

APPENDIX A – Pensions Risk Register

| Pensions | | | | | | | | | | | | | | | | |
|-------------------------------------|---------------------------------|--|--|---|------------|---|---|---|--------------------|--|---|---|---|---------------------|--------------|--------------------------|
| R i s k n o e | S e r v i c e | Risk | Causes (s) | Consequences (s) | Risk Owner | List of current controls | I | L | Current Risk Score | Risk Response; <i>Tolerate</i> <i>Treat</i> <i>Terminate</i> <i>Transfer</i> | Further Actions / Additional Controls | I | L | Residual Risk Score | Action owner | |
| | | | | | | | | | | | | | | | | |
| 1 | Pensions | If accurate information is not received at year end from employers we will be unable to meet statutory deadlines | A change in the Local Government Pension Scheme Regulations 2014. There is a risk of not receiving accurate and timely information from employers at year-end. The career average revalued earnings (CARE) pay provided by employers is "locked" into the members pension account and is used for annual benefit statements and future pension calculations. | Complaints - Appeals Potential Fines or charges for late information to HMRC | Ian Howe | Bulletins issued and Comprehensive combined HR/Payroll Guide developed to inform employers of statutory deadlines, responsibilities and information required Pension Colleagues continue to meet with employers to resolve issues to mitigate the risk of inaccurate information | 3 | 3 | 9 | Treat | Develop and implement a control sheet for employers to sign off to reduce the risk of inaccurate data Provide a key contact for each employer to help resolve their own specific issues Develop the administration and communication strategy Change the year end process to monthly loading of contributions from employers | 3 | 2 | 6 | Ian Howe | Managed at Service level |

| R i s k n o | S e r v i c e | Risk | Causes (s) | Consequences (s) | Risk Owner | List of current controls | I | L | Current Risk Score | Risk Response; <i>Tolerate</i> <i>Treat</i> <i>Terminate</i> <i>Transfer</i> | Further Actions / Additional Controls | I | L | Residual Risk Score | Action owner | |
|--------------------------------|---------------------------------|---|---|--|------------|--|---|---|--------------------|--|---|---|---|---------------------|--------------|--------------------------|
| | | | | | | | | | | | | | | | | |
| 2 | Pensions | If we fail to reconcile HRMC GMP data with the Pensions Section data there is a risk of overpayment of Pensions Increase | Government changes to end contracting out legislation. Contracting out ends April 2016 and between 2015 and 2018 we need to reconcile our GMPs to the information held by HM Revenue. From 2018 we take on responsibility for GMPs so we need to ensure we pay the correct Pensions Increase (e.g. no GMP means we pay full PI and if there should be a GMP we pay less PI). | Overpaying pensions NI for employees increasing by 1.4% from April 2016 which could lead scheme members to opt out of the scheme NI for employers increasing by 3.4% from April 2016 Reputation | Ian Howe | Checking of HMRC GMP data to identify any discrepancies in against our data | 3 | 4 | 12 | Treat | Implement national recommendations in a timely way once they are agreed LGA liaising with Treasury on GMP reconciliation in order to assist pension funds | 3 | 2 | 6 | Ian Howe | Managed at Service level |
| 3 | Pensions | If we fail to meet the service requirements of the three Fire Authorities we may lose their business | Changes in legislation on the Firefighters pension scheme, Managing the Fire fighters pension scheme changes and the retained fire fighters buy back. Only limited knowledge in the Section in this key area. | Reputation Potential loss of business | Ian Howe | Quarterly meetings take place with the Fire Authorities to resolve issues Membership of the Midlands Fire Officer Group enables us to identify and resolve issues early | 3 | 3 | 9 | Treat | Establish a joint Fire Local Pensions Board to standardise working practices subject to DCLG approval Provide a single point of contact to resolve issues and develop the SLA for the benefit of all parties Increase resource in the Fire Team | 2 | 2 | 4 | Ian Howe | Managed at Service level |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|--|-------------------------------|---|---|---|----|-------|---|---|---|---|-------------------------------|--------------------------|
| 4 | I n v s | If employer and employee contributions are not paid accurately and on time | Error on the part of the scheme employer | Potentially reportable to The Pensions Regulator as late payment is a breach of The Pensions Act | Colin Pratt | Receipt of contributions is monitored and late payments are chased quickly | 2 | 4 | 8 | Treat | Late payers will be reminded of their legal responsibilities. | 2 | 3 | 6 | Colin Pratt | Managed at Service level |
| 5 | I n v s | If assets held by the Fund are ultimately insufficient to pay benefits due to individual members | Ineffective setting of employer contribution rates over many consecutive actuarial valuations | Reputation Significant financial impact on scheme employers due to the need for large increases in employer contribution rates. | Chris Tambini/ Colin Pratt | Input into actuarial valuation, including ensuring that actuarial assumptions are reasonable and the manner in which employer contribution rates are set does not bring imprudent future financial risk | 5 | 2 | 10 | Treat | Actuarial assumptions need to include an element of prudence, and Officers need to understand the long-term impact and risks involved with taking short-term views to artificially manage employer contribution rates | 4 | 2 | 8 | Chris Tambini/ Colin Pratt | Managed at Service level |
| 6 | P e n s / I n v s | If the sub-funds of Community Admission Bodies were not monitored to ensure that there is the correct balance between risks to the Fund and fair treatment of the employer | Changing financial position of both sub-fund and the employer | Reputation Significant financial impact on employing bodies due to need for large increases in employer contribution rates, which may ultimately lead to insolvency and a deficit that has to be met by the Fund. | Ian Howe/ Colin Pratt | Ensuring, as far as possible, that the financial position of Community Admission Bodies is understood. On-going dialogue with them to ensure that the correct balance between risks and fair treatment continues. | 5 | 2 | 10 | Treat | Dialogue with the employers, particularly in the lead up to the setting of new employer contribution rates. | 3 | 2 | 6 | Ian Howe/ Colin Pratt | Managed at Service level |