

	RISKS
	1.1. Information security arrangements
	1.2. Pensions administration processes
	1.3. Scheme member communication
	1.4. Data quality
	1.5. Payment of contributions
	1.6. Sargeant Judgement
	1.7. O’Brien Judgement (also known as Matthews)
	1.8. Resources
	2.1. Pension Regulator Intervention
	2.2. Financial irregularity
	2.3. Key personnel & systems
	2.4. Conflicts of Interest
	2.5. Operational disaster

Nov-24	Nov-24	Target	DOT
6	6	6	→
12	12	6	→
4	6	4	↑
15	15	3	→
8	8	8	→
9	12	9	↑
12	12	9	→
6	6	6	→
5	5	5	→
6	6	5	→
20	20	9	→
4	4	4	→
4	4	4	→

↑ ↓ →

CORPORATE RISK PROFILE
(Risk Score = Impact x Likelihood)

		IMPACT				
		1 - Insignificant	2 -Minor	3 - Moderate	4 - Major	5 -Most severe
Likelihood	5 - Very Likely			1.4		
	4 -Likely			1.2		2.3
	3 -Possible		1.3, 1.8, 2.2		1.6, 1.7	
	2 -Unlikely		2.4	1.1	1.5	
	1 - Very unlikely				2.5	2.1

Summary of risk Changes since last reported

1.3 - risk increased whilst issue around ABS-RSS notification is reviewed.
1.6 - risk increased as IC-RSS may not be delivered by 31.03.2025.

Emerging Risks

1.5 - risk around data quality, whilst not emerging is becoming more apparent.

Note: An upward arrow on the Direction of Travel represents an increase in the risk score since the previous quarter – hence either the potential impact or the likelihood of the risk occurring has increased.

Similarly, a downward arrow on the Direction of Travel represents a decrease in the risk score since the previous quarter – hence either the potential impact or the likelihood of the risk occurring has decreased.

Risk Ref	Risk Owner	Risk Title & Description	Impact	Likelihood	Current Risk Score	Direction of Travel	Target Score	Current Controls & Measures in Place	Planned Improvements to controls and measures to manage the risk
1.1	Scheme Manager and LPPA	<p>Information Security Arrangements</p> <p>There is a risk that the CFRS will experience a significant information security incident.</p> <p>Caused by a concerted cyber attack on CFRS or LPPA systems, inadequate information security arrangements, lack of training, awareness or human error.</p> <p>Resulting in partial or total interruption to service delivery to scheme members, the scheme employer, Scheme Officers or LPPA.</p> <p>Disclosure of personal data or a data breach leading to financial penalties, liability claims and reputational damage.</p>	3	2	6	→	6	<p>CFRS – Corporate Risk</p> <ul style="list-style-type: none"> • CFRS maintains a detailed corporate risk register including the risk associated with Information Security Arrangements. • The Scheme adheres to the controls and measures in place detailed within the Corporate Risk Register. • All staff within the team have completed the GDPR & Information Security e-learning training which is renewed on an annual basis. • The Scheme Manager is compliant with the requirements of GDPR. • Any data breaches by officers within the scheme are reported through CFRS's data breach processes and also recorded on the Scheme's breach register. • In the event of systems being interrupted, CFRS will implement the relevant Business Continuity Plan to ensure service continuity in a timely manner. • Information security controls within the CFRS have strengthened and have been independently assessed in the following three areas: <ul style="list-style-type: none"> • GDPR: 'Substantial Assurance' Internal Audit opinion June 2019. • Cyber Security: 'Reasonable Assurance' Internal Audit opinion has just been completed and results are due in September 2023. • PSN: Annual Independent PSN Accreditation confirmed May 2023 • The annual 2021 ICT health check has been successfully completed during July 2022. The report was submitted in support 	<p>CFRS</p> <ul style="list-style-type: none"> • All staff and Pension Board members are required to complete on-line data security training. <p>Local Pension Partnership Administration (LPPA):</p> <ul style="list-style-type: none"> • Activities are underway to refresh the Group's Cyber Essentials certification together with obtaining Cyber Essentials Plus certification. • LPP's 'Secure-Score' is currently delivering improvements, primarily delivered through: <ul style="list-style-type: none"> • Increased monitoring alerts and notifications of cyber security events, through use of Microsoft Identity monitoring & Cloud Application Security tooling. • Introduction of control policies which manage detection of unsanctioned applications. • Reviews of administrative privileges & compliance to Multi Factor Authentication (MFA) Policies. • Service has invested in a new Information Governance post – There first paper is a proposal to have an external review of data protection.

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								<p>of the PSN accreditation process during February 2023.</p> <ul style="list-style-type: none">• All National Cyber Security Centre (NCSC) configuration guidance is adhered too where appropriate and assured as part of the PSN process.• All NCSC cyber monitoring tools are implemented.• in the event of a Cyber Attack CFRS will notify the appropriate government agencies (Action Fraud and National Cyber Security Centre (NCSC)) and their guidance will be adhered to. The Scheme would never make any payment to a third-party claiming responsibility for breaching the Scheme’s security arrangements. <p>Local Pension Partnership Administration (LPPA):</p> <ul style="list-style-type: none">• Cyber security risks and controls in place• Services are backed up to tape every night and held off site. Disaster Recovery Plan is tested twice yearly.• Networks protected by fire walls to prevent unauthorised access. Intrusion Prevention Systems in place and penetration tests completed annually.	

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1.2	Scheme Manager and LPPA	<p><u>Pension Administration Processes</u></p> <p>There is a risk of delays in scheme members entering into pension or receiving other services from the scheme in an untimely manner.</p> <p>Caused by LPPA moving Cumbria Fire pension fund data (Project PACE) over to their new administration system, Universal Pensions Management (UPM).</p> <p>This risk could be compounded by organisational restructure within LPPA & personnel changes and the need for retraining.</p> <p>Resulting in customer dissatisfaction with the service.</p> <p>Matthews Election forms are still not been processed by LPPA.</p>	3	4	12	↑	6	<p>CFRS's formal agreement is in place with Lancashire County Council for the discharge of pension administration functions through the Local Pensions Partnership Administration (LPPA). This confirms Lancashire will exercise the same skill, care and diligence they would apply to the discharge of their own functions in relation to the administration of pensions.</p> <p>Formal quarterly meetings of LPPA and Cumbria pensions officers to review and consider standards of service provision against LPPA internal KPIs. Regular (at least quarterly meeting) of operational group and ongoing dialogue with officers at LPPA throughout the year.</p> <p>Internal audit assurance is provided annually by Lancashire County Council that internal controls with LPPA over the operation and administration of Cumbria Fire Service Pension Scheme data are adequate and effective.</p> <p>LPPA also maintain their own Internal Audit programme and advise Officers of the findings of these reports.</p> <p>Formal monthly client meetings with representatives from Cumbria Fire and LPPA are being held to discuss and work through the risks, assumptions, issues and decisions.</p> <p>LPPA are to be invited to attend the quartlery Board Meetings to provide updates on Project PACE and any other relevant issues.</p>	<p>Officers continue to closely review LPPA performance specifically with regard to the experience received by scheme members.</p> <p>Scheduled monthly meetings to discuss relevant issues are in place.</p> <p>The most recent quarterly Performance report showed a small improvement in the performance levels. With an overall SLA of 98% with the SLA being 95%</p> <p>The following activities may affect this performance with expected increased member contact.</p> <ul style="list-style-type: none">• Sargeant & Matthews <p>LPPA to be able to process Matthews cases via UPM-</p>

Cumbria Fire Local Pension Board Risk Register at January 2025

Appendix 1

Risk Ref	Risk Owner	Risk Title & Description	Impact	Likelihood	Current Risk Score	Direction of Travel	Target Score	Current Controls & Measures in Place	Planned Improvements to controls and measures to manage the risk
1.3	Scheme Manager and LPPA	<p><u>Scheme Member Communication</u></p> <p>There is a risk that scheme members will not receive appropriate or effectively communications from the scheme manager.</p> <p>Caused by not having an effective Communication Strategy in place or engagement strategy or inaccurate / incomplete data.</p> <p>Resulting in customer dissatisfaction and non-compliance with the Pension Regulator's Code of Practice 14.</p>	2	3	6	→	4	<p>LPPA provide the Scheme's communication with scheme members.</p> <p>The Pension Point portal is a key mechanism through which LPPA communicates with members and work is ongoing to increase the percentage of members signing up to this.</p> <p>The Delegation Agreement with Lancashire County Council (LPPA) and the Administration, Management and Governance Strategy, both identify communication strategy and activities.</p> <p>There is a member pension portal in place called Pension Point. LPPA publicise sign up guidance and assistance are available for members.</p>	Pension Point will continue to be promoted by the Scheme Manager and LPPA to attempt to increase take up of this self-serve pensions tool.
1.4	Scheme Manager and LPPA	<p><u>Data Quality</u></p> <p>There is a risk that member data is incomplete or inaccurate.</p> <p>This could be caused by poor internal controls within the scheme and the employer with information not being passed to LPPA in a timely manner.</p> <p>This could result in having an impact on the production of Annual Benefit Statements for scheme members.</p>	3	5	15	↑	3	<p>Internal audit work undertaken on LPPA controls to provide assurance that internal controls over the operation and administration Cumbria's data are adequate and effective (annually).</p> <p>Monthly submission of employee data submitted by the employer to the administrator.</p> <p>Quarterly LPPA key performance indicators include measures of timeliness of update of records.</p> <p>The quarterly LPPA figures to March 2024, reports data quality of 98.39% for common data and 80.4% for scheme-specific data.</p> <p>Employer responsibilities are reinforced by officers. through a range of communication channels with the employee/scheme member.</p>	<p>Planned improvements to data quality are reviewed and scrutinised on a quarterly basis by the Board.</p> <p>On going work to improve year-end data return process and outstanding leavers, will continue with LPPA.</p> <p>Uploading of remedy data is expected to improve the scheme specific data quality.</p>

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1.5	Scheme Manager	<p><u>Payment of contributions</u></p> <p>There is a risk that employer fails to pay contributions (or the correct level of contributions) into the scheme.</p> <p>This could be caused by employer error, business failure or the general impact of increases in employer contribution rates.</p> <p>This could constitute a breach reportable to the Pensions Regulator.</p>	4	2	8	→	8	Monthly monitoring and reconciliation of contribution payments is undertaken by Scheme Manager to ensure contributions received are timely and accurate. This reconciliation is considered as part of the annual audit process.	Monitoring and reconciliation of contributions continue to be undertaken monthly and a full reconciliation is completed and checked as part of the year end process
1.6	Scheme Manager / Scheme Employer	<p><u>Sargeant Judgement</u></p> <p>This judgement relates to transitional arrangements introduced as part of the 2015 reforms which were discriminatory and, therefore unlawful.</p> <p>There is a risk of legal breaches reportable to the Pensions Regulator; incorrect pension entitlements being calculated for pensioners; and loss of credibility with scheme members and employer.</p> <p>LPPA required all services to verify and check existing data held by LPPA and to provide new data to enable LPPA to complete the calculations for the legacy and reformed scheme benefits.</p> <p>The risks of this work not being completed are:</p> <ul style="list-style-type: none"> • Not complying with the law, for example late production of Annual Benefit Statements • Individuals not receiving their correct pension options/benefits. • Pensions being paid late or incorrectly. • Legal challenge • Reputational Damage 	3	4	12	→	9	<p>The regulations are now in place as of 1 October 2023, Officers continue liaise with the LGA, LPPA and other FRAs to keep up to date with latest advice and guidance.</p> <p>The Scheme will be discussing this issue with LPPA through its usual monitoring meetings. Action has been taken to recruit additional resources for managing the additional workloads.</p> <p>Officers holding regular meetings with LPPA to try and resolve complexities and any issues.</p> <p>Officers are continuing open communication with the FBU, and other trade unions, regarding the current position and latest advice and guidance.</p> <p>The extended deadline for this was 31 March 2024. Following a piece of work with an external AI company, data was delivered to LPPA on 28th March 2024. Officers are continuing to work with LPPA and the AI company to answer any remaining queries.</p>	<p>The Scheme is continuing to monitor announcements relating to Sargeant.</p> <p>The Scheme will be working closely with LPPA to identify any remaining queries.</p>

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1.7	Scheme Manager / Scheme Employer	<p><u>O’Brien/Matthews Judgement</u></p> <p>This judgement relates to pre 2000 service, for part-time service.</p> <p>Risk of not meeting the statutory deadline of 31st March 2025.</p> <p>Risk that LPPA are unable to process elections in a timely manner.</p> <p>This could result in legal breaches reportable to the Pensions Regulator; incorrect pension entitlements being calculated and loss of credibility with scheme members and employer.</p>	3	4	12	→	9	<p>This is a risk with significant resource implications.</p> <p>Robust process is in place to communicate with members, calculate options and liaise with LPPA.</p> <p>Officers have identified everybody in scope and have collected relevant service/ employment evidence, where available. A tracing service was used for any in scope eligible members.</p> <p>On 1 October the Firefighters’ Pension Schemes (England) (Amendment) Order 2023 came into effect and from this date, CFRS are required to carry out this second options exercise b 31st March 2025.</p> <p>The Scheme will be discussing the changes with LPPA/LGA through its usual meetings.</p> <p>The Government consultation suggested that where there is the lack of historical pay data then 25% of a wholetime Firefighter’s pay may be used. CFRS has assessed this % and SLT authorised this approach for any unavailable pay data.</p>	<p>Continue to liaise with LPPA to agree timelines of next steps in order to communicate with approx. 50 members who have elected to join the scheme but not yet received pension payment.</p> <p>Continue to attend LGA briefings, and anticipate consultation on changes to legislation have commenced, including amendments to 12 month extension, death in service and deferred conversion options.</p>
1.8		<p><u>Resources</u></p> <p>There is a risk regarding the resources required for the pension projects work on top of the day to day running of the Pension Scheme.</p>	2	3	6	↓	6	<p>Following the previous Senior Pension Advisor leaving the service, a recruitment process was undertaken, and the new Senior Pension Advisor started in September 2024. This is a shared resource with Northumberland.</p> <p>The HR & Pensions Development Assistant has been appointed to another fixed term role within the service therefore a Pensions Administrator has been recruited to backfill that resource.</p>	<p>Continue to develop and train staff with the team</p>

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2.1	Scheme Manager	<p><u>Pensions Regulator Intervention</u></p> <p>There is a risk that the Scheme commits a serious regulatory breach. This could be caused by the Scheme failing to advise the Regulator of regulatory matter (e.g. reporting a breach, submitting the Scheme Return) or failing to implement new regulations. This could result in a detrimental effect to the service being provided to scheme members and the employer. It could also result in serious reputational implications for the Scheme Manager and potentially a financial penalty.</p> <p>Regulatory Changes: There is a risk that the Scheme is mandated to change the benefits payable under the Scheme or other such regulatory change. This may be caused by government policy or amendments to regulations. This may result in the costing of the scheme being affected which could materially impact employer contributions.</p>	5	1	5	➔	5	<p>The Scheme has good contacts with other Scheme Managers, the LGA, CIPFA and other bodies to ensure that it is aware of changing regulations and their impact to the Scheme.</p> <p>The Fire Local Pension Board is advised on new regulations and emerging issues at each meeting.</p> <p>The Pensions Regulator is maintaining a focus on all Public Sector pension schemes and is beginning to levy its first fines for failure to meet regulatory obligations. The Pensions Regulator has also noted that it will be more proactive in enforcing regulations in the future.</p> <p>Officers of the Scheme Manager respond to government consultations where relevant to help influence policy.</p> <p>Where relevant, the Scheme Manager will support lobbying or lobby directly to ensure that its voice is heard in the development of national policy.</p> <p>Officers within the Scheme ensure that they are aware of impending amendments to regulations and advise the Fire Local Pension Board (and, where relevant, the employer and scheme members) in a timely way as to any amendments and their impact to the Scheme.</p>	<p>Officers will continue to “horizon scan” to understand emerging issues that may have an impact on the future of the Scheme. Where appropriate, the Fire Local Pension Board will continue to be appraised of any emerging issues.</p> <p>The Scheme undertakes an annual assessment of training needs of each Member. The results of this assessment inform the Training Plan for the Scheme.</p> <p>Officers will arrange for high quality training to be available to all members Fire Local Pension Board throughout the year to ensure that Members have the appropriate skills and knowledge to take informed decisions at each meeting.</p> <p>Officers of the Scheme Manager will continue to monitor the regulatory environment to be aware of any potential changes to the scheme.</p> <p>Where appropriate, officers will draft responses to consultations affecting the Scheme and consult with the Chair of the Fire Local Pension Board before submission.</p>

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2.2	Scheme Manager	<p><u>Financial Irregularity</u></p> <p>There is a risk of fraud, fraudulent behaviour, or unintentional overpayments.</p> <p>This may be caused by fraudulent activity or misunderstanding.</p> <p>Failure to address financial irregularity may result in a financial loss to the Scheme Manager or employer, as well as reputational damage to the CFRS.</p>	2	3	6	→	6	<p>Fraudulent Activity – Active participation in the National Fraud Initiative reduces likelihood of unidentified deaths and fraudulent pension claims.</p> <p>Segregation of duties and a delegated scheme of authority minimises the risk of fraud within the Scheme.</p> <p>Unintentional overpayments – The NFI activity may identify overpayments where no fraudulent activity has arisen, but a benefactor has unintentionally benefited from the Scheme, e.g. payments continuing to be made to a widow(er) following the death of their partner. In such instance's officers act compassionately.</p>	<p>Officers conducted a review of data from the National Fraud Initiative in 2021 and have now resolved one outstanding case. The next set of results from this biennial exercise were expected in early 2023 (not yet published).</p> <p>To help mitigate this risk LPPA have agreed to introduce regular contact with those in receipt of injury allowances to remind them to declare DWP benefits. Initial letters are being sent out and a further update will be provided.</p>
2.3	Scheme Manager	<p><u>Key personnel & Systems</u></p> <p>There is a risk that the scheme manager may lose key personnel.</p> <p>There is a risk that changing systems and resulting disaggregation of services may affect service delivery.</p>	5	4	20	→	9	<p>The hosted services which currently support Fire Pensions are:</p> <ul style="list-style-type: none"> • Legal • Payroll • HR Systems <p>Service Level Agreements are in place with all hosted services to ensure continuity of service. Plans will be developed for longer term disaggregation and more permanent solutions.</p> <p>A new HR system has been procured and will be implemented in 2025.</p>	<p>There is a disaggregation board to oversee the overall disaggregation of hosted services. There are also a number of subgroups / oversight boards for the specific areas. Any concerns about TUPE implications or loss of skills and expertise will be escalated as required.</p>

Cumbria Fire Local Pension Board Risk Register at January 2025

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2.4	Scheme Manager	<p><u>Conflicts of interest</u></p> <p>There is a risk that conflicts of interest in the governance of the Scheme may detrimentally affect decision making.</p> <p>This could be caused by those involved with the governance of the Scheme being influenced by interests outside of the Scheme.</p> <p>This could result in decisions being taken that are detrimental to the Scheme Manager or the CFRS.</p>	2	2	4	→	4	<p>Fire Local Pension Board: all members have signed up to the Board's Code of Conduct and Conflicts of interest policy. At each meeting, members are asked to disclose any changes to their situation.</p> <p>All interests are recorded and published on the CFRS's website.</p> <p>If appropriate legal advice can be sought as to any potential conflicts of interest within the Scheme.</p> <p>Any potential conflicts of interest are declared at the commencement of each meeting, and these are declarations are included in the minutes of each meeting.</p> <p>All members of the Fire Local Pension Board are aware of how to manage potential conflicts. If there is doubt members of the Board may seek advice from the respective Chair or CFRS's Monitoring Officer</p>	The existing procedures are considered appropriate to mitigate the risk of conflicts of interest, but this position will be kept under review.
2.5	Scheme Manager and LPPA	<p><u>Operational Disaster</u></p> <p>There is a risk that an operational disaster may impact onto the Scheme.</p> <p>This could be caused by fire / flood / extreme weather events etc.</p> <p>This could result in the Scheme not being able to operate effectively.</p>	4	1	4	→	4	<p>CFRS: Business continuity procedures are in place for the scheme manager. These are tested corporately on a regular basis in accordance with CFRS policies and procedures.</p> <p>Where weaknesses are identified, these are addressed appropriately to improve the Scheme's preparedness for operational disaster.</p> <p>Administration (LPPA): LPPA have business continuity procedures in place for Pensions administration. These are reviewed by Lancashire County Council's emergency planning services which provide a QA function by in respect of individual service plans.</p>	The existing procedures are considered appropriate to mitigate the risk of operational disaster, but this position will be kept under review.