

## P&I Administration Risks

Report Type: Risks Report

Generated on: 15 November 2018

Risk Name	Risk Description	Current Score	Direction of Travel	Target Score	Action Title	Action Description	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	 Impact Likelihood		 Impact Likelihood				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-Nov-2018

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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	Risk level remains the same.  The team is currently at a level which allows us to keep priority areas of work up to date and also begin to work on housekeeping/project areas. Temporary staff are still being utilised to cover for maternity leave or backlogs of work caused by an increase in volume of work from employers due to their backlogs.	08-Nov-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	There has been no significant ICT issues lately suggesting that BCC have resolved any issues that had previously impacted the team. The likelihood has therefore reduced but there is still a possibility of impact.	08-Nov-2018
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	Currently, the number of errors within Altair calculations is minimal compared to previous years. Where any issues arise, these are passed to the systems team/Heywoods to be resolved. In most cases, work around's are provided and the updates regularly resolve issues.  Heywoods have also been open to suggestions of developments within the system that would aid the team so further improvements should be taking place.	08-Nov-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	Remains a low likelihood of occurrence. Further work is underway regarding team structures to ensure the team is efficient and to keep staff morale high.	08-Nov-2018

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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.	 Likelihood		 Likelihood				Julie Edwards	Still continues to be an issue. I-Connect is currently being rolled out to employers with the aim that all employers will use this facility by 1st April 2020. This should result in an improvement in timeliness and also accuracy of the data.  Our largest employer, BCC, are due to be live from early 2019.	08-Nov-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	 Likelihood		 Likelihood				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.	15-Nov-2018

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RS-PA-08 TUPE Transfers / Academy Conversions	<p>The increase of TUPE transfers / schools opting for academy status has resulted in an increased workload for pensions staff.</p> <p>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.</p>							Julie Edwards	<p>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 &amp; delays. The Principal 7 TUPE Officer have received all BCC &amp; 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.</p> <p>The likelihood has not reduced due to the fact that high workloads could be created due to Academy conversions.</p>	15-Nov-2018
RS-PA-09 Guaranteed Minimum Pension reconciliation	<p>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.</p>							Julie Edwards	<p>ITM are now well under way working on this as a project and are now at a stage of liaising with the payroll team.</p>	15-Nov-2018
RS-PA-10 Mid / High Earner Optouts due to Tax Legislation	<p>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</p>							Julie Edwards	<p>Risk remains the same. Changes to the Annual Allowance are anticipated over the year couple of years which could result in high earners opting out of the scheme.</p>	08-Nov-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.	 Impact Likelihood		 Impact Likelihood				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	15-Nov-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.	 Impact Likelihood		 Impact Likelihood				Julie Edwards	Risk remains the same.	08-Nov-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.	 Impact Likelihood		 Impact Likelihood				Julie Edwards	The number of year end queries has continued to reduce which will result in a higher rate of ABS's issued for on going years. It is anticipated that the overall ABS's issued by the end of March 2019 will be 97%.	08-Nov-2018