committee in December 2019.</p> <p>The Fund is working with BCPP to ensure that</p>	<p>The existing relationship with BCPP is considered appropriate to mitigate the risk that insufficient investment opportunities will be available for the Fund to fully implement its Investment Strategy.</p>

Risk Ref	Risk Owner	Risk Title & Description	Current Risk Score DOT	Target Score	Current Controls & Measures in Place	Planned Improvements to controls and measures to manage the risk
			(Impact x Likelihood)			
		<p>This could be caused by Border to Coast Pensions Partnership Ltd (BCPP) not offering suitable sub-funds to enable the Investment Strategy to be implemented in a timely manner.</p> <p>This could result in the Fund not being able to fully implement the investment strategy in a timely manner.</p>	→		<p>appropriate sub-funds are available to be able to fully implement the current Investment Strategy.</p> <p>It has been recognised that some elements of the revised Strategy will take time to implement. It has therefore been agreed that, where target asset classes take time to invest, the amounts destined for these assets are temporarily invested in an interim strategy which more closely reflects the agreed target Strategy. This will result in achieving a lower risk position more quickly.</p>	
3.3	Fund Senior Manager	<p>COVID-19 - Impact on Investments</p> <p>There is a risk that the current turbulence in the investment markets could impact onto employer contribution rates payable to the Fund.</p> <p>This could be caused by market turbulence having a significant negative effect on the Funding Value of the Fund and individual employers.</p> <p>This could result in employer contribution rates increasing at the 2022 valuation or the Actuary proposing a mid-term adjustment to contribution rates before 2022.</p>	<p>12 (4 x 3) DOT →</p>	<p>12 (4 x 3)</p>	<p>In order to protect Fund solvency and the affordability of employer contribution rates, the Fund seeks to dampen investment risk and deliver stable investment returns over the longer-term by investing in a diverse portfolio of assets.</p> <p>The Fund's long-term approach to investment and its diverse portfolio of investment assets meant that, whilst it was affected by the significant market movements, the impact on performance was not as extreme as that experienced in any one asset class alone.</p> <p>In 2020/21 Q1 the Fund commissioned a "sense check" of the Investment Strategy Statement for its suitability in light of the current market environment following the impact of the COVID-19 pandemic on financial markets. The results of this sense check were reviewed by ISG in September 2020 and again in February / March 2021. The resulting proposed Target Investment Strategy is presented for</p>	<p>The existing Fund policies (including the Investment Strategy Statement) are considered appropriate to mitigate the risk that market movement or investment failure may impact materially onto employer contribution rates.</p>

Risk Ref	Risk Owner	Risk Title & Description	Current Risk Score DOT	Target Score	Current Controls & Measures in Place	Planned Improvements to controls and measures to manage the risk
			(Impact x Likelihood)			
					consideration by Committee today at agenda item 19.	

Note: An upward arrow on the Direction of Travel represents an increase in the risk score since the previous quarter – hence either the potential impact or the likelihood of the risk occurring has increased.

Similarly, a downward arrow on the Direction of Travel represents a decrease in the risk score since the previous quarter – hence either the potential impact or the likelihood of the risk occurring has decreased.