

## WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE  
30 MARCH 2021

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### WILTSHIRE PENSION FUND RISK REGISTER

#### Purpose of the Report

1. The purpose of this report is to update the Committee 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, 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). On this basis the Local Pension Board reviewed the risks set out within this report at their meeting on 18 February 2021 and recommended that they be submitted to the Pension Fund Committee.
5. During the last quarter the following "new risks" were identified.
  - **PEN058: Service disruption is created during the implementation of the Council's Evolve Programme on the Fund:** (Green) To ensure that Wiltshire Council provides the WPF with strategic updates concerning any replacement of software applications during 2021 which may potentially have a significant impacts on the Fund's IT & Payroll functions.
6. The evidence-based review of the register identified the following risks had changed or need to be recategorized;
  - **PEN022: Rectification of records with GMP issues – Time-consuming, costly & may causes reputational damage:** (From Amber to Red) Potentially

incorrect liabilities being paid by the Fund. Progress with the Pensioner Payroll Database reconciliation project may impact on the Fund's liabilities and its reputation.

- **PEN045: GMP legislative changes:** (From Green to Amber) Anticipated guidance from HMRC on GMP equalisation & indexation may impact on the Fund's liabilities and its reputation.
- **PEN054: Failure to implement an interim investment portfolio, private markets & multi asset credit arrangements:** (From Amber to Green) Implementation has occurred and the Committee is to be updated quarterly on the progress of the investment. Officers also recommend that this risk be moved from the Dynamic to Dormant risk register category.

7. Risks remaining "red", high risk:

- **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 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. The Board recommended the introduction of a monitoring & reporting timetable & to conduct an independent audit which 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(s).
- **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 being reviewed 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. Recent communications suggest progress is beginning to be made.

8. There are three risks on the risk register recommended for removal from quarterly presentation to the Committee.

- **PEN026: A lack of effectiveness of Committee meetings due to the impact of MiFID II Regulations:** (Green) Following completion of a recent SWAP audit covering the Fund's processes & management of the MiFID II regulations no significant concerns were raised concerning the effectiveness of Committee meetings.
- **PEN040: The Fund's inability to implement the conclusion of the Fair Deal Consultation:** (Green) No response on this subject has been received from MHCLG since officers submitted their feedback to the consultation prior to the deadline of 4th April 2019. As a result, it is recommended that this risk is moved from Horizon to Dormant.
- **PEN051: A risk that the fixed income portfolios which are currently being scoped by Brunel may not be the best fit for Wiltshire** (Green) Officers

continue to work with Brunel on their review and provide feedback on the portfolio specifications they are developing. Officers no longer see this as a risk and recommend that it is moved from Dynamic to Dormant

### **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 Committee is asked to approve the attached Risk Register and accept the recommendations for changes/actions made submitted by the Board in points 5 to 8.

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