



## Pension Fund Committee

<b>Title</b>	<b>Risk Management Review</b>
<b>Date of meeting</b>	2 November 2023
<b>Report of</b>	Executive Director of Strategy & Resources (S151 Officer)
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Appendices</b>	Appendix A – London Borough of Barnet Pension Fund – Pensions Administration Risk Register – November2023
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### Summary

The Pensions Fund risk registers detail the risks associated with the management of the scheme, including current assessment and planned actions and targets.

### Recommendations

- 1. That the Pension Fund Committee note the most recent administration risk register and provide feedback on the updated format.**
- 2. That the Pensions Fund Committee note that the non-administration risk register is currently being updated into the new format and will be reported on at the next Committee meeting.**

## **1. Reasons for the Recommendations**

- 1.1 It is important that the Council maintain Pension Fund Risk Registers to help protect employers and 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 The London Borough of Barnet Pensions Team (the “Pensions Team”) have undertaken a review of the pension fund administration risk register, to ensure that this document can be more useful to the Pensions Team and both Pension Fund Committee and Local Pensions Board member (who review the register at each meeting) 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 Committee on the revised format, which has also been presented to the Local Pensions Board.
- 1.4 The non-administration Risk Register will also be updated in the same format, and this will be presented to the Committee at the next meeting.
- 1.5 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.
- 1.6 Once the risk score is calculated, and the risk evaluated, there are plotted on risk matrix (page 2 of the pensions administration risk register).
- 1.7 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.
- 1.8 Administration risks are measured against likelihood of a risk occurring and the impact on members, employers or the Fund. Although an administration failure may have minimal financial impact on the fund, incorrect payments to members or poor data that will have a reputational impact for the Fund.
- 1.9 Since the last review by the Committee, only one new risk has been identified. This is risk ADM18 - Failure to produce compliant annual report and accounts within deadline. Although the 2020/21 pension fund accounts have not yet been finalised (due to a nationwide issue), the Pensions Team have prepared all working papers so that when the audit commences on the accounts for 2022/23 and 2023/24, the process is more efficient. The Pensions Team are also in regular contact with the auditors.
- 1.10 The Pension Administration Risk Register will be reviewed bimonthly by the Pensions Team and updates will be reported to the Board at each meeting.

## **2. Alternative Options Considered and Not Recommended**

- 2.1 Not applicable in the context of this report.

## **3. Post Decision Implementation**

- 3.1 It is intended that the Committee are satisfied that Officers are satisfactorily identifying and managing the risk associated with the Fund

## 4. Corporate Priorities, Performance and Other Considerations

### Corporate Plan

- 4.1 The Pension Fund Committee 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 Council's Constitution Part 2B, the terms of reference of the Pension Fund Committee including
- To have responsibility for all aspects of the governance, investment and administration of the LB Barnet Pension fund, including, but not limited to the following
  - To ensure compliance with all Local Government Pension Scheme statutes, regulations and best practice.

## 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