

INVESTMENT & FUNDING RISK														
Risk Ref	Risk Title	Risk Description	Risk Drivers	Risk Owner	Inherent Risk			Controls	Residual Risk			Risk Actions		
					Impact	Likelihood	Rating		Impact	Likelihood	Rating	Action Details	Owner	Target Date
11	Investment Strategy	Inappropriate investment strategy leading to volatility and underperformance. A decline in the market value of investments relative to liabilities or an increase in the Fund's risk profile could have a negative impact on the value of the fund, particularly where the assets to liabilities profile is mismatched, leading to underfunding.	<ul style="list-style-type: none"> The investment strategy is not appropriate to meet the Fund's funding requirements. Investment strategy does not change to reflect changes in circumstances, leading to a reduction in funding level or missed opportunities to enhance or protect the funding level. Falling share prices and values of illiquid assets, therefore decreasing in the assets held by the fund. 	HoF	4	2	H	<ul style="list-style-type: none"> The Investment Advisors undertake a full review of the Fund's investment strategy following each triennial funding valuation to ensure investment strategy remains appropriate for the Fund's objectives. Advisors are also involved in any agreed ad hoc review between valuations. LPPI advise on strategy with the Investment Panel engaging external contractors / advice to validate / assess advice LCC Pension Committee review and approve Investment Strategy. Quarterly performance reporting against strategy performed by the Investment Panel and results reported to the Pension Committee. The LPP Risk Assessment Framework provides quarterly reporting to the Investment Panel on investment performance, funding and financing against agreed and accepted levels of risk tolerance. A summary of the risk assessment framework is reported to the Pension fund committee every 6 months. 	3	1	L	<ul style="list-style-type: none"> 2019 Valuation is complete and the funding strategy has been finalised; Investment Strategic Asset Allocation has been amended and presented at the September Pension Fund Committee. An updated Strategy will be presented to the Pension Fund Committee at its meeting on 27th November 2020 for approval. 	IP/ HoF	Mar-21
			<ul style="list-style-type: none"> Poor / inappropriate investment advice received from LPPI. Investment beliefs and preferences of individuals in LPPI might conflict with what is in the pure best interests of the Scheme. Poor / inappropriate investment advice received from external investment advisors. 	HoF	4	2	H	<ul style="list-style-type: none"> LPPI advise on strategy with the Investment Panel engaging external contractors / advice to validate / assess advice. Decisions are made in consultation with External Advisors who attend specific Investment Panel and Pension Committee meetings during the year and are consulted as required to advise on investment strategy decisions. 	3	1	L	<ul style="list-style-type: none"> Investment Strategic Asset Allocation has been amended and presented at the September Pension Fund Committee. An updated Strategy will be presented to the Pension Fund Committee at its meeting on 27th November 2020 for approval. 	IP/ HoF	Mar-21
12	Construct, Implement and Perform	The portfolio fails to deliver the required return within risk tolerances / the translation of the strategy into the investment portfolio is sub-optimal / failure of the investment support infrastructure resulting in inefficient implementation or losses.	<ul style="list-style-type: none"> Failure to achieve target returns over the mid term i.e. 5 years. Incorrect assumptions about expected returns, volatilities and correlations. Model specifications are incorrect, input data is inaccurate, outputs are misinterpreted. Failure to establish risk parameters for each component of the portfolio and for the total portfolio e.g. VAR, FX hedging and derivatives. 	HoF	4	2	H	<ul style="list-style-type: none"> LPPI attendance at Investment Panel provides a view of activity. LPPI has established in-house investment risk monitoring roles. A Head of Investment Strategy has been appointed by LPPI with responsibility for the overall strategy. A team of analysts focus on specific asset classes who input into the overall IS team output as required; Strategic asset allocations are established by agreement and performance is monitored and reported by regularly; Models are subject to 4 eyes review and proposals are reviewed by LPPI's investment committee; LPPI's risk management is governed by a Risk Committee which includes independent members with relevant industry experience. Risk from the asset portfolio are measured using industry standards systems (Ortec, Bloomberg). A portfolio management system is being considered in order to provide comprehensive 'Straight Through Processing'; The LPPI Risk Assessment Framework provides quarterly reporting for the Fund regarding investment performance, funding and financing against agreed and accepted levels of risk tolerance This risk assessment and framework is reviewed by the investment panel on a quarterly basis and a summary is reported to the Pension fund committee every 6 months; A risk and audit management system, CAMMS has been implemented by LPP; 	4	2	H	<ul style="list-style-type: none"> The main functionality elements in Broadridge, which is the Portfolio Management System which LPPI has procured, is live. The Compliance Rules in Private Markets and elements of the portfolio reconciliation tools in private markets (e.g. private equity / real estate etc) are to be rolled out as part of the next phase of implementation across Q3. A Head of Investment Due Diligence has been appointed by LPPI since the last meeting; the focus of the role is to be the functional lead in LPPI's selection and monitoring of external fund managers working closely with the broader investment team. (MW) Investment Committee process remains constant. (MW) Risk Register of LPPI being reviewed in Q4 2020 (MW) 	IP/ HoF	Mar-21

			<ul style="list-style-type: none"> External mandates are not aligned to the Fund's return and risk requirements. Decisions are not implemented accurately, efficiently and in line with appropriate authorities. Investment performance is poor, not reported in a timely manner and / or frequently monitored. Investment manager SLA's are not in place and/or are not frequently monitored. Cost reduction achieved from utilising internal investment managers offset by poor internal investment manager performance. 	HoF	4	3	H	<ul style="list-style-type: none"> Quarterly performance reporting against strategy performed by the Investment Panel and results reported to the Pension Committee; Performance against SLAs reported quarterly to Investment Panel; Cost savings reported quarterly to Pension Fund Committee as part of the Fund Budget monitoring. <p>Breaches against Strategic asset allocations are reported regularly. Cost reduction reviewed and reported to central government yearly, and detailed in funds Annual accounts in accordance with CIPFA guidance</p>	4	2	H	Continuous monitoring on cost reduction v's performance by finance team; LPP to provide cost saving update in the 19/20 Annual Report by Nov 20.	HoF	Mar-21
13	Custody of Fund assets	Failure to ensure the security and safe custody of Fund assets leading to a loss of assets and / or income and breach of the Pensions Act.	<ul style="list-style-type: none"> The Fund's assets are not adequately safeguarded, with due record-keeping and accurate income and taxation processing; and Inadequate records and reporting of investment positions, transactions and returns. 	HoF	4	3	H	<ul style="list-style-type: none"> Contractual protection via Custody agreement. Assets are held in separate named LCC client account. Monthly LCC reconciliation of Fund assets with those reported by Northern Trust. New custody contract was signed in 2019; Safe custody of assets held with Northern Trust, with monthly reconciliations ongoing to highlight any discrepancies 	3	2	M		HoF	Mar-21
14	Actuarial Valuation and Monitoring of Funding	Asset / liability mismatch leads to insufficient assets to fund liabilities resulting in increased deficit and inability to make benefit payments, meaning cash injections required from employers.	<ul style="list-style-type: none"> Models used in the actuarial valuation process, including liability projections and calculations, are incorrect or misinterpreted resulting in poor funding decisions (e.g. poor cash flow data being shared). Inappropriate assumptions or methodology used in the valuation process leading to inconsistent long term objectives. Increases in commodity prices push up the level of inflation - Inflation increases pension payments but assets do not grow at required level. A significant allocation in a particular type of asset will lead to an over exposure in that area and therefore vulnerability to significant changes (increasing the funding gap). 	HoF	4	3	H	<ul style="list-style-type: none"> Assumptions used are market consistent and take into account Fund specifics, such as investment strategy and Fund mortality experience. An overall level of prudence is built into the assumptions to reduce the risk of adverse experience. The Pension Fund Committee monitors the funding level on a quarterly basis allowing the Committee to understand if the funding level is reducing. Funding advice and modelling is delegated to professionals specialising in LGPS scheme actuarial services (Mercer). The LPP Risk Assessment Framework provides quarterly Fund reporting of investment performance, funding and financing against agreed and accepted levels of risk tolerance This risk assessment and framework is reviewed by the investment panel on a quarterly basis and a summary is reported to the Pension fund committee every 6 months. 	4	1	M	<ul style="list-style-type: none"> 2019 Valuation is complete and the funding strategy has been finalised; Investment Strategic Asset Allocation has been amended and presented at the September Pension Fund Committee. An updated Strategy will be presented to the Pension Fund Committee at its meeting on 27th November 2020 for approval. 	HoF	Mar-21
15	Cash-Flow Management	Insufficient funds to meet payments from the Fund: Benefits are not paid on time.	<ul style="list-style-type: none"> Inadequate liquidity due to type of investments resulting in the inability to meet payments as they fall due and / or a need to liquidate assets at an unfavourable point of time; and Poor cash management results in the inability to meet payments as they fall due, un-invested cash balances, or overdrafts, implying loss of income or unnecessary costs being incurred. 	HoF	2	2	M	<ul style="list-style-type: none"> The Fund portfolio includes liquid and tradeable assets in order to ensure a shortfall would be covered. The LPP Risk Assessment Framework provides quarterly reporting of investment performance, funding and financing against agreed and accepted levels of risk tolerance This risk assessment and framework is reviewed by the investment panel on a quarterly basis and a summary is reported to the Pension fund committee every 6 months. LPP will continue to monitor the funding level and cash flow, and provide Investment Strategy advice as appropriate; Cash flow is managed by LCC Treasury Management; Cash flow forecasts are updated daily to reflect known and estimated income and expenditure. The cash is managed so that the equivalent of at least 3 months pension payments are kept in highly liquid assets or call accounts to mitigate against unexpected fall in income or increased expenditure. These investments are held in institutions or assets which have high credit ratings to minimise the risk of loss; The cash flow position, assumptions and modelling is reviewed at least quarterly by the investment panel and robustly analysed and questioned. 	2	2	M		IP	Mar-21
16	Admitted Bodies Arrangements	The Admitted body is unable to make good any shortfall of their share of the overall deficit requiring a guarantor or all employers within the Fund to make additional contributions on their behalf.	<ul style="list-style-type: none"> Admitted bodies are unable to pay cessation debt on exit leading to an unfunded shortfall that will be required to be covered by a guarantor or all employers within the Fund. 	HoF	2	2	M	<ul style="list-style-type: none"> LPP monitor employer's risk profiles with reference to the size of their liability. The Pension Fund Committee review the covenant on an annual basis; LPP Employer Risk Team are assessing the financial strength of all scheme employers participating in the Lancashire Fund; The implementation of a robust new 'Admission & Termination Policy' has been carried out and has been reviewed in April 18. Risk Employer Covenant report provided to LCPF - December 2018. The risk profile of employers was taken into consideration as part of the valuation process. 	2	1	L	Employer risk services is being transferred back to LCC from 1 April 2021. Recruitment of new resource is underway. Training of new staff by existing LPP staff to take place. Mercer engaged to support on the transfer and ongoing employer risk assessments	HoF	Mar-21

MEMBER RISK														
Risk Ref	Risk Title	Risk Description	Risk Drivers	Risk Owner	Inherent Risk			Controls	Residual Risk			Risk Actions		
					Impact	Likelihood	Rating		Impact	Likelihood	Rating	Action Details	Owner	Target Date
M1	Benefit Payments	Pensions payments and lump sums are incorrectly processed.	<ul style="list-style-type: none"> Administrator SLA's are not in place and/or performance is not reported or frequently monitored. Misapplication of the Fund's rules leads to incorrect or untimely benefit calculations or payments. System changes at the administrators leading to inaccurate benefit payments. Pensions are paid late or not at all, causing distress to members or reputational impact to the Fund. 	HoF	2	2	M	<ul style="list-style-type: none"> Administrator reporting against SLA reviewed on a quarterly basis. Complaints process monitored by the Head of Fund. Documented processes and procedures in place with supervisor review performed for each benefit calculations. Timeliness of monthly payroll monitored. The Local Pension Board (LPB) provide scrutiny of breaches, complaints, KPIs, and assurance statements provided by LPPL and auditors. The transfers out guidance has been reviewed and revised. Subsequent to the internal audit findings extra resources have been recruited to support payroll function; Cross skill training has been implemented with LPPA's Payroll Team Enhanced checking process in place within LPPA operations and LPPA Risk & Compliance check the checker process implemented. 	2	2	M		HoF	On going
M2	Member Comms	Fund and individual communications are inadequate, inappropriate or not made in a timely manner.	<ul style="list-style-type: none"> Fund and individual communications are inadequate, inappropriate or not made in a timely manner leading to members making badly informed decisions/lose out on potential benefits resulting in legal claims being made against the Trustee. 	HoF	2	2	M	<ul style="list-style-type: none"> Formal monitoring of member complaints and appeals process. Administrator reporting against SLA reviewed on a quarterly basis. LPB has a role and expertise reviewing and making recommendations to improve communications; The Pensions Admin Strategy Statement approved in July 18; New updated Communication Policy has been approved by PFC in February 2020. LPPA Head of Engagement is now in post. 	2	1	L	<ul style="list-style-type: none"> All member comms to be reviewed over the next 12 months with a focus on Plain English, less jargon and member transparency; Comms sign off process agreed which includes Compliance sign off. 	HoF	On going
M3	Data Quality	Member experience negatively impacted through inconsistent and/or inappropriate approaches in treatment and management of member data.	<ul style="list-style-type: none"> Data is not maintained, leading to incorrect or no benefits being paid. 	HoF	2	2	M	<ul style="list-style-type: none"> LPPA member data quality checking procedures in place. Administrator reporting against SLA reviewed on a quarterly basis. LPB provide scrutiny of KPIs and assurance statements from LPPL. TPR data now being tracked and published consistent with TPR guidance (18 of 22 fields measured) 	2	1	L	<ul style="list-style-type: none"> IA Audit provided Effective Rating on Data Quality. 	HoF	On going
M4	Contributions	Inaccurate / untimely contribution payments	<ul style="list-style-type: none"> Contributions are calculated incorrectly or not paid over within the statutory deadline. 	HoF	2	2	M	<ul style="list-style-type: none"> Administrator reporting against SLA reviewed on a quarterly basis. Contribution reconciliations are performed by LCC. Reasonableness checks are performed by LPPA. Procedures have been updated to log missing and late contributions as part of the breaches log; Quarterly reporting to Pension fund committee and Local Pension Board on performance against SLA. 	2	1	L		HoF	On going
M5	Service Level Agreement with LPP	Inability to meet SLA targets	<ul style="list-style-type: none"> Pre-agreed targets are missed and not achieved - resulting in problems for the member experience. 	HoF	1	4	M	<ul style="list-style-type: none"> Quarterly Reports against targets from LPP; Oversight from the Local Pension Board. The pension administration performance review group meet quarterly to review performance against SLA targets; 	1	4	M	<ul style="list-style-type: none"> Quarterly Report for Pensions Administration has been revised to include additional performance measures. KPI are to be reviewed Dec 2020. 	HoF	On going

OPERATIONAL RISK														
Risk Ref	Risk Title	Risk Description	Risk Drivers	Risk Owner	Inherent Risk			Controls	Residual Risk			Risk Actions		
					Impact	Likelihood	Rating		Impact	Likelihood	Rating	Action Details	Owner	Target Date
O1	LCPF Committees and Fund Governance	Fund governance arrangements are inappropriate / ineffective, leading to: <ul style="list-style-type: none"> opportunities being missed; risks not being managed; ineffective or inefficient decision making; increased reputational risk; and Inability to adequately challenge LPPL. 	<ul style="list-style-type: none"> The Pension Fund Committee/Pension Board does not have the appropriate skills, knowledge and experience (both technical and board related skills) and support to discharge oversight responsibilities. The Pension Fund Committee/Pension Board and the Executive structure is inappropriate, and do not have clear and aligned roles, responsibilities and delegated authorities, leading to ineffective or inefficient decision making or lack of oversight. Fund objectives are unclear, not understood or not fully bought into resulting in: <ul style="list-style-type: none"> opportunities being missed; risks not being managed; and ineffective or inefficient decision making. 	HoF	3	4	H	<ul style="list-style-type: none"> Training is delivered throughout the year to Committee/Pension Board members and officers. Induction process in place for new Committee/Board members. Committee/Board composition comprises a range of relevant skills and experience with officers to provide ongoing support and technical expertise. Where required, external technical expertise is drawn upon via attendance at Committee/Board e.g. auditors, actuary or Investment advisors. Terms of Reference are in place to clearly communicate the role and responsibilities of the Committee/Board. The Committee/Board operates a conflicts of interest policy and process. The delegation of authorities and authority levels has been documented and approved by the Pension Committee. The Head of Fund and the Pension Committee agree the three year strategic plan including Fund objectives. And an update on the plan is presented yearly to Committee and is monitored on a quarterly basis by the Head of Fund. Scrutiny of the governance structure of LCPF by the Pension Board should be mitigating factor The training policy for Committee/Board members has been revised and a training programme for 2019/20 has been published; The Training record for the Committee/Board is presented annually; The terms of reference for the Pension Fund Committee and Local Pension Board are reviewed regularly; Training workshops are now taking place online. 	3	2	M		HoF	Mar-21
O2	Reliance on key persons and expertise (LCPF)	Failure to maintain an adequately resourced operation to support the execution of the Fund's objectives.	<ul style="list-style-type: none"> Skills and knowledge of LCC officers are lost with only a limited market from which to seek their replacement. Skills and knowledge within LPPL are lost with only a limited market from which to seek their replacement. A lack of Councillor continuity impacting composition and effectiveness of the Pension Committee; 	HoF	3	3	H	<ul style="list-style-type: none"> Committee composition comprises a range of relevant skills and experience including officer membership to provide ongoing support, continuity and technical expertise. LPB scrutiny of PFC decisions should be mitigating factor; LCPF send representatives to the LAPFF business meeting; Induction training for new committee members has taken place; Monthly workshops continue to be delivered; LCPF have recruited a new officer to support internal capacity; 	2	3	H	<ul style="list-style-type: none"> Recruitment is underway to replace the Head of Fund. This is being led by the Director of Finance. 	HoF	On going
O2 (2)	Reliance on key persons and expertise (LPP)		<ul style="list-style-type: none"> Key persons leave LPP leaving a vacancy that cannot be adequately covered by other persons in the firm Key processes and controls not documented such that leavers positions are harder to understand for incoming role-holders; Unavailability of LPP's Responsible Investment Manager. 	HoF	3	3	9	<ul style="list-style-type: none"> LPP has a on-going training programme and identify key individuals. Many new staff have joined recently. LPP also undertake regular internal workshops; LPP has implemented Recruitment, Retention and Succession planning strategy for key individuals. Formal succession planning exercise takes place each year and maps out key areas of concern and the strategy by which significant leavers would be replaced; Operational Risk and Controls Manager joining in Sept 2019 to raise profile around Op Risk and enhance controls framework 	3	3	H			
O3	Risk Management	Risk Management arrangements within the Fund are inappropriate / ineffective resulting in risks being missed or not appropriately managed.	<ul style="list-style-type: none"> Inappropriate oversight and monitoring impacts on the effective management of risks, ineffective or inefficient decision making and missed opportunities. The risk appetite of the Fund is not articulated, understood and embedded across the Fund. Risk management information and assurance mechanisms are inaccurate, incomplete, untimely or not actioned. 	HoF	3	3	H	<ul style="list-style-type: none"> Regular meeting with LPP Risk Management Team. LPB scrutiny of risk register and risk management processes as well as PFC decision-making should be mitigating factor Risk Management Framework of LCPF was approved by committee in June 19; Risk register reviewed quarterly and presented to Pension fund committee for comment every 6months. Risk register also reviewed by LCC governance and risk team; A dedicated risk register relating to Covid-19 is being maintained; 	3	2	M	<ul style="list-style-type: none"> LPPI is formally reviewing its entire risk register in Q4 2020 as part of the implementation of the CAMMS systems. (MW) LPPI Risk Appetite Statements and Operational Risk Policies will also be reviewed. 	HoF	On going

O4	Compliance	Compliance breaches (i.e. Fund rules, legislation and regulations) which may result in reputational or financial impact to the Fund or its members.	<ul style="list-style-type: none"> Failure to identify sufficiently early and mitigate applicable regulatory changes. Fund fails to comply with corporate governance guidance (e.g. Stewardship Code) incurring reputational damage. Failure to comply with the Pensions Regulator's (tPR) Code of Practice 14 could result in a fine and or reputational damage; Breach of the LPPL Shareholder agreement (e.g. failure to meet as a Board and breach of ABC laws) leading to financial loss and reputational damage; MiFID II regulations came into effect from the 3rd Jan 2018. Although compliance with the EU directive sits with LPP, non-compliance and subsequent implications with the FCA could impact LCPFF reputation; LPPI and its approved persons fail to observe applicable FCA regulations and fail to maintain their authorised status leading to financial loss for the shareholders. LPPI fails to comply with AIFMD and/or FCA regulations, leading to regulatory sanction, public censure, incurs cost because of necessary remediation and suffers reputational damage. 	HoF	3	3	H	<p>LCPFF</p> <ul style="list-style-type: none"> A comprehensive breaches policy and guidance/procedures is in place. This document sets out the policy and procedures to be followed by certain persons involved with the Lancashire County Pension Fund, the Local Government Pension Scheme managed and administered by Lancashire County Council, in relation to reporting breaches of the law to the Pensions Regulator. The Head of Fund performs a review of the Myners Principles with the Committee and Board on periodic basis. This review is considered within the annual governance statement. The Head of Fund, Committee and Board, on an annual basis, assess, review and publish the Fund's Governance Compliance Statement.; The LPB receive quarterly updates on regulatory changes and a Code of Practice Compliance Statement annually; LPB scrutinise both regular compliance documents and statutory statements; The Fund has a technical officer dedicated to ensure compliance with LGPS regulations; The new UK Stewardship Code 2020 was presented to the Mar 20 Committee Meeting. LPP are a signatory to the new Code; <p>LPP</p> <ul style="list-style-type: none"> LPP's dedicated Compliance function conducts regulatory horizon scanning for early detection of applicable regulatory changes; LPP's dedicated Compliance function conducts a compliance monitoring programme which assesses LPPs performance of its FCA regulated functions. The results reported to LLP I's Risk Committee and Board. Initial and on-going regulatory training and awareness covers the obligations of both the firm and the individual; LPP's policies are monitored and performance against policies reported internally by the responsible departments, by the Operations Risk Specialist, by Compliance and subject to review by Internal Audit; 	2	2	M	<ul style="list-style-type: none"> COP14 Code & Compliance requirements under review as part of the LPP Pensions and Employer Risk Operational Committee On-going work continues in relation to MiFID II compliance; LCPFF to carry out a 12 monthly review of the UK Stewardship Code 2020; New Interim Head of Legal, CoSec and Compliance was appointed to LPPI in July 2020; LPP are undertaking Compliance Monitoring Programme will be reviewed over the next six months for completeness and integrated into CAMMS. 	HoF	On going
O5	Cost Management	Unnecessary costs incurred and budget variances realised.	<ul style="list-style-type: none"> LCPFF does not run effectively: Inefficient use of advisors, third parties or inefficient controls use up resources which should be used to meet benefits. 	HoF	1	3	L	<ul style="list-style-type: none"> The Head of Fund (using external support as required) monitors performance of the Fund against the business plan and budget on a monthly basis; Regular budget monitoring on the fund and LPP budget to be reported to committee on a quarterly basis; The Local Pension Board provide regular six monthly oversight and scrutiny. 	1	2	L		HoF	On going
O6	Business and IT Continuity	IT systems, business processes or business infrastructures fail (across the Fund) or are inadequate.	<ul style="list-style-type: none"> IT systems, business processes or business infrastructures fail (across the Fund) or are inadequate resulting in financial loss, missed opportunities or failure to pay benefits. 	HoF	3	2	M	<p>LCPFF</p> <ul style="list-style-type: none"> LCC has in place a business continuity plan which includes LCPFF fund staff and their internal operations; The Local Pension Board provide regular six monthly oversight and scrutiny. The Fund have drafted and submitted a Service resilience Plan to LCC's Safety and Resilience service; <p>LPP</p> <ul style="list-style-type: none"> LPP IT systems are transferring to a 'Hosted Data Centre' for additional resilience; LPP has a business continuity plan in place which is designed to provide a backup location and architecture to allow for business processes to continue; LPP internal audit plan which includes a review of IT arrangement and transition plan, have been completed; LPP business continuity plans have been completed and shared with the Fund. BCP planning for completion underway with the formalisation of the BCP Working Group, completion of the Daisy Group Readiness assessment completed; Last Business Continuity test carried out in May 2019; LPPI Data centre project to improve resilience is now complete; Business Continuity external review has taken place. 2020 will see the implementation of the appropriate recommendations flowing from the review. 	3	2	M	<ul style="list-style-type: none"> The LCPFF Service Resilience Plan has been invoked in relation to the Covid-19 Pandemic and an incident log is being maintained. LPPI are in BCP mode and new ways of working have been positively received by the business. LPPI will be moving to new premises in October 2021 in a reduced capacity basis to ensure safe working for staff. The exit from 169 Union Street is being managed accordingly. 	HoF	On going

O7	Information Security	Failure to hold personal data securely (data transfer, data retention and back up).	<ul style="list-style-type: none"> • Failure to ensure the confidentiality / security, integrity and availability of membership data, potentially impacting members and/or the reputation of the Fund. • Compliance with the EU General Data Protection rules (GDPR) which will come into force on 25th May 2018 	HoF	3	3	H	<p>LCPF</p> <ul style="list-style-type: none"> • LCC has in place a data protection policy; • LPB provide scrutiny of data protection arrangements; <p>LPP</p> <ul style="list-style-type: none"> • IT systems are configured with firewall and antivirus solutions.; • LPP has now acquired ISO27001 accreditation (Information Security); • LPP has appointed an Information Governance Officer to ensure compliance; • All LCC and LPP staff have received relevant Information Governance training; • The service agreement between LPP and LCPF has been completed which applied the principles of GDPR to the service contract. 	3	2	M	<ul style="list-style-type: none"> • LPP has developed a further action plan to tackle high risk areas during the next 18 months. • Penetration and Phishing testing ongoing, with findings and analysis to be reported. • Audits schedules and preparation for ISO Accreditation have been completed. • The overall ICT strategy of LPP has been approved by the LPP Board, which included the Cyber Strategy review. LPP is actively exploring and integrating new and innovative approaches including cloud computing and third-party applications to enhance operational efficiency; this will include cyber resilience, information security, testing, and the IT Perimeter of LPP. 	HoF	On going
O8	Fraud Risk	Inadequate Financial Controls / loss of funds through fraud.	<ul style="list-style-type: none"> • Key Financial Processes not documented; absence of formal reconciliation regime; absence of adequate controls. 	HoF	2	2	M	<ul style="list-style-type: none"> • Assets are held by independent custodian which is responsible for protecting and safeguarding Fund assets; • The delegation of authorities and authority levels, which promotes segregation of duties, has been documented and approved by the Pension Committee • The fund has a separate bank account which is operated by LCC and audited on an annual basis. Payment authorisation controls are in place to prevent any losses due to fraud; • Internal audit work includes a review of financial controls. • Custodian carries out reconciliations to underlying manager records with an agreed tolerance level. Fund accounting team reconciles Northern Trust reporting to LPP depository custodian records, internal cash accounting and investment property management records; • A six monthly review of Oracle users with access to the Pension Fund general ledger is performed by the Pensions Manager. Any users identified as no longer requiring access are removed. This review will also identify issues with segregation of duties within the ledger; • Authorities and authority levels are reviewed in accordance with LCC policy; • Monthly bank reconciliations are undertaken by the LCC Banking Team.; • BACS payment runs require approval and authorisation within defined authority limits 	1	1	L		HoF	On going
O9	Decision Making Transferred from Transitional Risk (T1)	Inappropriate or untimely decision making as a result of lack of transparency between LCC and LPPL.	<ul style="list-style-type: none"> • Non conformity with Shareholder agreement and Matters Reserved. • Lack of relationship management. • Lack of assurance and oversight reporting from LPPL to LCC. • Non conformity with delegated authorities. • Absence of sufficient representation of LCC within LPPL. • Absence of review and challenge and oversight of LPPL. 	HoF	4	4	H	<ul style="list-style-type: none"> • Shareholder agreement and Matters Reserved in place. Decisions are made in line with this agreement. • Legal agreements between LPP companies are in place and monitored by LCC Officers. • The delegation of authorities and authority levels has been documented and approved by the Pension Fund Committee and Full Council. • A formal governance structure has been established which enforces decision making and approval at the right levels. • LCC representation on the LPP Board via the Non-Executive Director, providing transparency at Board meetings. • LPP Non-Executive Director approval required for LPPL Board decisions to take effect. • LCC Head of Fund holds pre-board meetings to discuss matters with NED, increasing transparency. • LPP attend the Investment Panel to present updates / recommendations / proposals for ratification. • LPB provide review and challenge, which is mitigating factor 	3	2	M	<ul style="list-style-type: none"> • LPP are developing a Governance Charter document similar to other LGPF Pools. A draft is being presented to the next Local Pension Board meeting in October. 	HoF	On going
O10	External Drivers Transferred from Transitional Risk (T5)	Changes in government thinking, personnel / key stakeholders significantly alter the requirements of pooling or freedom of investment decisions, increasing cost.	<ul style="list-style-type: none"> • Pool no longer needed and funds abandoned missing the benefits from a level of collective investment and sunk costs. • Changes in government legislation and guidance • Dilution of shareholder power due to on-boarding of additional funds leading to loss of control over the Partnership. • Conflicting interests of shareholders leading to slow and ineffective decision making. 	HoF	4	4	H	<ul style="list-style-type: none"> • Shareholder agreement and Matters Reserved in place. Decisions are made in line with this agreement. • Close collaboration amongst funds. Clear governance established with Cross pool meetings to share understanding. • Legal advice provided. • Monitoring of LPP service performance (investment and administration) to detect degradation in service as a result of increasing demands from multiple funds. • Engage in any government consultations on potential changes to the scheme; • Continue to engage with other funds, national bodies and the government. 	4	1	M	<ul style="list-style-type: none"> • Legal advice to be sought for any changes to shareholder agreement and reserved matters. • Responded to new guidance on pooling, risk will be reduced if LPP and LCPF comments are incorporated in changes; • There is currently an LGPS Pools consultation underway via MHCLG which is to report back in Autumn 2020; 	HoF	On going

TRANSITION RISK														
Risk Ref	Risk Title	Risk Description	Risk Drivers	Risk Owner	Inherent Risk			Controls	Residual Risk			Risk Actions		
					Impact	Likelihood	Rating		Impact	Likelihood	Rating	Action Details	Owner	Target Date
T1	Employer Risk Service	The transfer of the Employer Risk Service from LPP to LCPF causes a disruption to the operational service.	<ul style="list-style-type: none"> Ineffective project management of the transfer of the service; LCPF unable to ensure appropriately trained staff are in place to deliver the service. 	HoF	1	2	L	<ul style="list-style-type: none"> Effective project management of the service transfer to LCPF; Appropriate staffing in place through TUPE transfer and recruitment to deliver the service. 	1	2	L	<ul style="list-style-type: none"> Project Initiation Document has been developed by LPP for the transfer of the service; Business Case been developed for LCPF to go to Director of Finance. 	HoF	Mar-21
EMERGING RISK														
Risk Ref	Risk Title	Risk Description	Risk Drivers	Risk Owner	Inherent Risk			Controls	Residual Risk			Risk Actions		
					Impact	Likelihood	Rating		Impact	Likelihood	Rating	Action Details	Owner	Target Date