

## Risk Matrix

Likelihood:						
	5	6	12	18	24	30
Very Likely	5	6	12	18	24	30
Likely	4	5	10	15	20	25
Possible	3	4	8	12	16	20
Unlikely	2	3	6	9	12	15
Rare	1	2	4	6	8	10
Impact:		Negligible	Minor	Moderate	Major	Extreme
		1	2	3	4	5

**Risk ranking** scores weighted towards risk impact by using formula (Impact x Likelihood) + Impact

**Risk rankings:** High = score of 20 or more; Medium = score of 10 to less than 20; Low = score of less than 10

## Risk Matrix Score Definitions

**Likelihood** is based on a subjective assessment of the frequency that a risk might occur as follows:

Likelihood	Score	Measure
Very Likely	5	Will almost certainly happen/recur, possibly frequently
Likely	4	Will probably happen/recur but it is not a persisting issue
Possible	3	Might happen or recur occasionally
Unlikely	2	Not expected to happen/recur but it is possible it may do so
Rare	1	Will probably never happen / recur

	Description of Risk (Including any identified 'triggers')	Impact on Project (Identify consequences <sup>1)</sup>	Likelihood	Impact	Score	Date	Mitigation Actions (Preventative or Contingency)	Responsibility for mitigation action(s)	Latest Comments
<b>Inflation Risk</b>									
INF1	<b>Inflation</b>	<p>Decrease in Investment values.</p> <p>Higher employer pay Settlements leading to increases in liabilities.</p> <p>Lower real investment returns requiring increases in employer contributions and leading to weaker employer covenants.</p> <p>Increased pension Payments putting pressure on the Fund's liabilities</p>	3	3	12	Dec 2025	<p>The Fund holds investments in some inflation linked assets such as private debt, infrastructure, property that can provide some protection.</p> <p>Officers continue to hold regular discussions with the Actuary regarding the funding positions of the Fund.</p>	<p><i>Fund Advisors</i></p> <p><i>Fund Officers</i></p>	There is continued monitoring of the market conditions
<b>Funding Risks</b>									
FUN1	<b>Unfavourable trend in interest rates, bond and gilt yields</b>	Interest rates could lead to changes in the discount rate used to estimate future liabilities. This would increase fund liabilities, leading to a decrease in funding level	4	4	20	Dec 2025	<p>IAS 19 accounting requirements provide an annual measure of the change in liabilities.</p> <p>The Fund monitors its funding level on a regular basis and uses this to inform and update its investment strategy statement (ISS) and asset allocation.</p> <p>The ISS is reviewed annually by the PFP with advice from the external Investment Advisor to determine whether any action needs to be taken to amend the Fund's asset</p>	<p><i>Fund Actuary</i></p> <p><i>Fund officer</i></p>	The revised ISS has been approved at the 17 July 2025 PFP. This is available for approval at this meeting
FUN2	<b>Increased Longevity</b>	Pensioners living longer, therefore drawing pensions for longer than had been accounted for within the funding position.	3	3	12	Dec 2025	<p><b>Monitoring of Pension Fund position</b> Controls in place to monitor developments with Fund Actuary, primarily through the triennial valuation. An increased funding level is sought to be able to cope with increased longevity.</p> <p><b>Raising retirement ages to match increasing longevity.</b> Under the LGPS 2013 regulation's, the scheme retirement age for CARE benefits from 01/04/2014 is now equal to a person's state pension age.</p> <p><b>Fund profiling to monitor specific experience.</b> Carried out by the Funds Actuaries to assess specific fund longevity profile.</p> <p><b>Consideration of a range of developing options</b> Monitoring of liability position and regular consideration of financial instruments which may provide</p>	<p><i>Fund Actuary</i></p> <p><i>Fund Officers</i></p>	This Fund's financial health is assessed every three years and employer contribution rates set for the subsequent three years, to ensure enough money will be available to pay all future pension benefits. The 2025 valuation is being finalised and the Actuary will be presenting the preliminary results during this meeting.

	Description of Risk (Including any identified 'triggers')	Impact on Project (Identify consequences <sup>1)</sup>	Likelihood	Impact	Score	Date	Mitigation Actions (Preventative or Contingency)	Responsibility for mitigation action(s)	Latest Comments
							insurance for the Fund; e.g., longevity swap and buy out		
FUN3	<b>Asset/Liability mismatch</b> <b>Causes may include:</b> <b>Lower than forecast investment returns.</b> <b>Higher than forecast pay and/or price inflation.</b> <b>Increase in number of early retirements</b>	Assets could fail to increase at the same rate as liabilities giving rise to a larger deficit and therefore increased cost to the Pension Fund.	2	5	15	Dec 2025	<u><b>Asset allocation reviews</b></u> Controls in place to monitor assets and liabilities of the pension fund and to review asset allocation on a regular basis to ensure it remains appropriate.  <u><b>Use of external advisers</b></u> Use of external advisers—actuarial and investment, to advise the Fund on how to manage the asset/liability mismatch  <u><b>Strategic goal Setting</b></u> Set strategic goals to achieve full funding and set performance targets to identify where changes to the asset portfolio may be appropriate	<b>Fund Officers</b> <b>Fund Actuary</b>	The ISS was approved at the July PFP meeting The Fund actuary takes liability profile into consideration when setting contribution rates at each triennial valuation.
<b>Investment Risks</b>									
INV1	<b>Counterparty Risk</b>	Use of third-party external providers – risk of financial failure or compromise which could result in financial loss.	2	4	12	Dec 2025	<u><b>Cash management</b></u> Controls—Diversification of investments. Vary investment duration to ensure liquidity at times of market stress.  <u><b>Monitoring of Counterparties</b></u> Review and monitor external providers Statement of internal controls AAF reports, etc. Monitoring of credit ratings, financial information, market intelligence and use of external advisers.  <u><b>Reporting</b></u> Regular reporting to relevant Committees and senior management as required	<b>Fund Officers</b>	No issues have emerged
INV2	<b>Failure of Investment Strategy</b>	Poor investment performance either as a result of the types of assets invested in or performance of individual fund managers.	3	4	16	Dec 2025	<u><b>Medium Term Financial Planning</b></u> MTFP / Budget reflects any potential changes arising (or predicted to arise) from the actuarial valuations  <u><b>Set aside reserves</b></u> Rebuilding Pensions reserve to buffer against future valuations variations  <u><b>Performance Monitoring</b></u> Regular monitoring of asset allocation. All investment managers are set clear performance benchmarks. Investment performance is reported to Pension Fund Panel quarterly.  <u><b>Appropriate levels of knowledge and skills to make decisions</b></u>	<b>PFP Members</b> <b>Fund Advisors</b> <b>Fund Officers</b>	<i>The new Asset allocation strategy was recently agreed. This aims to provide a mix of growth, income and protection to the Fund's assets.</i> <i>Risk remains high but the funding strategy has built in a high risk/return on investments</i>

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							Use of external advisers to assist in making investment decisions and ensuring that decision takers understand the investments of the fund.		
INV3	<b>Negligence, fraud or default by investment manager</b>	May lead to an increase to the funding deficit and/or negative reputational impact.	2	4	12	Dec 2025	<b>Legal requirements</b> Legal requirements for fund managers are clearly established in investment management agreements.  <b>Separation of assets</b> Assets are held in a separate Custody Account	<i>Fund Officers</i>	No fraud cases have emerged
INV4	<b>Failure of Custodian</b>	The risk of losing economic rights to Fund assets, when held in custody or when being traded.	1	5	10	Dec 2025	<b>Procurement</b> Regular Review and Re-tendering of custodian contract  <b>Asset Ownership</b> The Fund maintains beneficial ownership of assets when held in Custody.		<i>There are no apparent issues with the Fund's Custodian</i>
INV5	<b>Failure to Meet Government Requirements on Pooling and implementation of the Fit for The Future reforms</b>	The Fund may face significant challenges in meeting the pooling requirements given the tight deadlines.	3	4	16	Dec 2025	Full engagement within with London Collective Investment Vehicle (LCIV), the Fund's advisors, as well as peers, to ensure the deadline is met.  Ongoing monitoring of risk with any changes reported to the Pension Board and PFP.	<i>Fund Officers</i>	<i>On target</i>
INV6	<b>Failure of LCIV to meet local objectives</b>  <b>Insufficient resources to provide information requirements for the</b>	The pooling arrangements may not be consistent with the Fund's liability profile.  Lack of adequate resources to provide information requested by the LCIV may lead to delayed deadlines	4	4	20	Dec 2025	Full engagement with the LCIV  Staffing resources to be kept under review to ensure the Fund's interests are properly met when developing pooling arrangements	<i>Fund Officers</i>  <i>PFP</i>  <i>Fund officers</i>	<i>n/a</i>

Governance Risks										
GOV1	<b>Lack of adequate professional advice on strategy, projects and decisions</b>	Decisions made in respect of Pensions can have a major financial impact on the Council and Pension Fund. Inadequate or inappropriate professional advice on strategies, projects and decisions could give rise to financial and reputational risks.	2	4	12	Dec 2025	<b>Monitoring of advice</b> Controls – monitoring of advice received, risk assessment for procurements, Committee review of recommendations. Also, ensure there is a good level of 'in-house expertise'.  <b>Market intelligence gathering</b> Monitoring wider developments and ensuring that officers and Members are kept informed. Wider networking and collaboration with other authorities where appropriate to ensure best practice.		Officers receive ongoing training and are encouraged to attend external conferences and seminars	
GOV2	<b>Failure to manage costs</b>	Failure to manage the costs of running the Pension Fund would give rise to significant additional financial costs for the Council.	2	4	12	Dec 2025	<b>Budget Monitoring</b> Controls - budget monitoring, regular reporting, financial intelligence, etc.  <b>Benchmarking</b> Benchmarking costs with other authorities to ensure expenditure is not disproportionate.  <b>Market Testing</b> Market testing of external costs, including regular procurement exercises.  <b>Frameworks/ Collaborative Working/ Shared Services</b> Consider the use of Framework Agreements and other joint working where appropriate to control costs and to work with other authorities to deliver value for money and efficiency savings.	<b>Finance Manager Treasury &amp; Pensions</b>  <b>Principal Accountant</b>  <b>Pensions Administration</b>	The Pension Fund budget approved by the PFP at the March 2025 meeting.  Costs are also regularly monitored against budget  Monthly cash reconciliations and separate pension Fund bank accounts.	
GOV3	<b>Pension Fund Committee members have insufficient knowledge and advice to fulfil responsibilities effectively</b>	Incorrect or ill-informed decisions	2	4	12	Dec 2025	<b>Training</b> Emphasis on member training and development. Advisors and Fund Managers programmed to deliver targeted training events.  Members given induction training on joining with subsequent opportunities to attend other specialist training	<b>Fund Officers</b>  <b>Board Members</b>  <b>PFP Members</b>	Members are encouraged to identify knowledge gaps and seek appropriate training	
GOV4	<b>Compliance with data protection laws</b>	Personal data is lost or compromised, leading to potential fines or negative media attention	2	2	6	Dec 2025	<b>Policy</b> Compliance with the London Borough of Ealing's Data Protection and IT policies  <b>LPPA</b> IT systems are configured with firewall and antivirus solutions.;  LPPA has now acquired ISO27001 accreditation (Information Security);  LPPA has appointed an Information Governance Officer to ensure compliance. Penetration and Phishing testing are ongoing, with findings and analysis to be reported.  The LPPA is actively exploring and integrating new and innovative approaches including cloud	<b>Pensions Manager</b>  <b>LPPA</b>	There has been no information security breaches reported and any systemic issues are identified and corrected.	

							computing and third-party applications to enhance operational efficiency, this will include cyber resilience, information security, testing, and the IT Perimeter of LPPA		
							The LPPA have now gained Cyber Essential Plus accreditation. This will give employers and members reassurance that their data is safe with LPPA.		
GOV5	<b>Benefit Payments incorrectly estimated</b>	Wrong pension payments made, or incorrect estimates given. Investment in disallowed investment vehicles or failure to comply with governance standards	2	4	12	Dec 2025	<p><b>Training</b> Training programme is implemented to ensure staff have relevant skills and knowledge to ensure compliance with regulations.</p> <p><b>Regulatory Monitoring</b> Regular review of changes to regulations and analysis of impact on Pension Fund.</p> <p>Administrator reporting against SLA reviewed on a quarterly basis.</p> <p>Enhanced checking process are in place within LPPA operations and LPPA Risk &amp; Compliance checks have been implemented.</p> <p>All payments out of the pensions fund are checked by the pensions monitoring team at Ealing Council</p>	<b>Fund Officers</b>	Monitoring monthly reconciliations are ongoing
GOV6	<b>Loss of Funds through fraud or misappropriation</b>	The Pension Fund is involved in the management of large-scale financial resources and there is a potential risk that this area could be subject to fraud leading to significant financial and reputational risks	2	3	9	Dec 2025	<p><b>Policies and Procedures</b> Detailed policies and procedures and internal controls are in place to ensure sufficient segregation of duties for key tasks.</p> <p><b>Internal Audit</b> Subject to internal audit scrutiny on an annual/rotational basis with different areas being tested to ensure compliance.</p> <p><b>External Audit</b> The Pension Fund is subject to its own individual audit engagement and opinion.</p>	<b>Strategic Director, Resources</b> <b>Assistant Director Technical Finance</b> <b>Fund Officers</b> <b>Auditors</b>	Internal and External Audit ensures there are appropriate controls and processes in place. The 2023/24 audit was concluded with no material risks identified. The 2024/25 external audit is currently underway.
<b>Operational Risk</b>									
OPE1	<b>Failure to collect and account for contributions from employers and employees on time</b>	Adverse audit opinion for failure to collect contributions by 19 <sup>th</sup> of month, potential delays to employers FRS17 year-end accounting reports and to the Funds own year-end accounts.	3	2	8	Dec 2025	<b>Systems and Communication</b> Robust maintenance of systems and sufficient staff training to ensure correct application Clear communication to employers of the need to pay by the 19 <sup>th</sup> of each month.	<b>Principal Accountant</b> <b>Finance Manager Treasury &amp; Pensions</b>	There are no current issues with employer contributions; these are monitored regularly
OPE2	<b>Pension Funds underlying financial information is wrong or inaccurate</b>	Erroneous information is contained in Annual Report & Accounts due to poor financial controls and recording of financial information leading to qualification of accounts and inaccurate valuations which may result in financial loss and or reputational damage	2	4	12	Dec 2025	<p><b>Monitoring Reconciliations of key financial transactions.</b> Appropriate review sign off of reconciliations in place</p> <p><b>Monthly, quarterly &amp; annual reconciliations</b> of all accounting data, which is assurance checked with responsible manager and signed off</p>	<b>Strategic Director, Resources</b> <b>Assistant Director Technical Finance</b> <b>Finance Manager</b>	Pension Fund information is reconciled and reviewed on a monthly/quarterly basis

								<i>Treasury &amp; Pensions</i> <i>Principal Accountant</i>
OPE3	<b>Inability to provide service due to loss of Facilities/IT/Staff</b>	<p>Temporary loss of ability to provide service</p> <p>Ensure the Pension Fund is managed, and its services delivered by people who have the appropriate knowledge and expertise</p> <p>Loss of key staff members at Ealing council, there could be a knowledge gap left if specialist staff leave</p> <p>Cyber Risk - Ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services is protected and preserved</p> <p>Risk of transferring the Pensions Administration systems from Heywoods (Altair) to Civica (UPM) could lead to</p> <ul style="list-style-type: none"> <li>a) Delays in timely completion of transfer leading to delayed administrative processing</li> <li>b) Inaccurate transfer of scheme data from one system to the other leading to incorrect calculations of member benefits</li> <li>c) Members benefits being delayed</li> <li>d) Increase in complaints</li> </ul>	4	4	20	Dec 2025	<p><b>Business Continuity Plan (BCP)</b></p> <p>Business continuity plan is in place and constantly reviewed and tested. All staff members have the capability to work from home/remote if required</p> <p>The LPPA have sufficient staff to run the pensions administration service.</p> <p>Key staff members at Ealing council could leave, succession planning is being looked at. Key Officers to ensure processes are documented and knowledge is being passed on to other members of the team, to ensure limited disruption in the event of an unexpected absence or leaving the position. The current pensions manager at Ealing Council stepped back on 28/2/2025, a new pensions manager was recruited.</p> <p>The LPPA 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 LPPA. The LPPA have now gained Cyber Essential Plus accreditation. This will give employers and members reassurance that their data is safe with LPPA.</p>	<p><i>Assistant Director Technical Finance</i> <i>Finance Manager Treasury &amp; Pensions</i> <i>Principal Accountant</i> <i>LPPA and Pensions Admin</i></p> <p>The BCP is reviewed on a regular basis and all necessary information updated accordingly.</p> <p>A suitable Pensions Manager was recruited in June 2025.</p> <p>A dedicated team was set up to deal with the transfer and ensure a minimal impact on day-to-day services, following the recently implemented Administration system</p>
OPE4	<b>Poor Stakeholder communication and engagement</b>	Poor communication with stakeholders resulting in stakeholder disaffection, referral to ombudsman, action against the Council and ultimately reputational damage to the Council	2	3	9	Dec 2025	<p><b>Communication Programme</b></p> <p>Annual abridged newsletter sent out on performance and scheme changes on Pension Fund Updates to any changes to scheme, Website, Employer meetings, Presentations at Annual General Meetings alternated with annual individual surgery sessions, Annual Benefit Statements, Communications strategy</p>	<p><i>Pensions Manager</i> <i>Finance Manager Treasury &amp; Pensions</i> <i>Principal Accountant</i></p> <p>The 2024 full AGM took place on 12 March 2025.</p>
OPE5	<b>Reliance on third party Systems</b>	The Council and Pension Fund rely substantially on external third party systems in all aspects of Corporate Finance which includes the following systems, BNY Mellon (NEXEN), and Lloyds Link. Failure of systems could have significant repercussions, such as an inability to make payments, close accounts etc.	1	4	8	Dec 2025	<p><b>Business Continuity Plans</b></p> <p>Includes use of manual process in emergency, backing up of records, etc. There is a separate standalone laptop and there is access for the treasury team with direct internet connection so that the team can make payments etc. should the Council's main system go down. AAF reports for third party pension providers are reviewed annually. This provides independent assurance on the third-party systems in place.</p>	<i>Fund Officers</i>  The Business continuity plan is regularly under review and back up arrangements are in place

OPE6	<b>Pension Overpayments</b>	A Pension Overpayments arising because of non-notification of death, re-employment, or ceasing education. This has financial and reputational consequences.	3	3	12	Dec 2025	<p><b>NFI Management</b> of NFI matches and follows up. NFI exercises to identify checks</p> <p><b>Annual Review</b> Write to pensioners each year who live overseas seeking confirmation of ongoing pension entitlement.</p> <p><b>Tell Me Once</b> The Council are now signed up to Tell Me Once which will identify deaths around the country,</p> <p><b>Target Professional UK</b> In addition, the LPP are using Target Professional UK to run monthly mortality screening reports to identify death cases.</p>	<p><b>Pensions Admin</b></p> <p><b>Fund Officers</b></p>	Officers continue to monitor the Fund's cash flow requirements, and ensure payments are rigorously reviewed
OPE7	<b>Pension Administration Risk</b>	Risks arising from administration of pensions by employers, the administering authority and the pension administrator. Poor administration could lead to incorrect pension payments, financial and reputational damage	3	2	8	Dec 2025	<p><b>A Clear policy and procedures for the administration of pensions</b> Ensuring there are detailed policies and procedures for all parties involved in administering the pension scheme – Pension</p> <p><b>Administration Strategy</b> <b>Monitoring of Performance</b> Regular performance monitoring of the third party administrator (quarterly), employer checks (quarterly), Pension Board reviewing of administrative performance. Benchmarking of performance against other authorities</p>		Monitoring of policies and procedures is ongoing
OPE8	<b>Auto Enrolment Risk</b>	Workplace Pensions or Auto-Enrolment came into effect 01/10/12 making auto-enrolment compulsory for all employers, although employers have different staging dates for implementation. LBE staging date is 01/3/2013 – risks include increased costs for employers, failure to implement, lack of proper preparation, failure to communicate, inability to manage auto-enrol process and have adequate monitoring in place. Significant financial (including possible Regulator Fines) and reputational risks	3	3	12	Dec 2025	<p><b>Auto Enrolment Risk 1 – Project Team to manage implementation of tasks</b> A team are in place to manage the implementation of 1-5 for the Council with a project plan including timelines for communications and ensuring that roles and responsibilities are clear</p> <p><b>Auto Enrolment Risk 2 – Communications</b> Use of different forms of communications to reach wider possible audience to understand what Auto enrolment means for individuals and employers within the Pension Fund. Use of poster campaign, individual letters, presentation at the AGM, internet, etc.</p> <p><b>Auto Enrolment Risk 3 – Cost Management</b> Calculation of the cost of implementing Auto Enrolment both for additional contributions from employers and the actual cost of implementation and ongoing monitoring needs to be clear and built into employer budgets.</p>	<p><b>Pensions Admin</b></p> <p><b>Finance Manager</b></p> <p><b>Treasury &amp; Pensions</b></p>	Monitoring of policies and procedures is ongoing

OPE9	<b>Admission/Scheduled Body failures or deficits on termination</b>	Risk employer goes into default, deficit on termination, change of status, financial risk	2	4	12	Dec 2025	<b><u>Admission/Scheduled Body failures or deficits on termination</u></b> Controls – valuation and inter valuation monitoring, monitoring of contributions, employer covenant check, putting bonds/guarantees in place for admission bodies. Ensure funding levels remain high for individual employers.	<b><i>Principal Account</i></b>  <b><i>Finance Manager</i></b> <b><i>Treasury &amp; Pensions</i></b>  <b><i>Pension Admin</i></b>	There is continuous Employers monitoring
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