

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
06 August 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.
 - **PEN055: Failure by Brunel Pension Partnership to properly address shareholder concerns via the governance review:** (Red) Governance arrangements set in place at the outset of Brunel are due for review and it is vitally important that Wiltshire and all shareholders are satisfied with the breadth and depth of the review, and the resulting changes.
6. The evidence-based review of the register identified the following risks had changed or need to be recategorized;
 - **PEN018: Failure to set in place appropriate Cyber Security measures:** (From Green to Amber) Feedback received from members following publicised cyber-attacks has raised the likelihood & therefore the risk rating. Officers to submit a

report to the Board on the progress of the current mitigations that are in place by the Fund's software providers to counter cyber-attacks.

- **PEN029: Failure to implement the effectiveness review between the Committee & Board:** (From Amber to Green) Full Council approved updated terms of reference for both the Committee & the Board for inclusion within its own constitution enabling improved effectiveness between each group. Whilst work is ongoing officers consider that these changes enables the risk rating to be reduced.
- **PEN041: Inability to implement a strategy to ensure Climate Change considerations are integral to its investment strategy:** (From Amber to Green) The Fund's new Investment Strategy Statement submitted to Committee at their meeting on 16th July 2020 sets out prominently the Fund's commitment to ensuring that climate change is an integral part of its investment strategy. A clear flightpath has been in operation since 2015 & officers continue to work with Investment Managers concerning stock selection.
- **PEN049: Failure to comply with the FCAs MiFID II compliance:** (From Amber to Green) Following the Committee's adoption of the Board's recommendation to ensure that all Committee members & their substitutes annually self-certify that they maintain a requisite level of knowledge & understanding to satisfy the Fund's "Professional Investor" requirements it is determined that this risk can be reduced. Support will continue to be given to members in relation to the training & guidance to support self-certification.

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. A Board recommendation to introduce a monitoring & reporting timetable of BPP was approved by the Committee.
- **PEN052: COVID-19:** An infectious global virus which WHO has classed as a pandemic. Its multiple impacts on the Fund continue to be continuously monitored & managed, until the risk(s) subside.

8. There is no risk on the risk register recommended for removal from quarterly presentation to the Board.

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.

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