

The background of the slide features a large, light blue watermark of the Coat of Arms of the City of Edinburgh. The crest includes a crown with four thistles, a shield divided into four quarters (a saltire, a stag's head, a ship, and an eagle), and a motto scroll at the bottom.

Agenda Item 8

Pension Fund Risk Register

Falkirk Council

Subject: Pension Fund Risk Register

Meeting: Joint Meeting of Pensions Committee and Pension Board

Date: 6 December 2018

Submitted by: Director of Corporate and Housing Service

1. Purpose of Report

- 1.1 This report invites the Pensions Committee and Pension Board to consider and approve a Risk Management Policy for the Fund, together with an updated risk register.

2. Recommendations

- (1) **The Pensions Committee and Pension Board are invited to consider and comment upon the risk management policy and updated risk register.**
- (2) **The Pensions Committee are asked to approve the risk management policy and risk register as set out in the appendices to this report.**

3. Risk Management Objectives

- 3.1 The high level objectives of the risk management policy are:
- to ensure that there is an awareness of risk amongst all Pension Fund staff and amongst those charged with Fund governance; and
 - to identify, evaluate, monitor, and report on any business risks that may undermine the delivery of the Fund's activities either at a strategic or operational level.

4. Risk Framework

- 4.1 The Pensions Regulator, whose remit includes the oversight of Public Sector Pension Schemes, indicates that Schemes should use a risk-based approach to identifying, evaluating and managing risks and record these in a risk register.
- 4.2 It is not realistic nor indeed desirable to remove all risks from a pension fund, however, by having a structured risk framework, including a risk register, the Fund has a mechanism to allow it to focus on its key areas of risk exposure.

- 4.3 As a matter of course, officers monitor risk on a daily basis. In addition, senior officers in the Fund meet at least twice yearly to review the risk register. In future, the Chair of the Pension Board will be invited to these meetings. The full register will be available for inspection on the Fund website and reported to Committee at least annually. Heightened areas of risk will continue to be reported to the Committee and Board on a quarterly basis.
- 4.4 A commitment to review the risk register was given in the Annual Governance Statement of the 2017/18 Annual Report and Accounts for the Fund.

5. Risk Management Process

- 5.1 The risk management process involves individual risks being identified, evaluated, responded to and reported.
- 5.2 Any risk mitigation measures put in place to reduce the likelihood of a risk materialising (or to minimise the impact of a risk if it does materialise) will be recorded on the risk register.
- 5.3. Any risk remaining after mitigations have been applied will need to be considered by the Fund to determine whether the level of risk is acceptable or whether further action is needed. Under the risk management policy, risk has been categorised as being Low, Medium, High or Very High (n.b. colour coded on the risk register).

6. Risk Register – Current Areas of Greatest Risk

- 6.1 Of the risks identified, those with the highest rating (i.e. most risky) are as follows:
- Succession planning
 - Staff error or backlogs in service delivery
 - Change in LGPS Structure
 - Incomplete employer data
- 6.2 The first three bullet points are inter-related and reflect the rising age profile within the Pensions Section; the number of temporary contracts in use across the Section; pressure on staff time in view of operational complexities; and the uncertainty created by the structural review into the LGPS.
- 6.3 The final bullet relates to the production of annual statements and is being addressed by a combination of employer training and the development of an Administration Strategy.
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7. Implications

Financial

- 7.1 There are no immediate financial implications associated with this report. Most of the risks identified have financial consequences should they not be adequately managed.

Resources

- 7.2 No additional resources are required at this time. However, the expectation of audit and the Pensions Regulator is that Funds should be spending more time on managing their risks.

Legal

- 7.3 No legal issues are raised by this report.

Risk

- 7.4 An up to date risk register is an important control within the Fund's governance framework. Failure to properly identify and manage risks could result in serious financial and reputational damage for the Fund and its stakeholders.

Equalities

- 7.5 No equalities issues are raised by this report.

Sustainability/Environmental Impact

- 7.6 No sustainability/environmental issues are raised by this report.

8. Conclusion

- 8.1 The scope of the Fund's operations mean that it is right and proper for risks to be formally recorded. The risk register has been brought up to date and arrangements put in place for it to be formally reported to Committee and Board on an annual basis.

Director of Corporate & Housing Services

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Date: 13 November 2018

Appendices

Pension Fund – Risk Management Policy
Pension Fund Risk Register – November 2018

List of Background Papers:

None



Falkirk Council

Falkirk Council Pension Fund

Risk Management Policy

Local Government Pension Scheme

1 November 2018

Version Control

Version	Date of Change	Last Committee/Board Approval Date	Comment
1.0	1 November, 2018		Document created following External Audit recommendation in 2017/18 Annual Audit to update risk register.

Falkirk Council Pension Fund

Risk Management Policy

1. Introduction

- 1.1 This is the Risk Management Policy of Falkirk Council Pension Fund ("the Fund").
- 1.2 The Fund is part of the Local Government Pension Scheme (Scotland) and is managed and administered by Falkirk Council ("the Administering Authority"). The Council has delegated responsibility for Fund matters to a Pensions Committee. The Committee is the decision making body of the Fund and is drawn mainly from Falkirk Council's elected members but includes Union, pensioner and employer representatives. The Committee is supported in its role by the statutory Pension Board which consists of an equal number of member and employer representatives.
- 1.3 In the rest of this document, references to "the Fund" include those charged with the governance of the Fund - the Pensions Committee, Pension Board and senior officers.
- 1.4 The Risk Management Policy details the risk management strategy for the Fund, including:
- the risk philosophy for the management of the Fund, and in particular attitudes to, and appetite for, risk
 - how risk management is implemented
 - risk management responsibilities
 - the procedures that are adopted in the Fund's risk management process
 - the key internal controls
- 1.5 The Fund recognises that effective risk management is an essential element of good governance in the Local Government Pension Scheme. By identifying and managing risks through an effective policy and risk management strategy, the Fund can:
- demonstrate best practice in governance
 - improve financial management
 - minimise the risk and effect of adverse conditions
 - minimise threats
- 1.6 The Fund adopts a structured and focused approach to managing risks and ensures risk management is an integral part in the governance of the Fund at both a strategic and operational level.

2. To whom this Policy Applies

- 2.1 This Risk Management Policy applies to all members of the Pensions Committee and the Pension Board. It also applies to senior officers involved in the management of the Fund.
- 2.2 All members of staff involved in the daily management of the Fund are also integral to managing risk for the Fund, and will be required to have appropriate understanding of risk management in the context of their roles.
- 2.3 Advisers and suppliers to the Fund are also expected to be aware of this Policy, and assist officers, Committee members and Board members as required, in meeting the objectives of this Policy.

3. Aims and Objectives

3.1 In relation to understanding and monitoring risk, the Fund aims to:

- integrate risk management into its culture and day-to-day activities
- raise awareness of the need for risk management by all those connected with the management of the Fund (including advisers, employers and other partners)
- anticipate and respond positively to change
- minimise the probability of negative outcomes for the Fund and its stakeholders
- have a robust framework for the identification, analysis, assessment and management of risk.

3.2 These aims and objectives are consistent with the Pensions Regulator's Code of Practice for Public Service Pension Schemes as the Code relates to risk.

4. Risk Management Philosophy

4.1 The Fund recognises that it is not possible to eliminate all risks. Accepting and actively managing risk is therefore a key part of the risk management strategy for the Fund.

4.2 A key determinant in selecting the action to be taken in relation to any risk will be its potential impact on the Fund's objectives in light of the Fund's risk appetite, particularly in relation to investment matters. Equally important is striking a balance between the cost of risk control actions against the possible effect of the risk occurring.

4.3 In managing risk, the Fund will:

- adopt a system that will enable the Fund to anticipate and respond to change
- minimise loss and damage to the Fund and to other stakeholders who are dependent on the benefits and services provided
- ensure that new areas of activity (e.g. new investment strategies) are only undertaken if the risks are understood and taken into account in making decisions.

4.4 The Fund considers that risk management is an essential part of its stewardship, with the benefits being better decision-making, improved performance and service delivery, more effective use of resources and protection from reputational damage.

5. The Pensions Regulator's Code of Practice 14

5.1 Under the Managing Risk chapter of the Regulator's Code of Practice 14, the scheme manager of a public service pension scheme must establish and operate internal controls. The controls should be adequate to ensure that the scheme is administered and managed in accordance with the scheme rules and legal requirements. The controls should include the clear separation of duties, processes for escalating concerns, as well as documented procedures for assessing and managing risk, reviewing breaches of law and managing contributions to the Fund.

5.2 For these purposes, 'internal controls' mean:

- arrangements and procedures to be followed in the administration and management of the scheme
- systems and arrangements for monitoring that administration and management, and
- arrangements and procedures for the safe custody/security of Fund assets

- 5.3 The guidance on internal controls goes on to say that scheme managers should carry out a risk assessment and produce a risk register which is reviewed regularly. The risk assessment should take cognisance of:
- the objectives of the Fund
 - the various functions and activities carried out in the running of the scheme, and
 - identifying the main risks associated with those objectives, functions and activities
- 5.4 The code of practice states that schemes should consider the likelihood of risks arising and their effect if they do arise when determining the order of priority for managing risks, and focus on those areas where the impact and likelihood of a risk materialising is high. Schemes should then consider what internal controls are appropriate to mitigate the main risks they have identified and how best to monitor them. The code includes the following examples as matters which Funds should consider when designing internal controls to manage risks:
- how the control is to be implemented and the skills of the person performing the control
 - the level of reliance that can be placed on information technology solutions where processes are automated
 - whether a control is capable of preventing future recurrence or merely detecting an event that has already happened
 - the frequency and timeliness of a control process
 - how the control will ensure that data is managed securely, and
 - the process for flagging errors or control failures, and approval and authorisation controls.
- 5.5 The code states that risk assessment is a continual process and should take account of a changing environment and new and emerging risks. The adequacy of internal controls should be reviewed on a regular basis.
- 5.6 Under section 13 of the Pensions Act 2004, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to internal controls are not being adhered to.

6. Application to the Falkirk Council Pension Fund

- 6.1 The Fund acknowledges the need to comply with the Pension Regulator's Code of Practice guidance in managing risk. This Risk Policy highlights how the Fund strives to achieve this through using of risk management processes and internal controls incorporating regular monitoring and reporting.

7. Responsibility

- 7.1 The Fund must be satisfied that risks are appropriately managed. For this purpose, the Chief Finance Officer is the designated individual for ensuring the process outlined below is carried out, subject to the oversight of the Pensions Committee and Pension Board.
- 7.2 However, it is the responsibility of each individual covered by this Policy to identify any potential risks for the Fund and ensure that they are fed into the risk management process.

8. The Fund Risk Management Process

- 8.1 The Fund's risk management process is in line with that recommended by CIPFA and is a continuous approach which looks at risks surrounding the Fund's past, present and future activities. The main processes involved in risk management are identified in the figure below and detailed in the following sections:



Risk Identification

- 8.2 The risk identification process is both forward and backwards looking. Forward looking to scan the horizon for potential risks and backwards looking to learn lessons from previous circumstances which created risks for the Fund.
- 8.3 Risks are identified by a number of means such as:
- formal risk review exercises managed by the Pension Committee
 - performance measurement against agreed objectives
 - findings of internal and external audit and other adviser reports
 - feedback from the local Pension Board, employers and other stakeholders
 - informal meetings of senior officers or other staff involved in the management of the Fund
 - liaison with other organisations, national associations, professional groups, etc.
- 8.4 Once identified, risks will be documented on the Fund's risk register, which is the primary control document for the subsequent analysis and monitoring of those risks.

Risk Analysis & Evaluation

- 8.5 Once potential risks have been identified, the next stage of the process is to analyse and profile each risk. Risks will be assessed by considering the likelihood of the risk occurring and the impact if it does occur. Likelihood is on a scale of 1 to 4 with one being rare and four almost certain. Impact is also assessed on a scale of 1 to 4 with one being insignificant and 4 being severe.

- 8.6 The score for likelihood is multiplied by the score for impact to determine a gross overall risk rating (i.e. before the application of any mitigations). From the scores, a risk matrix can be constructed (as illustrated below) which allows risks to be categorised into four bands – Low, Medium, High and Very High.

		Impact			
		Minor 1	Moderate 2	Major 3	Critical 4
Likelihood	Unlikely 1	Low (1)	Low (2)	Low (3)	Medium (4)
	Possible 2	Low (2)	Medium (4)	Medium (6)	High (8)
	Probable 3	Low (3)	Medium (6)	High (9)	Very High (12)
	Almost Certain 4	Medium (4)	High (8)	Very High (12)	Very High (16)

Risk Response

- 8.7 The risk response is essentially an expression of the Fund's attitude to the different levels of risk identified.
- 8.8 Given its role as a fiduciary, the Fund has a cautious risk attitude, particularly in relation to investment matters. The Fund will therefore look to institute delivery options that have a low degree of residual risk with a strong control framework in place.
- 8.9 The Fund will take risks that have been carefully considered and where controls have been implemented to reduce the likelihood of a risk materialising or the impact if one did materialise.
- 8.10 The Fund will also seek to apply controls and actions (i.e. mitigations to reduce the likelihood of a risk occurring, or minimise the impact of the risk if it does occur. The level of risk which remains after taking account of any mitigations is classified as the net risk and is what the risk appetite should be tested against.
- 8.11 In terms of the four bands of risk previously identified, the Fund's approach to combating these is as follows:

Level of Net Risk	Consequences
Low 1 - 3	Fund considers this level of risk tolerable
Medium 4 - 6	Fund expects this level of risk to be contained with minimal intervention
High 7 - 9	Fund is concerned about this type of risk and looks to manage it through mitigation and action plans
Very High 10 - 16	Fund is very concerned with this type of risk and looks to eliminate or contain it through a combination of contingencies, mitigations and short term action plans

Risk Monitoring & Review

- 8.12 Risk monitoring is the final part of the risk management cycle and is the responsibility of the Pensions Committee and Pension Board.
- 8.13 In monitoring risk management activity, the Committee and Board should consider whether:
- the risk controls taken achieved the desired outcomes
 - the procedures adopted for undertaking the risk assessment were appropriate
 - there are any lessons to be learned for the future assessment and management of risks.
- 8.14 The Chief Finance Officer will review the extent to which the identified risks are covered by existing internal controls and determine whether any further action is required to control the risk, including reducing the likelihood of a risk event occurring or reducing the severity of the consequences should it occur.

Risk Reporting

- 8.15 The Fund's risk register details all relevant information in relation to a risk as well as the owner for any actions.
- 8.16 The register will be available for inspection on the Fund website and brought to the Committee for approval at least annually.
- 8.17 The Pensions Committee and Pension Board will be provided with updates on a quarterly basis in relation to any heightened areas of risk or newly identified risks.
- 8.18 As a matter of course, all staff members monitor risk on a daily basis. In addition, senior officers in the Fund will meet at least twice yearly to review the risk register. The Chair of the Pension Board will be invited to these meetings.
- 8.19 Where a risk is identified that could be of significance to the Falkirk Council, the Chief Finance Officer should request that it be included in the Corporate Risk Register.

9. Key risks to the effective delivery of this Policy

- 9.1 The key risks to the delivery of this Policy are outlined below:
- Changes in Pension Committee and/or local Pension Board membership and/or senior officers mean key risks are not identified due to lack of knowledge
 - Insufficient resources are available to satisfactorily assess or take appropriate action in relation to identified risks
 - Risks are incorrectly assessed due to a lack of knowledge or understanding, leading to inappropriate levels of risk being taken without proper controls
 - Lack of engagement or awareness of external factors means key risks are not identified.
 - Conflicts of interest or other factors lead to a failure to identify or assess risks appropriately
- 9.2 The Pension Committee will monitor these and other key risks and consider how to respond to them.

10. Costs

10.1 All costs related to this Risk Policy are met directly by the Fund.

11. Approval, Review and Consultation

This Risk Policy was approved at the Falkirk Council Pension Committee meeting on 6 December 2018. It will be formally reviewed and updated at least every three years or sooner should there be material changes to Fund's risk management arrangements.

Pensions Section
Municipal Buildings
Falkirk

1 November 2018



Falkirk Council

Corporate & Housing Services

Falkirk Council Pension Fund

Local Government Pension Scheme Risk Register

Version Control

Version	Date of Change	Last Committee/Board Approval Date	Comment
1.0	1 November, 2018		Risk Register revised and updated in accordance with External Audit recommendation following 2017/18 Annual Audit

1. Risk Scoring

Likelihood			
Unlikely	1	Rare	(1% - 20% chance)
Possible	2	May well occur	(21% - 50%)
Probable	3	More likely than not to occur	(51% - 80%)
Almost Certain	4	Expected to occur frequently	(80% - 100%)

Impact		
Minor	1	Insignificant / easily contained
Moderate	2	Significant but containable
Major	3	Serious impact
Critical	4	Severe / catastrophic

2. Risk Matrix

		Impact			
		Minor 1	Moderate 2	Major 3	Critical 4
Likelihood	Unlikely 1	Low (1)	Low (2)	Low (3)	Medium (4)
	Possible 2	Low (2)	Medium (4)	Medium (6)	High (8)
	Probable 3	Low (3)	Medium (6)	High (9)	Very High (12)
	Almost Certain 4	Medium (4)	High (8)	Very High (12)	Very High (16)

3. Risk Appetite

Level of Net Risk	Consequences
Low 1 - 3	Fund considers this level of risk tolerable
Medium 4 - 6	Fund expects to manage this level of risk to be contained with minimal intervention
High 7 - 9	Fund is concerned about this type of risk and looks to manage it mainly through mitigation and action plans
Very High 10 - 16	Fund is very concerned with this type of risk and looks to eliminate or contain it through a combination of contingencies, mitigations and short term action plans

Falkirk Council Pension Fund - Risk Register

1st November 2018

No.	Category	Risk	L	I	Risk Score	Assigned to	Mitigating Controls	L	I	Current Risk	Review
Financial Management Risks											
1	Financial Management	Under funding leading to pressure on employer contributions	2	3	6	Chief Finance Officer & Pensions Manager	<ul style="list-style-type: none"> Regular actuarial valuations Inter valuation funding updates provided to Committee and Board Stabilisation strategy in place for some employers Exit offer made to most vulnerable employers 	1	3	3	Dec 2019
2	Financial Management	Failure of an fund employer resulting in upward pressure on other employers' contributions	2	3	6	Pensions Manager	<ul style="list-style-type: none"> Robust Admissions Policy including use of guarantees and indemnities Engagement with employers after Valuation Exit offer made to most vulnerable employers Regular contact with existing employers to review on-going covenants Some Guarantees/Bonds in place 	2	2	4	Ongoing
3	Financial Management	Fraud/theft of Council/Pension Fund assets by scheme members / pensioners or staff	3	3	9	Pensions Manager and Pensions Officer	<ul style="list-style-type: none"> Segregation of duties No input/authorising by same person National Fraud initiative Use of external custodian Internal and external audit testing List of authorised signatories maintained 	1	3	3	Mar 2019
4	Financial Management	Employers take action without understanding impact on pension fund liabilities (e.g. excessive pay awards)	3	2	6	Pensions Manager	<ul style="list-style-type: none"> Monitoring via actuarial valuation at least every three years Employer training events Individual employer cont. rates Funding Strategy Statement Employers represented on Committee/Board 	2	2	4	Ongoing
5	Financial Management	Contributions to the Fund are not received, processed or recorded completely and accurately	2	2	4	Fund Accountant	<ul style="list-style-type: none"> Monthly monitoring and reconciliation of contributions Annual check of contributions v employer file Internal/External audit testing Escalation process to Manager and Board Ongoing roll out of monthly contribution upload 	1	2	2	Monthly
6	Financial Management	Failure to implement material changes to scheme rules	2	3	6	Pensions Manager	<ul style="list-style-type: none"> Robust Administration Strategy SPPA Circulars and LGA Bulletins Staff attend national technical group meetings and have email / phone contact with other LA counterparts 	2	2	4	Ongoing

No.	Category	Risk	L	I	Risk Score	Assigned to	Mitigating Controls	L	I	Current Risk	Review
7	Financial management	Funding position affected by falling asset values or fall in bonds yields impacting on liabilities	4	4	16	Chief Finance Officer & Pensions Manager	<ul style="list-style-type: none"> Diverse range of assets held Strategy overseen by Joint Investment Strategy Panel (JISP) Allocation to infrastructure which has low correlation with other assets Allocations to Private Debt and Diversified Growth Fund has long term time horizon Periodic reviews of investment strategy 	2	3	6	Ongoing
8	Financial management	Fund has insufficient cash to meet immediate commitments	2	4	8	Pension Fund Accountant	<ul style="list-style-type: none"> Cash regularly monitored to ensure sufficiency Cash management policy in operation Extra cash recallable on a same day basis 	1	3	3	Ongoing
Investment Risks											
9	Investment	Managers under-perform or performance monitoring is ineffective	3	4	12	Chief Finance Officer & Pensions Manager	<ul style="list-style-type: none"> Reviews performed by Lothian's investment team which includes FCA accredited professionals Performance assessed by JISP Quarterly calls held with managers Manager reports provided to Board/Committee Manager update given to Committee Robust manager selection process 	2	3	6	Quarterly
10	Investment	Custody arrangements may not be sufficient to safeguard Pension Fund's assets	1	4	4	Pension Fund Accountant	<ul style="list-style-type: none"> Custodian's internal controls and compliance report Quarterly reconciliation of custodian/manager records 	1	3	3	June 2019
11	Investment	Pension Fund investments not accurately valued	2	4	8	Pension Fund Accountant	<ul style="list-style-type: none"> Reported valuations of the manager are compared to the custodian, where material differences occur values are checked against independent source. Portfolio valuations are reconciled quarterly Valuation monitoring by specialists in Lothian team Alternatives valued in accordance with Venture capital code 	1	3	3	Monthly
12	Investment	Investment Managers may not have appropriate control framework in place	1	4	4	Pensions Manager	<ul style="list-style-type: none"> Managers' internal control and compliance reports Annual face to face with managers on their site Quarterly manager calls Input from Lothian investment specialists and JISP Quarterly reconciliation of manager records Manager reports required under MIFID II 	1	3	3	June 2019
13	Investment	Manager invests in company with poor ESG credentials	3	3	9	Pensions Manager	<ul style="list-style-type: none"> Regular engagement with manager Manager engagement with company Potential to raise matter with LAPFF and/or PIRC SIP contains Fund's investment beliefs Communication on website to explain Fund policy 	3	2	6	Ongoing

No.	Category	Risk	L	I	Risk Score	Assigned to	Mitigating Controls	L	I	Current Risk	Review
Governance Risks											
14	Governance	Committee takes decisions against professional advice or on political grounds or through being conflicted	2	4	8	Chief Finance Officer & Pensions Manager	<ul style="list-style-type: none"> "Whistleblowing" by Officers Training Policy in place Attendance at conferences Access to wide variety of advice Oversight of Pension Board Internal and external audit review Conflicts Policy and Declarations of interest in place 	1	3	3	Ongoing
15	Governance	Lack of knowledge, skills and leadership amongst Committee, Board and Officers	3	4	12	Chief Finance Officer & Pensions Manager	<ul style="list-style-type: none"> Training Policy in place Completion of Regulator toolkit mandatory Attendance at conferences Access to wide variety of advice 	2	3	6	Dec 2019
16	Governance	Succession planning inadequate	4	4	16	Chief Finance Officer & Pensions Manager	<ul style="list-style-type: none"> Staff training and development policies Reduce key man risk through rotation of duties Staff access to group and web based forums Collaborations with Lothian and Fife 	4	3	12	June 2019
17	Governance	Failure to complete Annual Report and Accounts and obtain clean audit certificate	2	3	6	Pensions Manager & Pension Fund Accountant	<ul style="list-style-type: none"> Agree Audit programme timeously Attend CIPFA briefings/seminars Plan Timetable annually Use of qualified staff 	1	3	3	May 2019
18	Governance	Members' confidential data lost or made public.	2	3	6	Pensions Manager and Pensions Officers	<ul style="list-style-type: none"> Annual Data Protection training for all Fund staff Privacy Notice on website MoU's on GDPR with all fund employers Secure Email and FTP facilities Reminders given at regular team meetings Shredding facilities available IT systems password secure 	1	3	3	Ongoing
19	Governance	Change in LGPS Structure	3	3	9	Chief Finance Officer & Pensions Manager	<ul style="list-style-type: none"> Respond to Consultation Collaboration with Lothian Fund already established 	3	3	9	Sept 2019
20	Governance	Failure to issue all Benefit Statements by due date	3	3	9	Pensions Manager and Pensions Officers	<ul style="list-style-type: none"> Employer training session held Employer reminders sent before and after year end Project ongoing to move to monthly data collection Admin Strategy in development 	2	3	6	Sept 2019

No.	Category	Risk	L	I	Risk Score	Assigned to	Mitigating Controls	L	I	Current Risk	Review
Operational Risks											
21	Operational	Failure of IT systems including Altair (key admin/payroll system)	3	4	12	Pensions Manager and Pensions Officers	<ul style="list-style-type: none"> Altair is a hosted system and widely used Altair changes are tested by industry users Altair contingency arrangements tested annually Data backed-up daily Council has IT Disaster Recovery Arrangements Senior pensions staff equipped with laptops 	1	4	4	Dec 2019
22	Operational	Cyber security attack	3	4	12	Chief Finance Officer & Pensions Manager	<ul style="list-style-type: none"> Heywood indicate that their hosted platform is consistent with (or stronger than) the Government's Cyber Essential Plus certification Falkirk Council has attained Cyber Essentials certification as well as having ongoing Public Service Network (PSN) Certification 	1	4	4	Dec 2019
23	Operational	Loss of Staff (e.g. pandemic, adverse weather)	3	4	12	Pensions Manager	<ul style="list-style-type: none"> Hosted Admin and Payroll System Fund/Council Business Continuity Plan Council's adverse weather policy Remote working possible for key staff Flu Jags available 	2	4	8	Ongoing
24	Operational	Damage to premises through fire or water and potential loss of paper records	1	4	4	Pensions Manager	<ul style="list-style-type: none"> Hosted Admin and Payroll System Fund/Council Business Continuity Plan Remote working possible for key staff Paper records in process of being scanned 	1	4	4	Dec 2019
25	Operational	Pensions Team's scheduled move to new quarters in Municipal Buildings	4	3	12	Pensions Manager	<ul style="list-style-type: none"> Move can be phased and timed to avoid sensitive pinch points Project plan in place Regular meeting of senior officers 	4	2	8	Mar 2019
26	Operational	Inaccurate member data on Altair or incomplete member data due to employer omissions	4	3	12	Pensions Manager	<ul style="list-style-type: none"> Roll out of monthly online data submission Employer training sessions Data cleansing tools available and used Data quality audit undertaken Employer forms being revised to improve clarity Improvement plan in development 	3	3	9	Dec 2019
27	Operational	Staff error or backlogs in Service delivery	4	4	16	Pensions Manager and Pensions Officers	<ul style="list-style-type: none"> Stable and experienced workforce Processes involve checking mechanism Robust staff selection procedures Online procedures manual Training needs assessed Outstanding cases monitored 	4	3	12	Monthly
28	Operational	Failure or delay in paying pensioners	2	4	8	Pensions Manager	<ul style="list-style-type: none"> Pay run scheduled with built in recovery time Process overseen by at least two officers Hosted system so robust support mechanism Business continuity arrangements in place 	1	4	4	Monthly

29	Operational	Contractual negotiations / disputes with service providers	2	4	8	Pensions Manager	<ul style="list-style-type: none"> Regular dialogue with providers Renewal of contracts in place Use of framework agreements Support from Council Legal and Governance teams 	2	3	6	Ongoing
30	Operational	Adverse impact of Brexit	3	2	6	Pensions Manager	<ul style="list-style-type: none"> Global investment of assets Diverse range of assets Ongoing dialogue with provider of overseas payment service 	3	1	3	Ongoing