

Status of Report: Public

Meeting: Local Pension Board

Date: 22 September 2021

Subject: Firefighters' Pension Scheme Risk Register

Report by: The Scheme Manager

Author: Colin Sharpe, Deputy Director of Finance, Leicester City Council

For: Discussion

Purpose

1. To provide an update to the Local Pension Board on the Fire Fighters' Pension Scheme Risk Register.

Recommendations

2. The Board is asked to review the content of the risk register attached at Appendix 1. The Board is asked to then approve the register if it feels that, subject to any amendments it makes, it adequately reflects current risks.

Background

3. Good governance ensures that there is an appropriate Risk Register in place. It is also a requirement of the Pensions Regulator's code of practice on the governance and administration of public service pension schemes to have in place a Risk Register which is regularly reviewed.
4. The risk register consists of relevant risks considering both the administration of pensions by LFRS staff and its relationship and work undertaken by the administering body being the West Yorkshire Pension Fund.
5. The process used to identify and score risks is that of best practice and using the definition of risk taken from the International Risk Management Standard ISO31000. All risks cannot be eliminated, however risk appetite and risk awareness are key in ensuring that risks the Board are exposed to are appropriately managed.
6. Each identified risk has been scored using the 5 x 5 risk matrix as set out in Appendix 2.
7. Each risk is scored as it currently is with existing actions/controls, and then further management actions/controls are identified which should have the effect of reducing the risk score.

8. Since the previous report, the key changes reflect the on-going developments following the national age discrimination remedy judgements. These are the subject of a report elsewhere on the agenda.

Background Papers

LPR Code of Practice no 14 (Governance and administration of public pension schemes).

<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice>

ISO 31000 – Risk management principles and guidelines standard

<https://www.iso.org/iso-31000-risk-management.html>

BS65000 – Guidance on Organisational Resilience.

<https://shop.bsigroup.com/products/guidance-on-organizational-resilience?pid=000000000030258792>

Appendices

Appendix 1 – Firefighters’ Pension Scheme Risk Register

Appendix 2 - Risk Assessment Matrix

Officer to Contact

Colin Sharpe, Deputy Director of Finance, Leicester City Council

colin.sharpe@leicester.gov.uk

0116 454 4081

Appendix 1 – Firefighters’ Pension Scheme Risk Register

PRR REF	HAZARD STATEMENT	PRIMARY RISK HEADING	SECONDARY RISK DESCRIPTOR	CONTROL MEASURES IN PLACE	CURRENT RISK (after current control measures)				CONTROL MEASURES TO BE IMPLEMENTED	CONTROL MEASURE OWNER	PROJECTED IMPLEMENTATION DATE FOR ALL CONTROL MEASURES	RESIDUAL RISK (after all control measures implemented)			
					L	I	R	ML				L	I	R	ML
1	Failure to administer the scheme in line with regulations and policies	Regulatory	Administration failure	Up to date knowledge through various sources such as SAB and the Home Office. Up to date training. Attendance at regional and national groups. regional fire administrator working group. Information on the scheme is held on the Firefighters section of the WYPF website.	1	4	M	TACT				1	4	M	TACT

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					L	I	R	ML				L	I	R	ML
2	Those charged with governance of the Scheme are unable to fulfil their responsibilities effectively.	Regulatory	Reputation	Requires Board members to receive continuing training.	2	2	M	OPS	Proposed creation of a Joint East Midlands Pension Board to provide efficiency and resilience	Scheme Manager	No date available, requires ministerial approval and other matters are occupying ministerial time. Updated approval from each scheme would be sought.	1	2	L	OPS

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3	Policies not being in place and up to date	Regulatory		Policies to be reviewed and updated	3	3	H	TACT	HR action plan includes a review of all policies as part of the HR strategy	Scheme Manager	On-going	2	2	M	OPS

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					L	I	R	ML				L	I	R	ML
4	Failure to recognise/manage conflicts of interest	PEOPLE		Declarations of interests at the beginning of each meeting.	1	2	L	OPS				1	2	L	OPS

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5	Potential fraudulent activity by staff/scheme members	PEOPLE	Illegal expenditure, excessive pension benefits	Clear roles and responsibilities for those administering pensions. Duties split between Finance, HR, Warwickshire County Council payroll and WYPF. HR review of processes underway. National Fraud Initiative participation. Review of declarations of interest policy. Internal audit of pensions (CFA and administrator)	1	3	M	TACT				1	4	M	TACT

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6	Changes to the Firefighters' Pension Scheme and lack of expertise in the revised/new provisions.	Business process	Breach of regulation	The use of advisors where deemed applicable to provide relevant information and recommendations on particular areas. Professional Administrator engaged, has many fire clients (WYPF). Regional Adviser engaged. Senior officers and Scheme Manager linked in with LGA, NFCC.	2	3	M	TACT				1	3	M	OPS

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7	Failure to provide adequate information to the Pension Board.	Regulatory	Breach of regulation	Board meetings held quarterly at which key information relating to the administration of the Scheme(s) is provided. Extraordinary meetings can also be arranged for urgent items.	1	2	L	OPS				1	2	L	OPS

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8	Failure to include all required information in documents issued to members under disclosure regulations	Regulatory	Breach of regulation	Officers keep up to date with disclosure regulations and distribute knowledge to teams accordingly via relevant websites, seminars and working groups.	1	4	M	TACT				1	4	M	TACT

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9	Failure to communicate adequately with scheme members	PEOPLE	Negative impact on staff. Breach of regulation.	Website regularly updated. Newsletters published. Annual Benefit Statements produced and distributed. Updates on key scheme changes.	2	3	M	TACT	Regular pension roadshows to be arranged inviting all 3 FA's employees to update on age discrimination remedy.	Scheme Manager	Rolling programme	1	3	M	OPS

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10	Records are not accurate or do not reflect changes in circumstances.	PEOPLE	Business process	Records are supported by appropriate documentation, input and output checks are undertaken. Regular reviews of data quality. Check and challenge between LFRS finance and HR, Warwickshire CC and WYPF.	1	4	M	TACT				1	4	M	TACT

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11	Barriers to promotion and retention of experienced / knowledgeable senior staff due to annual allowances tax impact.	PEOPLE	Negative impact on staff	Arrangements in place with Notts/Derbyshire to share relevant pensions expertise/resource	4	3	H	TACT				3	3	H	TACT

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12	Impact of the McCloud judgement / Age Discrimination Remedy	PEOPLE	Breach of regulation. Negative impact on staff. Subject of legal proceeding.	Regional working with Notts/Derbys fire pensions experts. Work with the LGA and NFCC. Reference court judgements and legislation. Regular reports to the CFA and LPB.	3	3	H	TACT	Review of capacity to undertake the necessary remedies when known, across LFRS, WYPF and Warwickshire CC.	CFO and Scheme Manager	On-going	2	3	M	TACT

ASSESSMENTS REMOVED OR ARCHIVED DURING THE CURRENT YEAR

CRR REF	HAZARD STATEMENT	FINAL RISK ASSESSMENT SCORE				REASON FOR REMOVAL	WHEN REMOVED
		L	I	R	ML		
	Failure to implement the new Fire Pensions Administrator on time	1	3	M	TACT	WYPF appointed	June 2021

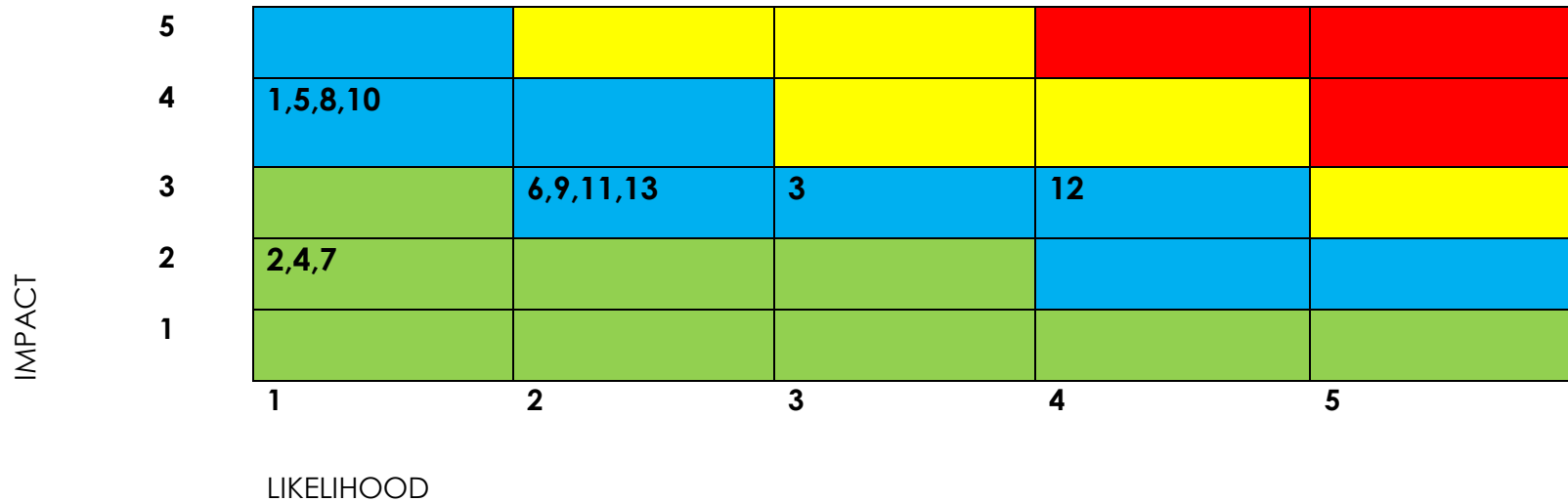
Appendix 2

Risk Assessment Matrix



VERY HIGH	High level risk with the potential to cause catastrophic damage to the reputation, finances or governance of the Service
HIGH	Mid-high level risk possibly requiring significant amendment to policy/procedure and significant financial outlay
MEDIUM	Low –mid level risk possibly requiring new policy and/or some financial outlay
LOW	Low level risk capable of being managed within normal service policy and procedure

Risk Management Matrix



CORPORATE	Those risks likely to require management oversight by the CFA and/or SMT
STRATEGIC	Those risks likely to require management oversight by SMT
TACTICAL	Those risks likely to require management oversight by the HSW&CRM Committee and sub-groups, Group Manager's Team (GMT) and/or individual Directors
OPERATIONAL	Those risks likely to require management oversight by individual Group and Station Managers and/or GMT