Risk Register

Administration and Communication Risks Heat Map and Summary

Impact	Administration & Communication Risks					
Insignificant						
Minor					5	
Moderate		2 3	4 6			
Major	7	1 9	8			
Catastrophic						
	Almost certain	Likely	Possible	Unlikely	Rare	Likelihood

Key

1 — Each risk is represented in the chart by a number in a square.
- The number denotes the risk number on the risk register.
- The location of the square denotes the current risk exposure.

1 — The background colour within the square denotes the target risk exposure.

New risks since the last reporting date are denoted with a blue and white border.

An arrow denotes a change in the risk exposure since the previous reporting date, with the arrow coming from the previous risk exposure.

15 March 2024

Risk Register - Administration & Communication Risks

Objectives extracted from the Business Plan 2023-26

A1 Deliver an efficient, quality and value for money service to its scheme employers and scheme members
A2 Ensure payment of accurate benefits and collect the correct contributions from the right people in a timely manner
A3 Ensure the Fund's employers are aware of and understand their role and responsibilities under the LGPS regulations and in the delivery of the administration function
A4 Maintain accurate records and communicate all information and data accurately, and in a timely and secure manner
A5 Set out clear roles and responsibilities for the Council and Equiniti and work together to provide a seamless service to Scheme employers and scheme members
C1 Promote the scheme as a valuable benefit and provide sufficient and up to date information so members can make informed decisions about their benefits
C2 Communicate in a plain language style
C3 Ensure the Fund uses the most appropriate means of communication, taking into account the different needs of different stakeholders
C4 Look for efficiencies in delivering communications including greater use of technology
C5 Evaluate the effectiveness of communications and shape future communications appropriately

Risk no:	Risk Overview (this will happen)	Risk Description (if this happens)	Strategic objectives at risk (see key)	Current impact (see key)	Current likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?	Date Not Met Target From	Expected Back On Target	Further Action and Owner	Risk Manager	Next review date	Last Updated
1	Poor delivery of administration service/third party administrator not delivering in accordance with contract requirements	Poor member experience and/or breaches of legislation including inaccurate payments and failing to meet Service Level Agreements	A1-A6	Major	Likely		1 - Strict service standards and SLAs in place 2 - Appointment through robust procurement exercise 3 - Expert contract management team in place 4 - Regular service review meetings 5 - Pensions Administration Strategy sets out expected service levels	Major	Unlikely		😐 Current likelihood 2 too high	01/12/2018	Mar 2024	1 - Ensure a process is in place for early identification and escalation of issues (LP) 2 - Ensure Equiniti's proposals to improve quality/service delivery are delivered (LP)	Lucy Patchell	01/06/2024	14/03/2024
2	Poor Membership Data	Poor financial and reputational risks, actuary unable to set contribution rates, higher contribution rates, member dissatisfaction, inaccurate benefit statements produced, overpayment of benefits etc. Incorrect data submitted for valuation. Inaccurate McCloud reconciliation. Data provided late also impacts on Fund's ability to pay correct benefits and set accurate contribution rates.	A1, A2, A4	Moderate	Likely		1 - Annual monitoring of membership records, valuation checks, external data validations (done by third party administrator) 2 - Monthly monitoring of contributions to ensure that employers paying across correct contributions along with membership data being supplied (done by third party administrator) 3 - Service Level Agreement with external administrator and monthly monitoring of contract. Monitoring of employers and Pensions Administration Strategy which enables Fund to recoup additional administration costs for sub-standard performance. 4 - Provision of employer support to ensure employers have the knowledge and understanding necessary to provide correct information 5 - Increased use of Employer Self Service to drive through data quality 6 - Regular monitoring of payroll interface to assist with data accuracy	Moderate	Possible		😐 Current likelihood 1 too high	01/12/2018	Mar 2024	1 - Roll out employer portal to all employers - on hold awaiting software system developments (LP) 2 - Develop and roll out data improvement plan (LP/MH) 3 - Speak to Equiniti to understand monitoring carried out (see internal controls) (MH)	Lucy Patchell / Michael Honeysett	01/06/2024	14/03/2024
3	Poor Employer Engagement	Financial and reputational risks. Incorrect or late data (see above) and/or member dissatisfaction.	A2, A3, A4	Moderate	Likely		1 - Provision of employer support from Pensions Team/Third Party Administrator 2 - Annual Employer Forum 3 - Employer section of website containing guidance 4 - Pensions Administration Strategy setting out expected service standards and allowing for additional employer charges where appropriate 5- Increased use of Employer Self Service to support employer engagement and accurate provision of data 6- Ensuring all employers have a published and approved employer discretions policy and ensuring that they are aware of the additional costs that could arise from the exercise of their discretions or lack of policy.	Moderate	Possible		😐 Current likelihood 1 too high	01/12/2018	Mar 2024	1 - Roll out employer portal - on hold awaiting software system developments(LP) 2 - Carry out employer satisfaction surveys (LP) 3 - Continue with roll out of employer section of website (LP)	Lucy Patchell	01/06/2024	14/03/2024
4	Poor Member Engagement	Poor member engagement can lead to members not fully understanding and/or appreciating the benefits available to them, which could lead them to make poor decisions about their benefits. Potential for the current cost of living crisis to have an impact on decisions members may make (i.e. opting out)	A1, A4, C1-C3	Moderate	Possible		1 - Provision of annual benefit statements and newsletters 2 - Member website with information about benefits and the Fund 3 - Monitoring and reporting on opt out rates	Moderate	Possible		☺			1 - Continue roll out of Member Self Service (LP) 2 - Carry out regular member surveys (LP) 3- Report on opt out rates (LP)	Lucy Patchell	01/06/2024	14/03/2024
5	Incorrect payments (either overpayments or underpayments)	Financial and reputational consequences. Increased costs through failure to cease pension payments arising as a result of non-notification of death, re-employment, or ceasing education	A2	Minor	Rare		1 - Management of NFI matches and follow up. NFI exercises to identify checks 2 - Write to pensioners each year over age 80 and overseas seeking confirmation of ongoing pension entitlement 3- Administration review of third party administrators processes and benefit calculations	Minor	Rare		☺				Lucy Patchell	01/06/2024	14/03/2024
6	Unknown external factors including regulatory changes impact the administration of the Fund	Major changes to the administration of the Fund are required (e.g. changes required as a result of the public sector exit payments cap)	A1-A6, C1-C5	Moderate	Possible		1 - Advice and guidance from professional advisors 2 - Attendance at regular LGPS national events/groups	Moderate	Possible		☺			1. Continue to keep abreast of proposed changes and their implications (LP)	Lucy Patchell	01/06/2024	14/03/2024
7	Known regulatory changes resulting from the McCloud case and pension dashboards	McCloud: May impact the quality/timeliness of administration of the Fund (both BAU and McCloud specific) Large amount of additional administrative work for EQ/Hackney which may result in backlogs etc Data back to 2014 being requested from employers which may be missing/not provided Dashboards: Requirement to match data within set timescales - potential for breaches (in particular where there are administrative backlogs)	A1-A6	Major	Almost certain		1 - Programme management - Programme planning for McCloud has already started and will continue until end of project 2 - Employers engaged with and data collection commenced 3 - engaging with Equiniti re dashboard reporting	Minor	Almost certain		😐 Current impact 2 too high	01/03/2021	Mar 2024	1 - Ensure project management for McCloud continues (LP) 2 - Ensure Equiniti have the resources required to undertake review of historic calculations/carry out data processing (LP) 3 - Ensure Equiniti have made required software changes to Compendia and have adequately trained administrators to correctly apply regulatory changes when made (LP)	Lucy Patchell	01/06/2024	14/03/2024
8	Poor member communications and resources (including website, standard letters and online services) and communications not sent in a timely manner and/or not considering Diversity & Inclusion effectively	Disengaged members with the potential to make poor decisions Potential breaches of disclosure legislation	C1-C5	Major	Possible		1- Standard communications covered under contract requirements 2- SLAs reported on monthly to identify any patterns/trends relating to timeliness of communications linked to processes 3- External administration review underway	Major	Unlikely		😐 Current likelihood 1 too high	01/11/2022	Mar 2024	1- Ensure outcomes of external administration review are actioned (LP) 2- All letter/factsheets/website updates to be signed off by LBH (LP) 3- Regular sample checking of standard letters used by third party administrator (LP)	Lucy Patchell	01/06/2024	14/03/2024
9	Service interruption due to administration system upgrade	Poor administration and/or service delivery to members. Risk of inaccurate calculations, processes and communications	A1, A2, A4	Major	Likely		1- Revised contract to cover Compendia Touch migration 2- Project team within Equiniti to manage the deliverables including implementation timeframes	Major	Possible		😐 Current likelihood 1 too high	TBC	Mar 2024	1- Ensure a project team is in place to effectively manage the transition (LP/MH)	Lucy Patchell / Michael Honeysett	01/06/2024	14/03/2024