## Derbyshire Pension Fund Risk Register

**Date Last Updated** **09-Jan-23**

Changes highlighted in blue font.

| Risk Number | Description: High Level Risk | Description: Description of risk and potential impact | Current score: Impact | Current score: Probability | Current score: Current Score | Risk Mitigation Controls & Procedures: Current | Risk Mitigation Controls & Procedures: Proposed | Risk Owner | Target Score: Impact | Target Score: Probability | Target Score: Target Score | Target Score: Actual Minus Target Score | Trend Scores: Q1 20-21 | Q2 20-21 | Q3 20-21 | Q4 20-21 | Q1 21-22 | Q2 21-22 | Q3 21-22 | Q4 21-22 | Q1 22-23 | Q2 22-23 | Q3 22-23 |
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| **Governance & Strategy** | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | Failure to implement an effective governance framework | Failure to provide effective leadership, direction, control and oversight of Derbyshire Pension Fund (DPF) leading to the risk of poor decision making/lack of decision making, investment underperformance, deterioration in service delivery and possible fines/sanctions/reputational damage .<br>This risk could be amplified during a period of business disruption. | 5 | 2 | 10 | Derbyshire County Council (DCC) is the administering authority for the Pension Fund, responsible for managing and administering the Fund. Responsibility for the functions of the Council as the administering authority of DPF is delegated to the Pensions & Investments Committee (PIC). A Local Pension Board assists the Council with the governance and administration of the Fund (PB). Day to day management of the Fund is delegated to the Director of Finance & ICT (DoF) who is supported by the Head of Pension Fund (HOP) and in house investment and administration teams. The governance arrangements for the Fund are clearly set out in the Fund's Governance Policy and Compliance Statement which is reviewed each year. Both PIC & PB have detailed Terms of Reference. The Commissioning, Communities & Policy Scheme of Delegation sets out authorising levels for officers. The management team (POM) of the Pension Fund meets weekly and a Pension Fund Plan documents the ongoing workload of the Fund. A Pension Fund performance Dashboard has been developed to provide performance management information for POM; it is also reviewed on a quarterly basis by the Finance & ICT Management Team and at meetings of the Pension Board. A detailed Business Continuity Plan sets out the arrangements for maintaining the critical activities of the Fund during a period of business disruption. Arrangements have been developed to facilitate virtual PIC and virtual PB meetings for occasions when physical meetings are not possible. As part of DCC's Modern Ways of Working (MWW), the Fund has been allocated a Team Zone which will accomodate approximately 60% of the team on a daily basis. Following discussions with the Team, it has been agreed that staff will spend at least half of their working hours in the office to support the ongoing development of a cohesive team to efficiently deliver services to members and employers and to support both the structured and unstructured knowledge share/learning | The structure of the Pension Fund Team is being reviewed to enable it to support an agile, customer focussed operating model and to ensure appropriate management and stewardship of the Fund's investments assets, with the aim of providing development opportunities which will build the skills and resilience required for the future. | DOF/HoP | 5 | 1 | 5 | 5 | N/A | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| 2 | Failure to recruit and retain suitable Pension Fund staff/Over reliance on key staff. | Lack of planning, inadequate benefits package, remote location leads to failure to recruit and retain suitable investment and pension administration staff leading to the risk of inappropriate decision making, investment underperformance, deterioration in service delivery, over reliance on key staff and possible fines/sanctions/reputational damage.<br>The risks related to over-reliance on key staff are amplied during a period of business disruption. | 3 | 3 | 9 | Knowledge sharing takes place through Pension Fund governance groups including: Pension Officer Managers (POM); Regulation Update Meeting (RUM); Data Management; and Performance & Backlog Management, targeted internal training sessions, team briefings, internal communications and My Plans. The Fund also works with the LGA to support the development of Fund training and utilizes Heywood's TEC online training facilities.<br>A Pension Fund Plan is available to all members of POM and includes a brief summary of the main onoing and forecast activities of the Fund.<br>The investment staffing structure was reviewed post the implemenation of investment pooling. Market supplements for the HOP and the IM were extended from December 2019.<br>A new Assistant Fund Manager joined the Fund at the beginning of May 20.<br>Following the lifting of Covid restrictions, members of the Fund's team are working flexibly (partly at home and partly in the office) and managers are in regular contact with their teams. | The Fund will continue to identify and meet staff training needs and will consider further staff rotation to increase resilience.<br>The Pension Fund staffing structure is currently being reviewed (see above). | HoP | 3 | 2 | 6 | 3 | N/A | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 3 | Failure to comply with regulatory requirements for governance | Failure to match-up to recommended best practice leads to reputational damage, loss of employer confidence or official sanction. | 4 | 2 | 8 | DPF maintains current PIC approved versions of: Administering Authority Discretions; Admission, Cessation & Bulk Transfer Policy; Communications Policy; Exit Credits Policy; Governance Policy & Compliance Statement, Funding Strategy Statement, Investment Strategy Statement, Pension Administration Strategy. Detailed Data Management Procedures in place together with procedures to deal with statutory breaches. Lessons learnt from any breaches discussed at relevant governance group. Governance framework includes PIC and Pension Board. Appointment of third party advisor and actuary. Annual Report and Accounts mapped to CIPFA guidance. Fund membership of LAPFF. Internal and External Audit. Member training programme. | Regular review / Maintainence of central log of governance policy statements for the whole Fund. Ensure lesssons learnt from any breaches are considered by appropriate governance group and any resulting changes in procedures are implemented. | HoP | 4 | 1 | 4 | 4 | 4 | 4 | 4 | 4 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| 4 | PIC / Pension Board members lack of knowledge & understanding of their role & responsibilities leading to inappropriate decisions | Change of membership (particularly following elections), lack of adequate training, poor strategic advice from officers & external advisors leads to inappropriate decisions being taken. | 3 | 3 | 9 | Implementation of Member Training Programme including induction training for new members of PIC & PB / Attendance at LGA training program / Advice from Fund officers & external advisors. Annual issuance of skills self-assessment forms to members of PIC & PB. Subsequent training plan based on responses. | On-going roll out of Member Training Programme in line with CIPFA guidance. Training for 2023 will be based on responses to skills self-assessment questions issued to members of PIC & PB in Oct 22. | HoP | 3 | 2 | 6 | 3 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 5 | An effective investment performance management framework is not in place | Poor investment performance goes undetected / unresolved. | 4 | 2 | 8 | PIC training; external performance measurement is reported to committee on a quarterly basis; Pension Board oversight of the governance of investment matters; My Plan Reviews. Review of the Pension Fund performance Dashboard. | | HoP/IM | 4 | 2 | 8 | 0 | 6 | 6 | 6 | 6 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| 6 | An effective pensions administration performance management framework is not in place | Poor pensions administration performance / service goes undetected / unresolved. | 3 | 2 | 6 | PIC training; Half year pension administration KPI reporting in line with Disclosure Regulations reviewed by PIC and PB; My Plan Reviews. A Pension Fund performance Dashboard has been developed to provide performance management information for POM; it wii also be reviewed on a quarterly basis by the Finance & ICT Management Team and at meetings of the Pension Board. | | HoP/TL | 3 | 2 | 6 | 0 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| 7 | An effective PIC performance management framework is not in place | Poor PIC performance goes undetected / unresolved. | 3 | 2 | 6 | Defined Terms of Reference; PIC training ;Support from suitably qualified officers and external advisor; Monitoring of effectiveness of PIC by Pension Board. A Pension Fund performance Dashboard has been developed to provide performance management information for POM; it will also be reviewed on a quarterly basis by the Finance & ICT Management Team and at meetings of the Pension Board. | Training as above (Risk No. 4). | HoP/IM | 3 | 2 | 6 | 0 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| 8 | Failure to identify and disclose conflicts of interest | Inappropriate decisions for personal gain. | 3 | 1 | 3 | Members' Declaration of Interests. Officer disclosure of personal dealing and hospitality.Investment Compliance incorporated into updated Investments Procedures & Compliance Manual. Fund Conflicts of Interest Policy (COI) approved by PIC in November 2020 and fully implemented. | | HoP | 3 | 1 | 3 | 0 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| 9 | Failure to identify and manage risk | Failure to prepare and maintain an appropriate risk register results in poor planning, financial loss and reputational damage. | 3 | 2 | 6 | Risk Register maintained, reviewed on a regular basis, discussed at formal and informal POMs and reported to PIC and to PB. Risk Register subject to annual 'deep dive' by the Pension Board. | | HoP/IM | 3 | 2 | 6 | 0 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |

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| 10 | Pension Fund financial systems not accurately maintained | Increased risk of fraud, financial loss and reputational damage if financial systems are not accurately maintained. | 4 | 2 | 8 | Creation and documentation of Internal controls; internal/external audit; monthly key control account reconciliations; on-going training & CIPFA updates. | Development of Fund-wide Procedures Manual. | HoP | 4 | 1 | 4 | 4 | 6 | 6 | 6 | 6 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| 11 | Pension Fund accounts not properly maintained | Unfavourable audit opinion, financial loss, loss of stakeholder confidence and reputational damage. | 3 | 2 | 6 | Compliance with SORP; Compliance with DCC internal procedures (e.g. accounts closedown process); Dedicated CIPFA qualified Pension Fund Accountant; Support from Technical Section; Internal Audit; External Audit. | | DoF/HoP | 3 | 2 | 6 | 0 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| 12 | Lack of robust procurement processes leads to poor supplier selection and legal challenge | Breach of Council Financial Regulations & reputational damage. | 3 | 1 | 3 | Database of external contracts maintained; Compliance with Financial Regulations; Procurement due diligence; Procurement advice; Quarterly review of contracts. | | HoP | 3 | 1 | 3 | 0 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| 13 | Systems failure / Lack of disaster recovery plan / Cybercrime attack | Service failure, loss of sensitive data, financial loss and reputational damage. | 4 | 3 | 12 | Robust system maintenance; Password restricted to IT systems; IGG Compliance; Business continuity plan. Fund's Data Management Procedures include a section on cyber crime/cyber risk. Mapping exercise commenced to map and document the Fund's data to ensure that it is understood where it is held, on what systems, how it is combined and how, and where, it moves. | Review of Cyber Security Arrangements/Policies. Data mapping exercise to be completed and risks to be assessed and reviewed. Review of the information security arrangements of 3rd party suppliers to the Fund to be undertaken. | HoP/IM/TL | 4 | 2 | 8 | 4 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 12 | 12 | 12 |
| 14 | Failure to comply with General Data Protection Regulations (GDPR) | Breaches in data security requirements could result in reputational damage and significant fines. | 3 | 3 | 9 | Privacy Notices and Memorandum of Understanding completed and published. GDPR requirements included in the Data Improvement Plan. Document Retention Schedule review completed (Oct 21); Pension Fund's updated information included in V6 of the Finance Retention Schedule published in Dec 21. The Fund's GDPR Working Group has been widened out to become a Data Management Working Group. Detailed Data Management Procedures have been developed, incorprating lessons learnt from previous data breaches, setting out: why the Fund needs to protect members' data; how the Fund should protect members' data; and what to do when things go wrong. The document includes pratical guidance for Fund officers to be applied in day to day working practices when processing personal data. Any data breaches are considered by the Fund's Data Management Group and any lessons learnt/required changes to procedures agreed. The procedures have been rolled out to all of the Team. | GDPR matters will be reviewed as part of the ongoing consideration of the Fund's Data Improvement Plan. | HoP/IM/TL | 3 | 2 | 6 | 3 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 15 | Failure to communicate with stakeholders | Employers being unaware of employer responsibilities could impact service levels to members or lead to statutory/data breaches. Employees being unaware of how the Fund is governed, the benefits of the scheme, how the Fund's assets are invested invested, the risk of breaching the annual pension savings allowance, the risk of pension scams and the importance of keeping contract details up to date could lead to disengagment between members and the Fund, financial impacts for members, and reputational damage to the Fund. | 3 | 3 | 9 | Communications Policy approved by PIC - April 2021. The Pension Administration Strategy (PAS) which sets out employer responsibilities is reviewed annually and highlighted to employers. For any material proposed changes to the PAS, employers will be consulted. Stakeholders receive information and guidance in line with best practice discussed at the national LGPS Comms Forum, delivered by a fully resourced, specialist team. The Pension Fund website and clear Pension Fund branding helps stakeholders to be clear about the role of the Fund. The Fund's member self-service system 'My Pension Online' went live in June 2021. It gives registered members access to their Derbyshire LGPS pension information and allows them to carry out future benefit calculations. | Increase registrations to My Pension Online enabling more members to gain access to their Derbyshire LGPS information to improve their general understanding and support them with pension planning. | HoP/IM/TL | 3 | 2 | 6 | 3 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 16 | Failure of internal/external suppliers to provide services to the Pension Fund due to business disruption. | The Pension Fund is reliant on other DCC Sections for: the provision and support of core IT; treasury management of Fund cash; CHAPs & VIM & Standard SAP BACs payments; pensioner payroll; and legal advice and administration support to PIC & PB. The Fund is reliant on external providers for: the pension administration system; provision of custodial services; hedging services; performance measurement and actuarial services. External fund managers are responsible for management of a large proportion of the Fund's assets on both a passive and an active basis. Business continuity failures experienced by any of these providers could have a material impact on the Fund. | 4 | 2 | 8 | The business continuity arrangements of all of these providers have been sought and received by the Pension Fund.<br>During the COVID 19 outbreak, continuity arrangements worked well. | The Fund will keep up to date with the continuity arrangments of these providers and will continue to assess the risk of exposure to particular organisations/providers. | HoP/IM | 4 | 2 | 8 | 0 | N/A | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| 17 | Risk of challenge to Exit Credits Policy/Determinations. | Exit credit payments were introduced into the LGPS in April 2018. Amending legislation came into force on 20 March 2020 allowing administering authorities to exercise their discretion in determining the amount of any exit credit due having regard to certain listed factors plus 'any other relevant factors'. This discretion is open to wide interpretation and potential challenge from employers. | 3 | 3 | 9 | Legal and actuarial advice was sought in the forumulation of the Fund's Exit Credit Policy and has been sought to assist the Fund's first exit credit determination. The outcome of a recent judical review (published May 2021) on the LGPS Amendment Regulations 2020 has been considered. | The Fund will keep up to date with developments with respect to exit credits. Further legal and actuarial advice will be sought where necessary. | HoP | 3 | 2 | 6 | 3 | N/A | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 18 | Risks arising from a potential significant acceleration of the academisation of schools. | Any further division of LGPS members into an increasingly wider pool of employers will increse pressure on: employer onboarding; collection of data & contributions; employer training; & actuarial matters. Also likely to lead to an increasing in the outsourcing of functins and services involveing LGPS members which in turn would lead to a further increase in the number of employers in the Fund. The evolving landscape of multi-academy trusts is alsp introducing increased administrative and funding challenges as academies move between trusts and trusts consolidate their academies into single LGPS funds. | 2 | 4 | 8 | The Fund has a robust effective procedure for admitting new academies to the Fund, treating them as individual participating employoers backed by robust administrative and actuarial arrangements; this helps to mitigate some of the issues that arise when academies move between trusts. | The Fund will continue to monitor local developments on academisation and the administrative resource required by the Fund to support any increase in participating employers. The funding implications of any academies consolidating in another LGPS fund will also be kept under review. | HoP/TL | 2 | 4 | 8 | 0 | N/A | N/A | N/A | N/A | N/A | 8 | 8 | 8 | 8 | 8 | 8 |
| 19 | Electronic Information delivered or made available in formats which fail to meet accessibility requirements. | The Fund is subject to the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018. Compliance with the regulations is monitored by the Central Digital and Data Office (CDDO). Failure to adhere to the regulations could result in breaches of the law and enforce action from the Equality and Human Rights Commission. Risk of complaints from scheme members and other stakeholders about the accessibility of electronic information.<br>Publication of a decision by CDDO confirming failure to meet accessibility standards would be reputationally damaging. | 3 | 3 | 9 | Regular liaison with specialist Digital Communications colleagues within DCC towards ensuring that the Fund's electronic platforms are accessible to as many people as possible, whatever their individual needs are. Use of web accessibility testing software from Silktide, a specialist provider. The Fund's website and My Pension Online both include an accessibility statement. | Regular reviews of accessibility issues on the Fund's electronic platforms via internal checks and use of Silktide software, and continued liaison with specialist colleagues. Feedback to Aquila Heywood (AH) of any accessibility issues with AH content on My Pension Online. | HoP/TL | 3 | 2 | 6 | 3 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 9 | 9 | 9 |

## Funding & Investments

| Risk Number | Description | | Current score | | | Risk Mitigation Controls & Procedures | | | Target Score | | | | Trend Scores | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | High Level Risk | Description of risk and potential impact | Impact | Probability | Current Score | Current | Proposed | Risk Owner | Impact | Probability | Target Score | Actual Minus Target Score | Q1 20-21 | Q2 20-21 | Q3 20-21 | Q4 20-21 | Q1 21-22 | Q2 21-22 | Q3 21-22 | Q4 21-22 | Q1 22-23 | Q2 22-23 | Q3 22-23 |
| 20 | Fund assets insufficient to meet liabilities / Decline in funding level / Fluctuations in assets & liabilities | Objectives not defined, agreed, monitored and outcomes reported / Incorrect assumptions used for assessing liabilities / Investment performance fails to achieve expected target / Changes in membership numbers / VR & VER leading to structural problems in Fund / Demographic changes / Changes in pension rules and regulations (e.g. auto-enrolment and Freedom & choice). These factors could contribute to a decline in the funding level of the Fund and result in employers (funded in the majority of cases by taxpayers) needing to make increased contributions to the Fund. | 4 | 3 | 12 | Actuarial valuations and determination of actuarial assumptions; Funding Strategy Statement; Setting of contribution rates; Regular review of the Investment Strategy Statement (ISS) and the Strategic Asset Allocation Benchmark; Quarterly reviews of tactical asset allocation; Due diligence on new investment managers; Monitoring of investment managers' performance; Maintenance of key policies on ill health retirements; early retirements etc. | Continued implementation of the Fund's Strategic Asset Allocation Benchmark which aims to reduce investment risk following the improvement in the Fund's funding level. | HoP/IM | 4 | 2 | 8 | 4 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| 21 | Mismatch between liability profile and asset allocation policy | Inaccurate forecast of liabilities / inappropriate Strategy leading to cashflow problems. | 4 | 2 | 8 | Actuarial reviews; Funding Strategy Statements; Annual funding assessment; Review by PIC; ISS ; Asset allocation reviews; Cash flow forecasting. | The Fund's actuary is due to undertake a cashflow foreasting exercise for the Fund alongside the work on the 2022 actuarial valuation. | HoP/IM | 4 | 2 | 8 | 0 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| 22 | An inappropriate investment strategy is adopted / Investment strategy not consistent with Funding Strategy Statement /Failure to implement adopted strategy and PIC recommendations | Failure to set appropriate investment strategy / monitor application of investment strategy leading to possible impact on the funding level/investment underperformance/reputational damage. | 4 | 2 | 8 | The ISS, which includes the Fund's Strategic Asset Allocation Benchmark is formulated in line with LGPS Regulations and takes into account the Fund's liabilities/information from the Fund's actuary/advice from the Fund's external investment adviser. The ISS was approved by PIC in November 2020 following consultation with the Fund's stakeholders. A separate RI Framework and a separate Climate Strategy were also approved by PIC in November 2020 following consultation with the Fund's stakeholders. Quarterly review of asset allocation strategy by PIC with PIC receiving advice from Fund officers and external investment adviser. | | HoP/IM | 4 | 2 | 8 | 0 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| 23 | Failure to correctly assess the potential impact of climate change on investment portfolio and on funding strategy. | Failure to correctly assess potential financially material climate change risks when setting the investment and the funding strategy leading to possible impact on the funding level/investment underperformance/reputational damage.<br>The outcome for global warming and the transition to net-zero is highly uncertain. Climate scenario analysis is a relatively new discipline and caution is required when using the output of such analysis to inform strategic asset allocation and funding decisions. | 4 | 2 | 8 | Inaugural Climate Risk Report received from LGPS Central Ltd (LGPSC)in February 2020, included carbon metrics data and climate scenario analysis. Taskforce on Climate-related Financial Disclosures (TCFD) report developed to set out the Fund's approach to managing climate related risks and opportunities, structured round: governance; strategy; risk management; and metrics and targets. Inaugural climate Risk Report and TCFD report presented to PIC in March 2020.<br>Climate scenarios analysis carried out as part of contribution rate modelling by the Fund's actuary as part of the triennial valuation process.<br>Climate Strategy setting out the Fund's approach to addressing the risks and opportunities related to climate change forumulated and approved by PIC in Nov 20 following consultation with stakeholders. The first phase of the transitions to the increased allocation to Global Sustainable Equities took place in January 2021 and the second phase began in in January 2022 and is ongoing. The transitions support the delivery of the targets included in the Climate Strategy. A measured approach has been taken to the intepretation of climate related data and the setting of climate related targets recognising the relative immaturity of much of the data and the need to monitor the impact of significant transitions on portfolio performance and risk.<br>The 2022 Climate Risk Report from LGPSC showed that the Fund had reduced the the carbon footprint of the listed equity portfolio by 44% relative to the weighted benchmark in 2020 (target reduction of 30% by end of 2025) and had invested 27% of the Fund portfolio in low carbon & sustainable investments (target 30% by end of 2025); 29% including commitments.<br>Updated TCFD reports were published in December 2021 and January 2023. | The second phase of the transitions to increase the allocation to Global Sustainable Equities is expected to be completed by the end of Q1 2023, subject to market conditions and the availability of suitable products. The carbon footprint & the low carbon and sustainable investment targets will be reviewed in 2023. The Fund will receive an annual Climate Risk Report from LGPS Central Ltd and will update its TCFD report on an annual basis.<br>The Fund will continue to work collaboratively with its managers and with fellow investors towards the aim of achieving a portfolio of assets with net zero carbon emissions by 2050. | HoP/IM | 4 | 2 | 8 | 0 | N/A | 12 | 12 | 12 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| 24 | Failure to consider the potential impact of Environmental, Social and Governance (ESG) issues on investment portfolio. | Failure to consider financially material ESG risks when making investment decisions leading to possible investment underperformance/reputational damage. | 4 | 2 | 8 | Actuarial reviews; Funding Strategy Statements; Annual funding assessment; Review by PIC; ISS ; Asset allocation reviews; Cash flow forecasting. | Develop an application for acceptance by the Financial Report Council as a signatory of the UK Stewardship Code (2020). | HoP/IM | 4 | 2 | 8 | 0 | N/A | N/A | N/A | N/A | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| 25 | Covenant of new/existing employers. Risk of unpaid funding deficit. | Failure to agree, review and renew employer guarantees and bonds/ risk of wind-up or cessation of scheme employer with an unpaid funding deficit which would then fall on other employers in the Fund. This risk could be amplified during a period of widespread business disruption/extreme market volatility. Failure to correctly assess covenant/put in place appropriate security as part of any debt spreading arrangement/Deferred Debt Agreement could increase the risk of an unpaid funding deficit falling on the other employers in the Fund. | 3 | 3 | 9 | Employer database holds employer details, including bond review dates. The information on the database is subject to ongoing review. Commenced contacting existing employer where bond or guarantor arrangement has lapsed, to renew arrangements. Four members of the team have attended employer covenant training and the Fund has liaised closely with other LGPS on this matter. An Employer Risk Management Framework has been developed and Health Check questionnaires were initially issued to all Tier 3 employers (those employers that do not benefit from local or national tax payer backing or do not have a full guarantee or other pass-through arrangement) in May 2019 and updated Covenant questionaires have been issued to Admission Bodies in June 2022. | Processes are being developed to ensure that new contractors are aware of potential LGPS costs at an early stage. The Employer Risk Management Framework will continue to be developed. Analysis will continue to be carried out on the information received via the completed Health Check/Covenant Questionnaires and outstanding information will continue to be sought from relevant employers. Employers who are close to cessation will be monitored and discussions with the Fund's Actuary will take place to determine if any further risk mitigation measures are necessary with respect to the relevant employers. Robust procedures will be developed to consider any requests for the Fund to enter into debt spreading arrangements /Deferred Debt Agreements. Covenant, actuarial and legal considerations will be taken into consideration in any decisions regarding debt spreading arrrangements/Deferred Debt Agreements and appropriate security will be obtained where necessary. | HoP/TL | 3 | 2 | 6 | 3 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 26 | Unaffordable rise in employers' contributions | Employer contribution rates could be unacceptable/unaffordable to employers leading to non-payment/delayed payment of contributions. | 3 | 2 | 6 | Consideration of employer covenant strength / scope for flexibility in actuarial proposals. The circumstances which the Fund would consider as potential triggers for a review of contribution rates between actuarial valuations are included in the Pension Fund's Funding Strategy Statement. The Fund's approach to employer flexibilities on cessation i.e. the potential for cessation debt to be spread over an agreed period (subject to certain conditions) as an exception to the default position of cessation debt being paid in full as a single lump sum and the potential for the Fund to enter into a Deferred Debt Agreement where a ceasing employer is continuing in business (subject to certain conditions), are set out in the Fund's Admission, Cessation & Bulk Transfer Policy (approved by PIC Dec 22). | | HoP/TL | 3 | 2 | 6 | 0 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |

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| 27 | Employer contributions not received and accounted for on time | Late information and/or contributions from employers could lead to issues with completing the year end accounts, satistying audit requirements, breaches of regulations, and, in extreme cases, could affect the Fund's cashflow. This risk could be amplified during a period of widespread business disruption. | 3 | 2 | 6 | The Fund ensures that employers are clearly and promptly informed about their contribution rates. Monitoring of the provision of employer information and the payment of contributions takes place within Pensions Section and performance is monitored by POM and disclosed in the half yearly pensions administration performance report to PIC & PB. The Fund has developed a late payment charging policy. | Late payment charges-applied to underperforming employers will be disclosed via PIC Reports and Employer Newsletters. | HoP/TL | 3 | 1 | 3 | 3 | 3 | 9 | 9 | 9 | 9 | 9 | 6 | 6 | 6 | 6 | 6 |
| 28 | The LGPS Central Ltd investment offering is insufficient to allow the Fund to implement its agreed investment strategy | Failure to provide sufficient and appropriate product categories results in inability to deliver investment strategy and increases the risk of investment underperformance. | 4 | 2 | 8 | Continue to take a meaningful role in the development of LGPS Central; On-going HoP/IM involvement design and development of the LGPS Central product offering and mapping to the Fund's investment strategy; Participation in key committees including PAF, Shareholders' Forum and Joint Committee. | LGPS Central Partner Funds have agreed their priorities for determining the timetable for sub-fund launches: Projected level of cost savings; LGPSC/Partner Fund resource; Asset allocation/investment strategy changes; Number of parties to benefit; Net performance; Ensuring every Partner Fund has some savings; Risk of status quo & surfacing opportunities. Ensure the priorities are regularly assessed and applied. | HoP/IM | 4 | 1 | 4 | 4 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| 29 | The transition of the Fund's assets into LGPS Central Ltd.'s investment vehicles results in a loss of assets and/or avoidable or excessive transition costs | Failure to fully reconcile the unitisation of the Fund's assets and charge through of transition costs could have a financial impact on the Fund. | 4 | 2 | 8 | Reconcile the transition of the Fund's assets into each collective investment vehicle, including second review and sign-off. All costs and charges reconciled back to the agreed cost sharing principles. All transition costs to be signed off by HoP. | Obtain robust forecasts of transition cost as part of business case for transitioning into an LGPSC sub-fund. Continue to update control procedures now that LGPS Central has been launched and reporting structures have been established. Continue to take a meaningful role in PAF and support the Chair and Vice-Chair of the PIC to enable them to participate fully in the Joint Committee. | HoP/IM | 4 | 1 | 4 | 4 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| 30 | LGPS Central Ltd fails to deliver the planned level of long term cost savings | LGPS Central Ltd fails to deliver the planned level of cost savings either through transition delays, poor management of its cost base or failure to launch appropriate products at the right price could delay the point at which the Fund breaks even (with costs savings outweighing the costs of setting up and running the company). | 3 | 3 | 9 | Review and challenge annual budget and changes to key assumptions; Review, challenge and validate LGPS Central product business cases; Reconcile charged costs to the agreed cost sharing principles; Terms of Reference agreed for PAF, Shareholders Forum and Joint Committee. The DOF & ICT will represent DCC on the Shareholders' Forum with delegated authority to make decisions on any matter which required a decision by the shareholders of LGPC Central Ltd.<br>A new simplified Cost Savings Model has been developed for the LGPS Central Pool which will enable actual and forecast savings to be monitored more easily and on a more regular basis. The Cost Savings Model is accompanied by a detailed Guidance Note which provides assurance on the derivation of the model's inputs and outputs. | Continue to take a meaningful role in PAF. Support the Chair of the PIC to enable full participation in the Joint Committee. | HoP/IM | 3 | 2 | 6 | 3 | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 31 | LGPS Central Ltd related underperformance of investment returns | LGPS Central Ltd related underperformance of investment returns against targets could lead to the Fund failing to meet its investment return targets. | 4 | 3 | 12 | Continuing to take a meaningful role in the development of LGPS Central Ltd; On-going HoP/IM involvement in design and development of the LGPS Central Ltd product offering and mapping to the Fund's investment strategy; Quarterly performance monitoring reviews by DPF and half yearly by Joint Committee. Monitor and challenge LGPS Central product development, including manager selection process, through the Joint Committee and PAF/IWG participation. Initially carry out due diligence on selection managers internally as confidence is built in the manager selection skills of the company. | Ensure the Partner Funds priorities for determining the sub-fund launch timetable listed under 28. are regularly assessed and applied. Hold LGPS Central Ltd to account for the investment performance of its products. Investigate alternative options if any underperformance is not addressed. | HoP/IM | 4 | 2 | 8 | 4 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| 32 | The UK's withdrawal from the EU results in high levels of market volatility or regulatory changes | Failure to identify and mitigate key risks caused by outcome of the UK's decision to withdrawal from the EU. | 3 | 2 | 6 | Continual monitoring of asset allocation and performance by investment staff and quarterly monitoring by PIC. Keep up to date with developments with respect to the UK's relationship with the EU and the implications for the Fund's investment strategy. There are no proposed or imminent amendments to proposed LGPS Investment Pooling as a result of the UK's withdrawl from the EU. | Monitor regulatory changes, and continually monitor asset allocation. | HoP/IM | 3 | 2 | 6 | 0 | 9 | 9 | 9 | 9 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| 33 | Failure to maintain liquidity in order to meet projected cash flows | Failure to maintain sufficient liquidity to meet projected cashflows, due to either poor cashflow forecasting or the failure of counterparties to make timely repayments, which could lead to financial loss from the inappropriate sale of assets to generate cash flow and/or lead to reputational damage. The risk is amplified during periods of market volatility/dislocation. | 3 | 2 | 6 | The Fund carries out internal cash flow forecasting and works closely with DCC's Senior Accountant Treasury Management who manages the Fund's cash balances. | The Fund's actuary is due to undertake a cashflow foreasting exercise for the Fund.<br>DPF Investment Manager to have monthly catch ups with DCC's Treasury Management Accountant. | HoP/IM | 3 | 2 | 6 | 0 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| 34 | The introduction of The Markets in Financial Instruments Directive II (MiFID II) in January 2018 results in the investment status of the Fund being downgraded | Fund being unable to access a full range of investment opportunities and assets being sold at less than fair value should an external investment manager not opt-up the Fund to professional status. | 4 | 1 | 4 | Opt-up process complete; no issues identified. | Monitor ability to maintain opt-up status. | HoP/IM | 4 | 1 | 4 | 0 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| 35 | Inadequate delivery and reporting of performance by internal & external investment managers | Could lead to expected investment returns not being achieved. | 3 | 2 | 6 | Rigorous manager selection; Quarterly PIC performance monitoring; Asset class performance reported to PIC; Internal Investments Manager performance reviewed by HoP; My Plan reviews. | Updating the Investment Compliance Manual & Procedures Manual. | HoP/IM | 3 | 2 | 6 | 0 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| 36 | Investments made in complex inappropriate products and or unauthorised deals | Could lead to loss of investment return/assets. | 4 | 1 | 4 | Clear mandate for internal and external Investment Managers; Compliance Manual; HoP signs off all new investment; PIC approval required for unquoted investments in excess of £25m; PIC quarterly reports; On-going staff training and CPD; My Plans. | Updating Investment Compliance Manual & Procedures Manual | HoP/IM | 4 | 1 | 4 | 0 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| 37 | Custody arrangements are insufficient to safeguard the Funds investment assets | Could lead to loss of investment return/assets. | 4 | 1 | 4 | Use of reputable custodian. Regular internal reconciliations to check custodian records / Regular review of performance / Periodic procurement exercises. | | HoP/IM | 4 | 1 | 4 | 0 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |

| Risk Number | Description: High Level Risk | Description: Description of risk and potential impact | Current score: Impact | Current score: Probability | Current score: Current Score | Risk Mitigation Controls & Procedures: Current | Risk Mitigation Controls & Procedures: Proposed | Risk Owner | Target Score: Impact | Target Score: Probability | Target Score: Target Score | Target Score: Actual Minus Target Score | Trend Scores: Q1 20-21 | Q2 20-21 | Q3 20-21 | Q4 20-21 | Q1 21-22 | Q2 21-22 | Q3 21-22 | Q4 21-22 | Q1 22-23 | Q2 22-23 | Q3 22-23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 38 | Impact of McCloud judgement on funding | The proposed McCloud remedy involves the extension of the current underpin protection given to certain older members of the Scheme when the LGPS benefit structure was reformed in 2014. It removes the condition that requires a member to have been within ten years of their 2008 Scheme normal pension age on 1 Apr 2012 to be eligible for underpin protection. It is proposed that the McCloud remedy will be backdated to the commencement of transitional protections (April 2014). It is also proposed that underpin protection will apply where a members leaves with either a deferred or an immediate entitlement to a pension (previously it was just immediate). The underpin will give the member the better of the 2014 Scheme CARE or 2008 final salary benefits for the eligble period of service (between 1 Apil 14 and 31 March 2022).All leavers since 2014 will need to be checked against the new underpin. LGPS regulations to implement the remedy are expected to be laid in 2022 and expected to come into force in late 2023. There is, therefore, uncertainty regarding the level of benefits earned by members from 1st April 14 to 31st March 2022. The Government Actuary's Department (GAD) has estimated that the cost of implementing the McCloud remedy for the LGPS over the next several decades will be £1.8bn (down from an intital estimate of £2.5bn). The ultimate cost of the McCloud remedy will depend on confirmation of the proposed remedy and the future path of pay growth/promotion.<br>The funding risk relates to the risk of there being insufficient assets within the Fund to meet the increased liabilities. In the short term, the impact of this uncertainty is greatest for exit payments and credits as at a cessation event, the cost of benefits is crystallised. | 3 | 3 | 9 | Keeping up to date with news from the Scheme Advisory Board, the LGA, the Government Actuary's Department and the Fund's Actuary. The Actuary made an estimate of the potential impact of the judgement on the Fund's liabilities reflecting the Fund's local assumptions, particularly salary increases and withdrawal rates. The estimate as it applied to Derbyshire Pension Fund was that total liabilities (i.e. the increase in active members' liabilities expressed in terms of the employer's total membership) could be around 0.5% higher (as at 31 March 2020), an increase of approximately £31.1m. The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place.<br>A paper was procured from the Fund's actuary to inform a discussion on the how the Fund should allow for McCloud in funding decisions. In line with advice issued by SAB, the 2019 valuation calculations were based on the current benefit structure. No allowance was made for the possible outcome of the cost cap mechanism or the McCloud case, although an extra level of prudence was introduced in the setting of employer contribution rates to allow for the potential impact of the McCloud case. This was clearly communicated to employers in the 2019 valuation letters. | The Fund's actuary will follow the March 22 guidance from DLUHC on how the McCloud remedy should be allowed for when valuing past service liabilities and setting employer contribution rates at the March 22 triennial valuation. Contribution rates may need to be revisited once the McCloud/cost cap uncertainty is resolved. | HOP | 3 | 3 | 9 | 0 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 9 |
| **Pensions Administration** | | | | | | | | | | | | | | | | | | | | | | | |
| 39 | Failure to adhere to HMRC / LGPS regulations and reflect changes therein | LGPS benefits calculated and paid inaccurately and/or late leading to possible fines/reputational damage. | 3 | 2 | 6 | Management processes, calculation checking, dedicated technical and training resource, working with the LGA and other Pension Funds regarding accurate interpretation of legislation, implemented more robust pensions administration system in March 19. | Consider additional sources of technical resource. | HoP | 3 | 1 | 3 | 3 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| 40 | Failure of pensions administration systems to meet service requirements/information not provided to stakeholders as required | Replacement pensions administration system leads to implementation related work backlogs, diminished performance and complaints. | 3 | 2 | 6 | The Altair system has achieved 'Business as Usual' status. SLAs are in place with the provider as well an established fault reporting system, regular client manager meetings and a thriving User Group (CLASS). The provider has a robust business continuity plan. | Ensure the company's Business Continuity Plan is subject to regular review and continue to take an active part in the CLASS user group. | HoP/TL | 3 | 1 | 3 | 3 | 9 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| 41 | Insufficient controls relating to the governance of pension administration system | Risk that insufficient controls relating to the governance of the pension administration system undermines confidence in the integrity of the system and increases the opportunity for erroneous transactions. | 3 | 3 | 9 | To access Altair, the pensions administration system, a user needs to be set up on PingOne and also on Altair, both require the user to successfully log on with a password. Monthly reports are run to monitor access to Altair, and any suspicious logons would be investigated. The same access controls are applied to the test environment. If a team member leaves the authority, access is removed promptly.<br>On receipt of a new release of Altair the Fund completes rigorous testing of any updated calculations and new functionality detailed in the relevant Altair Release Guide. The Fund also regression test a varied sample of calculations. This testing is completed in the test environment prior to any update into the live environment. If any part of the release is deemed unsatisfactory then the update to live will not be authorised.<br>In some exceptional circumstances, it is necessary to create a test record in the live system to provide additional assurance and to support the efficient and accrurate delivery of the service. Any test record is documented on a spreadsheet and deleted at the earliest opportunity. Data from any test records is deleted from performance information. Procedures have been developed to strengthen the controls related to the creation and use of test records in the live environment. A review of user profiles has been undertaken, with member copy functionality removed where appropriate.<br>On an annual basis the Fund completes a year end exercise for active members which checks the data reasonableness in comparison to the previous year, and also identifies any records which have not had any pay or contributions posted for the current year. These records are referred back to the employer for further investigation. | Procedures will be developed to strengthen the controls related to the creation and use of test records in the live system. The number of test records in the live system will be limited to one which will be clearly documented and its test status will be easily idenfitiable. Only certain documented members of the team will be able to edit this record.<br><br>In addition, a review of user profiles will be completed to access whether roles need 'member copy' functionality. User roles will be amended accordingly following the review. | HoP/TL | 3 | 2 | 6 | 3 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 9 | 9 | 9 |
| 42 | Insufficient cyber-liability insurance relating to the pensions administration system | The contract with the system supplier limits a cyber liability claim to a specified amount, unless a claim is based on an event caused by the contractor performing its services in a negligent manner. A catastrophic breach where scheme members' data is used fraudulently could lead to a claim in excess of the insurance cover. | 4 | 3 | 12 | DCC Internal Audit has carried out detailed testing of the supplier's data security arrangements. Liability cover in place via the supplier and separately the Pension Fund is included in DCC's self-insurance arrangements with respect to managing cyber security risks. The supplier is required to carry £5m of professional indemnity insurance as part of the contract. | Ongoing feedback to the new supplier on the level of supplier liability insurance. Further enhancement of procedures to protect against cyber risk. | HoP | 4 | 2 | 8 | 4 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 12 | 12 | 12 |
| 43 | Data quality inadequate | Incorrect benefit calculations, inaccurate information for funding purposes leading to possible complaints/ fines/reputation damage/uninformed decision making. | 3 | 2 | 6 | Apply current and short term measures in the Data Improvement Plan. A Data Management Working Group has been formed, and Terms of Reference agreed, with responsibility for the ongoing consideration and implementation of the Data Improvement Plan. | Continue to cleanse data; implement longer term measures in the Data Improvement Plan. Maintain regular meetings of the Data Management Group. | TL | 3 | 2 | 6 | 0 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| 44 | Delayed Annual Benefit Statements and/or Pension Savings Statements (also know as Annual Allowance Statements) | Risk of complaints,TPR fines or other sanctions/reputational damaged caused by delays in issuing Annual Benefit Statements/Pensions Savings Statement. Possible delays caused by late employer returns, systems bulk processing issues, administration backlogs, and the roll-out of the member-self service system 'My Pension Online' (MPO). | 3 | 3 | 9 | Improved processes, clear messages to support employers to provide prompt accurate information, more efficient processing of ABSs on replacement system, exercise to trace addresses for missing deferred beneficiaries. Robust roll out plan for member self service system and back up plans in place for printing paper ABSs. | Continue work with employers to ensure better data quality, complete address checking exercise and reduce additional backlogs caused by migration. Improve process for identifying non-standard cases of annual pension savings breaches. Achieve MPO roll out targets. | HoP/TL | 3 | 2 | 6 | 3 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 45 | Insufficient technical knowledge | Failure to develop, train suitably knowledgeable staff leading to risk of negative impact on service delivery and risk of fines/sanctions together with risk of reputational damage. | 3 | 2 | 6 | Updates from LGA/LGPC, quarterly EMPOG meetings/on-site training events. The Fund has procured an additional service from the provider of the new pension administration system which provides flexible learning on demand. | Skills gap audit / formal training programme / Staff Development group/My Plan reviews. | HoP | 3 | 2 | 6 | 0 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |

| Risk Number | Description | | Current score | | | Risk Mitigation Controls & Procedures | | | Target Score | | | | Trend Scores | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | High Level Risk | Description of risk and potential impact | Impact | Probability | Current Score | Current | Proposed | Risk Owner | Impact | Probability | Target Score | Actual Minus Target Score | Q1 20-21 | Q2 20-21 | Q3 20-21 | Q4 20-21 | Q1 21-22 | Q2 21-22 | Q3 21-22 | Q4 21-22 | Q1 22-23 | Q2 22-23 | Q3 22-23 |
| 46 | Impact of McCloud judgement on administration | The LGPS SAB recognises the enormous challenge that could be faced by administering authorities and employers in potentially backdating scheme changes over a significant period. A full history of part time hour changes and service break information from 1st Apr 14 will be needed in order to recreate final salary service. Implementation of the remedy could divert Fund resources and affect service deliivery levels. See Risk No. 37 for further information on the McCloud judgement. | 3 | 4 | 12 | Keeping up to date with news from the Scheme Advisory Board, the LGA, the Government Actuary's Department and the Fund's Actuary. Liasing with the provider of the Fund's pension administration system as they develop their bulk processes for implementing the McCloud remedy. Although the Fund has continued to require employers to submit information about changes in part-time hours and service breaks, the McCloud remedy may generate additional queries about changes since 1 Apr 14; employers have, therefore, been asked to retain all relevant employee records. A McCloud Project Team has been set up with initial workstreams of: governance; case identification; staffing/resources; & communications. The Fund has identified the likely members in scope of the proposed remedy. A response to the MHCLG (now DLUHC) consultation on Amendements to the Statutory Underpin was submitted by the Fund. Tools have been provided by Aquila Heywood for testing on Altair which would be used to identify and subsequently bulk load any required additional service history. | Formulate a detailed plan of how to deal with the scheme changes as soon as they are confirmed and it is clear what bulk processes developed by the provider of the pension administration system will be utilized. | HoP | 2 | 4 | 8 | 4 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| 47 | Lack of two factor authentication for Member Self Service | The Fund is implementing a member self-service solution (MSS) to improve the quality and efficiency of the service it provides to its members. MSS will allow members to view certain parts of their pension information (including Annual Benefit Statements), to undertake a restricted number of data amendments and to carry out benefit projections on-line. The member self-service solution provided by Aquila Heywood does not currently utilise a two-factor authentication method. | 3 | 2 | 6 | Robust registration and log-on procedures have been developed which have been approved by the Council's Information Governance Group (IGG). A further report on the setting of security questions has been taken to IGG for noting. | The Fund will continue to encourage Aquila Heywood to introduced two factor authentication for MSS (it has been introduced for the core Altair product). | HoP/TLs | 3 | 2 | 6 | 0 | N/A | N/A | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| 48 | Implications of Goodwin ruling. | Following the Walker v Innospec Supreme Court ruling, the government decided that in public service schemes, surviving male same-sex and female same-sex spouses and civil partners of public service pension scheme members will, in certain cases, receive benefits equivalent to those received by widows of opposite sex marriages. A recent case brought in the Employment Tribunal (Goodwin) against the Secretary of State for Education highlighted that these changes may lead to direct sexual orientation discrimination within the Teachers' Pension Scheme, where male survivors of female scheme members remain entitled to a lower survivor benefit than a comparable same-sex survivor. The government concluded that changes are required to the TPS to address the discrimination and believes that this difference in treatment will also need to be remedied in those other public service pension schemes, where the husband or male civil partner or a female scheme member is in similar circumstances.<br>A consultation will take place on the required regulatory changes for the LGPS. It is expected that the fund will need to investigate the cases of affected members, going back as far as 5 December 2005 when civil partnerships were introduced which will provide administration challenges. | 2 | 3 | 6 | The Fund is keeping up to date with developments on the implications of this ruling for the LGPS. | Further mitigating controls/procedures will be developed when more is known about this recently emerged risk. | HoP/TLs | 2 | 3 | 6 | 0 | N/A | N/A | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| 49 | Administration issues with AVC provider. | Following the implementation of a new system, the Fund's AVC provider, Prudential, has experienced delays in processing contributions, providing valuations and paying out claims which could lead to knock-on delays for the Fund in processing members' retirements. There is also a risk of associated reputational damage for the Fund which has appointed Prudential as its AVC provider. | 2 | 4 | 8 | The Fund is in regular correspondence with Prudential regarding the outstanding issues and is working with the company to try to ensure that any issues which could delay members' retirement dates are dealt with first. This matter is also on the agenda of the officer group of local LGPS funds' (EMPOG). | The Fund will continue to work closely with Prudential to support the resolution of outstanding issues. | HoP/TLs | 2 | 2 | 4 | 4 | N/A | N/A | N/A | N/A | 8 | 8 | 8 | 8 | 8 | 8 | 8 |