

## WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE  
24 SEPTEMBER 2020

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### 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 18<sup>th</sup> 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.
  - **PEN056: Failure to implement the findings of the Goodwin case:** (Green) *To ensure that on receipt of the proposed remedies the Fund mitigates any accidental discrimination in respect of a member's sexual orientation, by implementing those remedies.*
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 16<sup>th</sup> 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.
- **PEN021: Ineffective implementation of the Public Sector Exit Cap:** (From Green to Amber) *The consultation process will end in November & updated guidance will be issued including anticipated changes to the Compensatory Regulations 2006 and LGPS Regulations detailing the requirements for implementing the Exit Cap.*
- **PEN015: Failure to collect payments from ceasing employers:** (From Amber to Green) *Further changes to the Fund's employer cessation policy are required, however it is noted that the policy approved in March 2020 already incorporates a number of recommendations & the further changes will be brought to Committee in Q4 2020. In view of the Fund's proactive approach to its ceasing employer strategy the risk has been reduced.*

7. Risks remaining "red", high risk:

- **PEN042: Significant retrospective legislation changes related to the McCloud case:** *Following the release of the Government's consultation document in July analysis of the Scheme's members who may be affected has been undertaken. Early indications suggest that potentially c27k members may be affected, as well as causing several supplementary administrative tasks. 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 & Committee.

### **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 approve the attached Risk Register and accept the recommendations for changes/actions made submitted by the Board in points 5 to 8.
14. The Committee is asked to approve the changes made to the Risk Register since the Board meeting on 6<sup>th</sup> August 2020. These changes are highlighted in italics within this report.

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Unpublished documents relied upon in the production of this report: NONE