

Risk Register: Merseyside Pension Fund

Risk Register																		
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Summary				Gross Scores			Net Scores												
Risk Factor No.	Date Raised	Date Last Reviewed	Description of Risk	Likelihood	Impact	Total	Risk Owner	Risk Category	High/Medium/Low	Existing controls	Likelihood2	Impact3	Total4	Risk Review Frequency	Additional controls	Control Owner	Target Date	Current Risk Status	Risk Action Update
1	02.12.11	7.9.21	Benchmark performance does not keep pace with liabilities	5	5	25	LD	Financial	High	Triennial ALM FSS/ISS, Independent Advisors, Lower risk strategies, EPS	4	4	16					↓	
2	28.01.09	7.9.21	Failure to process pensioner payroll	3	5	15	YM	Operational	Low	Dedicated payroll team. Back up payment arrangements in place	1	3	3		Succession planning			→	
3	04.10.10	7.9.21	Closure of Admitted Bodies with unfunded pension liabilities	5	5	25	YM	Financial	Medium	Bonds or parent guarantees required for all new admitted bodies or lower risk investment strategy. Assessment of covenants being undertaken as part of annual closedown of accounts New risk buckets.	3	4	12					↑	Impact of COVID 19 creates financial pressures and increased risk of insolvency
4	28.01.09	7.9.21	Failure to keep abreast of technological innovations and maintain development of appropriate systems (We do not exploit all available resources, including technology). Refer to detailed IT risk register per Operations (attached)	Refer to the detailed risk register per operations			GH	Information Technological	Medium	Discrete risk register for Operations			0		Reports to Pension Board via Admin KPI reports			→	
5	28.01.09	7.9.21	Business continuity arrangements are inadequate in the event of an inability to access premises and/or key council services are not resilient to disruption	3	5	15	GH	Physical	Medium	MPF & IT continuity planning in place	3	3	9					→	Pandemic demonstrates we are able to deliver core service
6	28.01.09	7.9.21	Incident of internal fraud damages the Fund financially and/or reputationally.	2	4	8	PW	Operational	Low	Internal controls Compliance manual / procedures Diversification of investment portfolio	2	2	4					↑	Working from home required rapid adoption of electronic signatures in line with national direction from LGA & PR
7	28.01.09	7.9.21	Incident of external fraud damages the Fund financially and/or reputationally. Undetected pension scams may result in claims from claims management companies	2	4	8	PW	Financial	Low	Appropriate operational due diligence on appointment. Ongoing reviews of SAS 70 Diversification of investment portfolio. Mortality screening introduced. Controls for scams	2	2	4					→	
8	28.01.09	7.9.21	The Fund's investment policies generate adverse media coverage/publicity.	4	4	16	PW	Regulatory	Medium	Clear RI policies in ISS LAPFF/PIRC affiliations NLGPS RI policy Information on MPF & NLGPS websites	3	3	9					↑	
9	28.01.09	7.9.21	Inability to attract and retain experienced and qualified staff. Key skills/knowledge may be lost if key staff leave the Division with failure to deliver on business objectives / associated financial impacts	5	5	25	LD YM DS GH	People	High	CPD/K&SF Training & staff development is encouraged and supported HR staff development policies Training undertaken by Team Leaders with assistance from Training Officer & use of external expertise when needed (LGE). Information circulated widely at Team briefs and by email.	5	4	20		Review remuneration policy in light of market and pooling developments Initiate succession planning Rewriting Procedure Notes. Implement LOLA for senior officers			↑	Need for focus on recruitment, training and retention and succession planning in all areas
10	28.01.09	7.9.21	Fund Employers do not play their parts fully, in time and to the required standards impacting on the Fund's ability to comply with industry wide statutory disclosure including auto enrolment and the Pension Regulator data requirements	5	4	20	YM	People	High	Training courses provided. PLOG meetings with large employers and Update circulated with important information PAS AEC TPR oversight Employers website Annual Report: Evidence and statistics to be collated and shared with Employers	5	3	15		Complaints Policy being developed. Fund docs online			↑	Increased number of regulatory changes will require employer resources to meet national initiatives

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11	28.01.09	7.9.21	Departments / regulators do not play their parts fully, in time and to the required standards • Wirral; Procurement; HR; Financial Services; ITS; Legal DLUHC / TPR	4	4	16	PW YM	People	Medium	Oversight by NLGPS JC, PenCom, Pension Board, WPs & FOG Corporate performance management by FOG and Internal/external audit	3	4	12		Good governance report awaited			→	Good Governance Review action plan
12	28.01.09	7.9.21	Investment performance significantly behind benchmark	2	4	8	LD	Financial	Medium	Triennial ALM FSS/ISS External and Internal Investment Manager Monitoring Independent Advisors IMWP, MTAA, LDI, EPS, Pooling	2	4	8					↑	
13	28.01.09	7.9.21	Management of operational and counterparty risks relating to investments. (Factors mainly outside our control).	4	4	16	LD	Financial	Low	Regulatory requirements External and Internal Investment Manager Monitoring Use of third party due diligence services Global custodian Independent Advisors IMWP FOG IC	2	3	6					→	
14	28.01.09	7.9.21	Failure of suppliers/third parties to perform to the required standards	2	4	8	PW	Operational	Low	Procurement procedures Monitoring of service standards & delivery via Pension Board, WPs & FOG	2	3	6		Enhanced contract management being introduced			→	
15	28.01.09	7.9.21	Decisions taken by Members without appropriate support or with insufficient knowledge and skills.	3	5	15	PW	People	Medium	Scrutiny by Pension Board CIPFA Knowledge & Skills Framework Member development programme Support from Independent advisers	3	3	9		Roll out of LOLA		Jun-22	↑	
16	28.01.09	7.9.21	Failure to comply with relevant Pensions regulatory and statutory obligations. i.e Administration regulations; Accounting regulations; Investment regulations; TPR data requirements; may result in regulatory enforcement	4	3	12	YM	Regulatory	Low	Scrutiny by Pension Board Changes and amendments reported to Pensions Committee. Involvement with LGA Active liaison with CIPFA & CIPFA Pensions Network Checks built in to workflow processes. Compliance manual.	3	2	6		Participation in all consultations and reviews Roll out of LOLA Work with Admin IT provider			↑	Increased number of regulatory changes will require employer resources to meet national initiatives
17	28.01.09	7.9.21	Move to hybrid working impinges on internal controls, ability to implement and monitor Business Plan objectives and projects; managing BAU and productivity.	4	3	12	PW	Operational/ People	Medium	Check ins FOG Investment Meetings Section Head meetings Team Brief/One Brief Compliance monitoring Attendance at internal training events	3	3	9		Develop new staff working protocols Internal audit review of systems			→	Developing solutions to support customers through technology

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18	13.12.12	7.9.21	Increasing complexity of scheme due to maturity profile, various risk buckets, risk management strategies, improved funding level and increasing number of employers leads to inappropriate investment strategy affecting returns / costs	4	4	16	PW	Financial	Medium	Annual interim calculations of funding position and Fund's maturity profile. Quarterly funding reports to IMWP.	3	3	9		Monitor implications of McCloud Deferred debt arrangements /Inter-Valuation flexibility			↑	
19	13.01.14	7.9.21	Cash flow implications and liquidity availability following increase in pensions in payment and reduction in deficit payments post 2019 FSS and CV19 impact on investment income	4	4	16	PW	Operational	High	Asset allocation Daily cashflow monitoring Revise strategy and review benchmarks/portfolios to increase income	4	3	12		Looking to increase income from investments			↑	Deferred Debt Arrangements FE/HE institutions change in regulatory definition
20	17.01.17	7.9.21	Failure of Northern LGPS pooling arrangements to deliver required investment and RI outcomes for MPF	4	3	12	PW	Financial	Medium	Pooling arrangements formalised with inter-authority agreement and Joint Committee meetings. Regular updates to Pensions Committee, Pension Board and FOG	3	3	9					↓	
21	03.07.18	7.9.21	Implementation of ERP system by Wirral impacts on BAU and fails to meet MPF requirements in terms of functionality and operational requirements.	4	4	16	DS	Operational	Medium	Involvement of MPF Finance team in Wirral project team	3	3	9		Monitor implications of CV19 delays on timelines			↑	
22	1.4.21	7.9.21	Cyber-security risk (separate item from IT risk register in view of increasing profile)	5	5	25	GH	Operational	Medium	Detailed controls in IT risk register	3	3	9					↑	