

## WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD  
11 November 2021

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### 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 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, the Fund's KPI dashboard and the 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.
  - **PEN060: Failure to manage potential conflicts of interest between the Fund and its Administering Authority:** (Green) Wiltshire Council is the administering authority of the Fund, as well as its largest employer and the supplier of a number of services. Inevitably, these arrangements bring up a number of occasions where there can be conflicts of interests, in particular in relation to the s151 role, as recognised as part of the SAB's Good Governance Project. Examples where conflicts of interests need to be carefully managed are the setting of the corporate recharge from the Council to the Fund in relation to the payment by the Fund for the Council's service and the setting of the Council's employer contribution rate. The process for setting this rate should be clear, transparent and fair and subject to regular review to ensure one party is not subsidising the other. Furthermore, the exact scope of services being purchased, and service standards accompanying them, should also be clear as well as the

ability of the Fund to review its use of services and use alternative providers if necessary.

- **PEN061: Failure of auditors to conduct audits commissioned by the Committee in accordance with an agreed terms of reference:** (Amber) Audits commissioned by the Pensions Committee are completed as part of its oversight function, with the aim of giving the Committee independent assurance that all the laws, regulations & practice by which the Fund operates are observed & are being appropriately adhered to. The Fund's Pensions Committee and Local Pension Board must therefore satisfy themselves that any audits they commission are being executed as originally prescribed in terms of scope, quality, and timeliness. In addition, both groups should satisfy themselves that all audits are being carried out on a best value basis, by auditors appropriately skilled to conduct those audits and that any signing off of audits are not being unduly delayed. Best practice would dictate that the process for setting and carrying out Fund audits should largely be independent of those of the Council (although regulations require some overlap).

6. The evidence-based review of the register identified the following risk had changed or need to be recategorized;

- **PEN030: Failure to procure & contract manage service providers appropriately:** (From Green to Amber) The Fund's existing contract management framework manages external appointments only, however approximately one third of its key services are sourced from its own Administering Authority. A potential failure of oversight may exist, where the charges levied by the Authority, as one of the Fund's top five service providers is not being quantified appropriately by means of service level agreements, or equivalent measure of performance, and the scope is unclear. Move from Dormant to Ongoing. In consideration of the Administering Authority services, this risk also relates to PEN060.

7. Risks remaining "red", high risk:

- **PEN022: Rectification of records with GMP issues – Time-consuming, costly & may causes reputational damage:** (From Red) Potentially incorrect liabilities being paid by the Fund as a result of GMP and other pension component values missing, incorrectly recorded or incorrectly valued. Consequently, progress with the Pensioner Payroll Database reconciliation project may impact on the Fund's liabilities and its reputation.
- **PEN041: The Fund's inability to implement a strategy to ensure Climate Change considerations are integral to its investment strategy:** (Red) Work on developing the Fund's policies, disclosures and strategy is ongoing. Additional resource will be required, likely to be by way of specialist consultancy support.
- **PEN042: Significant retrospective legislation changes related to the McCloud case:** (Red) Following the release of the Government's consultation document in July 2020 analysis of the Scheme's members who may be affected was undertaken. Indications suggest that potentially c27k members may be affected, as well as increasing the work on 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 completely clear.
- **PEN048: The transition of the pooling of LGPS assets with BPP fails to deliver the projected savings:** (Red) Progress and updates should continue to be regularly reported to Committee. An independent audit has been conducted in 2021 and will be presented to the Board & Committee for consideration.

8. There are no risks 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 7 to the Committee.

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

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