

### Fire Risk Scoring Matrix

Probability/ Likelihood	VH = 5	5	10	15	20	25
	H = 4	4	8	12	16	20
	M = 3	3	6	9	12	15
	L = 2	2	4	6	8	10
	VL = 1	1	2	3	4	5
		VL = 1	L = 2	M = 3	H = 4	VH = 5
	<b>Impact</b>					

### Risk Priority

15-25	High	Significant Action Plan required
9 – 14	Medium	Action Plan required
1 – 8	Low	Risk can be tolerated

### Joint Risk Scoring Guidance

IMPACT							
Impact Score	Service	Performance	Finance	Reputation	Legal	Safety	Human Rights/Diversity
<b>5 = Major</b>	Major impact/disruption to critical services. Inability to deliver a number of organisational objectives.	Significant performance impact. Not achieving more than one of the organisation's performance targets	<b>Fire</b> – over £1m	Sustained national media coverage. External Enquiry. Removal of command team member.	Prosecution. Major claims/fines against both organisations	Multiple fatalities or multiple permanent injuries	Unjustified impact or interference.
<b>4 = Serious</b>	Serious impact/disruption on critical services with a noticeable impact on local communities.	Large impact on performance resulting in not achieving one of the organisation's performance targets	<b>Fire</b> - over £500k	Sustained adverse media coverage	Serious claims/fines against both organisations	Single fatality or severe injuries	Serious unjustified impacts or interference.
<b>3 = Moderate</b>	Noticeable impact on non-critical services or short term disruption.	Impact on performance resulting in difficulty achieving performance targets but where corrective action can still be taken	<b>Fire</b> – over £250,000	Some local adverse publicity	Significant litigation/claims. Within insurance cover.	Major injury	Some limited unjustified impact or interference.
<b>2 = Low</b>	Minor disruption to Service Delivery	Small impact on performance targets but can still be managed.	<b>Fire</b> – over £100K	Short term customer dissatisfaction	Minor claims/complaints within insurance cover	Minor or slight injury	Impact of interference manageable with existing resources
<b>1 = Negligible</b>	No noticeable disruption to service. Impact is easily manageable	Minimal/short term impact on performance, not to the extent where key targets are impacted.	<b>Fire</b> – below £5K	Manageable customer dissatisfaction	Unlikely to lead to litigation or a claim.	Unlikely to have any safety impact.	No impact on diversity/human rights

<b>Probability Score</b>	<b>Detailed Description</b>	<b>% Chance</b>	<b>Relative</b>	<b>Frequency</b>
<b>5 = Very Likely</b>	Has regularly occurred with the organisation or there are strong indications that the risk will happen in the future.	80% or more	Certain that it will happen	yearly
<b>4 = Likely</b>	Has previously occurred or there is a strong probability that it will happen in next 12 months within the organisation.	50% - 80%	Highly likely to occur	Every 1 to 2 years
<b>3 = Moderate</b>	Some indication that the risk will happen in the short to medium term.	20% - 50%	More likely not to happen than happen	Every 2 – 5 years
<b>2 = Unlikely</b>	Limited indication at this stage that the risk will happen.	5% - 20%	Unlikely to happen but possible	Every 5 to 20 years
<b>1 = Remote</b>	No indication that the risk will happen. Expected to be a rare occurrence	0% - 5%	Extremely unlikely	Every 20 years or more

## Firefighter Pension Scheme Risk Register

Risk Area - OPERATIONS	Likelihood	Impact	Score	Direction	Control	Owner	Test / Review	Comments
Operational disaster (i.e. flood/fire)	1	3	3	↔	All records are stored electronically. Data is backed up regularly and server providers also have business continuity procedures in place.	Pension Provider	Annual review	Business continuity and safety/security of records is part of contract agreements
				↔	The majority of pension documents are electronic and all personnel files have been scanned.  Data is regularly backed up, can be accessed from anywhere on the network and server providers also have business continuity procedures in place.  <a href="#">Business Continuity plan to be reviewed on a bi-annual basis.</a>	Head of People Services and HR Business Support Supervisor	Ongoing	Business continuity and safety/security of records is part of data storage contract agreements.
				↔	Contracts with pension provider are stored electronically and hard copy stored in Legal Dept.	Pension Scheme Manager	In line with contract dates	
Member data incomplete or inaccurate	2	3	6	↓	<a href="#">Direct access of members to data and information via online portal.</a>  Annual reconciliation of member data to ensure accuracy and identify and resolve any gaps <a href="#">in conjunction with XPS</a>	Pension Coordinator / Pension Provider	Annual	Currently, checks are completed in preparation for annual returns.  <a href="#">Direct access for retirees to online portal pending</a>

				↓	Annual data check of common data and any addresses found to be incorrect are investigated using a tracing agency where required	Pension Provider / HR Business Support Supervisor	Annual	
				↓	Robust payroll processes in place to ensure accuracy of data sent to pension provider	Head of People Services	Review Annually	
Administration Failure / Maladministration	2	3	6	↔	Formal agreement in place with pension provider including SLAs.  <a href="#">Opportunity to raise issues through attendance at quarterly regional pension provider meetings</a>	Scheme Manager/ Pension Provider	Quarterly	Receive quarterly reports from the provider's performance management system outlining where SLAs have been met / breached.  Provider presents report to the Pension Board at each meeting.
				↔	Authority Levels and signatory lists clearly documented and up to date	Scheme Manager / Pension Provider	When there is a change in staff or policy	
				↔	Review Pension Providers audit reports	Scheme Manager/ Head of People Services	Annually	
				↔	Close management of administration contract	Scheme Manager/HR Business	Quarterly	Quarterly contract meetings with provider <a href="#">and review at Pension Board.</a>

					Support Manager			
				↔	Robust internal controls in place for both the pension provider and CFRS including: <ul style="list-style-type: none"> <li>- Pre-checks to take place by Pension Provider and the Pensions Co-ordinator prior to final authorisation by the senior team member (for all calculations)</li> <li>- Provider to have documented controls for all calculations and payments</li> <li>- CFRS to check agreement with all calculations for pension and lump sums and approve payment.</li> </ul>	Pensions Co-ordinator / Pension Provider	Ongoing	
				↔	Provider has a training programme in place for their staff, including Fire specific pension scheme rules	Provider	Ongoing	
				↔	Transparent and open monitoring process to ensure lessons are learned from any errors made.	Scheme Manager / Pension Provider	Ongoing	Monitored through quarterly contract meetings and at Pension Board
				↔	Ensure resilience in Pension Provider teams to mitigate the impact of loss of key staff/knowledge of Fire Pension Schemes	Pension Provider	Ongoing	Following retirement of key staff in XPS have promoted staff with prior experience and knowledge of fire pensions.
Data Forecasts and Calculations	3	3	9	↔	Robust business process in place to ensure the Administrator are provided with accurate pensionable pay and	HR Business Support Manager/	Annually	

					service information to enable accurate forecasts to be produced for members	Pensions Coordinator		
				↔	Administrator to make available suitable forms and guidance to enable clear instructions to be provided by employer	Provider	Ongoing	
<b>McCloud/Sargeant</b> Lack of resources to complete any remedy actions	4	5	20	↑	<ul style="list-style-type: none"> <li>- Ensure additional budget is available for the additional internal resources that will be needed to complete any remedy actions including additional budget which may be required to pay for tasks which may need to be completed by payroll/pension providers on top of the current contract SLAs.</li> <li>- Consider state of data in advance of remedy process being confirmed.</li> </ul>	Scheme Manager / HR Manager / Finance Manager	Ongoing	The EAT held that the FRAs cannot rely on the Schedule 22 defence. Further information has been provided to the person nominated by each FRA to receive communications in respect of this, and related, legal cases.
<b>Cyber Security</b>	1	4	4	↔	<ul style="list-style-type: none"> <li>- Both Cheshire Fire and Rescue Service and the pension administrator have access to specialist skills and knowledge to assess and manage the risk of cyber security incidents</li> <li>- All systems are subject to regular back ups to ensure critical data is not lost</li> <li>- Robust IT policies on password, access and acceptable use along with limited access to certain</li> </ul>	Head of IT/ Pension Provider	Annually	Pension administrator has provided an overview of cyber security policies.

					<p>websites to reduce the risk of malware attacks</p> <ul style="list-style-type: none"> <li>- Documented business continuity plans where security is breached.</li> <li>- Both CFRS and the pension administrator to have: <ul style="list-style-type: none"> <li>- robust system controls in place such as firewalls, anti-virus and anti-malware as well as a regular schedule of software updates.</li> <li>- Access to systems and data is limited to authorised personnel only</li> </ul> </li> </ul>			
<b>Loss of experienced/ knowledgeable staff</b>	5	4	20	↑	<ul style="list-style-type: none"> <li>- Ensure role holder has the appropriate skills, experience and qualifications</li> <li>- Ensure full induction and training is given to new starter to ensure they receive the necessary grounding in Firefighter Pensions</li> <li>- Provide access to LGA training and LGA conferences to build knowledge</li> <li>- Ensure ongoing support plan is in place to assist new starter to complete pension board and FPS bulletin actions</li> <li>- Provide necessary training and introduction to XPS to enable role holder to manage contract going forwards</li> </ul>	Head of People Services	Ongoing	<p>Pay and Pensions Lead is soon to be vacant again resulting in a heightened risk in terms of capacity and resources. Post to be advertised at earliest opportunity.</p> <p>Creation of dedicated pensions coordinator post will offset some of risk pending backfilling of a payroll post.</p>



<b>Risk Area – FINANCIAL</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Score</b>		<b>Control</b>	<b>Owner</b>	<b>Test / Review</b>	<b>Comments</b>
Excessive charges by provider	2	2	4	↔	<p>Contracts are governed by OJEU rules and are often limited to 2 years with the option to extend, meaning providers are regularly reviewed.</p> <p>Contract prices and any adhoc scenarios where additional charges may be incurred are laid out in the contract terms.</p>	Scheme Manager	Term of the Contract	It is always possible that changes to pension regs or tax regs will incur additional work for the provider or require software to be reconfigured, resulting in unforeseen costs for the FRA i.e. GMP reconciliation and McCloud/Sargeant.
Fraud / Fraudulent behaviour	1	4	4	↔	<p>Only pension forms from authorised signatories will be accepted by the pension provider</p> <p>Pension Provider staff have documented processes and both internal and external audit procedures.</p>	Authorised Signatories/ Provider	Ongoing	
Costs incurred due to failure to apply scheme/tax rules correctly or in a timely manner	2	3	6	↔	<ul style="list-style-type: none"> <li>- Pension provider have a technical team with specialist knowledge of the regulations and tax rules</li> <li>- Pension provider produce employer bulletins outlining tax rules for employers</li> <li>- Employer subscribes to knowledge hub and receives LGA/Home Office bulletins and circulars</li> <li>- Regular updates from the Scheme Advisory Board</li> </ul>	Scheme Manager / Provider	Ongoing	No costs incurred to date.

					<ul style="list-style-type: none"> <li>- Employer subscribes to HMRC pension tax updates</li> <li>- Access professional tax advice when necessary</li> </ul>			
<b>McCloud v Sargeant</b> Possible back claims from members negatively impacted by this case	5	5	25	↔	<ul style="list-style-type: none"> <li>- Finance team to ensure reserves are in place</li> </ul>	Scheme Manager / Provider	Ongoing	Remedy not yet known. Treasury likely to cover some costs, but these are likely to involve: <ul style="list-style-type: none"> <li>- back payment of employer contributions</li> <li>- compensation payments</li> <li>- additional resource to co-ordinate the remedy process.</li> <li>- Possible additional charges from the pension administrator to recalculate historic pension payments and reconfigure software</li> </ul>

Risk Area – <b>FUNDING</b>	Likelihood	Impact	Score		Control	Owner	Test / Review	Comments
Failure to deduct correct contributions from pay	2	2	4	↔	<ul style="list-style-type: none"> <li>- Monthly reconciliation of pay changes to ensure any pension related changes are applied correctly</li> <li>- Clear policy on application of pensionable pay rules</li> <li>- Bi-annual contribution band checks are completed in April when bandings change and July when pay award is applied</li> <li>- Automate payroll processes where possible. Where not possible, robust process should be in place for any manual workarounds</li> </ul>	<p>Head of People Services</p> <p>Head of People Services</p>	Monthly Bi-Annually and Annually	Process for APBs in 1992/2006 scheme and pensionable pay adjustments for temp promotions in the 2015 scheme are manual.
Failure of employer to pay contributions to the scheme	1	3	3	↔	Pension deductions are accounted for by the FRA and therefore contributions are deducted directly from employee pay and accounted for in the pension fund account.	Finance / Treasurer	Monthly	Monthly checks are conducted on this by the Finance team.
Failure to manage FPS fund correctly i.e. injury pension accounting	1	3	3	↔	<ul style="list-style-type: none"> <li>- Follow guidance provided by Fire Finance network and Home Office circulars</li> <li>- Training and guidance available for finance team on tax and accounting matters through LGA, CIPFA and PSTAX.</li> <li>- Attend Fire Finance Network meetings for guidance from colleagues in other Services.</li> </ul>	Finance / Treasurer	Ongoing	

					- Process in place to ensure fund is compensated in cases where abatement is not applied to the member			
<b>McCloud v Sargeant</b> Ruling leading to increased costs to the pension fund	5	5	25	↔	- Ensure the outcome of this ruling is factored in to any pension fund budgeting/accounting and contingency planning is considered.	Finance / Treasurer	TBC	This is likely to impact employer contributions in the future

<b>Risk Area – REGULATORY AND COMPLIANCE</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Score</b>		<b>Control</b>	<b>Owner</b>	<b>Test / Review</b>	<b>Comments</b>
Failure to interpret rules or legislation correctly	2	4	8	↔	<ul style="list-style-type: none"> <li>- Utilise central LGA resource and regional / national groups to assist with interpretation of rules and possible provision of legal opinion</li> <li>- Subscribe to the LGA Knowledge hub to get regular updates and liaise with other FRAs</li> <li>- Access professional advice where required</li> <li>- Utilise LGA/Home office bulletins and circulars</li> <li>- Utilise knowledge and expertise of the Pension Provider technical team</li> <li>- Annual training for pension board and members of the pension team</li> <li>- Attendance at FPS AGM</li> <li>- Clear documented process for decision making outlining process</li> </ul>	Scheme Manager/ HR Business Support Supervisor/ Pension Board Members	Review as new legislation comes into Force	

					to be followed and the responsible parties			
Failure to comply with disclosure requirements or communicate with staff	3	4	12	↔	<ul style="list-style-type: none"> <li>- Annual Benefit Statements (ABS) provided to all active scheme members in August each year</li> <li>- Annual Benefit Statements provided to all deferred members on an annual basis</li> <li>- Annual check to ensure all members have received an ABS</li> <li>- Spot check an ABS for each pension scheme to ensure accuracy of figures</li> <li>- Business processes in place to ensure the relevant legal statements are issued to any staff who are contractually or auto-enrolled.</li> <li>- Business process in place to communicate with members whose contribution banding changes.</li> <li>- Dedicated Intranet page for pension related matters which includes forms, details about the scheme rules, employee guides and information about pension tax.</li> <li>- Any news relating to changes to pension or pension tax is communicated in the Green Bulletin or where the change impacts all staff (i.e. end of contracting out), letters will be sent to all staff</li> </ul>	<p>Provider</p> <p>Provider</p> <p>HR Business Support Supervisor Provider /</p>	<p>Annual</p> <p>Annual</p> <p>Annual</p> <p>Annual</p> <p>Annual</p> <p>Annual</p> <p>Ongoing</p> <p>Ongoing</p>	<p>Training to be requested and provided by the pension provider for new members of CFRS pension team.</p>

Failure to offer Split Pensions to all eligible staff at point of retirement.	2	2	4	↔	<ul style="list-style-type: none"> <li>- Several occurrences identified following audit exercise in 2019/20</li> <li>- Business process reviewed and changes made to documentation to ensure future cases are easily identifiable.</li> <li>- All retirees in scope contacted by XPS outlining options for remedy.</li> <li>- Pensions now reinstated with payment of arrears and settlement of sanction charges.</li> </ul>	Provider/ Scheme Manager	Ongoing	No further issues or complaints regarding split pensions.
---	---	---	---	---	--	--------------------------------	---------	---