

LEICESTERSHIRE

FIRE and RESCUE SERVICE

Status of Report: Public

Meeting: CFA Local Pension Board

Date: 16 June 2021

Subject: Firefighter's Pension Scheme (FFPS) Risk Register

Report by: The Treasurer/Scheme Manager

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

For: Discussion

Recommendations

1. 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

2. 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.
3. The risk register consists of relevant risks to LFRS FFPS 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.
4. 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.
5. Each identified risk has been scored using the 5 x 5 risk matrix as set out in Appendix 2.

6. 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.
7. Since the previous report, the key changes reflect the:
 - i. Appointment of the West Yorkshire Pension Fund as the scheme administrator
 - ii. Agreement for the joint pensions specialist across Derbyshire, Nottinghamshire and Leicestershire
 - iii. On-going developments following the national age discrimination judgements

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.

Appendices

Appendix 1 - Firefighters Pension Scheme Risk Register

Appendix 2 - Risk Assessment Matrix

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 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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| 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 | 1 | 2 | L | OPS |

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| | | | | | L | I | R | ML | | | | L | I | R | ML |
| 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 | | | 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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| | | | | | L | I | R | ML | | | | L | I | R | ML |
| 5 | Potential fraudulent activity by staff/scheme members | PEOPLE | Illegal expenditure | Review of finance function set out clear roles and responsibilities for those administering pensions. National Fraud Initiative participation of 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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| | | | | | L | I | R | ML | | | | L | I | R | ML |
| 6 | Changes to the Firefighters Pension Scheme and lack of expertise in the revised/new area. | Business process | Breach of regulation | The use of advisors (e.g. LGA) where deemed applicable to provide relevant information and recommendations on particular areas. | 2 | 3 | M | TACT | Tri-service pension advisor role has been agreed – implemented April 2021 | Scheme Manager | On-going | 1 | 3 | M | OPS |

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| | | | | | L | I | R | ML | | | | L | I | R | ML |
| 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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| | | | | | L | I | R | ML | | | | L | I | R | ML |
| 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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| | | | | | L | I | R | ML | | | | L | I | R | ML |
| 9 | Failure to communicate adequately with scheme members | PEOPLE | Negative impact on staff. Breach of regulation | Website regularly updated. Newsletters are published annually, Annual Benefit Statements produced and distributed | 2 | 3 | M | TACT | Regular pension roadshows to be arranged inviting all 3 FA's employees to update on the FFPS | 3 x scheme managers, WYPF and the regional adviser | 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 in line with the Public Service Pensions (Record keeping and misc. amendments) Regulations 2014. | 1 | 4 | M | TACT | | | | 1 | 4 | M | TACT |

| PRR REF | HAZARD STATEMENT | PRIMARY RISK HEADING | SECONDAR Y RISK DESCRIPTOR | CONTROL MEASURES IN PLACE | CURRENT RISK (after current control measures) | | | | CONTROL MEASURES TO BE IMPLEMENTED | CONTRO L MEASURE OWNER | PROJECTED IMPLEMENTATION DATE FOR ALL CONTROL MEASURES | RESIDUAL RISK (after all control measures implemented) | | | |
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| | | | | | L | I | R | ML | | | | L | I | R | ML |
| 11 | Barriers to promotion and retention of senior staff due to annual allowances tax burden | PEOPLE | Negative impact on staff | Arrangements in place with Notts/Derbyshire to share relevant pensions expertise/resource | 4 | 3 | H | TACT | Rolling programme of pension roadshows | Scheme Manager | Ongoing | 3 | 3 | H | TACT |

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| 12 | Impact of the national judgements on age discrimination (Sergeant and McCloud) | PEOPLE | Breach of regulation. Negative impact on staff. Unrecoverable costs. Legal uncertainty. | Regional working with Notts/Derbys fire pensions experts, with the LGA and its legal advisers, and with WYPF. Regular updates to the LPB. | 3 | 3 | H | TACT | Ensure WYPF is fully able to undertake the necessary remedies when known | Pensions Administrator | On-going, depends on national developments | 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 administrator on time | 1 | 3 | M | TACT | WYPF appointed | June 2021 Board |
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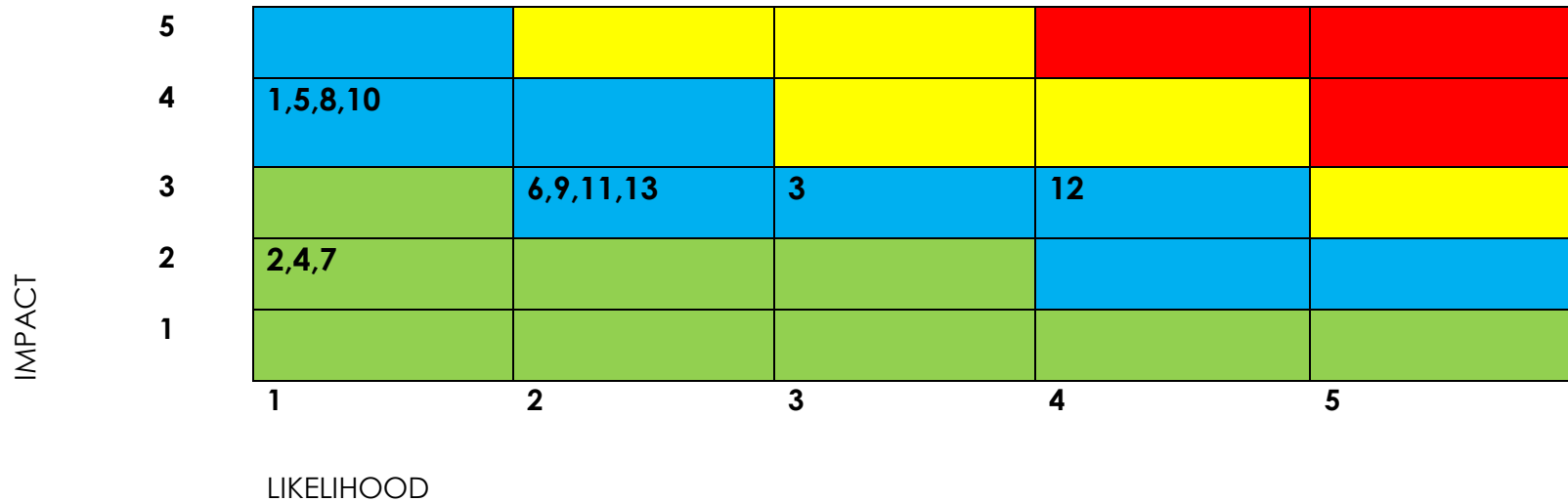
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Risk Assessment Matrix



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| 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



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|--------------------|---|
| 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 |