

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
13 February 2020

WILTSHIRE PENSION FUND RISK REGISTER

Purpose of the Report

1. The purpose of this report is to update the Board 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 risks" were identified.
 - **PEN050: Implementation of the Pension Regulator's Code of Practice 15:** (Green) Over reliance by the Fund is potentially being placed on the Pension Regulator to simply combine & rationalise the existing Codes of Practice in a new Code of Practice 15. Certainty around the impact of internal controls & effective governance cannot be assessed until the details are released.
 - **PEN051: Fixed income portfolios are currently being scoped by Brunel, which client group have input into but may not be the best fit for Wiltshire:** (Green) Fixed income portfolios will transition to Brunel from late 2020 onwards. If the portfolios are not the best fit for Wiltshire, there is a risk that the investment strategy is not properly implemented, or that there is a delay before assets can transition

6. The evidence-based review of the register identified the following risks had changed or need to be recategorized;
- **PEN026: A lack of effectiveness of Committee meeting due to the impact of MiFID II Regulations:** (From Amber to Green) Guidance received from officers & the Independent Adviser to the Fund has mitigated the impact of MiFID II. Officers implemented a self-assessment return which was completed by members verifying their competence to maintain “professional client status”. A member training strategy for 2020/21 includes MiFID II related training. To be moved from Dynamic to the Ongoing section.
 - **PEN036: Failure to implement a Dashboard of KPIs for regular monitoring:** (From Amber to Green) A regular dashboard of KPIs monitoring the pension Fund’s activities are now being brought to the Board & Committee each quarter. The implementation of a new Pension Administration Strategy document will further enhance the flow KPI information to members. To be moved from Dynamic to the Ongoing section.
 - **PEN049: Failure to comply with the FCAs MiFID II compliance:** (From Amber to Green) A paper setting out the procedures was submitted to the Board on 13th February. The Fund will be audited in 2020 for its compliance with MiFID II. To be moved from Horizon to the Ongoing section.
7. Risks remaining “red”, high risk:
- **PEN042: Significant retrospective legislation changes related to the McCloud case:** It is still unclear exactly what impact there will be on the administration, although the impact actuarially speaking is likely to be minimal. Members requested that it be kept as a red risk until the administrative impact is clearer.
 - **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 two risks are removed from quarterly presentation to the Committee. These are;
- **PEN024: The implementation of Brexit causes investment volatility or unexpected legislative changes:** (From Amber to Green) The Brexit Treaty has been signed. If trade negotiation create a risk a new risk can be created relevant to the impact of the trade negotiations. It is recommended that this risk be moved from Dynamic to dormant.
 - **PEN030: Failure to procure & contract manage service providers appropriately:** (Green) A contract management framework has been developed by officers which is both managed & maintained, including regular reporting to members. The risk has reduced and it is recommended that it be moved from Dynamic to dormant.

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

ANDY CUNNINGHAM

Head of Pensions Administration and Relations

Report Author: Richard Bullen, Fund Governance & Performance Manager

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