



Local Pension Board

6 December 2022

Title	Pensions Scheme Risk Register
Report of	Executive Director of Strategy & Resources (S151 Officer)
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Pensions Administration Risk Register: December 2022 Appendix B - WYPF Pension Administration Shared Service Risk Register
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Summary

The Pensions Administration Risk Register is a standing agenda item for the Local Pension Board.

Recommendations

That the Local Pension Board are requested to note the most recent risk register and the West Yorkshire Pension Fund (WYPF) shared service risk register.

1. WHY THIS REPORT IS NEEDED

- 1.1 It is important that the Council maintain the Pensions Risk Register to help protect members of the LGPS. 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
- 1.2 The most recent Pensions Administration Risk Register can be found in Appendix A.
- 1.3 The LBB Pensions Team will undertake a fundamental review of the administration risk register over the next six months, to consider if/how the document can be more useful to the Pensions Team and Local Pensions Board and Pension Fund Committee members (who review the register annually) from an operational perspective.
- 1.4 As previously advised to the Board, West Yorkshire Pension Fund (WYPF) have set up a shared service risk register, which establishes a risk management process across all their shared service clients. This incorporates the risks identified in the Barnet Fund's pensions administration risk register.
- 1.5 A representative from WYPF will provide an update at the meeting on the shared services risk register.

Risk Velocity

- 1.6 Risk Velocity is defined as the time to impact (i.e. an estimate of the timeframe within which a risk may occur).
- 1.7 Officers use a traffic light system to classify how risk velocity measured:

Red – very rapid impact within a couple of days
Amber – risk may occur within a few days up to a couple of months
Green – a slow impact that may occur over several months or more
- 1.8 Officers have reviewed each of the risks on the risk register and have determined the risk velocity as follows:

Risk ID	Short Risk Title	Risk Velocity
PB001	Operational - disaster (Fire / flood etc)	Red
PB002	Member data incomplete or inaccurate	Amber
PB003	Admin process failure or maladministration	Amber
PB004	Excessive charges by suppliers	Green
PB005	Employer failure to pay contributions to the fund	Green
PB006	Failure of non-public sector employers	Green
PB007	Failure to interpret rules or legislation correctly	Green

PB008	Appropriate personnel in place to perform in designated roles	Yellow
PB009	Conflicts of interest	Green
PB010	Admission agreements / securities (i.e. bonds) not arranged	Green
PB011	Commercial viability of strategic suppliers	Green
PB012	Non-compliance with GDPR	Red
PB013	Negative media exposure and member experience	Red
PB015	Impact of pandemics on pensions administration	Yellow
PB016	Cyber security breach	Red
PB017	Risk of fraud by paying pensions to ineligible individuals or fraudulent arrangements	Yellow
PB018	Effect of new pensions legislation and LGPS regulations	Green

1.8 The Pensions Team has reviewed the Risk Velocity for each of the risks above and determined that there are no changes at present.

1.9 Updates on the administration risks are as follows:

1.9.1 **PB001** – The LBB Pensions Team has now reviewed the latest Disaster Recovery and Business Continuity Report received from WYPF. The Pensions Team is satisfied that WYPF have appropriate measures in place.

WYPF have advised that two further tests will take place in 2023.

The risk score remains at 5.

1.9.2 **PB002** – There is an employer forum meeting on 24 November 2022 where employers will be reminded of their responsibilities in relation to submitting leaver notifications and responding to WYPF on any data queries they may raise.

The LBB Pensions Team will also be contacting all employers before the end of the year regarding any historic leavers outstanding. Failure to meet deadlines imposed by the Pensions Team for leaver notifications to be submitted, will result in fines to the employer and reporting to The Pensions Regulator.

The risk score remains at 10.

1.9.3 **PB015** – WYPF have provided to the LBB Pensions Team with a copy of their Cyber Security report. The Pensions Team have reviewed this document and are satisfied that WYPF have sufficient controls in place to minimise the risk of a cyber incident occurring.

The risk score remains at 5.

2. REASONS FOR RECOMMENDATIONS

2.1 Management of risk is critical to avoiding unfavourable outcomes.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 Not applicable in the context of this report.

4. POST DECISION IMPLEMENTATION

4.1 Not applicable in the context of this report.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The Local Pension Board supports delivery of Council's strategic objectives and priorities as expressed through the Corporate Plan (Barnet 2024) by assisting in maintaining the integrity of the Pension Fund by monitoring the administration and compliance of the Fund.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 Risks that are not mitigated or managed can have a financial penalty to the Scheme.

5.3 Social Value

5.3.1 Not applicable in the context of this report.

5.4 Legal and Constitutional References

5.4.1 The LGPS Regulations 2013 place responsibility for the local administration of pensions and other benefits under these Regulations on the administering authority, which is LB Barnet. The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 inserts regulation 106 into the Local Government Pension Scheme Regulations 2013 which requires the Council to establish a Pension Board, whose role is to assist the Council in securing compliance with legislation, regulation and best practice, including as set out in the Pension Regulator's Code of Practice to ensure the effective and efficient governance and administration of the Scheme and any connected scheme.

5.4.2 The Risk Register is a tool that assists the Board in ensuring that the Scheme has a mechanism in place to identify and review at least annually, the pension scheme administration risks

5.4.3 Under the terms of reference for the Local Pension Board, the role of the Board is to assist with:

- compliance with LGPS Government regulations.
- compliance with the requirements imposed by the Pensions Regulator.
- such other matters as the LGPS regulations may specify ensure the effective and efficient governance and administration
- ensure the Pension Fund's strategy and policy documents are maintained in accordance with the LGPS Regulations.
- ensure the Pension Fund's internal Risk Register is reviewed at least annually.
- review the Pension Fund's performance in complying with the requirements of the LGPS Regulations

5.5 Risk Management

5.5.1 Risk management is central to the LGPS. LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met. Good governance is essential to managing the risks of the pension fund.

5.6 Equalities and Diversity

5.6.1 Pursuant to the Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.

5.6.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public sector equality duty. The Public Sector Equality Duty requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements will benefit everyone who contributes to the fund.

5.7 Corporate Parenting

5.7.1 Not applicable in the context of this report.

5.8 Consultation and Engagement

5.8.1 Not applicable.

5.9 **Insight**

5.9.1 Not applicable

6. ENVIROMENTAL IMPACT

None

7. BACKGROUND PAPERS

7.1 None