FIRE PENSIONS ADMINISTRATION - RISK SHARING PROPOSAL

Dec-22

	Risk Identification					Inherent Risk Scoring			Existing Risk Controls		Residual Risk Scoring			Further Risk Controls	
Risk No.	Risk Description	Outsourcing Risk Allocation	Risk appetite	Risk Causes	Risk Consequences (Effect)	Likelihood	Impact	Risk Score	Control	Responsibility	Likelihood	Impact	Risk Score	Control	Responsibility
1	Pandemic (Administration and People Related)	Shared	Averse	pandemic (financial pressure on individuals and institutions, and more	Members do not receive a high quality service	5	5	30	Office presence for processes that require it (e.g. physical post)	Both	3	3	12	Use of extraordinary committee or board meetings where necessary	WCC
				Further restrictive lockdowns	Business interruption				IT systems supporting remote and flexible working	Provider (Pensions system) WCC (Other feeder systems)				Continue to develop flexible and remote working practices	WCC
				Staffing capacity impacted by both short and long term health implications of infection	High costs in order to maintain service resilience				Flexible working policies for staff	WCC				Review electronic signatory processes	Both
					Staff health, wellbeing and productivity				Health and safety protocols for staff	Both					
					Impairment of the financial situation of employers				Policies that account for the scenario experienced	Both (e.g. business continuity)					
					Inability to make quick decisions in an emergency				Business continuity arrangements in place	Both					
					Non-payment of pensions				Ensure provider has satisfactory business continuity arrangements in place	WCC					
2	Inability to meet demand for activity	Provider	Averse	Taking on too many new customers / too quickly	Quality of services reduces	4	3	15	Medium term forecasting of demand and planning for the capacity and resources required	Provider	3	3	12		
				Growth in complexity	Governance failures				Investing in quality and productivity of staff through training and development	Provider					
				New and complex regulations (e.g. Sargeant (Age discrimination, Matthews retained Modified cases)					Investing in systems development	Provider					
				Erosion of staff capacity/resilience due to long term remote working	Key administration performance measures not met				Use of management information to monitor and manage performance	Provider					
				Inability to recruit / retain appropriately skilled staff					Succession planning arrangements are in place	Provider					
				Inability of the officers to keep up with demand (capacity or skills)					Data quality reviewed at least annually	Provider					
				Persistently increasing customer expectations											
				Unpopular government decisions impacting on Fire Pension Schemes											

#	Risk	Owner	Appetite	Cause	Impact	L	I	Score	Control / Mitigation	Resp.	L	I	Score	Further action	Owner
3	Lack of capacity or competence to act as intelligent client and effective Scheme Manager	WCC	Averse	Outsourcing of delivery	• Quality of services reduces	5	3	18	Medium term forecasting of demand and planning for the capacity and resources required	provider	2	3	9	Collaboration with other Fire Authorities using same provider for continuous improvement	WCC
				Growth in complexity	• Governance failures				Investing in quality and productivity of staff through training and development	provider					
				New and complex regulations (e.g. Sargeant (Age discrimination, Miller retained Modified cases)	• Key administration performance measures not met				Use of management information to monitor and manage performance	both					
				Erosion of staff capacity/resilience due to long term remote working					Succession planning	both					
				Inability to recruit / retain appropriately skilled staff					Data quality reviewed at least annually	WCC					
				Inability of the officers to keep up with demand (capacity or skills)					Maintain strong working relations with provider and other key stakeholders	WCC					
				Persistently increasing customer expectations											
				Unpopular government decisions impacting on Fire Pension Schemes											
4	Business interruption	Both	Averse	Pandemic (financial pressure on individuals and institutions, and more transactions being made online)	Delays in decisions or their implementation	3	4	16	Building resilience requirements into service contracts	Both	2	3	9		
				Industrial action	Failure to meet performance targets				Digital record keeping	Both					
				Small specialist teams with single person risks	Reputational damage				Storing data back ups off site	Both					
				Significant changes in adviser and consultant personnel	Data quality deterioration				Maintaining close links with advisers, consultants, and external organisations	Both					
				Lack of systems maintenance	Significant restoration costs				Implementation of Cyber Security policy	Both					
				Systems failure					Review and update disaster recovery plan	Both					
				Disaster event - fire, flood, etc					Use of IT systems to work remotely	Both					
				Lack of remote working facilities											
5	Cyber security	Both	Averse	Systemic cybersecurity events (e.g. taking down financial trading institutions globally	Loss of data and/or data disruption	4	5	25	Use of scheme administrator systems and system security	Both	3	4	16		
				Local cyber security events (e.g. targeting the Council)	Reputational damage				Staff training	Both					
				Personal cyber security events (e.g. phishing emails targeting staff)	Breaches of the law				Bespoke Scheme cyber security policy	Both					
				Inadequate system security	Fines				Implementation of Cyber security policy	Both					
				Inadequate staff training and staff vigilance	Costs of fixing issues				Review and update disaster recovery plan	Both					

#	Risk	Role	Appetite	Cause	Impact	L	I	Score	Controls	Owner	L	I	Score	Action	Owner
					Business interruption										
6	Data Quality	Both (WCC as data controller and provider as data processor)	Averse	McCloud/Sargeant impact	Incorrect benefit payments to scheme members	3	3	12	Review data quality and agree action plan to address issues highlighted	Both	3	2	9	Audit of data quality management arrangements	WCC
				Persistently increasing customer service expectations	Complaints and disputes from scheme members				SLA with Council payroll service	WCC					
				External events impacting on member health and wellbeing - increasing the adverse impact of any problems with pensions	Negative reputational impact				Maintenance of Scheme website and sign posting to the new LGA Fire Pension scheme members website	Both					
				Member benefits paid incorrectly	Breaches resulting in fines from tPR				Staff training	Both					
				Inadequate administration systems and processes					Performance monitoring of employer data quality	Both					
				Poor data provided by employer					Performance monitoring of administration team KPIs	Both					
				Data provided by previous administrator in consistent, with data on both administration and pensioner payroll not matching	over/underpayment of pensions loss of reputation with stakeholders				reconciliation of data to be done on a regular basis to ensure consistency	WY				data matching exercise underway between admin and pensioner payroll to look at data transferred as at March 2022	WCC/WY
				Inadequate payroll services											
7	Fraud or corruption	Both	Averse	Poor application of controls by the Employer or Provider	Members lose benefits to fraudsters	4	3	15	Application of Authority code of conduct for officers, fraud strategy, and whistleblowing policy	Both	3	3	12	Fraud risk review in 2022/23	WCC
				Increased financial pressure on individuals due to geo political activity and its impact on the economy and jobs	Reputational risk				Application of division of duties and signatory processes for financial transactions and administration	Both					
				The passing of time since any previous targeted review of Fraud and corruption risk	Time spent unpicking the fraud				Periodic independent internal audit reviews of administration controls and activity	Both					
				Fraud or corruption instigated by any Fund stakeholders	Fraudulent members gain benefits they are not entitled to				Annual external audit reviews	Both					
					Breaches resulting in fines from tPR										
				Lack of capacity to service governance requirements	Adverse impact on service reputation				Training needs analysis and plans for Committees and Board	WCC				Audit of governance arrangements	WCC
				Lack of training	Breaches of the Law				Training needs analysis and plans for staff	Both				Look at best practice to create training plan	Both
				Lack of continuity in staffing, advisers, or committee / board members	Exposure to unplanned risks				Quarterly committee and Board meeting cycles	WCC					

#	Risk	Scheme	Appetite	Causes	Consequences	L	I	Score	Controls	Owner	L	I	Score	Actions	Owner
8	Governance Failure	Both	Averse	Inadequate checking/review of standards compared to requirements and best practice	Poor Decisions that are not appropriately authorised	3	4	16	Monthly meetings between Scheme Administrator and provider (moving to quarterly after 6 months)	Both	2	3	9		
				Complacency in light of recent governance improvements	customer dissatisfaction				All training provision to be made available to all committee and Board members	WCC					
				Out of date policies and contracts	Incorrect benefit payments to scheme members				Management of a policy schedule	WCC					
				Local government elections impact on committee and Board continuity					Use of digital technology - remote working and remote meetings	Both					
				Pandemic - impact on officer, adviser, and committee/board personnel health and availability					Responding to government consultations	Both					
				Uncertainty around overall governance structure and responsibility for decision making and actions					ensure mandatory scheme police documents are reviewed and updated on a regular basis or when regulatory changes are introduced	WCC				the schedule for policy documents needs to be shared with key personnel who are responsible for decision making with an indicator for who is responsible for the review and update of each document	WCC
				Unpopular government decisions impacting on Fire Pension Schemes											
9	Dashboard readiness	Both	Adverse	Poor Data Quality	Poor Data quality leading to low number of matches for members looking for lost pensions . The Fund will need to comply with standards published by the Money and Pensions Service (MaPS) and have regards to their guidance and that of the Pension Regulator. Failure to maintain records accurately may lead to fines being imposed.	3	4	16	Monthly data extract to be provided by WCC payroll sense checking and validation will take place before data can be uploaded to member records for active members, work on data quality issues for deferred members to be identified and work plan created to correct data	Both	2	3	9	West Yorkshire and WCC payroll to work together to ensure monthly extracts are accurate and sent by 19th of following month to ensure records are kept up to date for active members	both