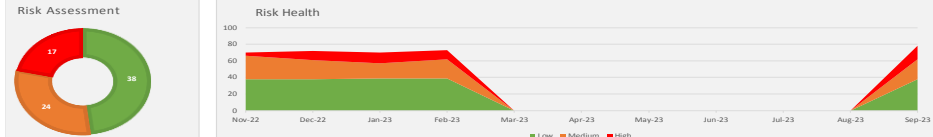


Committee Risk Register

Owner: Richard Bullen

Medium Overall Risk



Risk Area	Key Risks	Risk Assessment	Updates to note
Service Delivery	<p>Level of post and work volumes remain high and a concern remains over the failure to meet the KPI targets. This includes the internal backlogs which staff are seeking to reduce.</p> <p>Resourcing constraints means that work is not being received and allocated in a timely manner.</p> <p>Issues with post being received/sent and records updated in an accurate and timely manner.</p> <p>Associated risks following the processing of the pension increase exercise continue, due to an increase in discrepancies between databases arising from the increase exercise.</p> <p>A risk that frauds could occur if suitable internal controls are not implemented</p>	High	<p>As part of the business plan 2022/2023, the backlog was outsourced to Hymans.</p> <p>In March the Key activates of I-Connect and controls, the aggregations backlog and resourcing were identified as factors to overcome in order that the business plan 23/24 could improve on productivity. A Service Improvement team has been formed to facilitate data preparation and in turn productivity. The SIT Team are also focused on undertaking work to reduce the internal backlog.</p> <p>A work allocation system has been embedded for member services, with employer services managing their own work using different measures of reporting. This couples with changes to staff working practices.</p> <p>Weekly KPIs are now circulated and analysed and weekly insights have been launched for the member services team which show staff productivity. Embedding the use of bulk processing is now better supporting Fund processes.</p> <p>Work on reviewing payroll database discrepancies between Altair and SAP is to be treated as a high priority by officers.</p> <p>Arrangements will be reviewed following an independent investigation into fraudulent activity</p>
Financial Management	<p>The employer contribution rate schedule is not accurately maintained and the Fund is unable to determine if it is receiving the correct contributions, or identifying ceasing employers at an early stage.</p> <p>The Fund pays incorrect pensions, lump sums and other one off payments to pensioner members.</p> <p>Delays in Treasury Management processing could be caused by changes to approval limits</p> <p>A lack of guidance relating to covenant reviews and processes relating to covenant reviews could cause a financial risk to the Fund.</p>	Medium	<p>Officers maintain an Employer Contribution and Data Management Working Group to mitigate the risk of the schedule not being maintained. Internal audit has highlighted further improvements over the internal controls in relations to financial management. An update will be presented to members at each meeting cycle.</p> <p>Officers are working to ensure the new contributions rates are being implemented & paid by all employers.</p> <p>Government guidance requested from Hymans and covenant training to be provided to Committee members. An employer process review has been undertaken with changes to be implemented, particularly in relation to the management of Admission Agreements which have ceased or lapsed.</p> <p>Officers are working with Wiltshire Council Finance to ensure that the appropriate approval limits and framework are in place.</p>
Fund Governance	<p>Members and senior officers do not maintain their knowledge and understanding leading to poor decision making and poor governance. Although implemented, embedding the risk and control framework into departmental culture is an ongoing process</p> <p>An audit strategy is commissioned by the Committee each year, however the failure of auditors to implement audits due to resource limitations and others calls on their time is a cause for concern.</p> <p>The Fund has a number of key procurements due and there may be concern in completing these procurements due to resource levels in the Council's procurement team. This concern extends to the sourcing of existing contracts.</p>	Medium	<p>Approval of a Committee member training strategy for 23/24 is under review. Details of the new strategy are yet to be published in order to mitigate issues in relation to insufficient knowledge and understanding.</p> <p>Changes to the risk and control framework has been completed and regular meetings are held to reinforce the concept.</p> <p>Officers are working with both the procurement team and internal auditors to ensure that these strategic management issues of the Fund are fulfilled.</p>
Systems Management	<p>It is noteworthy to highlight that the Council's contract will SAP expires in December 2023. However, SAPs payroll function is currently planned to continue until April 2024.</p> <p>Changes to the transfer value guidance has caused a suspension to the processing of certain calculation routines. Factors and guidance have been received, however their use is being queried with the database provider.</p> <p>The Fund's ability to screen the mortality and tracing of members needs to be robust</p>	Medium	<p>The migration to new payroll databases is crucial. In addition, other SAP functions such as HR could also impact the Fund if not properly migrated. Implementation of the Altair payroll to mitigate the cessation of SAP will help, however the Fund remains reliant on the Council's Evolve programme to move forward as expected. The expected mitigation is due between October 2023 & April 2024.</p> <p>The TV process review is largely completed and all TV calculations are able to recommence, however monitoring of the situation is ongoing.</p> <p>Delays in signing a new service provider concerning mortality screening has caused a cessation is the processing of this service. Such delays carry inherit risks, including the proper completion of key projects. Managers are risk assessment the implications as well as pursuing completion of the contractual negotiations.</p>
Investment	<p>Investment performance by managers is poor or misaligned with expectations leading to risk of funding level, achievement of investment strategy and poor benchmarking.</p> <p>BPP needs to operate effectively to ensure funds are well managed, investments are made on a timely basis and delivering their objectives.</p> <p>Delays in receiving reporting from Investment Consultant's concerning a new strategy were highlighted</p>	Medium	<p>The Fund is working with Brunel on pooling arrangements, particularly in relation to stock holdings not consistent with the Fund's SAA.</p> <p>Officers liaising with the Investment Consultant concerning the Fund new SAA.</p> <p>The Fund is currently benefiting from net fee savings, but costs are under constant pressure to rise with high budget increases being proposed.</p> <p>Officers are working with BPP and other authorities in the partnership to update BPP's constitution.</p>
Compliance with Regulations	<p>Anticipated changes in legislation could impact the Fund adversely, specifically regarding compliance and resourcing.</p> <p>Failure to achieve statutory requirements & deadlines due to work volumes</p>	Low	<p>Regular updates to the Committee and Board enable all stakeholders to monitor any potential changes in legislations. This work is supported by adviser guidance.</p> <p>Project planning and holding of regular management meetings to ensure deadlines are achieved.</p>
Performance	<p>Employers not performing their roles effectively, such as not sending timely and accurate information in the required format.</p> <p>Employers not updating us on a timely basis concerning changes to 3rd party providers affecting the Fund.</p> <p>Poor data quality could lead to poor benefit calculations or incorrect benefits being paid</p> <p>Employers not following i-Connect processing correctly leading to data breaches</p> <p>Failure to prepare and circulate performance reports on a timely basis with poor KPI reporting providing incorrect data which could lead to poor decisions being made.</p>	Medium	<p>Extra training is given to employers as part of the Fund's Employer training strategy. A new employer training strategy for 2023 has been prepared and employer scorecards to be issued to all employers notifying them of their performance against the Pensions Admin Strategy.</p> <p>An Pension Admin Strategy is in place to make it clearer to employers concerning the performance targets expected of them.</p> <p>The internal auditors have been asked to undertake a review of Fund performance reporting. The recommendations will be incorporated into officer reporting practices</p> <p>Data quality checks are introduced to prevent poor data and requests for outstanding data are regularly made to employers</p>
Employer Management	<p>Contacts have inadequate knowledge, skills and experience to administer the Scheme correctly and effectively. In addition, current contact maintenance requires improvement.</p> <p>Employers are not set up, maintained or leaving the Fund correctly. This can affect the starting position for funding, utilisation adjustments, pooling or cessation arrangements due to untimely or incorrect information.</p> <p>Employers not joining the Fund in line with legislation e.g. unsigned admission agreements, resolutions not being passed and not keeping track of mergers/demergers.</p> <p>The Fund needs to consider a covenant strategy review following completion of the valuation.</p>	Medium	<p>As mentioned under Performance the Fund offers training to employers to mitigate the risks highlighted.</p> <p>Implementation of the Stabilisation Policy provides a certain amount of increased security for employers. The Fund also works closely with our Actuarial advisers to ensure new sets up are managed correctly. In addition, officers need to maintain the Fund's utilisation database.</p> <p>A risk exists of employers failing and not funding their liabilities could occur, where their financial position weakens. Fund officers liaising with the Scheme Actuary concerning a covenant review strategy.</p> <p>The completion of Admission Agreements will assist areas such as i-connect and contribution reconciliation. LGPS Create to be introduced, as well as a senior officer management around the admission process.</p> <p>An exercise updating the employer contacts is being reviewed.</p>
Data Management	<p>Information is posted through i-Connect or employer spreadsheets late which can delay processing. In addition, a lack of i-Connect checks may impact data accuracy.</p> <p>There's a risk that cessations are not advised resulting in delays to the start of this process.</p> <p>TUPE transfer are being delayed due to a backlog in Legal Services.</p> <p>Employer asset and liability allocations should be monitored to avoid arising out an employer's funding position.</p> <p>Poor data provision from large individual employers can heavily impact the Fund's data management</p> <p>A mini-project to be undertaken to ensure all APCs are up to date is to undertaken</p>	High	<p>To enable the i-Connect onboarding process officers are working closely with the outstanding employers, particularly where they are major employers who will have an impact on the Fund. This process continues even though actual onboarding has been temporarily suspended. Relevant data quality checks associated with i-Connect submissions are being implemented and then passed to account for financial checks.</p> <p>TUPE & cessation reporting is in place and officers are pursuing the introduction of LGPS Create to enable more effective processing.</p> <p>Assignment of the responsibility to a specific officer as well as accurate transaction coding and Altair reporting will be implemented on the imminent appointment of a key staff member.</p> <p>Key project management exercises are undertaken to oversee large individual employers impacting the Fund data quality and management, including APCs.</p>
Stakeholder Engagement	<p>Inaccuracy of communications by the Fund could result in reputational damage.</p> <p>There is a risk that as a Fund we are delivering poor customer service to our members, with slow response times and disclosure breaches.</p>	Low	<p>Peer review arrangements are in place prior to publication and a strategy to maintain the compliance and content on MSS & the website has been implemented.</p> <p>A review of the Fund's Customer Service Excellence strategy is being considered following its initial assessment.</p> <p>Recent Customer Surveys have shown a small decrease in service quality. An investigation is underway to identify the cause of this reduction.</p>
Funding	<p>Pension payment adjustments caused by the Rectification project may impact the Fund.</p>	Low	<p>The Accounting team continue to work with the project manager to ensure Funding is not adversely impacted. A reconciliation between Altair & SAP is being undertaken following the PI exercise</p>
Resourcing	<p>The Fund is not appropriately resourced and staff all adequately trained to enable the service to be delivered in a sustainable and reliable way. In addition, key departures could lead to a loss of crucial knowledge in the team.</p>	High	<p>Key people in the team are seeking to transfer specialist knowledge to colleagues by documenting procedures and notes. In addition, a training strategy is under review for the department. However, in the event of a knowledge gap, we can call on our external consultants and independent advisors for help in the short-term.</p> <p>Key vacancies have been filled, with the exception of one role.</p> <p>New employer services staff members receiving focussed training relating to their roles to mitigate processing errors and encourage i-Connect data checks.</p>
Climate risk	<p>Failure to manage the risks in the investment portfolios, and/or to take advantage of the investment opportunities which arise from transition to a low carbon economy could cause the Fund to suffer material negative financial impacts.</p> <p>Difficulty in receiving climate data reporting from the Fund's investment consultants and pooling arrangement could lead to poor decision making</p>	Medium	<p>The Fund has a climate change policy (within the responsible investment policy), decarbonisation targets, and has assessed alignment of all portfolios. The Fund already reports against the requirements of the Task Force on Climate-related Financial Disclosures (TCFD).</p> <p>BPP continue to hold stock in the name of the Fund which is not in accordance with the Fund's climate change flightpath. This could lead to reputational damage. Officers liaising with BPP and other Fund's in the group to ensure the reporting of the Fund's climate change flightpath is back on track</p>
Projects	<p>Projects are managed by a designated Project Manager. Key projects currently being managed are the Backlog project, the rectification project and McCloud. The first two have been outsourced to 3rd party administrators. Regular updates are provided to the management team, Committee and Board in respect of the McCloud, Fourth & fifth projects relating to internal backlogs & the introduction of a new payroll system are also considered a risk area.</p> <p>At present the outsourced rectification project is progressing well, however the outsourced backlog & McCloud projects have faulted. Changes to the Evolve programme is also contributing to risk in this area. Payroll staff have been recruited to implement Altair's payroll system over the next few months.</p>	High	<p>As part of the oversight of Evolve Payroll Programme periodic strategic updates are received from the s151 Officer to assess level of risk; its noted that significant retrospective legislation changes related to the McCloud case could lead to higher levels of administration resource. Factors addressed by the restructure the business plan & new software releases. In addition, factors relating to consistent working practices are being resolved.</p> <p>To mitigate delays on the backlog outsourced & McCloud projects the Project Manager is working with internal and external stakeholders to set milestones and reporting frameworks.</p> <p>Mitigations relating to the Evolve project involve the implementation of Altair's payroll system in October/November to take on new pensioners in a phased approach.</p>
Other External Risks	<p>No "other" risks currently identified.</p>	Low	