



Local Pension Board

Title	Pension Fund Administration Risk Register
Date of meeting	26 September 2023
Report of	Executive Director of Strategy & Resources (S151 Officer)
Wards	All
Status	Public
Urgent	No
Appendices	Appendix A – London Borough of Barnet Pension Fund – Pensions Administration Risk Register – September 2023
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Summary

The Pensions Administration Risk Register is a standing agenda item for the Local Pension Board to be reviewed at each meeting.

Recommendations

1. That the Local Pension Board note the most recent administration risk register.
2. That the Board provide feedback on the updated format of the administration risk register.

1. Reasons for the Recommendations

- 1.1 It is important that the Council maintain the Pension Administration Risk Register to help protect members of the Local Government Pension Scheme (LGPS). The purpose of risk management is to identify potential problems before they occur, so that risk handling activities can be planned and invoked as required to mitigate adverse impacts.
- 1.2 As mentioned at the last Board meeting in June, the London Borough of Barnet Pensions Team (the “Pensions Team”) have been undertaking a review of the pension fund risk registers, to ensure that these documents can be more useful to the Pensions Team and Board and Pension Fund Committee members (who review the register annually) from an operational perspective.
- 1.3 The updated Pensions Administration Risk Register can be found in Appendix A. The Pensions Team would welcome feedback from the Board on the revised format, which we will also be presenting to the Committee.
- 1.4 The non-administration Risk Register will also be updated in the same format, and this will be presented to the Board at a future meeting.
- 1.5 Risk Velocity is defined as the time to impact (i.e., an estimate of the timeframe within which a risk may occur).
- 1.6 Risk Velocity is now included in the pensions administration risk register. There have been no updates to risk velocity since the last Board meeting.
- 1.7 Following the review of the pension administration risk register, the risk scores are now based on a four-point scale on the likelihood of the risk occurring and the impact caused should the risk occur. The risk score is calculated as likelihood multiplied by impact.
- 1.8 Once the risk score is calculated, and the risk evaluated, there are plotted on risk matrix (page 2 of the pensions administration risk register).
- 1.9 Prompt action will be taken on those risks that fall into the red zone. Action will also be considered for “yellow” risks, while “green” risks are regarded as acceptable, with sufficient mitigation in place.
- 1.10 Both likelihood and impact are based on a scale of four criteria (previously this was based on a scale of five). Details of the revised scaling is shown in the pensions administration risk register.
- 1.11 No new risks have been identified since the last Board meeting.

2. Alternative Options Considered and Not Recommended

- 2.1 Not applicable in the context of this report.

3. Post Decision Implementation

- 3.1 Not applicable in the context of this report.

4. Corporate Priorities, Performance and Other Considerations

Corporate Plan

- 4.1 The Local Pension Board supports the delivery of the Council's strategic objectives and priorities as expressed through the Corporate Plan, by assisting in maintaining the integrity of the pension Fund by monitoring the administration and compliance of the Fund.
- 4.2 By monitoring the risk registers of the Barnet Pension Fund, good governance of the Pension Fund is maintained. This is because good governance ensures the smooth running of the Fund with the benefits will be equitably split between all employers, thus enabling funds to be directed to Council priorities as set out in the Corporate Plan.

Corporate Performance / Outcome Measures

- 4.3 Not applicable in the context of this report.

Sustainability

- 4.4 Not applicable in the context of this report.

Corporate Parenting

- 4.5 Not applicable in the context of this report.

Risk Management

- 4.6 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.

Insight

- 4.7 Not applicable in the context of this report.

Social Value

- 4.8 Not applicable in the context of this report.

5. Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)

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

6. Legal Implications and Constitution References

- 6.1 The LGPS Regulations 2013 place responsibility for the local administration of pensions and other benefits under these Regulations on the administering authority, which is London Borough of 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.
- 6.2 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.
- 6.3 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 to 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

7. Consultation

- 7.1 Not applicable in the context of this report.

8. Equalities and Diversity

- 8.1 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.
- 8.2 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.

9. Background Papers

9.1 None