

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
17 DECEMBER 2019

WILTSHIRE PENSION FUND RISK REGISTER

Purpose of the Report

1. The purpose of this report is to update the Committee in relation to changes to the Fund's Risk Register (see Appendix).

Background

2. The Committee approved a Risk Register for the Wiltshire Pension Fund at its meeting on 12 May 2009. A reconfiguration of the Risk Register took place during 2019 to make it a more dynamic document and the new design was approved by the Committee on 18th July 2019. Members requested that whilst a full Risk Register is maintained by officers only the following risks need to be highlighted to Committee on a quarterly basis.
 - New risks;
 - Risks which have changed or been re-categorised;
 - Risks which are rated red; and
 - Risks which are considered to have been mitigated & stabilised & can be recommended for approval to the register's ceased/dormant category for continued monitoring by officers only.
3. Under the reconfigured Risk Register strategy, the identification of risks will be more evidence based using the Scheme update, Business Plan, Audit recommendations, Minutes of meetings, Fund's KPI dashboard and Brunel and investment pooling data as sources of information for risk identification.

Key Considerations for the Committee / Risk Assessment

4. The significance of risks is measured by the interaction of the likelihood of occurrence (likelihood) and the potential impact of such an occurrence (impact). This register uses the Council's standard "4x4" approach, which produces a risk status of Red, Amber or Green (RAG).
5. During the last quarter the following "new risk" was identified which follows a general recommendation by the Pension Regulator on how Funds should view and manage Cyber Risk.
 - **PEN018: Failure to set in place appropriate Cyber Security measures:** (Green) Over reliance by the Fund is potentially being placed on its Administering Authority's IT security arrangements & that of its key software database providers without proper scrutiny/reporting of their security arrangements.
6. The evidence-based review of the register identified the following risks had changed or need to be recategorized;
 - **PEN032: Failure to manage Fund budgets & controllable costs:** (From Amber to Green) Budget monitoring reports are now submitted to the Committee at each quarterly meeting.

7. Risks remaining “red”, high risk:
 - **PEN048: The transition of the pooling of LGPS assets with BPP fails to deliver the projected savings:** Progress and updates should continue to be regularly reported to Committee
8. It is recommended that one risk is removed from quarterly presentation to the Committee. This is;
 - **PEN035: Failure to maintain the Pension Administration Strategy as an effective strategy document:** (Green) A draft Pension Administration Strategy has been prepared for presentation to the Committee in December. It will relate to the Fund's business plan.

Board recommendations at their meeting – 14th November 2019

- **PEN042: Significant retrospective legislation changes related to the McCloud case:** (From Red to Amber) On actuarial guidance it is anticipated that whilst a review will be required the financial impact may be minimal as in most cases the underpin check for a member's benefits will not bite. However, the administrative impact is still expected to be material and hence this risk has been set at amber.
Recommendation to remain red due to potentially significant administrative impact.
- **PEN011: Lack of expertise of Pension Fund Officers and Service Director, Finance:** The Director of Finance & Procurement is still being filled on an interim basis, however other senior officer roles in the Pension Fund have now been filled by permanent staff for a significant period of time. This risk has therefore reduced.
Recommendation to remain amber & on main risk register until permanent s151 Officer appointed.
- **PEN017: A lack of knowledge and expertise on the Pension Fund Committee:** (From Amber to Green) Generally both Committee & Board members are taking a more active approach to training and requesting structured training in key areas.
Recommendation to remain amber & be split into PEN017a – Knowledge & Understanding & PEN017b – Member compliance with all relevant regulations.
- **PEN049: MiFID II compliance** (Amber) A new risk to be added to the risk register

Financial Implications

9. No direct implications.

Legal Implications

10. There are no known implications from the proposals.

Environmental Impacts of the Proposals

11. There is no known environmental impact of this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications currently.

Proposals

13. The Committee is asked to note the attached Risk Register and note the changes/actions made by officers in points 5 to 8 to the Committee.

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Unpublished documents relied upon in the production of this report: NONE
