



West Yorkshire  
Fire & Rescue Service

## Pension Risk Register Policy

### **OFFICIAL**

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**Contents**

- 1 Requirements, Regulations and Responsibilities..... 3**
- 2 Risk Management and Internal Control ..... 3**
- 3 Appendices..... 3**
- 3.1 Appendix A - Local Pension Board Terms of Reference..... 3
- 3.2 Appendix B – Scoring Matrix ..... 8
- 3.3 Appendix C – Risk Register Guidance Sheet ..... 10

## 1 Requirements, Regulations and Responsibilities

West Yorkshire Fire and Rescue Service (WYFRS) pension arrangements take account of The Pensions Regulator Code of Practice No. 14: Governance and Administration of Public Service Pension Schemes.

The Scheme Manager of a public service pension scheme must establish and operate internal controls. These must be adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and in accordance with the requirements of the law.

Internal controls are systems, arrangements and procedures that are put in place to ensure that pension schemes are being run in accordance with the scheme rules and other law. They should include documented procedures for assessing and managing risk, reviewing breaches of law and managing contributions to the scheme. Internal controls can help protect pension schemes from adverse risks, which could be detrimental to the scheme and members if they are not mitigated. The Scheme Manager will employ a risk-based approach and ensure that sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls. They will seek advice as necessary.

## 2 Risk Management and Internal Control

The Scheme Manager along with members of the Local Pension Board will identify the main risks associated with the objectives, functions and activities of the scheme. An effective risk assessment process will help schemes to identify a wide range of internal and external risks, which are critical to the scheme and members.

The Scheme Manager/Local Pension Board is responsible for approving entries onto the pension risk register. They are also responsible for approving the removal of risks in instances where the risk has ceased to be.

Once risks have been identified they will be allocated an owner, analysed (scored), evaluated and recorded on the pension risk register (Appendix B).

All risks will be reviewed periodically, taking into account the operation and adequacy of controls and risk reduction actions. The likelihood and impact scores will be reviewed and the score amended if required.

Risks will be analysed/scored using a 5 x 5 risk matrix, and then evaluated to ensure adequate internal controls/risk reduction action plans are established and monitored for effectiveness.

Risks scoring 15 or above will be forwarded to the Risk Management Strategy Group for consideration and further discussion with a view that the issue/risk may/may not be included on the Corporate Risk Matrix as well as the pension risk register.

All pension risk reviews/activity will be recorded at the Local Pension Board meetings and recorded in the minutes.

## 3 Appendices

### 3.1 Appendix A - Local Pension Board Terms of Reference

Approved 24.6.16 WYFRA annual meeting

# West Yorkshire Fire and Rescue Authority

## Local Pension Board

### Terms of Reference

#### Function and Responsibilities

The function of the Local Pension Board is to assist the Scheme Manager (West Yorkshire Fire and Rescue Authority) in administering the various firefighter pension schemes. This will be achieved by providing governance and by scrutiny of policies, pension documentation, decisions and outcomes.

The Local Pension Board will also assist the Scheme Manager to:

- secure compliance with the Regulations, any other legislation relating to the governance and administration of the Schemes, and requirements imposed by the Pensions Regulator in relation to the Schemes and;
- ensure the effective and efficient governance and administration of the Schemes

#### Duties of the Board

The Board should at all times act in a reasonable manner in the conduct of its purpose. In support of these duties Board members:

- should act always in the interests of the Scheme and not seek to promote the interests of any stakeholder group above another
- should be subject to and abide by the Local Pension Board approved code of conduct

#### Frequency of meetings

The WYFRA Local Pension Board will meet six monthly (July and January in each municipal year), to review / report on previous actions and determine work streams and priorities for the future.

The Chair of the Board, with the consent of the Board membership, may call additional meetings. Urgent business of the Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Board including telephone conferencing and e-mails. Approved 24.6.16 WYFRA annual meeting

#### Local Pension Board membership

To comply with the regulations the Board must have a minimum of four members (two Scheme Member representatives and two Scheme Manager representatives). A Local Pension Board membership of four is the most straight forward and cost effective way of providing the Local Pension Board and complying with the Regulations.

Membership of the West Yorkshire Fire and Rescue Authority Local Pension Board will be:

3 X Scheme Member representatives (2 x scheme member representatives and 1 x FBU representative)

3 X Scheme Manager representatives (2 x elected Members and 1 x officer)

Non-voting Officer Advisor(s) as appropriate

Scheme Manager (elected Member) representation on the Board will be determined by the Fire Authority at its Annual Meeting (or as otherwise required).

The Officer Advisor will be a specific officer who is to assist the Board in gathering/analysing information and writing reports. The Board will also be able to request assistance from any officer who has specific knowledge of a subject matter they are investigating.

### ***Scheme Member representatives***

Scheme Member representatives shall be appointed to the Board on an annual basis (or as otherwise required) by the Executive Committee of the West Yorkshire Fire and Rescue Authority following a formal application process.

Scheme Member representatives will be active, deferred or retired members of one of the firefighter pension schemes administered by WYFRA.

Scheme Member representatives should be able to demonstrate

- their capacity to represent pension scheme members
- capacity to attend and complete the necessary preparation for meetings, and
- capacity to participate in training as required

### ***Scheme Manager representatives***

Scheme Manager representatives shall be appointed on an annual basis to the Board at the Annual Meeting of the Authority (or as otherwise required)

Scheme Manager representatives with delegated responsibility for discharging the Scheme Manager function of WYFRA may not serve as Scheme Manager representatives on the Board.

Scheme Manager representatives should be able to demonstrate

- their capacity to represent the Scheme Manager
- capacity to attend and complete the necessary preparation for meetings, and
- capacity to participate in training as required

### **Appointment of Chair and Vice chair**

Local Pension Board Members will act as the Chair and Vice- chair on an annual, rotational basis ie. when a Scheme Manager representative is appointed Chair of the Board, the position of Vice chair will be filled by a Scheme Member representative and vice versa on an annual basis.

### **Notification of appointments**

On appointment to the Board, WYFRA shall publish the name of the appointees, the process followed in the appointment together with the way in which the appointments support the effective delivery of the purpose of the Board.

### **Objectives**

WYFRA Local Pension Board should consider the following:

- Are pension statements timely and accurate?
- How long does it take between retirement and receipt of pension?
- The number of errors made by the pension administrator.

- Are relevant policies in place and of a sufficient standard?
- Are pension estimates accurate and timely?
- Is the West Yorkshire Pension Fund (WYPF) website accurate and user friendly?
- Ensure that annual CARE scheme calculations are being carried out.
- Scrutinise data quality.
- Ensuring pension rules and regulations are being complied with, when officers are making decisions on pension matters.
- If complaints/appeals are being dealt with correctly and the correct procedures being followed.
- Review internal audit reports

This list is not exhaustive. The Local Pension Board will have the power to investigate anything it wishes in relation to the firefighters' pension schemes within WYFRS.

### **Conduct and Conflict of interest**

Members of the Board are responsible for ensuring that their board membership does not result in any conflict of interest with any other posts they hold.

All members of the Board must declare to WYFRA on appointment and at any such time as their circumstances change any potential conflict of interest arising as a result of their position on the Board. On appointment to the Board and following any subsequent declaration of potential conflict WYFRA shall ensure that any potential conflict is effectively managed in line with both the internal procedures of WYFRA and the requirements of the Pensions Regulator's codes of practice on conflict of interest for Board members.

Members of the Board must not use their membership for personal gain.

Gifts and hospitality should only be accepted with the permission of the Authority - any gifts accepted should be reported on in the Local Pension Board's annual report.

Members of the WYFRA Local Pension Board should maintain confidentiality when discharging their duties.

The WYFRA Local Pension Board has the right to use WYFRA facilities and resources in the course of discharging its duties.

### **Knowledge and understanding (including Training)**

Knowledge and understanding must be considered in light of the role of the Board to assist WYFRA as detailed above. The Board should establish and maintain a policy and framework to address the knowledge and understanding requirements that apply to Board members. That policy and framework shall set out the degree of knowledge and understanding required as well as how knowledge and understanding is acquired, reviewed and updated.

Board members shall attend and participate in training arranged in order to meet and maintain the requirements set out in the Board's knowledge and understanding policy and framework. Board members shall participate in such personal training needs analysis or other processes that are put in place in order to ensure that they maintain the required level of knowledge and understanding to carry out their role on the Board.

### **Term of office**

Term of Office should be in accordance with the committee cycle in WYFRA

Board membership may be terminated prior to the end of the term of office due to:

- A Scheme Member representative no longer holding the office or employment or being a member of the body on which their appointment relied
- A Scheme Manager representative no longer holding the office or employment or being a Member on which their appointment relied
- The representative no longer being able to demonstrate their capacity to attend and prepare for meetings or to participate in required training

Board Members may be re-appointed for more than one term of office following an approved appointment / nomination process.

### **Reporting**

The West Yorkshire Local Pension Board will produce an Annual Report which will highlight areas of concern and identify good practice.

The report will also contain information on the number of retirements (natural and ill health), new starters, membership and opt-out numbers.

The Board will report to the Human Resources Committee.

### **Resourcing and funding**

Members of the WYFRA Local Pension Board will be entitled to claim any reasonable out of pocket expense incurred through discharging their Local Pension Board responsibilities.

The Board will not have a dedicated budget. Requests for finance to purchase technical assistance, Board member training and anything else the Board may require to effectively discharge its duties will be made through the WYFRA Finance and Resources Committee.

### **Quorum**

A meeting is only quorate when three Board members are present (including either the Chair or Vice chair).

### **Voting**

The Chair shall determine when consensus has been reached. There will be no casting vote. Where consensus is not achieved this should be recorded by the Chair.

### **Relationship with West Yorkshire Fire and Rescue Authority**

In support of its core functions the Board may make a request for information to WYFRA with regard to any aspect of the Scheme Manager function. Any such a request should be reasonably complied with in both scope and timing.

In support of its core functions the Board may make recommendations to WYFRA which should be considered and a response made to the Board on the outcome within a reasonable period of time.



3.2 Appendix B – Scoring Matrix

Probability				
Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Less than a 5% chance of circumstances arising OR Has happened rarely / never	5% to 20% chance of circumstances arising OR Only likely to happen once every 3 or more years	20% to 40% chance of circumstances arising OR Likely to happen in the next 2 to 3 years OR Risk seldom encountered	40% to 70% chance of circumstances arising OR Likely to happen at some point in the next 1 to 2 years OR Risk occasionally encountered	More than a 70% chance of circumstances arising OR Potential occurrence OR Risk frequently encountered
<b>Financial and Other Impacts</b>				
Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
< 1% of budget OR Up to £100,000	1% - 5% of budget OR Up to £250,000	6% - 10% of budget OR Up to £1m	11% - 20% of budget OR Up to £5m	> 20% of budget OR Over £5m
Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Minimal or no effect on the achievement of Authority objectives AND / OR  Minimal or no effect on the delivery of Service objectives  Little disruption to the delivery of services  Very confident the risk can be improved AND / OR Very achievable objective Very easily influenced Very tolerable / easy to accept  Insignificant injury AND / OR Near miss, no damage incurred to Authority assets  Insignificant environmental damage  Insignificant Reputational damage AND / OR No internal coverage / no social media attention	Little effect on the achievement of Authority objectives AND / OR  Little effect of the delivery of Service objectives -  Some disruption to the delivery of services  Confident the risk can be improved AND / OR Achievable objective Easily influenced Tolerable  Minor injury AND / OR Incident occurred, minor damage incurred to Authority assets  Minor damage to the immediate local environment  Minimal damage to Reputation (minimal negative coverage in local press) AND / OR Minimal internal negative coverage / minimal social media attention	Partial failure to achieve Authority objectives AND / OR Partial failure to achieve Service objectives  Significant disruption to the delivery of services -  Moderate confident that the risk can be improved AND / OR Possible to achieve objective Able to influence Somewhat tolerable  Threat of violence or serious injury AND / OR Some damage incurred to Authority assets  Moderate damage to the immediate or wider local environment  Significant negative coverage in the local press or minimal negative coverage in regional press Some internal negative coverage / some social media attention	Significant impact on achieving Authority objectives AND / OR  Significant impact on achieving Services objectives  Loss of critical services for more than 48 hours, but less than 7 days  Little confidence the risk can be improved AND / OR Unachievable objective Difficult to influence Out of tolerance but possible to accept  Extensive multiple injuries AND / OR Significant damage incurred to Authority assets  Major damage to immediate or wider environment  Significant negative coverage in regional press AND / OR Significant internal coverage / significant social media attention	Non-delivery of Authority objectives AND / OR Non-delivery of Service objectives  Loss of critical services for over 7 days  Very little confidence that the risk can be improved AND / OR Totally unachievable objective Very difficult to influence Out of tolerance  Fatality or multiple major injuries AND / OR Total loss of Authority assets  Significant damage to immediate or wider environment  Extensive negative coverage in national press and TV AND / OR  Extensive internal coverage / Extensive social media attention

**Risk Matrix**

IMPACT	5	10	15	20	25
	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5
PROBABILITY					

Risk Score	RAG Rating
1 - 5	Green
6 - 14	Amber
15 - 25	Red

**Risk Score**

A '5X5' Risk matrix covering **Probability** and **Impact** (including 'Financial' and 'Other Impacts') is used when assessing the level of Risk.

This analysis should be undertaken by Managers and Supervisors **with experience in the area in question**.

The Risk 'Score' is identified by considering the probability of the event occurring, and the impact of the risk, should it manifest.

A numeric value is applied to each of the selections for Probability and Impact, and these are referenced in the Risk Matrix to give a 'RAG' rated Risk 'Score'.

### 3.3 Appendix C – Risk Register Guidance Sheet

Item Reference	Item Name	Item Description
a	Risk Number	A unique three-digit reference for each risk. Risk Numbers must not be recycled or reused.
b	Risk Type	The grouping to which the risk belongs. Current Risk Types include: . Financial; . People; . Partnerships; and, . Income Generation  This allows for discrete reporting on specific risk types.
c	Risk Owner	The name of the person identified as being best placed to own and manage the risk.
d	Risk Name / Description	The name, and details of the risk in questions. Consider using the principle below when considering a risk: Event > Consequence > Impact  This field can be used to record the risk event.
e	Risk Probability (Current)	The Probability of the risk occurring, based on <i>where we are right now, prior to mitigations being in place</i> .  This field is a drop down menu, and users are asked to select one of the following Probability options: . Very Low; . Low; . Medium; . High; and, . Very High.  See the 'front page' for more information on the risk assessment process.
f	Risk Impact (Current)	The Impact of the risk occurring, based on <i>where we are right now, prior to mitigations being in place</i> .  This field is a drop down menu, and users are asked to select one of the following Impact options: . Very Low; . Low; . Medium; . High; and,

		.Very High. See the 'front page' for more information on the risk assessment process.
g	Risk Score (Current)	This field is automatically populated and RAG rated, following completion of the Risk Probability (Current) and Risk Impact (Current)
h	Impact / Consequences	The impact and consequences of the risk in question. Consider using the principle below when considering a risk: Event > Consequence > Impact This field can be used to record the risk consequences and impact.
i	Controls	This field is used to record all of the control measures, completed activities and processes that are in place to control and manage the risk.
j	Risk Probability (Target)	The Probability of the risk occurring, based on <i>all controls and mitigation being in place</i> . This field is a drop down menu, and users are asked to select one of the following Probability options: .Very Low; .Low; .Medium; .High; and, .Very High. See the 'front page' for more information on the risk assessment process.
k	Risk Impact (Target)	The Impact of the risk occurring, based on <i>all controls and mitigation being in place</i> . This field is a drop down menu, and users are asked to select one of the following Impact options: .Very Low; .Low; .Medium; .High; and, .Very High. See the 'front page' for more information on the risk assessment process.
l	Risk Score (Target)	This field is automatically populated and RAG rated, following completion of the Risk Probability (Target) and Risk Impact (Target)

m	Risk Mitigation Actions	<p>This field is used to record all activities that are currently being implemented and developed.</p> <p>Consider using the following principles when developing Risk Mitigation Actions:</p> <p>S - Specific;  M - Measureable;  A - Achievable; R - Resourced; and, T - Time-targeted.</p>
n	Mitigation Owner	The name of the person identified as being best placed to own and manage the Risk Mitigation Action.
o	Mitigation review Date	The date that the Risk Mitigation was last reviewed and updated.
p	% Complete / RAG Rating	<p>The Risk Mitigation Owner may wish to demonstrate that the action is part-way complete by providing a percentage complete value.</p> <p>The Risk Mitigation Owner may wish to provide a RAG rating for the Risk Mitigation Action to, for example, either provide assurances that the action is being delivered (green), or that the action is at risk of failure or not achieving the desired outcomes (red).</p>
q	Next Review Date	The date for the next programmed review of the risks / risk mitigation action.
r	Risk Closed?	<p>This field is a drop down menu, and users are asked to select one of the following status's for the risk in question:</p> <p>.Yes - the risk is closed and ready for archiving; or,  .No - the risk is open, and requires management.</p>
s	Scoring OK?	<p>This field is automatically populated based on the Current Risk Score and the Target Risk Score.</p> <p>If the Current Risk Score is higher than or equal to the Target Risk Score (i.e. the Current Risk Score is 'worse' than the Target Risk Score) this field will display 'OK'.</p> <p>If the Current Risk Score is less than the Target Risk Score (i.e. the Current Risk Score is 'better' than the Target Risk Score) this field will display 'SCORING ERROR' and a review of the risks assessments is recommended.</p>