

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
24 June 2021

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 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). 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 no "new risks" were identified.
6. The evidence-based review of the register identified the following risks had changed or need to be recategorized;
 - **PEN007b: Significant rise in employer contributions for non-secure employers due to poor/negative investment returns:** (From Amber to Green) PEN007a in respect of the Fund's secure employers is already classed as a green risk and in view of the Fund's recent investment performance increasing its funding position to approx. 100% as at 31 March 2021 the risk to non-secure employers is considered to have reduced.
 - **PEN021: Ineffective implementation of the Public Sector Exit Cap:** (From Amber to Green) In February 2021 the Government announced that it would

disapply the £95k Public Sector Exit Cap introduced by legislation in November 2020. However, a further review may take place (Move from Dynamic to Ongoing).

- **PEN045: GMP legislative changes:** (From Amber to Green) In March 2021 the Government announced that LGPS funds will continue to apply full indexation to any member with a GMP who reach their state pension age after 5 April 2021. Whilst certain clarifications remain outstanding officers believe this risk has reduced and can move from a Dynamic to Ongoing risk register category.

7. Risks remaining “red”, high risk:

- **PEN022: Rectification of records with GMP issues – Time-consuming, costly & may causes reputational damage:** (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. 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 & an independent audit will be conducted in 2021.
- **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 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. No risks on the risk register are recommended for removal from the 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 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.

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Unpublished documents relied upon in the production of this report: NONE
