

FIRE PENSIONS ADMINISTRATION - RISK SHARING PROPOSAL

Feb-25

| 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 transactions being made online) | Members do not receive a high quality service | 3 | 5 | 15 | Office presence for processes that require it (e.g. physical post) | Both | 3 | 3 | 9 | 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 | 12 | Medium term forecasting of demand and planning for the capacity and resources required | Provider | 3 | 3 | 9 | | |
| | | | | 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) | Reputational Risk | | | | 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 | | | | | KPI and workload monitoring | Provider | | | | | |
| | | | | Increased Demand on pension services due to cost of living crisis | | | | | Member portal | Provider | | | | | |
| Unpopular government decisions impacting on Fire Pension Schemes | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | |
|---|--|------|--------|--|---|---|---|----|---|----------|---|---|----|--|-----|
| 3 | Lack of capacity or competence to act as intelligent client and effective Scheme Manager | WCC | Averse | Outsourcing of delivery | <ul style="list-style-type: none"> Quality of services reduces | 5 | 3 | 15 | Medium term forecasting of demand and planning for the capacity and resources required | provider | 2 | 3 | 6 | Collaboration with other Fire Authorities using same provider for continuous improvement | WCC |
| | | | | Growth in complexity | <ul style="list-style-type: none"> 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) | <ul style="list-style-type: none"> 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 | | | | | Attending national meetings with LGA and both relevant parties to promote best practise | | | | | | |
| 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 | 12 | Building resilience requirements into service contracts | Both | 2 | 3 | 6 | | |
| | | | | 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 | Workload Backlogs | | | | Review and update disaster recovery plan | Both | | | | | |
| | | | | Disaster event - fire, flood, etc | Litigation from unions, empl | | | | Use of IT systems to work remotely | Both | | | | | |
| | | | | Lack of remote working facilities | | | | | Training for board members on Pension scams/ Cyber Security | WCC | | | | | |
| 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 | 20 | Use of scheme administrator systems and system security | Both | 3 | 4 | 12 | | |
| | | | | 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 | | | | | |
| | | | | | Litigation from unions, employees, employers or members | | | | | | | | | | |
| | | | | | 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 | 9 | Review data quality and agree action plan to address issues highlighted | Both | 3 | 2 | 6 | 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 | | | | reconciliation of data required for age discrimination remedy has meant that an audit of pay information has been undertaken on pay and contributions for the period 1st April 2015 to 31st March 2022 | WCC |
| | | | | Member benefits paid incorrectly | Breaches resulting in fines from tPR | | | | Staff training | Both | | | | training for fire service managers on payroll requirements for post changes | WCC |
| | | | | Inadequate administration systems and processes | Inability to manage complaints | | | | 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 | 3 | 3 | 9 | Application of Authority code of conduct for officers, fraud strategy, and whistleblowing policy | Both | 2 | 3 | 6 | 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 | | | | Training on pension scams for pension board members | Wcc |
| | | | | 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 | | | | | |
| | | | | | | | | | Actively sharing information about potential scams with members | both | | | | | |

| | | | | | | | | | | | | | | | |
|--|--------------------|--|--------|--|--|---|---|----|---|------|---|---|--|---|------|
| | | | | Scams carried out by fraudsters. E.g masquerading as private financial advisors or as members | Breaches resulting in fines from tPR | | | | Ongoing training to staff | Both | | | | | |
| 8 | Governance Failure | Both | Averse | Lack of capacity to service governance requirements | Adverse impact on service reputation | 3 | 4 | 12 | Training needs analysis and plans for Committees and Board | WCC | 2 | 3 | 6 | 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 | | | | | |
| | | | | Inadequate checking/review of standards compared to requirements and best practice | Poor Decisions that are not appropriately authorised | | | | Monthly meetings between Scheme Administrator and provider (moving to quarterly after 6 months) | Both | | | | | |
| | | | | 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 | Litigation from unions, employees, employers or members | | | | 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 |
| | | | | Lack of attendance at meetings | | | | | Quarterly risk monitoring at committee and board | WCC | | | | | |
| Unpopular government decisions impacting on Fire Pension Schemes | | Review requirements of tPR Single Code of Practice | | | | | | | | | | | | | |
| 9 | | | | 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 | | | | 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 | | | | 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 | | |

| | | | | | | | | | | | | | | | |
|----|-----------------------|------|---------|---|--|---|---|----|---|------|---|---|---|--|------|
| | Dashboard readiness | Both | Adverse | | | 3 | 4 | 12 | West Yorkshire Pension Fund have purchased an Isp to connect to dashboard that meets MAPs regulatory requirements. | Both | 2 | 3 | 6 | West Yorkshire Pension Fund are sending monthly updates to the Fire Authority to update on actions, timelines and decisions needed | both |
| 10 | 2nd modified exercise | both | Adverse | resource and data required to deliver the project | A review of calculations completed for the first exercise will also need to be undertaken as there was a query over pay used for these. retained officers not provided with the information required within timescales set in regulations. | 3 | 4 | 12 | project team within WCC to be established, this will include payroll/HR/pensions admin staff. In scope members have been identified and contacted. Communication sent to all retained staff to spread the word for any retained staff that may have left the service and contact has been lost. | WCC | 3 | 3 | 9 | The pensions administration team are attending training and collaboration meetings to learn how to use the calculators and pay information supplied by GAD, these are being used to complete the project. The team are using wording for member letters supplied by the LGA. We will use a tracing service provided by ITM for any communications returned 'goneaway' to ensure every effort is made to communicate with lost members. | WCC |