

| Ref.                 | Risk  | Cause  | Impact   | Primary Risk Category (CIPFA) | Risk Owner      | Level of risk (Inherent) | Impact | Likelihood | Inherent risk score | Controls in place to manage the risk  | Impact | Likelihood | Residual risk score | Further Actions necessary to manage the risk  | Level of risk (Residual) | Direction of Travel | Risk Action Owner | Date for completion of action |  |
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| <b>Horizon Risks</b> |   |  |  |                               |                 |                          |        |            |                     |   |        |            |                     |   |                          |                     |                   |                               |  |
| PEN061               | Failure of internal auditors to conduct audits commissioned by the Committee in accordance with an agreed terms of reference  | The Committee & Board must ensure that audits they commission are being executed as originally prescribed in terms of their scope, quality and timeliness. Both groups need to satisfy themselves that all audits are being carried out on a best value basis, by internal auditors appropriately skilled to conduct those audits and that any signing off of audits are not being unduly delayed  | Commissioned audits which are delayed, whether they be financial, procedural, compliance or otherwise driven can carry significant risk to the integrity of the Fund. New processes require robust review by suitably skilled internal auditors and 3rd party delays whether arising from the audit partnerships themselves, or secondary approvals can create a consequential impact on the operational effectiveness of the Fund. Both the Committee & the Board require robust independent assurance to ensure that their oversight can remain  | ACCOUNTING & AUDITING         | Jennifer Devine | Medium                   | 2      | 3          | 6                   | Commissioned audit plans by the Fund should not just cover the scope and content of the audit, but require internal auditors to submit a clear process and timescale to the Committee and the Board who can reassure themselves that audits are being carried out to the standards believe.   | 1      | 1          | 1                   |   | Low                      | ↑                   | Jennifer Devine   | On-going                      |  |
| PEN060               | Failure to complete the review into potential conflicts of interest between the Fund and its Administering Authority  | Wiltshire Council is experiencing a period of immense strain on its services, exacerbated by limited central government funding and the pandemic. In response to this strain it has undertaken a review of its services and formulated a strategy of restructure   | Areas of potential conflict include 1) Senior AA officers not recognising that they may be conflicted when taking a decision 2) Not ensuring the AA has in place protocols to manage a conflict of interest with its Pension Fund 3) Not ring fencing the services paid for by the Fund from when wider AA policy changes occur, such as staff re-deployments 4) Not quantifying the corporate recharge, or that financial distribution between service areas & introducing SLAs to enable performance measurements of the AA services procured 5) Not enabling the Fund greater freedom relating to best value procurement and employment 6) Viewing the Pension Fund as an equal partner concerning its own requirements & 7) Not embracing changes to improve Fund governance published by outside bodies such as SAB | GOVERNANCE                    | Andy Brown      | Medium                   | 3      | 2          | 6                   | The Committee & the Board should seek to identify and address potential conflicts of interest with the Committee being willing to actively manage situations with the AA where it considers that the membership of the Fund, or the Fund itself is not being appropriately served   | 1      | 1          | 1                   | Engagement in connection with the scoping of services is seen as a priority by the Committee, along with linking the services provided to the corporate recharge fee requested by the Administering Authority.  | Low                      | ↑                   | Andy Brown        | On-going                      |  |
| PEN059               | Service disruption is created during the implementation of the Council's Evolve Programme - Pension Payroll software  | Wiltshire Council intends to introduce a replacement for SAP. The intended procurement process is due to be completed by September 2021 & the implementation by December 2022.   | SAPs replacement could have a significant impact on the Fund's ability to pay its pensioners, particularly where the project management of the de-implementation and implementation are not synchronised   | GOVERNANCE                    | Andy Brown      | Low                      | 1      | 2          | 2                   | As part of the Fund's oversight of its Payroll, it is recommended that the Committee request periodic strategic updates during the course of 2021 & 22 from the Fund's s151 Officer to be able to assess the level of risk & whether any mitigations need to be identified. Consideration by the Fund concerning the migration of its payroll to its own separate payroll software service is being undertaken, however this may be at odds with the Council's priorities | 1      | 1          | 1                   | The current payroll system is to be phased out and a new integrated system with the Pensions Administration database is approved & is set to be introduced. However, the Council requires the Fund to use the new payroll system which isn't necessary designed for the purpose. Auditors to be involved to oversee the reconciliations and controls to be put in place. The project plan should be discussed with the Auditor. Project management completion timelines are increasing the risk of success of this migration. | Low                      | →                   | Andy Brown        | Dec-22                        |  |
| PEN058               | Service disruption is created during the implementation of the Council's Evolve Programme - Non Pension Payroll software  | Wiltshire Council intends to introduce a replacement for SAP. The intended procurement process is due to be completed by September 2021 & the implementation by December 2022  | SAPs replacement will impact on multiple services areas provided by the Council to the Fund. For the Fund's non-pension payroll functions this will most notably include HR, AP & IT services. However, it could effect all service relationships the Fund has with the Council.   | GOVERNANCE                    | Andy Brown      | Low                      | 3      | 1          | 3                   | As part of the Fund's oversight of its IT services, it is recommended that the Committee request periodic strategic updates during the course of 2022 from the Fund's s151 Officer to be able to assess the level of risk & whether any mitigations need to be identified.  | 1      | 1          | 1                   | Auditors to be involved to oversee the controls being put in place concerning non-pension payroll transfers of software, notably Accounts Payable & general accounting practices. The project plan should be discussed with the Auditor. Evolve risks remain for the Fund in all aspects of the Evolve Programme.   | Low                      | →                   | Andy Brown        | Dec-22                        |  |
| PEN056               | Failure to implement the findings of the Goodwin vs the UK case in relation to discrimination which will affect public service pension schemes on the grounds of sexual orientation | Following a male to female transsexual post operative procedure the claimant stated that her human rights had been infringed when she was still treated as a man for National Insurance contributions purposes, as she continued to make payments after the age at which a woman would have ceased payments, thus causing harassment. A second similar claimant stated she was unable to obtain work as she was unable to provide her birth certificate revealing her gender | There is no remedy proposed yet, although some auditors are pressing for an allowance to be included in 2020 IAS19/FRS102 reports. Whilst the funding costs are expected to be small, this will be a further administration and communication burden to address.   | ADMINISTRATION                | Andy Cunningham | Low                      | 1      | 1          | 1                   | The implementation of risk controls will be introduced on communication of remedies.  | 1      | 1          | 1                   |   | Low                      | →                   | Andy Cunningham   | N/A                           |  |
| PEN050               | Failure to comply with TPR's anticipated new Single Code of Practice Statement  | The new requirements for pension scheme governance came into force on 13 January 2019 as part of the transcription of the IORP II Directive into UK law. The new EU Directive covers the activities and supervision of institutions for occupational retirement provision (IORP)   | Consequently the TPR is simplifying its codes of practice as part of its 'clearer, quicker, tougher' campaign and in response to new requirements for scheme governance, the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018. Codes combined notably relate to 9, 13, 14 & 15.  | GOVERNANCE                    | Richard Bullen  | Low                      | 2      | 2          | 4                   | It is anticipated that early focus will be on the codes that are most affected by the new regulations, starting with internal controls & effective governance. Trustees will need to be able to demonstrate that they have an effective system of governance within 12 months of its publication  | 3      | 1          | 3                   | None, until the Single Code of Practice Statement is released which not anticipated until Summer 2022.  | Low                      | →                   | Richard Bullen    | N/A                           |  |
| PEN044               | Change to valuation cycle   | The Government is consulting on changing the fund valuation cycle. The next valuation will be in 2022 but it is unclear when the next one will follow.   |  | GOVERNANCE                    | Andy Cunningham | Low                      | 1      | 3          | 3                   | Officers will respond to the consultation stating they are not in favour of such a change   | 1      | 3          | 3                   |   | Low                      | →                   | Andy Cunningham   | N/A                           |  |

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| PEN042 | Significant retrospective legislation changes related to the McCloud case                 | An age discrimination case taken to Court by a group of firefighters and Judiciary employees   | Increased contribution rates for employers and high levels of administration time and complication.   | ADMINISTRATION | Andy Cunningham | High | 3 | 4 | 12 | None - Whilst it now appears almost certain that a change will take place, it is still unclear exactly what the change will be, its magnitude and how the Fund can mitigate it. It is noted that the Valuation results have made no allowance for the consequences of the McCloud case, primarily due to the prudence applied to the investment return expectations of 75%, but also due to the implementation of actuarial guidance. | 2 | 4 | 8 | a) 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. b) 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 c27k members from all status types will need to be reviewed, however cases where the underpin bites continues to be considerably less. Supplementary impacts such as the Annual Allowance, transfers & dependent benefits will also need to be considered, as well as changes to the Fund's internal controls to ensure that cases are reviewed as the liability falls due & that those which have been reviewed are | Medium | → | Andy Cunningham | N/A |
| PEN039 | The Fund's inability to implement the reforms associated with the Good Governance Project | SAB has requested a review of governance structures for the LGPS using a criteria of four possible governance models which might help funds to deliver good governance for their employers and members. A final consultation report is due in July 2019. | Poor governance has a reputational risk impact, leading to poor service for Fund stakeholders, a lack of clarity of roles & responsibilities and potential conflicts of interest emerging | GOVERNANCE     | Andy Cunningham | Low  | 2 | 2 | 4  | Officers have contributed feedback to the consultation exercise in May 2019 and taken part in various discussions. This has helped officers gain an understanding of the likely direction of travel and help ensure the Fund is aligned and prepared (for example by making certain adjustments to the terms of reference).   | 2 | 2 | 4 | Officer to introduce a statement of Fund principles, beliefs & precedents.   | Low    | → | Richard Bullen  | N/A |

## Dynamic Risks

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| PEN053 | Failure to implement Fund's Data Retention Strategy  | Poorly implemented strategies agreed by the Board & Committee to ensure that the retention of data is properly executed in respect of both the Fund & Scheme Employers may occur.  | A failure to adhere to the strategy could potentially breach GDPR compliance & create service issue in the event of data being inadvertently minimised or deleted.   | ADMINISTRATION                | Mark Anderson   | Low    | 1 | 3 | 3  | Heywood (Altair Database manager) to introduce a tool to minimise & delete records. Includes an export function to identify records managed via this process which can be reported on. This can be cross referenced against the membership statistics if required.   | 1 | 2 | 2 |   | Low    | → | Mark Anderson    | N/A      |
| PEN047 | There is uncertainty around the ability of Brunel to resource its property portfolio offering                                | It is intended that property assets will transfer to Brunel in late 2020.  | If Brunel are not adequately resourced, this could result in the portfolio not being effectively managed, and/or costs being higher than expected.   | INVESTMENT PERFORMANCE & RISK | Jennifer Devine | Low    | 4 | 1 | 4  | Officers are working with Brunel to ensure that the transition plan is appropriate before proceeding with this transition. Define reporting metrics for the Committee to make a decision.  | 4 | 1 | 4 | BPP to build resilience in their private markets team by outsourcing more, so that there is less key person risk and the portfolios are scalable. BPP want to add several members of staff to their team and do more in house as well. I The best way forward might be to commission an independent review of the best model to deliver private markets via pooling, to best serve our client requirements. | Low    | → | Jennifer Devine  | Jun-20   |
| PEN045 | GMP legislative changes  | The Government has been planning to make a number of changes to way that GMPs work which brings about certain risks. In particular, changes to the indexation approach (which have been repeatedly delayed) and equalisation between males and females.                | Both sets of plans could increase scheme costs and cause material amounts of additional administrative work.   | ADMINISTRATION                | Andy Cunningham | Low    | 2 | 2 | 4  | HMRC undertook a consultation in the last quarter of 2020 requesting responses by 30 December 2020. The WPF along with many other organisations responded to that consultation and on publication of the results the Fund will seek guidance from its professional advisers in respect of both its equalisation & indexation responsibilities on the next steps it should take.  | 2 | 2 | 4 | None  | Low    | → | Andy Cunningham  | N/A      |
| PEN041 | The Fund's inability to implement a strategy to ensure Climate Change considerations are integral to its investment strategy | Climate change is a key environmental risk which could have a material financial impact on the Fund's returns, and as such needs to be considered, managed and monitored as part of the Committee's fiduciary duty, and to protect the investment returns of the Fund. | Failure to embed climate change considerations in the investment strategy could cause a negative impact on investment returns over the long term.  | FINANCIAL MARKETS & PRODUCTS  | Jennifer Devine | Medium | 3 | 2 | 6  | The Committee is engaged in ongoing work to help determine the most appropriate direction of travel, with expert consultancy support. Significant progress has been made so far, with the introduction of a climate change policy, amendments to the investment strategy, a flight path to enable change and a considerable amount of training and development of members by professional advisers. Work is also being done within the Brunel pool to address this risk. | 2 | 2 | 4 | Additional resource continues to be required, likely by the way of specialist consultancy support.  | Low    | ↓ | Jennifer Devine  | On-going |
| PEN038 | The Fund's inability to implement the DWP's Dashboard within a notified timescale.   | Late communication by the DWP to specify their requirements for the Fund to comply with this new nationwide Dashboard. Potential for unexpected implementation costs and/or the Fund being unable to meet the reporting requirements.                                  | Non-compliance would lead to a reputational risk for the Fund. A statutory requirement to contribute may also be created.  | ADMINISTRATION                | Andy Cunningham | Low    | 1 | 2 | 2  | Senior officers to keep themselves apprised of developments and seek more detailed information as the project develops.  | 1 | 2 | 2 | None  | Low    | → | Mark Anderson    | N/A      |
| PEN037 | Failure to implement a strategy to address the administration backlogs   | Failure of effectively administration the scheme could result in incorrect payments, inefficiencies in the process, failure to meet disclosure timeframes, complaints and inadequate oversight over the fund.  | Poor administration resulting in incorrect payments and can lead to reputational risk issues. The mitigation of this risk is contingent on the mitigation of other risks such as PEN034 & PEN036   | ADMINISTRATION                | Andy Cunningham | High   | 4 | 3 | 12 | The implementation of PEN034 & PEN036 along with addressing the internal auditors comments in their 2018/19 Key Controls report should mitigate this risk. As part of the 2022/2023 budget approval, the outsourcing of the backlog to help mitigate this risk was agreed  | 3 | 2 | 6 | Employer training to be enhanced to assist the provision of information to officers & efficient management of backlogs. Improving peer review policy to enhance they way work is checked.   | Medium | → | Jennie Green     | On-going |
| PEN034 | Failure to implement Lean process review   | Low KPI performance has been identified, particularly in relation to the disclosure requirements, as a result of inefficient processes and insufficient training and support.  | An end to end processing review of all repeatable processes with the key objectives of improving the customer experience and identifying and realising efficiencies. Semi-automated work allocation is required to target key items of casework more quickly | ADMINISTRATION                | Andy Cunningham | Medium | 3 | 2 | 6  | As at April 2022, work continues to be ongoing in relation to completion of the lean processing review. This has taken longer than expected due to the considerable amount of change management, which has caused additional reviews.  | 3 | 1 | 3 | Officer training to be enhanced to assist with the efficient processing practices. Officers have introduced a 2nd line of review strategy, where experienced officers conduct internal audits at a technical level, not just at a process level.  | Low    | → | Samantha Wooster | On-going |
| PEN022 | The rectification of records with both GMP and non GMP issues is time-consuming, costly & causes reputational damage.        | From 1 April 2016, State Second Pension ceases and HMRC no longer provides GMP data on members to Funds. The Fund is looking to complete the reconciliation of its pensioner payroll to include GMP as well as all other data differences.                             | If records for members are inaccurate there is the potential for incorrect liabilities being paid by the Fund.   | ADMINISTRATION                | Andy Cunningham | High   | 3 | 4 | 12 | Large project is still ongoing and software from Heywood's is being used to process amendments to Altair on bulk. Progress was delayed due to the Fund trying to engage with Government to agree on a nationwide approach and in order to undertake further analysis of the problems identified.   | 2 | 4 | 8 | A common approach between south-west Funds has been reached with feedback from SAB. Several papers were submitted to the Committee setting out the situation and outlining a proposed strategy. A regular update is being provided to Committee concerning member record reconciliation.  | Medium | → | Mark Anderson    | u/k      |

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| PEN021 | Ineffective implementation of the Public Sector Exit Cap    | The Treasury is consulting on draft regulations to introduce a cap of £95,000 on exit payments in the public sector, in response to concerns about the number of exit payments that exceed or come close to £100,000 and the need to ensure they represent value for money. This will include changes to LGPS regulations. Introduction of exit cap will require an additional burden on the administration team as it is likely to effect all redundancy calculations. Funds are often given little time to implement changes which brings about this risk. | Changes need to be communicated to individuals and employers and systems adapted once the revised regulations have been approved. LGPS Fund's could be in breach of the legislation in they are logistically unable to implement the cost cap mechanism once introduced. Engagement with the relevant public service HR dept's in relation to the implementation of the Exit will be essential. | LEGISLATIVE    | Andy Cunningham | Low  | 2 | 1 | 2  | The consultation is due to be completed on 9th November. Key risk controls should include: 1) Fund officers should ensure that relevant HR officers understand the implications of the Cap. 2) Review the Compensatory Regulations after they've been re-written and LGPS Regulations too as a priority 3) Ensure Fund officers understand the new regulations & draft proforma to manually calculate options, prior to the delivery of automated calculation routines 4) Consider any TUPE transfer implications 5) Liaise with HR department concerning potential redundancy exercises in 2021 & 6) Undertake a review of Fund's documentation to include disclaimers | 2 | 3 | 6 | Legislation was introduced concerning the Exit Cap at the end of 2020, however this legislation is now in conflict with the LGPS regulations. Guidance is being sought to resolve these conflicts. A further review of resources may still be needed following a review of the final details & feedback from HR departments. | Medium | → | Andy Cunningham | N/A |
| PEN018 | Failure to set in place appropriate Cyber Security measures | Over reliance by 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   | Impact is significant concerning the operational effectiveness of the Fund, notably in relation to the data held and the ability to calculate and process member benefits   | ADMINISTRATION | Andy Cunningham | High | 4 | 3 | 12 | Cyber security reports to be requested on an annual basis from both Wiltshire Council's IT department & the main database manager Heywood's. Following the Committee meeting on 16/12/21 a range of recommendations were approved by the Committee due to the assurance levels received. This included the appointment of an external auditor to assess the Fund's  | 4 | 1 | 4 | During 2021 Heywood's provided a suite of documents concerning their cyber security arrangements & ICT provided a report to the Committee in December.   | Low    | → | Andy Cunningham | N/A |

## Ongoing Risks

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| PEN055 | Failure of the Brunel Pension Partnership to properly address shareholders concerns via the governance review | 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.  | With the Wiltshire Pension Fund & other stakeholders being required to invest significant sums of money with BPP, robust governance arrangements are vital to ensure that shareholders are able to take assurance over the running of the partnership  | GOVERNANCE                            | Andy Brown                       | Medium | 3 | 2 | 6  | Brunel's governance review is ongoing. Wiltshire has actively engaged with Brunel, by sending a letter on behalf of Committee members, to make Wiltshire's expectations clear, and also via the Head of Pension Fund Investments' input at a client group level.   | 3 | 2 | 6 | Officers will regularly monitor the progress of the governance review and engage at all possible opportunities. Committee members will be kept informed of all developments.   | Medium | → | Andy Brown                                      | N/A      |
| PEN052 | COVID-19  | COVID-19 is an infectious global virus which WHO has classed as a pandemic. The UK could be taking similar actions to other countries bad affected by this virus such as China & Italy which will cause significant business continuity issues to the pension fund  | In a worst case scenario the Council's officers & service provider offices will be closed making remote working essential but difficult. In addition, it is expected that up to 20% of people will be off sick & needing to self-isolate causing service issues. Consequently issues around staffing, investment returns, employers supplying data, management of employer covenants, support from suppliers & contractors are all likely to be factors in the management of the Fund. | GOVERNANCE                            | Andy Cunningham/<br>Jenny Devine | Low    | 2 | 2 | 4  | The Council's/Fund's Business Continuity Plan will need to be activated. Regular communication with key services & service providers should be maintained. Fund officers have already taken a series of steps to ensure ongoing service & are giving consideration to the daily government updates & Council policy in the taking of those decisions.<br>01/02/2022 - With Govt. rules relating to the pandemic being relaxed and the majority of the population vaccinated, risks to the operation of the Fund caused by the pandemic are considered reduced. Monitoring will continue, however there appears to be no immediate risk to ongoing service. | 2 | 2 | 4 | The series of steps have been specifically identified to manage this risk. In particular, maintaining the movement of money, communication with all stakeholders & essential operating practices; Consequently the following risks were focussed upon; Movement of money PEN001, PEN002, PEN003, PEN015 & PEN033. Communication with stakeholders PEN013, PEN030 & PEN033 & Essential operating practices PEN004, PEN010 & PEN037. A survey was also sent to Employers requesting information about their circumstances & a close monitoring of actual employer behaviour has been adopted & will continue to be in relation to their service obligations. | Low    | ↓ | Andy Brown/<br>Andy Cunningham/<br>Jenny Devine | N/A      |
| PEN048 | The transition to pooling of LGPS assets with BPP fails to deliver the projected savings                      | The Fund needs to pool its LGPS assets with other Funds using the Brunel Pensions Partnership.  | Pool implementation could be costly in terms of unanticipated costs and/or savings less than projected.  | INVESTMENT PERFORMANCE & RISK         | Jennifer Devine                  | High   | 4 | 3 | 12 | The Fund is working with Brunel Pension Partnership on pooling arrangements. Progress and updates regularly reported to Committee. The Fund's passive portfolios have been pooled with significant fee savings, but a budget increase is also currently being proposed. The final position is still uncertain.   | 3 | 3 | 9 | Significant amount of resource still required by officers to progress this project. On 13th February 2020 the Board recommended that a monitoring & reporting timetable being put in place concerning BPP's transition to help mitigate this risk.   | Medium | → | Jennifer Devine                                 | On-going |
| PEN043 | Administration disruption and employer cost pressures cause by the Cost Cap review                            | The cost cap floor has been breached meaning the Scheme rules need to be adjusted.  | Administration: Some impact on administration processes and communications - unknown at the moment as the details have not been finalised.<br>Cost: Higher costs for employers   | ADMINISTRATION                        | Andy Cunningham                  | Low    | 2 | 2 | 4  | None until further information is available. Note: this is unlikely to happen until the McCloud case changes are finalised, as McCloud will already increase costs in itself.  | 2 | 4 | 8 | GAD have indicated that the LGPS is in a strong financial position based on March 2019 information. GAD have made recommendations concerning consistency which will be reviewed by SAB. These include widening the cost corridor from 2% to 3% and a wider economic check on the outlook of the economy  | Medium | ↓ | Andy Cunningham                                 | N/A      |
| PEN036 | Failure to implement a Dashboard of KPIs for regular monitoring   | Difficulties in extracting the required data from the workflow section of the administration system. Improve the range of Key Performance Indicators (KPIs) produced for the Committee and Local Pension Board to help provide transparency and clearer oversight & management of administration performance.   | Failure to implement a dashboard of comparable benchmarks, will be counter to the Pension Regulator's requirements on factors such as data quality measures  | ADMINISTRATION                        | Andy Cunningham                  | Low    | 1 | 2 | 2  | Officers have implemented a suite of KPIs to be utilised at different levels. Namely, at a Statutory level, for the Committee & the Board, for use between Employers & the Fund & at management level for use at an operational level within the Pension's dept. The introduction of a new PAS document will enhance the flow of KPI information to members.<br>Further work is required to introduce a suite of customer service based KPIs.  | 3 | 2 | 6 |  | Medium | → | Mark Anderson                                   | On-going |
| PEN035 | Failure to maintain the Pension Administration Strategy as an effective strategy document.                    | The Pension Administration Strategy has not been reviewed since 2019.   | To improve the administration performance of the Fund and of its participating employers. If this does not improve the Fund will be in breach of compliance requirements laid down by the Regulator.   | ADMINISTRATION                        | Andy Cunningham                  | Low    | 2 | 1 | 2  | A new Pension Administration Strategy has been approved in December 2019. It will relate to the Fund's business plan. A management dashboard is being developed in addition to the Committee & Board monitoring to ensure that the requirements of the PAS are executed effectively  | 2 | 1 | 2 | None.  | Low    | → | Denise Robinson                                 | 31/03/22 |
| PEN033 | Failure to manage AVC providers   | The Fund is a Data Controller with four AVC providers under management who operate to a system of policies & endorsements rather than service provider contracts. Consequently, there is a risk due to the mismatch between Fund responsibility & control in relation to the assets under management.   | Failure of a AVC provider can lead to issues of reputational risk to the Fund, as well as being exposed to adverse governance & financial implications.  | ACCOUNTING & AUDITING                 | Jennifer Devine                  | Low    | 2 | 2 | 4  | A minimum of annual service review reviews have been implemented with all AVC providers, managed by the Investment & Accounting team. The review will cover customer service & investment performance.   | 2 | 1 | 2 | None.  | Low    | → | Jennifer Devine                                 | On-going |
| PEN030 | Failure to procure & contract manage service providers appropriately  | GDPR adherence, the migration of Investment Managers to BPP & external service providers all form part of the existing Contract Management strategy. Many undertaken in conjunction with the AA's Procurement dept. In addition, with approximately 1/3 of services provided by the AA, good & complete governance would require contract reviews the Fund's internal services too. | A lack of a contract management framework, including a complete suite of documents by which to measure performance against will create an inability to manage both internal & external service providers. In addition, it will limit the updating of service scopes so that the Fund's requirements remain consistent with new legislation & regulations. This will lead to increased costs & risks to the Fund.   | PROCUREMENT & RELATIONSHIP MANAGEMENT | Andy Cunningham                  | Medium | 2 | 3 | 6  | A contract management framework has been developed by officers to anticipate the review of Fund contracts as they fall due. Fund officers have also attended Contract Management training provided by the Council's Procurement Department.  | 3 | 1 | 3 | To ensure that a comprehensive best value service is being provided to the Fund the contract management framework needs to be extended to cover regular reviews of internal service providers to the Fund. Such an extension will allow suitable measurement of performance against the corporate re-charge levied by the Fund's AA.   | Low    | → | Richard Bullen                                  | On-going |

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| PEN028  | Failure to introduce new administration software effectively                                | Implementation of new software including I-connect, payment instruction automation and a new member website. All to be completed during 2021/2022.  | Delay in the payment of member benefit, poorer data quality, sub-standard communication arrangements with members & employers & slower delivery times leading to a more costly service  | ADMINISTRATION                | Andy Cunningham | Low    | 2 | 2 | 4 | Individual project plan have been prepared for each implementation of software, including their GDPR implications, with individual project issue logs and risk registers. A bespoke Project team has also been established within the pension's dept, who initiate formal handovers to officers on completion of the new implementation. i-Connect, which will have the largest impact, is partially delivered with around a third of active members onboarded.  | 2 | 1 | 2 | SQL capability to be developed within team to enhance reporting & verify effective implementation. Nova Sail will also be introduced to leverage & optimise the software capability employed by the Fund.   | Low    | → | Samantha Wooster  | On-going |
| PEN026  | A lack of effectiveness of Committee meeting due to the impact of MIFID II Regulations      | MIFID 2 investment regulations from Jan 2018 will classify LGPS Funds as "retail" investors. They will need to opt up to professional status  | If Wiltshire Pension Fund is unable to maintain "professional" status it will limit the range of investments available and may lead to the forced sale of assets.   | INVESTMENT PERFORMANCE & RISK | Jennifer Devine | Medium | 3 | 2 | 6 | Wiltshire Fund is now being treated as a Professional Client, having followed due process. Maintenance of the Fund's Professional Client status will require on-going compliance with the requirements including competence  | 2 | 2 | 4 | Guidance received from officers & the Independent Adviser to the Fund has mitigated the impact of MIFID II. Officers implemented a self-assessment return completed by members concerning their competence to maintain "professional client status". A member training strategy for 2020/21 includes MIFID II related training  | Low    | → | Jennifer Devine   | On-going |
| PEN025  | Further academisation of Schools, the possibility of MAT breakups and cross fund movements. | Potential for further schools to convert to academy status, MATs to breakdown   | Additional governance and administration risk. If all schools were to convert then the number of employers in the Fund could jump from 180 to between 400 and 500.  | GOVERNANCE                    | Andy Cunningham | Low    | 2 | 2 | 4 | Regular communications with schools to understand their intentions. Revised cessation policy aims to address some of the risks relating to MAT breakups.   | 2 | 2 | 4 | The Fund is monitoring the SAB review of academies roles in the LGPS and will take actions (e.g. respond to consultations) as necessary to try to mitigate this risk further.   | Low    | → | Andy Cunningham   | N/A      |
| PEN017a | A lack of knowledge and expertise on the Pension Fund Committee                             | Lack of structured training and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability  | Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments. There is also a requirement for Funds to 'Comply or Explain' within their Annual Report on the skills knowledge of members of the Committee | GOVERNANCE                    | Andy Cunningham | Medium | 2 | 3 | 6 | Members are given Induction Training when they join the Committee, as well as subsequent opportunities to attend courses/seminars and specialist training at Committee ahead of key decisions. There is a Members' Training Plan and Governance Policy. Further training and advice can be called on from our consultants, independent advisors and investment managers too.   | 2 | 1 | 2 | The results of the external knowledge assessment were presented to the Board on 11 Nov 2021 & the Committee on 16 Dec 2021. Based on the assessment a new 4 year training strategy was agreed and a training policy. Pensions is a complex subject, so the training needs of the Committee will need to be continually reviewed. Generally both Committee & Board members are taking a more active approach to training and requesting structured training in key areas.  | Low    | → | Richard Bullen  | On-going |
| PEN017b | A lack of Committee Member compliance with all regulations                                  | Lack of Member willingness or awareness to be compliant with new or existing regulations leading to breaches of legislation and reportable offences   | Over reliance on officers & advisers to ensure compliance leading to a lack of oversight challenge  | GOVERNANCE                    | Andy Cunningham | Medium | 2 | 3 | 6 | Member attendance at conferences & seminars enables independent information sources. Update the Look forward plan to include the introduction of an annual audit plan to ensure the fund's compliance requirements are implemented & the results of the audit reported to Committee  | 2 | 1 | 2 | None  | Low    | → | Richard Bullen  | On-going |
| PEN016  | A lack of effectiveness in respect of the Fund's Treasury Management Services               | The Fund's treasury function is now segregated from Wiltshire Council. This includes the investment of surplus cash in money markets.   | Exposure to counterparty risk with cash held with external deposit holders could impact of Funding level of the Fund  | INVESTMENT PERFORMANCE & RISK | Jennifer Devine | Low    | 3 | 1 | 3 | The Pension Fund will review an updated Treasury Management Strategy annually. The Fund has reviewed the Treasury Management Agreement and the Committee approved a new strategy in April 2022.  | 2 | 1 | 2 | The Council uses Sector's credit worthiness service using ratings from three rating agencies to provide a score. Surplus cash is transferred to the Custodian at month end ensuring cash balances are minimal. A minimum of annual updates by the Council need to be presented to the Committee.  | Low    | → | Jennifer Devine   | N/A      |
| PEN015  | Failure to collect payments from ceasing employers  | When an employer no longer has any active members a cessation valuation is triggered and a payment is required if a funding deficit exists to meet future liabilities. The impact of COVID-19 on financial markets means the likelihood is currently increased. | Failure to collect cessation payments means the cost of funding future liabilities will fall against the Wiltshire Pension Fund   | ACTUARIAL METHOD              | Andy Cunningham | Low    | 2 | 2 | 4 | The Pension Fund Committee approved a revised cessation policy on 26 March 2020 to address regulatory changes made in March 2020 (backdated to May 2018). Furthermore, all new admitted bodies require a guarantor to join the Fund which means that a stable Scheme Employer is required to act as the ultimate guarantor. Due to the current impact on COVID-19 situation on investment returns, we are currently encouraging employers to delay cessation crystallisation events where possible to avoid crystallise a large deficit. | 2 | 1 | 2 | A new employer cessation policy was approved in March 2020, however since then further guidance has been published nationally setting out Fund discretionary payment plans already introduced by Wiltshire. It should be noted that whatever determination the Fund makes there is a risk it will be open to challenge. In summary the Fund needs to amend our FSS & consider how this should work best and communicate out to employers accordingly. Furthermore, with regards to the spreading of exit payments & deferred debt agreements officers need to consider what changes to the existing cessation policy (sections 7 and 9) are needed for the Fund to be compliant | Low    | → | Andy Cunningham   | On-going |
| PEN013  | Failure to communicate properly with stakeholders   | Lack of clear communications policy and action, particularly with employers and scheme members.   | Scheme Members are not aware of the rights and privileges of being in the scheme and may make bad decisions as a result. Employers are not aware of the regulations, the procedures, etc, and so the data flow from them is poor.   | GOVERNANCE                    | Andy Cunningham | Low    | 2 | 2 | 4 | The Fund has a Communications Manager and Employer Relationship Manager posts dedicated to these areas full-time, including keeping the website up-to-date, which is a key communications resource. The Fund also has a Communications Policy.   | 2 | 1 | 2 | None  | Low    | → | Denise Robinson/<br>Samantha Wooster                        | N/A      |
| PEN012  | Over-reliance on key officers   | The specialist nature of the work means that there are inevitably relatively experts in investments and the local authority pension regulations   | If someone leaves or becomes ill, a large knowledge gap could be left behind.   | GOVERNANCE                    | Andy Cunningham | Medium | 3 | 2 | 6 | Key people in the team are seeking to transfer specialist knowledge to colleagues by documenting procedures and notes. In the event of a knowledge gap, however, we can call on our external consultants and independent advisors for help in the short-term.  | 2 | 1 | 2 | None - the risk will reduce once the existing team increases its level of knowledge and experience through greater time in their roles. A knowledge hub is being developed within the Fund and the LGA may create a practitioners bible which would work as a reference document for officers. Following the Accounting & Investment team restructure a key person risk has emerged in relation to supporting the Head of Pension Fund Investments.   | Low    | ↑ | Andy Cunningham/<br>Jennifer Devine                         | On-going |
| PEN011  | Lack of expertise of Pension Fund Officers and Service Director, Finance                    | Lack of training, continuous professional development and continuous self assessment of skills gap to ensure knowledge levels are adequate to carry out roles to the best of their ability.   | Bad decisions may be made in relation to any of the areas on this register, but particularly in relation to investments. Risk of being unable to fulfil statutory obligations and/or maintain key financial controls.   | GOVERNANCE                    | Jennifer Devine | Medium | 3 | 3 | 9 | Officers ensure that they are trained and up-to-date in the key areas through attendance at relevant courses and seminars, reading, discussions with consultants and peers, etc. Formulated annual Training Plans relevant to officers are also reviewed against the CIPFA Knowledge & Skills Framework to ensure adequate expertise exists. A Fund knowledge hub is being developed.  | 2 | 3 | 6 | The Director of Finance & Procurement is now filled on a permanent basis and other senior officer roles in the Pension Fund are now filled by permanent staff for a significant period of time. Officer training to be enhanced to assist knowledge & understanding.  | Medium | ↑ | Andy Cunningham/<br>Jennifer Devine/<br>Corporate Directors | On-going |
| PEN010  | Failure to keep pension records up-to-date and accurate                                     | Poor or non-existent notification to us by employers and members of new starters, changes, leavers, etc. Early indications suggest the likelihood is increased due to the impacts of COVID-19 on employers and Fund officers.                                   | Incorrect records held, leading to incorrect estimates being issues to members and incorrect pensions potentially being paid.   | GOVERNANCE                    | Andy Cunningham | Medium | 3 | 3 | 9 | Data & systems Team constantly working to improve data quality, data validation checks carried out through external partners (e.g. the Fund's actuaries and tracing agencies), pro-active checks done through national fraud initiative and the Fund's Data Improvement Plan.  | 3 | 1 | 3 | The Fund is currently addressing new data issues identified by a review of the IPR two key data standards and other data reviews while ensuring data is of high quality is an on-going responsibility.  | Low    | → | Mark Anderson   | On-going |
| PEN009  | Failure to comply with Data Protection Legislation (GDPR & Data Protection Act 2018)        | Poor procedures for data transfer to partner organisations, poor security of system, poor data retention, disposal, backup and recovery policies and procedures.  | Poor data, lost or compromised, fines from the Information Commissioner, reputational risk of failure to meet Data Protection legislation.  | LEGISLATIVE                   | Andy Cunningham | Medium | 3 | 2 | 6 | Compliance with Wiltshire Council's Data Protection & IT Policies. Annual Data Protection training given to the team. On-going cleansing of data undertaken by Systems Team. The Fund has produced a new suite of procedures and controls following the introduction of GDPR.  | 2 | 1 | 2 | Further reviews and changes in relation to the GDPR. First internal audit (Key Controls - April 2019) identified a lack of clarity in relation to the Fund's Data Retention strategy, where no justification for retaining personal data can be made, notably Exit No-liability records. Data Cleaning must be carried out. Officers to agree with IG Data Cleaning approach. The 2nd internal audit identified the need for improvements to the Fund's DPIA arrangements.  | Low    | → | Mark Anderson   | On-going |

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| PEN008  | Failure to comply with LGPS and other regulations  | Lack of technical expertise / staff resources to research regulations, IT systems not kept up-to-date with legislation, etc  | Wrong pension payments made or estimates given. Investment in disallowed investment vehicles or failure to comply with governance standards. Effect: Unhappy customers, tribunals, Ombudsman rulings, fines, adverse audit reports, etc | ADMINISTRATION                | Andy Cunningham | Low    | 2 | 2 | 4 | *Sufficient staffing, training and regulatory updates.<br>*Competent software provider and external consultants.<br>*Technical & Compliance post reviews process and procedures and maintains training programme for the team.<br>*KPIs against statutory standards<br>*Imbedding checks and controls into all processes.<br>*Audits & internal reviews to maintain best practice  | 2 | 2 | 4 | Review of ABS requirements to ensure on-line delivery is compliant with disclosure requirements  | Low | →→→ | Luke Webster/<br>Jennie Green | N/A      |
| PEN007b | Significant rises in employer contributions for non-secure employers due to poor/negative investment returns | Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues.                            | Poor/negative investment returns, leading to increased employer contribution rates  | FINANCIAL MARKETS & PRODUCTS  | Jennifer Devine | Low    | 2 | 2 | 4 | Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code.       | 2 | 2 | 4 | A risk based framework is now in place to review employers long term financial stability. This informs the policy for stepping in contribution rates to assist in affordability issues where requested by an employer. It will be continuously reviewed, as part of the updating of the Investment Strategy Statement. Query over covenant reviews following expiry of PWC contract. | Low | →→→ | Jennifer Devine               | On-going |
| PEN007a | Significant rises in employer contributions for secure employers due to poor/negative investment returns     | Poor economic conditions, wrong investment strategy, poor selection of investment managers, poor consideration of all financial & non-financial risks including ESG issues.                            | Poor/negative investment returns, leading to increased employer contribution rates  | INVESTMENT PERFORMANCE & RISK | Jennifer Devine | Low    | 2 | 1 | 2 | Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment managers (1/4ly), regular reviews of investment strategy (annually). Monthly review of % of Fund held in each mandate. Also a flight path strategy implemented to take off risk as funding levels improve. Fund member of LAPFF & uses PIRC to proxy vote on shares in line with agreed policy for ESG issues. Compliance with Stewardship code.       | 2 | 1 | 2 | The implementation of the Stabilisation Policy limits increases for secure employers.  | Low | →→→ | Jennifer Devine               | On-going |
| PEN006b | Significant rises in employer contributions for non-secure employers due to increases in liabilities         | Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position. | Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.   | ACTUARIAL METHOD              | Andy Cunningham | Low    | 2 | 2 | 4 | As above   | 2 | 2 | 4 | As above   | Low | →→→ | Andy Cunningham               | On-going |
| PEN006a | Significant rises in employer contributions for secure employers due to increases in liabilities             | Scheme liabilities increase disproportionately as a result of increased longevity, falling bond yields, slack employer policies, etc. The current price of gilts lead to a worsening Funding Position. | Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.   | ACTUARIAL METHOD              | Andy Cunningham | Low    | 2 | 2 | 4 | Longevity and bond yields are generally beyond the control of the Fund as are the values of the liabilities in general. However, the Fund has started the 2019 Triennial Valuation process and it is concurrently reviewing its investment strategy and implementing separate employer investment strategies. Furthermore, the Fund and each employer must have a Discretions Policy in place to help control discretionary costs (e.g. early retirements, augmented service, etc) | 2 | 2 | 4 | None   | Low | →→→ | Andy Cunningham               | On-going |
| PEN005  | Loss of funds through fraud or misappropriation  | Fraud or misappropriation of funds by an employer, agent or contractor   | Financial loss to the Fund  | ACCOUNTING & AUDITING         | Jennifer Devine | Medium | 4 | 2 | 8 | Internal Audit regularly test that appropriate controls are in place and working. Regulatory control reports from investment managers, custodian, etc, are also reviewed by audit. Due Diligence is carried out whenever a new manager is appointed. Reliance is also placed in FCA registration.  | 4 | 1 | 4 |  | Low | →→→ | Jennifer Devine               | On-going |
| PEN002  | Failure to collect and account for contributions from employers and employees on time                        | Non-availability of SAP systems, key staff, error, omission, failure of employers' financial systems, failure to communicate with employers effectively, LGPS 2014                                     | Adverse audit opinion for failure to collect contributions by 19th of month, potential delays to employers' FRS17 year-end accounting reports and to the Fund's own year-end accounts.  | ACCOUNTING & AUDITING         | Jennifer Devine | Low    | 3 | 1 | 3 | Robust maintenance and update of Altair and SAP systems, sufficient staff cover arrangements, sufficient staff training and QA checking of work. Officers regularly work with employers to ensure they understand their responsibilities to pay by 19th of the month. The Breaches framework now require the Fund to log material late payments.   | 2 | 2 | 4 | The 2022 SWAP internal audit report highlighted a Priority 2 risk requesting officers ensure that a review of the member contribution processes raised in their report are undertaken promptly & to future-proof those processes to ensure appropriate efficiencies are made   | Low | →→→ | Jennifer Devine               | On-going |