



Local Pension Board

Title	Pension Fund Risk Registers
Date of meeting	11 March 2024
Report of	Executive Director of Strategy & Resources (S151 Officer)
Wards	All
Status	Public
Urgent	No
Appendices	<p>Appendix A – London Borough of Barnet Pension Fund – Pensions Administration Risk Register – updated February 2024</p> <p>Appendix B – London Borough of Barnet Pension Fund – Non-Administration Risk Register – updated February 2024</p> <p>Appendix C - London Borough of Barnet Pension Fund – Non-Administration Risk Register (old version)</p>
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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. This will now include the Non-Administration risk register being reviewed at each future Board meetings (previously this was done annually).

Recommendations

That the Local Pension Board note the most recent risk registers.

1. Reasons for the Recommendations

- 1.1 It is important that the Council maintain the Pension Risk Registers to help protect stakeholders 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 current Pensions Administration Risk Register can be found in Appendix A.
- 1.3 The current Non-Administration Risk Register has been revised and updated in the same format and can be found as Appendix B. For reference, the previous Non-Administration Risk Register is attached as Appendix C.
- 1.4 Going forward, both risk registers will be presented to the Board at every 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). There have been no updates to risk velocity since the last Board meeting.
- 1.6 The risk scores are 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. 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.

Updates on the administration risks

- 1.8 The LBB Pensions Team reviewed the Administration Risk register in February 2024 and will review this quarterly going forward. Updates from this review and shown in red on the risk register.
- 1.9 Following the latest review, the following updates have been made to the risk scores:
 - ADM05 – Failure to pay contributions** – The lowest possible risk score has been increased to 4. This aligns with the current risk score meaning that no further mitigations or actions can be taken would reduce this risk.
 - ADM12 – Non-compliance with GDPR** - The lowest possible risk score has been increased to 4.
 - ADM13 - Cyber security breach** – Both the current and lowest possible scores have changed to 3. This means that there are no further mitigations or actions that can be taken would reduce this risk.
 - ADM14 – Impact of staffing issues on admin** – The lowest possible risk score changed to 4. Again, this aligns with the current risk score meaning that no further mitigations or actions can be taken would reduce this risk.
 - ADM16 - Risk of Fraud** – The current risk score has changed to 3. This means that there are no further mitigations or actions that can be taken would reduce this risk.
 - ADM17 - Effect of new pensions legislation and LGPS regulations** – Again, the current risk score has changed to 3, meaning that there are no further mitigations or actions that can be taken would reduce this risk.
- 1.10 There are also two new risks identified on the updated Administration Risk Register:

ADM19 - Employer unable to pay contributions – This risk is if an employer is unable to pay their contributions to the Fund, based on the rate set by the Actuary at the last valuation and the actions that can be taken by the employer and the Fund to reduce this risk. This risk has been included following the recent request by the Council to temporarily reduce its contributions to the Fund.

ADM20 – Business Continuity for the LBB Pensions Team – This risk is if members of the LBB Pensions Team were to no longer be in post and the effect that this would have on the stakeholders to the Fund, including the Board.

Updates on non-administration risks

1.11 The non- administration risk register has been reviewed and updated into a new format.

1.12 There are several risks where there are no immediate actions due.

The LBB Pensions welcome feedback from the Board on the new style non administration risk register.

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 Section 14.5.1 of 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