

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
03 October 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 no "new risks" were identified.
6. The evidence-based review of the register identified the following risks had changed or need to be recategorized;
 - **PEN030: Failure to procure & contract manage service providers appropriately:** (From Amber to Green) Following the contract management work undertaken by officers and the SWAP audit concerning tPR Code of Practice 14, this risk is now being viewed as being managed appropriately.
 - **PEN032: Failure to manage Fund budgets & controllable costs:** (From Green to Amber) At the Committee meeting dated 18th July it was agreed that budget monitoring reports would be submitted to the Committee quarterly.

- **PEN036: Failure to implement a Dashboard of KPIs for regular monitoring:** (From Amber to Green) Officers have nearly completed its transition to a new suite of KPIs.
 - **PEN041: Inability to implement a strategy to ensure Climate Change considerations are integral to the Fund's investment strategy:** (From Green to Amber) Additional support may be required to help define policies in this area.
7. Risks remaining "red", high risk:
- **PEN042: Significant retrospective legislation changes related to the McCloud case:** It is still unclear exactly what the change will be, its magnitude and how the Fund can mitigate it.
 - **PEN048: The transition to 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 two risks are removed from quarterly presentation by the Committee. These are;
- **PEN009: Failure to comply with Data Protection Legislation (GDPR & Data Protection Act 2018):** (From Amber to Green) Following the implementation & first audit by SWAP on the Fund's new data protection compliance requirements it was recognised that the appropriate risk mitigations were largely in place. A Data Retention strategy requires further consideration, however a managed process, including Administering Authority & Employer policies are underway to remedy this issue.
 - **PEN031: Failure to implement the new CIPFA guidance on Accounting Standards:** Completion of the Fund's 2018/19 Annual Report & Accounts, including a subsequent audit has demonstrated that the proper implementation of the new CIPFA guidance on Accounting Standards has taken place.
9. Two risks have been highlighted by officers for consideration & guidance by the Committee. These are;
- **PEN024: The implementation of Brexit causes investment volatility or unexpected legislative changes:** This continues to be a changing situation. The officer view is for the Fund to "accept the risk" on the basis that the level of risk continues to be difficult to quantify. Being the last standard Committee meeting prior to 31st October, officers welcome Members comment on the potential risk.
 - **PEN019 & PEN029: A lack of effectiveness in the way the Board & Investment Sub-Committee operate & a failure to implement the effectiveness review between the Committee & Board:** During 2019 significant progress has been made between the groups. Whilst work is on-going, the work completed to date has clarified the flow of information that should take place between each group allowing the merger of these two risks into one.

Financial Implications

10. No direct implications.

Legal Implications

11. There are no known implications from the proposals.

Environmental Impacts of the Proposals

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

13. There are no known implications currently.

Proposals

14. The Committee is asked to note the attached Risk Register and approve the changes/actions recommended by officers in points 5 to 8 above.

15. The Committee is asked to consider the mitigation of risk outlined in point 9 & whether Members have additional comments on the officers' view.

ANDY CUNNINGHAM

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