

| Wiltshire Pension Fund Risk Register |  |                         |  |  |                 | 02-May-19  |        | Current Risk Rating |   |               |  |                   | Target Risk Rating            |        |            |   |               |                     |
|--------------------------------------|--|-------------------------|--|--|-----------------|--|--------|---------------------|---|---------------|--|-------------------|-------------------------------|--------|------------|---|---------------|---------------------|
| Ref.                                 | Risk   | Risk Category           | Cause  | Impact   | Risk Owner      | Controls in place to manage  | Impact | Likelihood          | x | Level of risk | Further Actions necessary  | Risk Action Owner | Date for completion of action | Impact | Likelihood | x | Level of risk | Direction of Travel |
| PEN001                               | Failure to process pension payments and lump sums on time                                  | Benefits Administration | Non-availability of Altair pensions system, SAP payroll system, key staff, or error, omission, etc.  | Retiring staff will be paid late, which may have implications for their own finances. It also has reputational risk for the Fund and a financial cost to the employers if interest has to be paid to the | Andy Cunningham | Maintenance and update of Altair and SAP systems, sufficient staff cover arrangements. | 2      | 2                   | 4 | Low           | None   | N/A               | N/A                           | 2      | 2          | 4 | Low           | →                   |
| PEN004                               | Inability to keep service going due to loss of main office, computer system or staff       | Benefits Administration | Fire, bomb, flood, etc.  | Temporary loss of ability to provide service   | Andy Cunningham | An updated Business Continuity Plan has now been drafted in line with the new Council  | 4      | 1                   | 4 | Low           | None   | N/A               | N/A                           | 4      | 1          | 4 | Low           | →                   |
| PEN005                               | Loss of funds through fraud or misappropriation  | Benefits Administration | Fraud or misappropriation of funds by an employer, agent or contractor   | Financial loss to the Fund   | Andy Cunningham | Internal and External Audit regularly test that appropriate controls are in place and  | 4      | 1                   | 4 | Low           | None   | N/A               | N/A                           | 4      | 1          | 4 | Low           | →                   |
| PEN014                               | Failure to provide the service in accordance with sound equality principles                | Benefits Administration | Failure to recognise that different customers have different needs and sensitivities.  | Some customers may not be able to access the service properly or may be offended and raise complaints. At worst case, this could result in a court case, etc.  | Andy Cunningham | The Fund has done an Equality Risk Assessment and has an Equality Implementation Plan  | 2      | 1                   | 2 | Low           | None   | N/A               | N/A                           | 2      | 1          | 2 | Low           | →                   |
| PEN021                               | Ability to Implement the Public Sector Exit Cap  | Benefits Administration | Introduction of exit cap will require an additional burden on the administration team and is likely to effect all redundancy calculations. | Changes need to be communicated to individuals and employers and systems adapted once the revised regulations have been approved   | Andy Cunningham | Officers are monitoring progress and developments.                                     | 2      | 2                   | 4 | Low           | None   | Andy Cunningham   | N/A                           | 1      | 3          | 3 | Low           | →                   |
| PEN022                               | Risks related to reconciliation of GMP records (increase in staff resource & reputational) | Benefits Administration | From 1 April 2016, State Second Pension ceases and HMRC no longer provides GMP data on members to Funds.                                   | If GMP records for members are inaccurate there is the potential for incorrect liabilities being paid by the Fund.   | Andy Cunningham | Large project is still ongoing and software from Heywood's is being used to            | 2      | 4                   | 8 | Medium        | Still working with other south-west Funds to try to agree on a common approach and | Richard Bullen    | Jun-19                        | 1      | 3          | 3 | Low           | →                   |

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|---------|--|-----------------------|--|--|-----------------|---|---------------------|------------|---|---------------|---|-------------------|-------------------------------|--------------------|------------|---|---------------|---------------------|
|         |  |                       |  |  |                 |   | Impact              | Likelihood | x | Level of risk |   |                   |                               | Impact             | Likelihood | x | Level of risk |                     |
| PEN003  | Insufficient funds to meet liabilities as they fall due  | Funding & Investments | Contributions from employees / employers too low, failure of investment strategy to deliver adequate returns, significant increases in   | Immediate cash injections would be required from the scheme employers. This shouldn't be an issue for the Fund but it looks likely that investment income might need to be used within the next 12 months. | Jennifer Devine | Funding Strategy Statement, Investment Strategy, Triennial Valuations, membership of Club Vita, modelling                                 | 2                   | 2          | 4 | Low           | This is factored into the Strategic Asset Allocation review, which is now in progress. Both the | Jennifer Devine   | Oct-19                        | 4                  | 1          | 4 | Low           | →                   |
| PEN006a | Significant rises in employer contributions for secure employers due to increases in liabilities         | Funding & Investments | 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                   | Employer contribution rates become unacceptable, causing upward pressure on Council Tax and employers' costs.  | Andy Cunningham | Longevity and bond yields are generally beyond the control of the Fund as are the values of the liabilities in general. However, the Fund | 2                   | 1          | 2 | Low           | None  | Andy Cunningham   | N/A                           | 2                  | 2          | 4 | Low           | →                   |
| PEN006b | Significant rises in employer contributions for non-secure employers due to increases in liabilities     | Funding & Investments | 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.  | Andy Cunningham | As above  | 2                   | 2          | 4 | Low           | As above  | Andy Cunningham   | N/A                           | 2                  | 2          | 4 | Low           | →                   |
| PEN007a | Significant rises in employer contributions for secure employers due to poor/negative investment returns | Funding & Investments | 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   | Jennifer Devine | Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment               | 2                   | 1          | 2 | Low           | The implementation of the Stabilisation Policy limits increases for secure employers.           | Jennifer Devine   | N/A                           | 2                  | 1          | 2 | Low           | →                   |

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|         |  |                       |   |   |                 |   | Impact              | Likelihood | x | Level of risk |   |                   |                               | Impact             | Likelihood | x | Level of risk |                     |
| PEN007b | Significant rises in employer contributions for non-secure employers due to poor/negative investment returns | Funding & Investments | 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  | Jennifer Devine | Use of expert consultants in the selection of investment strategy and investment managers, regular monitoring of investment | 2                   | 2          | 4 | Low           | A risk based framework is now in place to review employers long term financial stability. This informs the policy for stepping in | Jennifer Devine   | N/A                           | 2                  | 2          | 4 | Low           | →                   |
| PEN015  | Failure to collect payments from ceasing employers   | Funding & Investments | 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       | Failure to collect cessation payments means the cost of funding future liabilities will fall against the Wiltshire Pension Fund | Andy Cunningham | The Pension Fund Committee approved a revised cessation policy on 20 September 2018 to address regulatory                   | 2                   | 2          | 4 | Low           | None  | Andy Cunningham   | N/A                           | 2                  | 1          | 2 | Low           | →                   |
| PEN016  | Treasury Management  | Funding & Investments | The Fund's treasury function is now segregated from Wiltshire Council. This includes the investment of  | Exposure to counterparty risk with cash held with external deposit holders could impact of Funding level of the Fund            | Jennifer Devine | The Pension Fund will review an updated Treasury Management Strategy  | 3                   | 1          | 3 | Low           | The Council uses Sector's credit worthiness service using   | Roz Vernon        | N/A                           | 3                  | 1          | 3 | Low           | →                   |
| PEN024  | Impact of EU Referendum  | Funding & Investments | The impact of the EU referendum   | A vote to exit the EU may produce short term volatile market movements which could impact on asset performance.                 | Jennifer Devine | The Fund has liaised with its investment managers on the potential impact of an exit.                                       | 3                   | 2          | 6 | Medium        | The markets and weightings are closely monitored as part of the "fightpath"   | Jennifer Devine   | On-going                      | 3                  | 1          | 3 | Low           | →                   |

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|        |   |                         |   |   |                 |   | Impact              | Likelihood | x | Level of risk |  |                   |                               | Impact             | Likelihood | x | Level of risk |                     |
| PEN002 | Failure to collect and account for contributions from employers and employees on time | Regulatory & Governance | Non-availability of SAP systems, key staff, error, omission, failure of employers' financial systems, failure to communicate            | 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.  | Jennifer Devine | Robust maintenance and update of Altair and SAP systems, sufficient staff cover arrangements  | 2                   | 2          | 4 | Low           | None   | Roz Vernon        | N/A                           | 2                  | 2          | 4 | Low           | →                   |
| PEN008 | Failure to comply with LGPS and other regulations                                     | Regulatory & Governance | 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 | Andy Cunningham | *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 | 2                   | 2          | 4 | Low           | None   | Andy Cunningham   | N/A                           | 2                  | 2          | 4 | Low           | →                   |
| PEN009 | Failure to comply with Data Protection Legislation (GDPR & Data Protection Act 2018)  | Regulatory & Governance | Poor procedures for data transfer to partner organisations, poor security of system, poor data retention, disposal, backup and recovery | Poor data, lost or compromised, fines from the Information Commissioner, reputational risk of failure to meet Data Protection legislation.  | Andy Cunningham | Compliance with Wiltshire Council's Data Protection & IT Policies. Annual Data Protection   | 3                   | 3          | 9 | Medium        | Further reviews and changes in relation to the GDPR.                                       | Andy Cunningham   | On-going                      | 2                  | 1          | 2 | Low           | →                   |
| PEN010 | Failure to keep pension records up-to-date and accurate                               | Regulatory & Governance | Poor or non-existent notification to us by employers and members of new starters, changes, leavers, etc                                 | Incorrect records held, leading to incorrect estimates being issues to members and incorrect pensions potentially being paid.   | Andy Cunningham | Data & systems Team constantly working to improve data quality, data  | 3                   | 2          | 6 | Medium        | The Fund is currently addressing new data issues identified by a review of the tPR two key | Mark Anderson     | Ongoing                       | 2                  | 1          | 2 | Low           | →                   |

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|--------|--|-------------------------|---|---|-----------------|--|---|---|---|--------|--|-------------------------------------|---------|---|---|---|-----|---|
| PEN011 | Lack of expertise of Pension Fund Officers and Service Director, Finance | Regulatory & Governance | Lack of training, continuous professional development and continuous self assessment of skills gap to ensure knowledge levels are adequate to | Bad decisions made may be made in relation to any of the areas on this register, but particularly in relation to investments. | Andy Cunningham | Officers ensure that they are trained and up-to-date in the key areas through attendance at relevant courses and | 3 | 3 | 9 | Medium | The Director of Finance & Procurement is still being filled on an interim basis. | Andy Cunningham/Corporate Directors | Ongoing | 2 | 1 | 2 | Low | → |
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|        |   |                         |   |   |                 |   | Impact              | Likelihood | x | Level of risk |   |                   |                               | Impact             | Likelihood | x | Level of risk |                     |
| PEN012 | Over-reliance on key officers                                 | Regulatory & Governance | The specialist nature of the work means that there are inevitably relatively experts in investments and the local   | If someone leaves or becomes ill, a large knowledge gap could be left behind.   | Andy Cunningham | Key people in the team are seeking to transfer specialist knowledge to colleagues   | 3                   | 3          | 9 | Medium        | None - the risk will reduce once the existing team increases its level of knowledge   | Andy Cunningham   | Ongoing                       | 2                  | 1          | 2 | Low           | →                   |
| PEN017 | Lack of expertise on Pension Fund Committee                   | Regulatory & Governance | 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 | Andy Cunningham | Members are given Induction Training when they join the Committee, as well as subsequent opportunities to attend courses/se | 2                   | 3          | 6 | Medium        | The results of the knowledge assessment was presented to 12 Dec 2018 Committee and 24 January 2019 Local Pension Board. Overall | Richard Bullen    |                               | 2                  | 1          | 2 | Low           | →                   |
| PEN019 | Maintenance of Local Pension Board & Investment Sub-Committee | Regulatory & Governance | Failure of Wiltshire Council to maintain a Local Pension Board, from finding suitable representatives and the officer time required to support the Board and sub- | Reputational risk from a national perspective and failure to adhere to legislation resulting in action by the Government or the Pension Regulator. Ineffective operation of the Investment sub-Committee leading to bad                       | Andy Cunningham | Officers are planning to review the terms of reference for the LPB and Committee in due course, partly to                   | 2                   | 2          | 4 | Low           | None  | Andy Cunningham   | N/A                           | 1                  | 3          | 3 | Low           | →                   |

|        |                        |                         |  |  |                 |  |   |   |   |        |   |                 |         |   |   |   |     |   |
|--------|------------------------|-------------------------|--|--|-----------------|--|---|---|---|--------|---|-----------------|---------|---|---|---|-----|---|
| PEN020 | Pooling of LGPS assets | Regulatory & Governance | The Fund needs to pool its LGPS assets with other Funds using the Brunel Pensions Partnership. | Poor implementation could be costly in terms of additional fees and poor investment returns. | Jennifer Devine | 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 has also been agreed. The final position is still uncertain. | 3 | 3 | 9 | Medium | Significant amount of resource still required by officers to progress this project. | Jennifer Devine | Ongoing | 1 | 3 | 3 | Low | ↓ |
|--------|------------------------|-------------------------|--|--|-----------------|--|---|---|---|--------|---|-----------------|---------|---|---|---|-----|---|

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|        |   |                         |   |   |                 |   | Impact              | Likelihood | x | Level of risk |   |                                     |                               | Impact             | Likelihood | x | Level of risk |                     |
| PEN023 | Resources of Officers and Members to meet the expansion of business items           | Regulatory & Governance | The recent expansion of business items resulting from continued consultations, pooling of assets, and additional governance requirements. | It is increasingly more difficult for officers to thoroughly consider issues and to deliver concise agenda papers covering all the relevant issues, while members are faced with larger report packs trying to cover the          | Andy Cunningham | More use of web links within the Committee papers to reduce the size of the packs. The adequacy of office                   | 3                   | 3          | 9 | Medium        | None at present but this varies from meeting to meeting depending on the demands and other work | Andy Cunningham                     | N/A                           | 1                  | 2          | 2 | Low           | →                   |
| PEN025 | Academisation of Schools, the possibility of MAT breakups and cross fund movements. | Regulatory & Governance | 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 170 to between   | Andy Cunningham | Regular communications with schools to understand their intentions. Revised cessation                                       | 2                   | 3          | 6 | Medium        | The Fund is monitoring the SAB review of academies roles in the LGPS and will take              | Andy Cunningham                     | N/A                           | 1                  | 1          | 1 | Low           | →                   |
| PEN027 | Significant structural change to LGPS Funds or to our Fund                          | Regulatory & Governance | A merger, takeover from another Fund or of another Fund. Significant changes to how certain employer categories participate in            | Depending on its nature and scale: a major impact on employer numbers, governance, control and operational matters.   | Andy Cunningham | To keep abreast of any national development and respond to consultations when they occur. To take                           | 4                   | 2          | 8 | Medium        | None  | Andy Cunningham                     | N/A                           | 3                  | 1          | 3 | Low           | →                   |
| PEN013 | Failure to communicate properly with stakeholders                                   | Communication           | 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. | Andy Cunningham | The Fund has a Communications Manager and Employer Relationship Manager posts dedicated to these areas full-time, including | 2                   | 2          | 4 | Low           | None  | Denise Robinson/<br>Ashleigh Salter | N/A                           | 1                  | 1          | 1 | Low           | →                   |