

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND LOCAL PENSION BOARD
23 May 2019

WILTSHIRE PENSION FUND RISK REGISTER

Purpose of the Report

1. The purpose of this report is to update the Local Pension Board in relation to changes to the Fund's Risk Register (see Appendix).
2. Following feedback by the Board and a recommendation made by the Director of Finance & Procurement to reformat the Risk Register, a review took place to ensure that the Risk Register remained an effective tool by which members of the Committee & Board can continue to monitor risks. The intention being to enable the Fund's risks to be managed in a consistent manner with the Council's wider corporate risk strategy.

Background

3. The Committee approved the current Risk Register for the Wiltshire Pension Fund at its meeting on 12 May 2009. At that meeting members requested that the highlights, particularly upward/downward movements in individual risks, be reported back to the Board and Committee on a quarterly basis.
4. However, since 2009 it has been observed that the current Risk Register format has become an increasingly static document & a more dynamic approach to managing the Fund's risks would be beneficial.

Key Considerations for the Board / Risk Assessment

a) In respect of the current Risk Register

5. The significance of risks is measured by 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).
6. There has been one change to the risk categories or levels since the last meeting – PEN020: Pooling of LGPS assets has been downgraded to "medium" risk (Amber), as although the situation cannot be avoided, officers and members are fully engaged with this risk and are doing significant work to mitigate it.
7. Work continues to mitigate where possible the risks above along with the other remaining medium risks highlighted on the risk register.

b) In respect of the new Corporate Risk Register

8. To reclassify the risk categories to be consistent with CIPFA categories members are expected to attend too. The eight CIPFA categories are set out in the table below. A secondary classification of risk by Fund objective as laid out in the business plan, or Fund service function would in addition provide a more granular identification of risk.

Accounting & Auditing	Governance
Actuarial Method	Investment performance & risk
Administration	Legislation
Financial Markets & Products	Procurement & Relationship Mgt

9. To separate the Risk Register into 3 strategic silos, namely “Horizon risks”, “Dynamic risks” & “Ongoing risks”. It is anticipated that this strategy will enable the Fund to better identify potential new risks. Furthermore risks can be managed as they pass through the Risk Register from being identified on the horizon to becoming an ongoing risk with all the necessary mitigations being applied, as the risk is managed.
10. To help the Fund identify, quantify, manage & mitigate risks the Corporate Risk Register is accompanied by a guidance document which can be tailored to the Fund’s needs. Fund officers have already reviewed the Corporate Risk Register guidance document & are satisfied that minimal changes will be required to it, especially in relation to the identification of risk, to ensure that the new Risk Register is pertinent to the Fund’s needs.
11. In addition, a fourth strategic silo could be implemented whereby “Ongoing risks” which have remained unchanged for more than two years are reclassified as “Immaterial or ceased risks”. These risks will be removed from the Risk Register submitted to Committee & Board members meetings, but will continue to be monitored by officers. In the event that one of these risks adversely changes it will be reintroduced to the Risk Register presented to members. A record of all risks will continue to be published in all key documents such as the Annual Report & Accounts.
12. Regarding risk identification, it is recommended that the scoping of any new risks should be more specific to ensure that the Risk Register is more dynamic nature. In turn this will assist the management, monitoring & mitigation of risks. The guidance document will assist members & officers in scoping the specific nature of risks.

Financial Implications

13. No, direct implications.

Legal Implications

14. There are no known implications from the proposals.

Environmental Impacts of the Proposals

15. There is no known environmental impact of this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

16. There are no known implications currently.

Proposals

17. The Board is asked to note the attached current Risk Register and measures being taken to mitigate risks.
18. The Board is asked to endorse the recommendation made by officers in respect of the new Risk Register format.

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