

# Risk Register

## All Fund Risk Heat Map and Summary of Governance Risks



## Risk Register - Governance Risks

### Objectives extracted from Business Plan 2023-26

- G1 Aim to act in the best interests of the Fund's members and employers
- G2 Have robust governance arrangements in place, to facilitate informed decision making in a transparent manner, supported by appropriate advice, policies and strategies
- G3 Ensure that the London Borough of Hackney Pension Fund is appropriately managed and that its services are delivered by people who have the requisite knowledge and skills
- G4 Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
- G5 Understand and monitor risk
- G6 Strive to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance
- G7 Clearly articulate our objectives and how we intend to achieve those objectives through business planning, and we will continually measure and monitor success
- G8 Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services are protected and preserved

Risk no.	Risk Overview (this will happen)	Risk Description (if this happens)	Strategic objectives at risk (see key)	Current Impact (see key)	Current Likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?	Date Not Met Target From	Expected Back on Target	Further Action and Owner	Risk Manager	Next review date	Last Updated
1	Recruitment and Retention - Insufficient experienced staff both within the Fund and within the third party administrator	Lack of knowledge within those charged with Fund management leading to failure to make appropriate decisions Potential to impact on member and stakeholder experience.	G1-G8	Moderate	Likely	High	1 - Salaries benchmarked, supplements paid where appropriate 2 - Policies and procedures in place 3 - Staff able to cover other roles where possible 4 - Increase reliance on advisors in short term where required 5 - Implementation of good governance recommendations	Moderate	Unlikely	Low	☹️ Current likelihood 2 too high	01/12/2018	Mar 2024	1 - Develop succession planning approach (JM/RC/LP) 2 - Further development of training programme - increase focus on mid level staff (RC/LP) 3 - ensure all vacancies are filled as soon as possible (RC/LP)	Lucy Patchell / Rachel Cowburn	01/09/2023	01/06/2023
2	Knowledge and Skills - insufficient knowledge and skills amongst those charged with Fund Management (including Committee, Board members and officers)	Potential to make inappropriate decisions (impacted by continuity of members and officers)	G1-G8	Moderate	Possible	High	1 - Improvements being made to both induction and ongoing training 2 - Regular review of training offered and its effectiveness 3 - Knowledge and Skills Policy/training plan in place 4 - Training needs analysis carried out periodically	Moderate	Unlikely	Low	☹️ Current likelihood 1 too high	01/12/2018	Mar 2024	1 - Review training programme and requirements (JM/RC) 2 - Ensure timely induction training elections for new Committee members (RC) 3 - Training needs analysis to be carried out in 2023 (RC) 4 - ensure Board recruitment is carried out as soon as possible	Rachel Cowburn	01/09/2023	01/06/2023
3	Conflicts of Interest - actual conflicts of interest permitted to materialise	Failure to adequately monitor and disclose conflicts of interest results in potential conflicts not being managed	G2, G3, G4	Minor	Possible	High	1 - Conflicts of interest policy and register maintained 2 - Standing item requesting disclosure at all Committee/Board meetings 3 - Annual update to declarations required	Insignificant	Unlikely	Low	☹️ Current impact 1 too high Current likelihood 1 too high	16/07/2020	Mar 2024	1 - Further training for committee and board members (RC) 2 - Broaden register of conflicts (RC) 3 - Consider management of advisor conflicts (RC)	Rachel Cowburn	01/09/2023	01/06/2023
4	Fraud - financial loss resulting from actions of employee or third party	Pensions team or third party involved with the management of significant financial resources	G1, G4, G6, G8	Moderate	Unlikely	High	1 - Segregation of duties for key roles 2 - Regular scrutiny from internal audit 3 - Annual external audit of the Pension Fund 4 - Regular review of third parties' internal controls	Moderate	Unlikely	Low	😊				Rachel Cowburn	01/09/2023	01/06/2023
5	Data Protection - failure to adequately protect data	Non-compliance with the GDPR results in potential financial or personal impact on members	G8	Moderate	Possible	High	1 - Compliance with the Council's ICT policy 2 - Use of encrypted email and/or TLS links for sensitive data 3 - Use of confidential waste disposal 4 - Use of secure courier to transmit sensitive hard copy files 5 - Appropriate access control measures 6 - Redaction of personal information where required 7 - Tailored training to be provided to Financial Services staff, Pensions Committee and Pension Board Members  Contracts with third party suppliers acting as joint data processors must ensure that: 1 - Third parties are GDPR compliant 2 - Secure methods of transfer for sensitive data transmission/storage built into contract 3 - Appropriate risk sharing between the Council and the third party supplier is in place.	Moderate	Unlikely	Low	☹️ Current likelihood 1 too high	01/12/2018	Mar 2024	1 - Ensure all pensions team staff fully trained on GDPR and that this is regularly updated (RC) 2 - Roll out employer portal to ensure more user friendly secure data transmission (LP) 3 - Obtain regular third party reassurance on GDPR measures (RC/LP) 4 - Ensure other cyber strategy elements are delivered (RC)	Lucy Patchell / Rachel Cowburn	01/09/2023	01/06/2023
6	Failure of external systems	Potential impact on accessibility of Fund's assets, systems or data Insufficient security controls and heavy reliance on Host Authority and external systems including Cedar (accounting), HSBCnet (custodian), LloydsLink, and Compendia could result in a) failure to take appropriate action in the event of system failure and b) insufficient protection against cybercrime	G8	Major	Possible	High	1 - All teams complete a Business Impact Analysis to assess timescales/impact of system failure etc. 2 - The Pension Investments and Pensions Administration Business Continuity Plans detail actions to take in the event of system failure 3 - Assurances of system security from third parties 4 - Internal Council controls and firewalls 5 - Internal training on cybercrime risk	Major	Unlikely	High	☹️ Current likelihood 1 too high	01/12/2018	Mar 2024	1 - Understand Council's approach to cybercrime prevention (RC) 2 - Receive written assurances from all suppliers re: management of cybercrime (RC/LP) 3 - Implement pension fund cybercrime strategy requirements (RC)	Lucy Patchell / Rachel Cowburn	01/09/2023	01/06/2023
7	Business continuity failure	Fund or third parties unable to carry out business as usual	G6, G8	Moderate	Unlikely	High	1 - Business continuity plans in place 2 - Ability to homework 3 - Reassurances from third parties on their business continuity measures	Minor	Unlikely	Low	☹️ Current impact 1 too high	16/07/2020	Mar 2024	1 - Regular Review of business continuity procedures	Rachel Cowburn	01/09/2023	01/06/2023
8	External factors including regulatory changes impact the governance of the Fund (e.g. changes introduced by TPR and SAB Good Governance review)	Fund or third parties unable to implement the changes in a timely manner resulting in poor practices and governance	G6	Moderate	Likely	High	1 - Advice and guidance from professional advisors 2 - Attendance at regular LGPS national events/groups	Moderate	Possible	High	☹️ Current likelihood 1 too high	16/07/2020	Mar 2024	1 - Continue to keep abreast of proposed changes and their implications (RC/LP)	Rachel Cowburn / Lucy Patchell	01/09/2023	01/06/2023
9	Incorrect advice/guidance received from third parties	The Fund relies on external advisors in many areas so could be at risk if incorrect or no advice/guidance is provided.	G1 - G6	Moderate	Rare	High	1 - Retendering exercises to ensure that contracts remain appropriate and that the advisors are appropriately qualified and experienced 2 - Regular meetings with external advisors discussing current pensions landscape	Moderate	Rare	Low	😊				Rachel Cowburn	01/09/2023	01/06/2023
10	Cybercrime attack	The Fund's assets or data become compromised	G8	Major	Likely	High	1 - Cyber security policy in place 2 - Cyber training as part of Committee and Board member induction 3 - Regular cyber assessments of key Fund suppliers 4 - Periodic social engineering exercises to test the Fund's internal response plans	Major	Possible	High	☹️ Current likelihood 1 too high				Rachel Cowburn	01/09/2023	01/06/2023
11	Material breaches requiring reporting to the Pensions Regulator	Reputational damage, loss of confidence from stakeholders and potential requirement to put in place improvement plans	G5, G6	Major	Possible	High	1 - Breaches reporting in place and taken to each Committee and Board meeting 2 - Breaches training as part of Committee and Board member induction	Major	Possible	High	😊				Rachel Cowburn	01/09/2023	01/06/2023