

Date:	29 November 2016
Classification:	General Release
Title:	Risk Register Review
Report of:	Steven Mair City Treasurer
Wards Involved:	All
Policy Context:	Effective Control over Council Activities
Financial Summary:	There are no financial implications arising from this report

1. Executive Summary

- 1.1 This report gives an overview of the risk management arrangements for the Westminster Pension Fund.
- 1.2 This report focuses on two operational risks to the Pension Fund. Firstly, that Officers do not have appropriate skills and knowledge to perform their roles and succession planning is not in place. Secondly, that Administrators do not have sufficient staff or skills to manage the service.

2. Key Matters for the Board

- 2.1 The Board note the contents of this paper.
- 2.2 The Board members consider an area of the Risk Register to focus on for the next meeting.

3. Background

- 3.1 As previously reported to the Pensions Board, it is best practice for Pension Funds to maintain a risk register to ensure that the risks they face are properly understood and where appropriate action is needed to mitigate them.

- 3.2 Risk management is an issue for all those involved in the management of an LGPS fund, including members of the Pension Fund Committee, officers managing the Fund and the fund administrator. The Pension Board's role is to assist the administering authority in such activities to ensure effective and efficient governance and administration of the Scheme, as outlined in its Terms of Reference. This includes making recommendations to the Committee concerning good governance.
- 3.3 Attached at Appendix 1 is the updated Pension Fund Risk Register, which was reported to the Pension Fund Committee (the 'Committee') in November 2016. This supersedes the version which was previously presented to the Pension Board. The risk register is a 'live' document and risks will change due to management action and the external environment.
- 3.4 The Pension Board members agreed at the preceding meeting which sections of the Risk Register they wish to focus on in future meetings.
- 4. Focus Area: Operational: Governance – Officers Not Having Appropriate Skills and Knowledge and Succession Planning Not in Place**
- 4.1 *"Officers do not have appropriate skills and knowledge to perform their roles resulting in the service not being provided in line with best practice and legal requirements. Succession planning is not in place leading to reduction of knowledge when an officer leaves"* is one of the risk areas which Board members have decided to focus on. This is referenced as Risk 12 in Appendix 1 and has a low risk classification.
- 4.2 Operational risks are risks encountered by departmental managers or Services as part of their everyday business. They often impact on the availability of resources required to achieve service objectives. Identification of these risks is best performed by the departmental or service managers directly affected by such events. Controls are put in place to mitigate the risk.
- 4.3 At Westminster Council, person specifications are used at recruitment to appoint officers with relevant skills and experience. This document sets out the qualification, appropriate work experience and skills required to perform the role.
- 4.4 As part of the annual performance appraisal process at Westminster, officers are required to have a personal development plan in place. Personal Development plans are drawn up to cover three perspectives - career development, service continuity and keeping up-to-date to meet the current demands of the post.
- 4.5 To support Pension Fund officers in their roles, guidance is produced by CIPFA and other professional organisations, such as the Pensions and Lifetime Savings Association. Westminster Council is a member of these organisations and

officers have access to both the publications and training events which are provided on a regular basis.

4.6 Similar to the CIPFA Knowledge and Skills Framework for Local Pension Board Members, there is also a framework available for those officers involved in LGPS Pensions Finance. There are 6 core areas covered by the framework:

- Pensions legislative and governance context
- Pensions accounting and auditing standards
- Financial services procurement and relationship management
- Investment performance and risk management
- Financial markets and products knowledge
- Actuarial methods, standards and practices

4.7 Pensions Finance Officers are part of the Tri-Borough Treasury and Pensions team. This is a shared service with the London Borough of Hammersmith & Fulham and the Royal Borough of Kensington and Chelsea. It was established in February 2012 and one of the aims was to provide better ways of working and sharing skills to provide better resilience across the three Councils. Traditionally, the pensions finance role was performed by just one officer in each Borough. With the current arrangements, there are now more skilled officers within the team to provide support and cover when required.

4.8 In November 2016, the Tri-Borough Director of Treasury and Pensions left and it was necessary to put in place contingency procedures to cover this role. Pete Carpenter, who has previously managed the Treasury and Pensions function at Westminster Council, was appointed to be the Interim Tri-Borough Director of Treasury and Pensions. Officers are able to seek advice from the Fund's professional advisers should the need arise.

4.9 Within People Services a new appointment has been made to the Pension Support area, this administration position will help support the Pensions Officer in their role

5. Focus Area: Operational: Administration – Administrators Do Not Have Sufficient Staff or Skills to Manage the Service

5.1 *“Administrators do not have sufficient staff or skills to manage the service leading to poor performance and complaint.”* is the other area which Board members have decided to focus on. This is referenced as Risk 24 in Appendix 1 (previously Risk 23).

5.2 This risk has a low risk classification.

5.3 The WCC Pension Support team, based within People Services have visited Surrey County Council to discuss these issues. Reassurances were given over staffing matters and the handling of workloads. A new improved telephone system has been put in place and staff are dealing with queries more efficiently. The KPI's have also been reviewed and updated and Surrey will now be reporting on a wider range of recordable tasks which will allow WCC to monitor their performance more closely to ensure they adhere to the timelines required.

6. Next Meeting

6.1 The Board members are asked to consider the Risk Register focus area for the next meeting.

If you have any queries about this report please contact the author:

Nikki Parsons

Pension Fund Officer

Email: nparsons@westminster.gov.uk

Telephone: 020 7641 6925

BACKGROUND PAPERS:

None

APPENDICES

Appendix 1 - Pension Fund Risk Register, reviewed November 2016