

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD

15 October 2020

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 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, Fund's KPI dashboard and 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.
 - **PEN056: Failure to implement the findings of the Goodwin case:** (Green) To ensure that on receipt of the proposed remedies the Fund mitigates any accidental discrimination in respect of a member's sexual orientation, by implementing those remedies (*For information, as this has already been considered by the Committee at their meeting on 24th September*).
6. The evidence-based review of the register identified the following risks 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) The 2020 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.

Risks returned for quarterly consideration

- **PEN012: Over-reliance on key officers:** (From Green to Amber) The inability of the Fund to appoint a suitable full-time member of staff to support the Head of Pension Fund Investments should be recognised as a key person risk. Strategic appointments of this nature appear to fall outside of the Council's standard approach to appointments.
- **PEN009: Failure to comply with Data Protection Legislation (GDPR & Data Protection Act 2018):** (From Green to Amber) The 2020 SWAP internal audit report highlighted a Priority 2 risk requesting officers undertake several actions in relation to the Fund's Data Protection Impact Assessments (DPIAs).

7. Risks remaining "red", high risk:

- **PEN042: Significant retrospective legislation changes related to the McCloud case:** (Red) 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 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. A Board recommendation to introduce a monitoring & reporting timetable of BPP was approved by the Committee.
- **PEN052: COVID-19:** (Red) An infectious global virus which WHO has classed as a pandemic. Its multiple impacts on the Fund continue to be continuously monitored & managed, until the risk(s) subside.
- **PEN055: Failure by Brunel Pension Partnership to properly address shareholder concerns via the governance review:** (Red) Governance arrangements set in place at the outset of Brunel's creation are due for review and it is vitally important that Wiltshire and all the shareholders are satisfied with the breadth and depth of this review and any resulting changes.

8. There are two risks on the risk register recommended for removal from quarterly presentation to the Board. In addition, there were two risks which the internal auditor has identified as a Priority 2 risks in their annual report & these have been returned for quarterly consideration by members. These risks have been included within paragraph 6.

- **PEN029: Failure to implement the effectiveness review between the Committee & Board:** (Green) Following approval of the Pension Committee & Local Pension Board's updated terms of reference by Full Council on 20th July, along with changes to the Fund's internal controls such as the management of meeting cycles, the introduction planning meetings & a clear training strategy officers now consider the effectiveness review to have been implemented.
- **PEN049: Failure to comply with the FCAs MiFID II compliance:** (Green) The findings of SWAP's 2020 internal audit which covered a compliance review of the Fund's MiFID II arrangements found only Priority 3 risks, which although require attention by officers are considered to be issues of a minor or best practice nature. Consequently, officers consider this compliance requirement to be fulfilled.

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 8 to the Committee.

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