

LEICESTERSHIRE

FIRE and RESCUE SERVICE

Status of Report: Public **Agenda Item:**

Meeting: Pensions Board

Date: 12th December 2018

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

Report by: The Treasurer/Scheme Manager

Author: Alison Greenhill

For: Discussion

1. Recommendations

1.1 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.

2. Background

2.1 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.

2.2 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 Leicestershire County Council.

2.3 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.

2.4 Each identified risk has been scored using the 5 x 5 risk matrix as shown below.

LIKELIHOOD (A)	Almost Certain 5	5	10	15	20	25
	Probable/Likely 4	4	8	12	16	20
	Possible 3	3	6	9	12	15
	Unlikely 2	2	4	6	8	10
	Very unlikely/ Rare 1	1	2	3	4	5
		Insignificant/ Negligible 1	Minor 2	Moderate 3	Major 4	Critical/ Catastrophic 5
IMPACT (B)						

LEVEL OF RISK	OVERALL RATING	HOW THE RISK SHOULD BE TACKLED/ MANAGED
High Risk	15-25	IMMEDIATE MANAGEMENT ACTION
Medium Risk	9-12	Plan for CHANGE
Low Risk	1-8	Continue to MANAGE

- 2.5 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.
- 2.6 The risk register will be reviewed quarterly by the Scheme Manager, Area Manager Finance (LFRS) and Pensions Manager (LCC).
- 2.7 There are no changes to the previous risk register.
- 2.8 Items requiring further progression are:
- 3 – A review of HR policies needs to be undertaken. The Head of HR will be tasked to produce a timeline for delivering this and reducing the risk score.

3. Background Papers

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

ISO 31000 – Risk management principles and guidelines standard

BS65000 – Guidance on Organisational Resilience.

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 LGSS Pensions Service website.	1	4	M	STRAT				1	4	M	TACT

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
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	Jan 2019	1	2	L	OPS

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
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

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
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

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
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. HR review of processes currently underway. National Fraud Initiative participation of review of declarations of interest policy. Internal audit of pensions (CFA and administrator)	1	4	H	TACT				1	4	M	TACT

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
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	Proposed creation of a Joint East Midlands Pension Board to provide efficiency and resilience	Scheme Manager	Jan 2019	1	3	M	OPS

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
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

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
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

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
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	Pension roadshows to be arranged inviting all 3 FA's employees to update on the FFPS	3 x scheme managers and LCC pensions manager	Next roadshow to be complete by December 2018	1	3	M	TACT

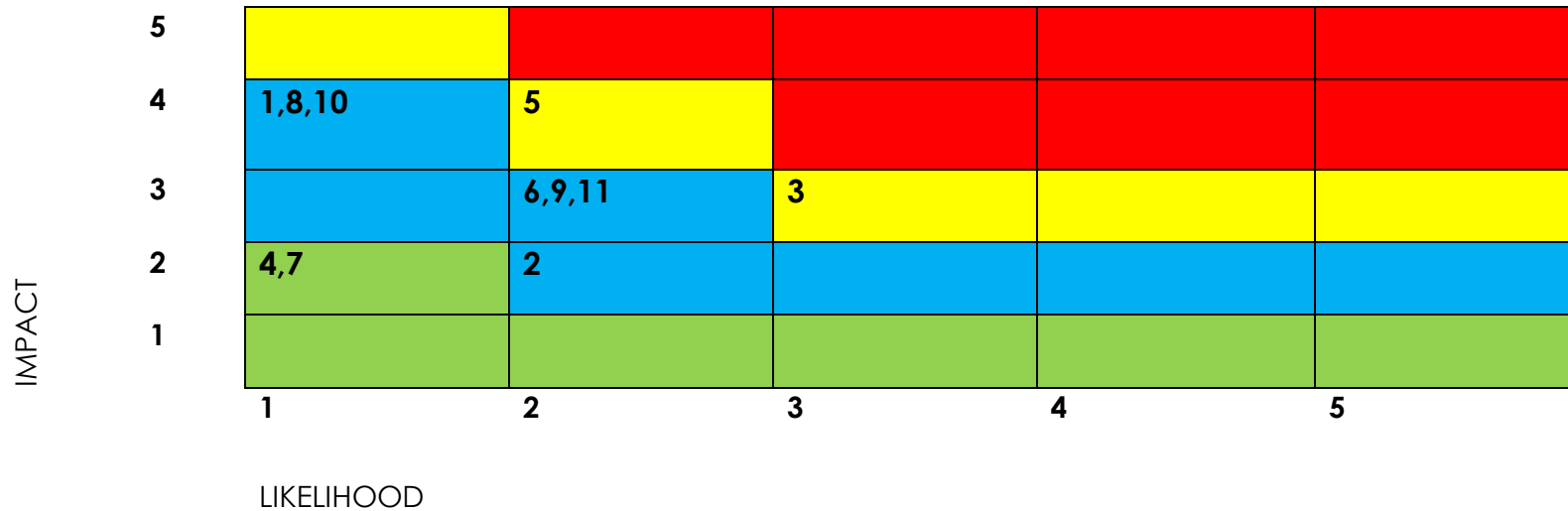
PRR REF	HAZARD STATEMENT	PRIMARY RISK HEADING	SECONDARY RISK DESCRIPTOR	CONTROL MEASURES IN PLACE	CURRENT RISK (after current control measures)				CONTROL MEASURES TO BE IMPLEMENTED	CONTROL MEASURE OWNER	PROJECTED IMPLEMENTATION DATE FOR ALL CONTROL MEASURES	RESIDUAL RISK (after all control measures implemented)			
					L	I	R	ML				L	I	R	ML
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	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
11	Lack of knowledge retention due to small number of expert staff within LFRS	PEOPLE	Business process. Breach of regulation	Arrangements in place with Notts/Derbyshire to share relevant pensions expertise/resource	2	3	M	TACT	Proposed creation of a Joint East Midlands Pension Board to provide efficiency and resilience	Scheme Manager	June 2019	1	3	M	OPS

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		

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

