



## Surrey Local Pension Board 29 March 2018

### Surrey Firefighter's Pension Risk Register

#### Recommendations:

The Board is asked to **note** the content of this report, including changes to the scoring of current risks and the inclusion of additional risks and **approve** the Surrey Firefighter's Pension Scheme (FFPS) Risk Register (shown as Annex 1). The Board is further asked to make recommendations of any amendments to the Surrey FFPS Risk Register.

#### **Background**

1. Good governance ensures that there is an appropriate Risk Register in place. It is also a requirement of the Pensions Regulator's code of practice on the governance and administration of public service pension schemes to have in place a Risk Register which is regularly reviewed.
2. In a meeting of 26 October 2017 the Surrey FFPS Local Pension Board (the Board) noted the Draft Risk Register for the Surrey FFPS.
3. The Surrey FFPS Risk Register consists of relevant risks to the Surrey FFPS. It contains the range of risks to be considered by the Board for comment on whether the risks seem appropriate and that the Inherent and Residual risks are set at the correct level.
4. The Surrey FFPS Risk Register seeks to reflect adopt best practice in the identification, evaluation and control of risks in order to ensure that the risks are recognised, and then either eliminated or reduced to a manageable level. If neither of these options is possible, then means to mitigate the implications of the risks should be established.
5. Each of the risk areas in the register has been assessed in terms of its impact on the Surrey FFPS. Assessment has also been given as to the likelihood of the risk.
6. Each of the three areas of impact identified above is assessed on a scale of one to four, with four implying the highest level of impact. The likelihood of the risk description (between one and five) is then applied to the combined impact score,

which produces an overall risk score. Depending on the score, the risks are then identified as Red, Amber or Green.

7. To comply with best practice, a scoring process has been implemented, which will reassess the risk scores after the mitigating action taken to control and reduce the risks. The risk register includes a revised impact score and net risk score as a result of those mitigating actions.

### **Changes to existing risks**

8. In a meeting of 26 October 2017 the Board raised concerns that risk F6 (Failure to recognise and manage conflicts of Board members), was too high and officers were asked to reassess the risk score.
9. Officers consider that the total Inherent risk score should remain unchanged as 21 (Amber), but, that the control actions of requiring Board members to declare interests, reduces the Residual risk score from 14 to 7 (both Green).
10. In a meeting of 26 October 2017 the Board also expressed the view that risk F9 (Failure to administer the scheme in line with regulations and policies), could potentially be a greater risk than anticipated and suggested that the risk score was too low as a starting point.
11. Officers consider that the total Inherent risk score should be increased from 21 (Amber) to 32 (Red) to reflect an increase financial risk and likelihood. Total residual risk was also increased from 14 (Green) to 16 (Amber) to take account of the increase in financial risk, but, that control actions made the residual likelihood unchanged.

### **Additional risks**

12. In a meeting of 26 October 2017 the Board requested that the Surrey FFPS Risk register be amended to include GMP reconciliation and Work reform risks.
13. GMP reconciliation is included as risk F15, with a total inherent risk of 28 (Amber) and residual risk of 14 (Green).
14. Work reform risk is included as risk F16, with a total inherent risk of 24 (Amber) and residual risk of 8 (Green).

### **Next steps**

15. On approval from the Board the Surrey FFPS Risk Register will be amended and then reviewed and reported to the next Board meeting.

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**Report contact:** Neil Mason, Head of Pensions

**Contact details:** T: 020 8213 2739 E: neil.mason@surreycc.gov.uk

**Sources/background papers:**

tPR Code of Practice no 14 (Governance and administration of public service pension schemes)

**Annexes:**

**Annex 1** Surrey FFPS Risk Register

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