

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
18 August 2022

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 more dynamic and the new design was approved by the Committee on 18th July 2019. Members requested that whilst a full Risk Register is maintained by officers only the following risks need to be highlighted to Committee on a quarterly basis.
 - New risks;
 - Risks which have changed or been re-categorised;
 - Risks which are rated red; and
 - Risks which are considered to have been mitigated & stabilised & can be recommended for approval to the register's ceased/dormant category for continued monitoring by officers only.
3. Under the reconfigured Risk Register strategy, the identification of risks will be more evidence based using the Scheme update, Business Plan, Audit recommendations, Minutes of meetings, 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 no "new risks" were identified.
6. The evidence-based review of the register identified the following risk had changed or need to be recategorized.
 - **PEN002: Failure to collect and account for contributions from employers and employees on time:** (From Green to Amber) An increase in the number of late employer contribution payments and payments not made in accordance with the rates and adjustments certificate recorded on the breach log has lead to an increase in this risk rating.
 - **PEN023: Further resources of officers and Members to meet the expansion of business items:** (From Green to Amber) Due to the volume of work/projects being processed by the Pension Dept, the outsourcing of work and the seasonal activities affecting staff resource allocations, a review of the Fund's resourcing requirements may be required. Move from Closed to Ongoing.

- **PEN025: Further academisation of Schools, the possibility of MAT breakups and cross fund movements:** (From Green to Amber) Guidance received from the Fund's actuarial advisors suggests an increase in activity in the education sector will lead to an increase in employer liabilities. As a result this risk has heightened and should be monitored.
- **PEN061: Failure of internal auditors to conduct audits commissioned by the Committee in accordance with an agreed terms of reference:** (From Amber to Green) Internally commissioned audits have moved with greater pace and with greater direction in 2022. The completion of the Key Financial Controls audit in March and the Pensioner Payroll in July have brought assurance to the Fund's audit programme. A clearer timetable is also available in respect of the remaining audits during 2022/23.

7. Risks remaining "red", high risk:

- **PEN018: Failure to set in place appropriate Cyber Security measures:** (Red) In accordance with Committee Minute 90, dated 16 December 2021, the Fund's cyber security risk rating was increased to red until the Fund receives sufficient assurance from the Council's IT Dept. that this risk is being fully managed. Whilst measures are believed to be in place, active assurance is still required. An external consultant is being appointed to provide members with an independent professional opinion on how this risk should be managed.
- **PEN022: Rectification of records with GMP and non GMP issues – Time-consuming, costly & may causes reputational damage:** (Red) Potentially incorrect liabilities being paid by the Fund because 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.
- **PEN037: Failure to implement a strategy to address the administration backlogs:** (Red) Based on the findings of the SWAP audit report published in March 2022 the strategy to review the administration backlogs was reconsidered and an updated strategy included within the Fund's 2022/23 business plan. The primary aim of the new strategy will be to outsource the backlog to 3rd party administrator, with a view to clearing it over the next 12 months.
- **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. Final regulation is expected by October 2023 and officers have put in place a project plan to gather the data required to fulfil the regulations. 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 was conducted in 2021 and has been presented to the Board & Committee for consideration. Whilst a further audit was commissioned for 2022, it is noted that the Fund's audit plan was altered by the business plan approved in April 2022. No independent audit for 2022 is now anticipated.

8. It is recommended that the following risk is removed from Dormant/Closed status and deleted from the register on the basis that it is no longer relevant.

- **PEN057:** Failure to implement the Accessibility Regulations: No longer relevant (Green).

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 6 to 8 to the Committee.

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