The Pension Administration Shared Service Risk Register

Introduction

As part of the continued collaboration between members of the Shared Service, London Borough of Barnet Pension Fund, London Borough of Hounslow Pension Fund, Lincolnshire Pension Fund and West Yorkshire Pension Fund (WYPF), this Risk Management Plan establishes the process for implementing proactive risk management as part of the overall management of the Pensions Shared Service. The purpose of risk management is to identify potential problems before they occur, so that risk handling activities may be planned and invoked as needed to mitigate adverse impacts on achieving objectives. Risk management is a continuous, forward looking process that addresses issues that could endanger the achievement of critical objectives and includes the early risk identification through the collaboration and involvement of relevant stakeholders.

The Shared Service has initially identified 13 risks which have been rated and plotted on a matrix and a risk tolerance line agreed to prioritise the risks. The risk matrix measures each risk for its likelihood and impact in terms of its potential for affecting the ability of the Shared Service to achieve its objectives.

Summary of Risks – October 2022

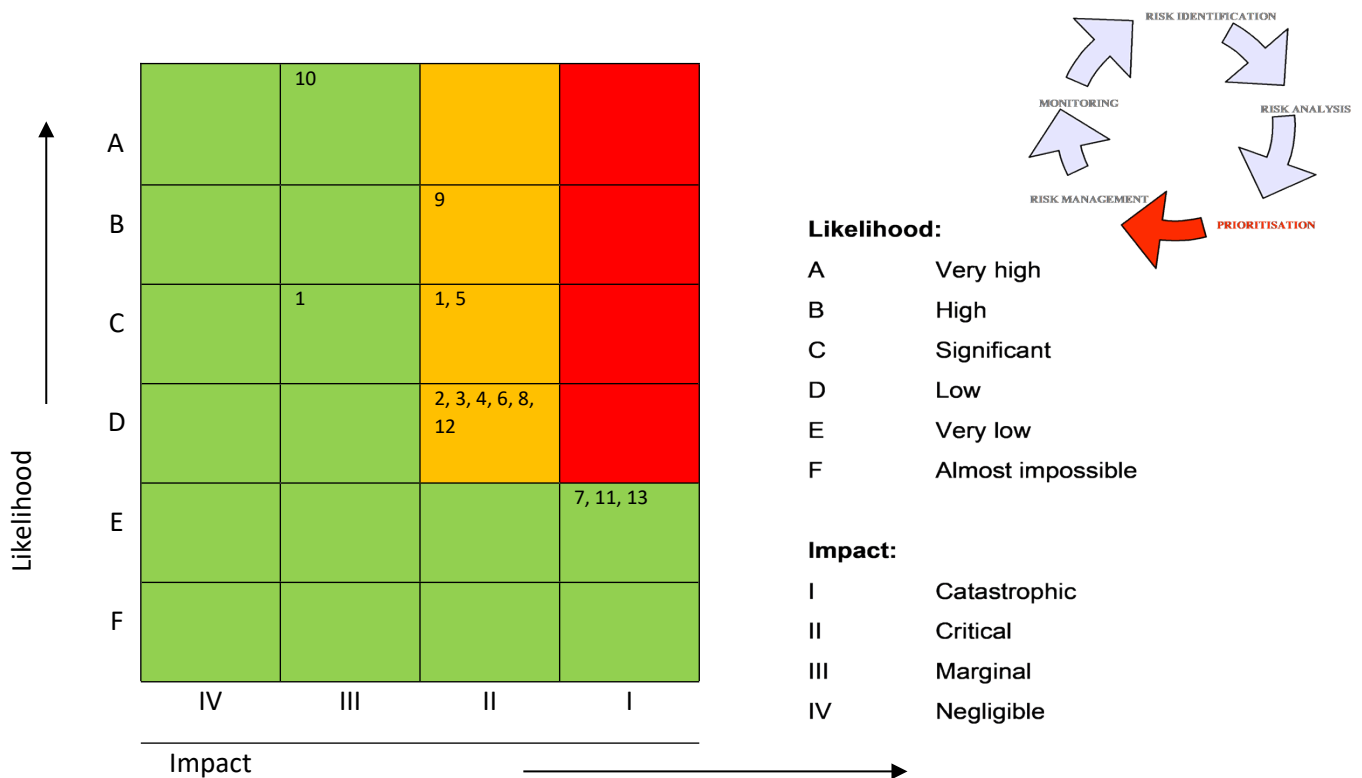| Risk Identification	Risk Number	Risk Name	Risk Rating
Shared Service Partners	1.	WYPF increases shared service membership	C 2
	2.	SLA not met and partner policies not maintained	D 2
	3.	Failure of Shared Service partners to consult or communicate over decisions that affect the service	D 2
Technical	4.	Failure to meet scheme regulation & pension legislation	D 2
	5.	Incorrect data/information or data/information not provided	C 2
	6.	Failure to communicate with scheme members, including disclosure regulations	D 2
	7.	Fraudulent activity by Shared Service staff, employers & scheme members	E 1
Service Delivery	8.	Funds leave Shared Service	D 2
	9.	High or increased volumes of work & legacy backlogs	B 2
Policies	10.	Pandemic, Epidemic & "Acts of God"	A 3
	11.	Software Failure	E 1
	12.	Failure of Cyber security	D 2
	13.	Failure to plan for or implement a Disaster Recovery plan	E 1

The process

Risk identification

The first stage of the risk management cycle requires risk identification. This has been achieved through discussion with Key personnel at each of the Pension Funds within the Shared Service.

Risk analysis, profile and tolerance

The risks are assessed for impact and likelihood and plotted onto a matrix. The impact is measured as being negligible, marginal, critical or catastrophic. The likelihood is measured as being almost impossible, very low, low, significant, high or very high.

To determine the appetite to risk, each of the squares on the matrix are considered to decide if the Shared Service is prepared to live with a risk in that box or if it needs to be actively managed. This determines a theoretical tolerance line. Those risks above the line requiring further scrutiny and those below the line having sufficient control in place. The tolerance line is agreed at risks with a low or greater likelihood and a critical impact.

Initially 13 risks have been identified and framed into scenarios. The risks identified have been rated. The results are shown on the following risk profile and in summary on page one. These risks will be regularly assessed as part of a review process.

Likelihood:

A	Very high
B	High
C	Significant
D	Low
E	Very low
F	Almost impossible

Impact:

I	Catastrophic
II	Critical
III	Marginal
IV	Negligible

Risk management and monitoring

Management Action Plans (MAPs) frame the risk management actions that are required. They map out the target for each risk i.e. to reduce the likelihood, impact or both. They also include targets and critical success factors to allow the risk management action to be monitored.

The risk assessment identified that significant levels of activity are required to manage the risks. Key risks may periodically require attention and it is important that having identified risks that could have critical impact, that the when required appropriate action is undertaken. MAP's, therefore, may be agreed for any risks identified above the tolerance line.

Shared Service Risks

Risk	Rating	Risk Description & Controls in Place	Adequacy of Action and control	Required Management Action	Responsibility for Action	Critical Success Factors & KPIs	Review Frequency	Key Dates	Opportunity
1.	C 2	WYPF tender for further administration clients. Periodically WYPF may be asked to tender for new business. In doing so capability and resource will be reviewed to deliver the shared service to the required standard and communicated to the Shared Service.	Ensure resources maintained for existing shared service members and capability demonstrated for the additional contractual obligations	WYPF to ensure KPI & SLA standards are met as a minimum, cost to existing Shared Service members remain value for money. Regular communication to Shared Service	WYPF to be open and transparent in communications and actions	Shared Service does not receive down turn in performance. Shared Service costs remain value for money	Quarterly	1 April 2022	To increase knowledge and skills within Shared Service Or opportunity to hone exiting talent
2.	D 2	Failure to meet minimum standards as set out in the SLA and policy documents. Policies written and shared with all stakeholders by all Shared Service partners Regular reporting and KPIs produced and discussed at regular meetings to determine if all parties meet the required standard.	Reporting to be provided monthly. To include work volumes, data transfer, accuracy, protection and KPI. Shared Service meetings held every 6 weeks and Collaboration Board meetings held quarterly at which key information relating to the administration of the Scheme(s) is provided. Ad hoc meetings can also be arranged for urgent items If standards not achieved reviews and amendments to service and processes may be required	Review and improve areas of concern. May include communications with employers and training for staff Policies to be reviewed and updated by shared service partners	WYPF for reporting. All parties to review their part of the processes and deliver minimum expected standards	Minimum SLA standards met. Satisfactory reporting, met KPIs with no data or training issues required.	Monthly reporting and Quarterly review	1 Feb 2022	Opportunity to understand current outputs and to review and train where appropriate.
3.	D 2	Failure of shared service partners to consult with each other over	Shared Service meetings held every 6 weeks and Collaboration Board	Review and share all policies.	Partners in agreement with or understand policy decisions	Satisfied partners full and efficient shared service	monthly	1 Feb	Opportunity to build relationship , joined up

#		Risk	Control/Mitigation	Action	Responsibility	Outcome	Frequency	Date	Opportunity
		decisions that affect delivery of the service. Failure of Shared Service partners to communicate policy/decisions and to provide adequate and timely information to them	meetings held quarterly at which key information relating to the administration of the Scheme(s) is provided. Ad hoc meetings can also be arranged by any partner for urgent items	Communicate between partners and all employers.					thinking and work seamlessly as one service
4.	D 2	Failure to meet LGPS regulation & overriding legislation. Including implementation of regulation amendments, such as McCloud, and requirements of the Pension Regulator's (TPR) code of practice and compliance with DPA18 (GDPR) leading to incorrect benefits values and complaints	WYPF must liaise with authority bodies such as LGA, TPR, HMRC & DLUHC. Keep knowledge up to date through various sources such as training plans, working instructions, workflow processes, Team Briefs, internal and external training courses and events Ensure software updated and maintained Communicate & discuss with shared service partners	Attend webinars, seminars, conference. Work with software provider Communicate with members and employers	All Shared Service	Understanding, communication and implementation of statutory requirements Benefit values correct and no justifiable complaints	Monthly	1 Oct 2022	Opportunity to improve knowledge and process to deliver our statutory obligation
5.	C 2	Incorrect data/information or data/information not provided from any shared service partner or stakeholder or not provided in a timely manner. Leading to incorrect benefit values or the inability to process benefits at all and low TPR data scores. Data required by 19th of following month and WYPF have processes to communicate and chase stakeholders for information.	WYPF unable to complete processes. Time, effort and cost requesting and chasing data by WYPF. Data sometimes not received at all, WYPF unaware of work to process, complaints from scheme members	WYPF to inform Shared Service. Liaise with employers assist/train. Shared Service to support WYPF in this delivery even in the event of employer charge. Develop & implement automated processes. Review and where applicable amend existing processes	If data not received following communication /chasing and or training shared service members to liaise with employers	Shared Service and WYPF support each other, communications clear and employers understand their responsibility and liability.	Monthly	1 Feb 2022	To improve data accuracy and reduce work required to collect data. Leading to better processes and improved KPIs Develop and introduce automation
6.	D 2	Failure to communicate all necessary and required information to scheme members including documents, website, emails	Officers keep up to date with disclosure regulations and distribute knowledge to teams accordingly via working instructions, changes to workflow processes,	Information always provide and accurate. Agreed support from Shared Service	WYPF supported by Shared Service	Information accurate and no complaints	Quarterly	April 2022	To ensure scheme information is compliant

No.		Risk / Cause	Controls	Further Actions	Owners	Success Measure	Frequency	Date	Opportunity
		and scheme guides Providing information under disclosure regulations mandatory Failure to provide may cause misunderstanding and poor scheme member decision making. This may lead to complaint, investigation and sanction & loss of reputation	Team Brief or emails. Information of regulation to be understood by Shared Service and communicated to all stakeholders. Website, documents and scheme guides reviewed regularly						
7.	E 1	Fraudulent activity by Shared Service staff, employers & scheme members Causing overpayment of benefits, complaints, investigation, litigation, action and loss of reputation	Segregation of duties set out clear roles and responsibilities National Fraud Initiative participation and Internal audit of pensions. Implementation of amended transfer regulations wef 30 November 2021	Up to date and regular training of staff. Shared service share information and employers communicated too and updated with current knowledge. Appropriate information to members and information on website	All stake owners must be aware of fraud/scamming issues	Accurate information, timely communication. No Fraud and no complaints	Quarterly	April 2022	To ensure scheme information is compliant
8.	D 2	Risk Funds become dissatisfied and elect to leave the Shared Service partnership Creating additional work and need for resource to manage exit. Cost of Shared Service now spread across remaining members but may not provide good value for the level of service delivered."	Shared Service meetings held every 6 weeks and Collaboration Board meetings held quarterly at which key information relating to the administration of the Scheme(s) is provided. If an exit, ensure resources maintained for existing shared service partners, costs are maintained and do not increase for remaining partners if there is an exit	To ensure there is not any dissatisfaction resulting in in partner leaving the shared service	WYPF and then all partners. Resource adequate for exit and remaining partners. SLA, KPIs and costs reviewed, communicated and if necessary redistributed	Members do not leave or if leave no detrimental effect to remaining Funds	Quarterly	1 April 2022	Opportunity to deliver a successful service together or consolidate Shared Service membership to maintain standards upon an exit
9.	B 2	High or increased volumes of work & legacy backlogs WYPF unable to provide adequate resource to process daily work or reduce legacy backlogs. Performance declines, statutory deadlines missed, backlogs created/increased	Monthly reports to Shared Service monitoring changes to volumes and KPIs Review of resource, training and recruitment. Systems and processes reviewed and aligned with KPI reporting to continue to deliver SLA standards	Review all KPIs. Rolling recruitment programme to fill vacancies and train staff when appropriate Develop software and processes to deliver smarter service Develop and implement automation to increase productivity and free resource to	WYPF to review, report and communicate. Employer to provide accurate information in timely manner Supported by Shared Service partners	Legacy backlogs reduced, all current workload handled efficiently, Automation implemented in key areas KPI reporting consistent and accurate. Member experience	Monthly	1 Oct 2022	Opportunity to ensure resource is sufficient, improve processes and provision of software and introduce automation.

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		, complaints received. Monthly reporting necessary to identify potential issues and shared service partners to communicate early any variant to work, including indications from employers.		applied to critical areas such as backlogs Employer reminded/trained regarding responsibility and good data. Encouraged to inform WYPF asap of variants in workloads. Approach supported by Shared Service		maintained/imp roved			
10.	A 3	Failure to meet statutory obligations due to pandemic, epidemic and "acts of god" staff unable to travel and or are ill. Increased volumes of work and backlogs. Failure to meet statutory obligations that has potential to create new working environments and challenges in delivery of scheme administration	Ensure staff, colleagues and peers are well and able to work. Review all process and consider system development for automation. Concentrate on key areas as identified by TPR, SAB & LGA so that pensioners are paid and the most at risk treated as priority	Alternative working arrangements, including communication, WFH and virtual meetings and training. Develop and implement automation processes	WYPF & all Shared Service	Stakeholder ability to be flexible in working arrangements, including DR and ability to effectively work remotely.	Monthly	1 Oct 2022	Learn/continue to work in a different way. Develop new ways of processing and increase automation
11.	E 1	Failure of Software. Affecting data of scheme member records, benefits values and payments. Failure to meet statutory obligations Contractual obligations with software provider to run daily backups and restore system usage with SLA standards	Software backed up daily. DR to include contractual obligation of software provider. Staffed adequately trained and supported to perform manual calculations for most urgent processes. Current pensioners paid by rerun of last month payments.	Laisse with IT departments and software providers. Ensure all staff have knowledge and capability for short term workarounds. Consider alternative ways of data transfer (protected email, messages etc.) to enable employers to provide data to WYPF and WYPF to provide data to employers and scheme members.	All stakeholders	Continuity/relia bility of software. Accurate data, automation and development. Ability to continue to meet statutory obligations and no justifiable complaints .	Monthly	1 Feb 2022	Opportunity to ensure software is best in class. Ensure staff have appropriate knowledge and skills to deliver manually.
12.	D 2	Failure of Cyber security. Failure to protect data and scheme members from scammers. Data breaches by staff and shared service results in member loss, complaint, sanction and loss of reputation. Mandatory Cyber security training require of all staff,	Ensure data received, sent and stored is protected, transferred and stored in compliance with DPA18 and is supported by AA IT and software provider	IT provide necessary industry protections including system daily backups and staff educated in cyber security issues Data protection retention policies & privacy notices to be shared between all stakeholders and retained by WYPF	All stakeholders to review IT and data protection provision, train staff and review	Fully trained staff. No cyber or data breaches	Daily, Monthly, Yearly	1 Feb 2022	To ensure new ways of working (WFH) are as secure, reliable, efficient and safe as office based cyber security. Staff awareness periodically updated. Data policies and stamen shared by between all data processors.

		cyber security standards as part of software providers contract.							
13.	E 1	Failure to plan for or implement a Disaster Recovery plan. As part of WYPF business plan there should be an appropriate and effective disaster recovery (DR) plan to ensure statutory obligations are met in the event of a disaster, building fire, cyber-attack etc. All members of the Shared Service should also have a comparable DR. This would ensure all partied are aware of how they will continue to fulfil their statutory obligations in the event of a disaster and how each member should interact with the other in view of such an event.	The DR plan should clearly demonstrate how the business will continue to function. All DR plans should be shared between the shared service members and employers.	Ensure DR plans exist and are accessible. To test DR by taking down and restoring all systems. Ask employers if they have plans too and request a copy	Shared Service and then all other stakeholders	Ability to function, communicate and meet statutory obligations in the event of a disaster.	Annually	1 Oct 2022	Opportunity to assist all stakeholders and to deliver a joined up service in the event of a disaster.

Future review and revision of risks

It is important that this work is monitored and measured and that management action plans are reassessed regularly to ensure that progress is being made and the targets can be met. In addition, each risk should be owned where possible by one or all members of the Shared Service partners to ensure that there is high level support, understanding and monitoring of the work that is required as part of the plans.

The Shared Service partners have agreed that the risk register will be added as a standing item to the Shared Service 6 weekly meetings and the timescale for re-visiting these risks in order to assess if they are still relevant and to identify new scenarios should be at the quarterly Collaboration Board.

for you, for now, for the future

lgps

Matt Mott

Oct 2022