

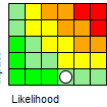

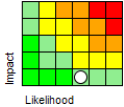
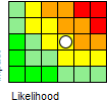

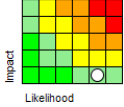
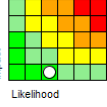

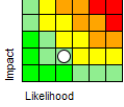
P&I Administration Risks

Report Type: Risks Report

Generated on: 15 May 2018

Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Name	Action Progress	Risk Owner	Latest Note	Date Reviewed
RS-PA-01 Employer LGPS knowledge	Lack of employer understanding of the LGPS and knowledge of the Service Level Agreement may cause incorrect information to be provided and additional queries from employers						Julie Edwards	<p>Due to Scheme complexities and also changing staff this is an issue which will be encountered regularly. The team are also working closely with employers to improve knowledge by holding annual training events, face to face training and quarterly meetings with the larger employers. Quarterly newsletters are also provided, a dedicated employer area on the BCC LGPS website and each employer has a dedicated Liaison Officer within the team.</p> <p>Progress has been made over the past year, one large employer has cleared all outstanding backlog tasks and now regularly provides information on time. We are working closely with two main "issue" employers / payroll providers with the aim to help clear their backlogs and also improve the information they provide in future.</p>	15-May-2018
RS-PA-02 Staff Capacity Issues	A lack of capacity due to staff losses or sickness could adversely affect the workload of the pensions section resulting in decreased productivity.						Julie Edwards	The team has expanded in terms of staff capacity as a result of workloads & to ensure that there is sufficient capacity within the team in the event of sickness absence. Where this isn't possible, temporary staff are used.	03-May-2018
RS-PA-03 Pensions Administration Software	The risk that the pensions administration software (Altair) causes disruption due to system crashes etc. leading to calculation errors, delays and a loss of working time.						Julie Edwards	This continues to be an issue however the cause of this has been more due to BCC ICT issues/internet issues rather than directly caused by Heywoods. In terms of likelihood, this seems to be a more regular occurrence lately (in particular internet down & N/H Drive issues) so the risk likelihood has increased. This is being raised with ICT. SP	03-May-2018

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RS-PA-04 Software Updates	Software updates resulting from scheme changes may create errors in calculations thus resulting in more time spent checking and re-doing calculations.						Julie Edwards	There continues to be minor errors within Altair calculations, we are aware of these and taken action accordingly including raising with Heywoods to ensure they are resolved quickly.	03-May-2018
RS-PA-05 Staff Retention	Staff retention. There is a risk of losing trained staff to other organisations due to a lack of flexibility in the career matrix.						Julie Edwards	Work has been put into this area recently including the re-evaluation of some JD's to ensure staff are being paid in line with responsibilities. An increase of team training, new efficient work procedures & ensuring that all staff continue to be informed at all times has resulted in an increase in morale and motivation which will reduce the risk of losing trained staff.	03-May-2018
RS-PA-06 Quality / Timeliness Data from Employers	Poorly performing employers/payroll providers can cause additional work on the pensions team by not providing information which they have a statutory duty to provide. This results in wasted time chasing employers and creating a backlog of work.						Julie Edwards	This continues to be an issue for some employers but there has been some progress with one larger employer in particular. Those poorly performing employers are being regularly reviewing including review meetings & training in order to improve the quality and timeliness of the information provided. Unfortunately this is a continuing area but is a priority area for P & I in terms of making improvements.	03-May-2018
RS-PA-07 TUPE / Payroll Provider Changes	Additional work and disruption is caused due to outsourcing and changes in schools payroll providers creating losses of vital information. This results in a lot of extra work on pensions administration staff attempting to piece together information which should have been provided						Julie Edwards	Payroll changes do continue to be an issue where employers do not advise the team of these changes which results in delays in receiving information or pension records being updating incorrectly. A new monthly notification spreadsheet has been issued recently to all employers and this includes a tab to notify of payroll provider changes so the likelihood of this risk should reduce in the future.	03-May-2018

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RS-PA-08 TUPE Transfers / Academy Conversions	The increase of TUPE transfers / schools opting for academy status has resulted in an increased workload for pensions staff. The TUPE officer must deal with the admission agreements as well as liaising with external contractors and the fund actuaries. The range of employees involved differ between employer but range from one employee to hundreds.						Julie Edwards	TUPE's are dealt with by the TUPE office and Academy conversions with specific Employer Liaison Officers which should reduce any impact on the team in terms of additional work & delays. The Principal 7 TUPE Officer have received all BCC & MKC schools to ascertain that 1/3rd have converted to Academy status which suggests further workloads to come. With this information the team can plan ahead. The likelihood has not reduced due to the fact that high workloads could be created due to Academy conversions.	03-May-2018
RS-PA-09 Guaranteed Minimum Pension reconciliation	The end of contracting-out of the Additional State Pension from April 2016 means that a Guaranteed Minimum Pension reconciliation of the Fund's records with the HMRC's records will need to be completed by 2018. This reconciliation may result in identifying overpayments/underpayments. If the reconciliation is not complete before the closing of the office this could result in the Fund being liable for GMP's which we should not be responsible for.						Julie Edwards	ITM are now well under way working on this as a project and are now at a stage of liaising with the payroll team.	03-May-2018
RS-PA-10 Mid / High Earner Optouts due to Tax Legislation	Tax legislation in respect of high-earners pensions contributions could result in a departure of high-earners from the Fund. High-earners leaving the Scheme could be perceived as senior management not advocating the benefits of the LGPS						Julie Edwards	Although the tax regime continues to be an area of concern for high earners, we have not seen a high opt out rate so the likelihood of this risk had decreased. we have ensured that we are providing high earners with all necessary information to keep them up to date including 1-1 meetings, newsletters, dedicated information on the website and actuary presentations. The option to go 50/50 in the scheme has also been utilised rather than opting out.	03-May-2018

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RS-PA-11 Admitted Bodies Deficits	If Admitted Bodies who joined the Fund prior to 1997 fail or if current Admitted Bodies reduce their active members to 0, then the Fund has no powers to ensure these organisation make good any deficit.						Julie Edwards	An employer covenant exercise is currently taking place which will allow these to be renegotiated with a bond requirement however it is not mandatory. The Actuary has been instructed to complete a full employer risk review on certain categories of employer	03-May-2018
RS-PA-12 Mid / high earner optouts due to high employee contribution rates	The 3% on average increase employee pension contributions implemented, with effect from 1 April 2014, by increasing the tiers of contributions paid by mid/high earners could result in a departure of mid/high-earners from the Fund. Mid/High-earners leaving the Scheme could be perceived as senior management not advocating the benefits of the LGPS. During current period of low pay increases members may opt out due to pressures on household budgets.						Julie Edwards	The likelihood of this has reduced due to the fact that to date we have not seen a high increase in opt outs due to the increase in contributions rates.	03-May-2018
RS-PA-13 Annual Benefits Statements Issuance	The Public Sector Pensions Act 2013 requires that Annual Benefits Statements are issued to Scheme Members by 31 August. There is a risk that the Regulator will issue a fine although this is the position for most local authorities.						Julie Edwards	Over 95% of ABS's were issued to scheme members by the end of March 2018 for the 2016/17 The number of outstanding backlog queries has reduced meaning that going forward the number of queries at year end should also reduce due to this as well as increased accuracy from employers due to training.	03-May-2018