

Recommendations of the Local Pension Board 24 August 2021

| Item | Recommendation | Agenda |
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| tPR Governance and Administration Survey Minute 40 | <p>That the Board & the Committee should place a high emphasis on ensuring that the Fund’s cyber security and business continuity arrangements are fully embedded within its governance arrangements.</p> | <p>Item 24</p> |
| Risk Register Update Minute 41 | <p>To note the updated Risk Register and recommend the changes/actions proposed at paragraphs 5-9 of the report to the Committee.</p> <p>5. During the last quarter no “new risks” were identified.</p> <p>6. The evidence-based review of the register identified the following risks had changed or need to be re-categorised;</p> <ul style="list-style-type: none"> • PEN058: Service disruption is created during the implementation of the Council's Evolve Programme on the Fund (From Green to Amber) A potential lack of co-ordination between the Evolve & Altair payroll project management timetables could increase the risk of success of this migration. Regular communication between project managers should be established. • PEN052: COVID-19: (From Red to Amber) An infectious global virus which WHO has classed as a pandemic. The impact of COVID-19 is being largely managed and there are signs that the nation is returning to normal. Recommend that this risk be moved to ongoing. • PEN055: Failure by Brunel Pension Partnership to properly address shareholder concerns via the governance review: (From Red to Amber) The governance arrangements by which BPP will operate have been set out in a terms of reference and Wiltshire along with all the shareholders are satisfied with the breadth and depth of the resulting changes. Recent communications suggest progress is beginning to be made. Recommend that this risk be monitored and moved to ongoing. • PEN024: The implementation of Brexit causes investment volatility or unexpected legislative | <p>Item 09</p> |

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| | <p>changes: (From Amber to Green) Any impact which would have been caused by Brexit has now been built into investment valuations. Recommend that this risk be moved to dormant.</p> <ul style="list-style-type: none"> • PEN012: Over-reliance on key officers: (From Amber to Green) A full complement of staff are now appointed to roles enabling suitable cover. The majority of appointments are experienced and have served in their positions for quite some time. Recommend that this risk be moved to dormant. • PEN011: Lack of expertise of Pension Fund Officers and Service Director, Finance: (From Amber to Green) Senior Officer appointments are experienced and have served in their positions for quite some time. Recommend that this risk be moved to dormant. • PEN009: Failure to comply with Data Protection Legislation (GDPR & Data Protection Act 2018): (From Amber to Green) SWAP audit actions concerning GDPR were minor in nature & have now been completed. • PEN026: A lack of effectiveness of Committee meetings due to the impact of MiFID II Regulations: (From Green to Amber) Recent changes to the Committee and the consequential loss of knowledge have increased the risk of the Committee's effectiveness. Recommend that this risk be moved to ongoing. <p>7. Risks remaining “red”, high risk:</p> <ul style="list-style-type: none"> • PEN022: Rectification of records with GMP issues – Time-consuming, costly & may causes reputational damage: (From 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 | |
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| | <p>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. Members requested that it be kept as a red risk until the administrative impact is completely clear.</p> <ul style="list-style-type: none"> • 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 should be conducted in 2021. <p>8. It is recommended that three risks which are currently in Dormant/Closed be deleted on the basis that they are no longer relevant. These are;</p> <ul style="list-style-type: none"> • PEN046: The transition of assets to the Brunel global high alpha equities portfolio does not go according to plan resulting in investment losses: No longer relevant (Green). • PEN020: The transition to pooling of LGPS assets with BPP proves ineffective causing higher costs, poorer returns and/or weak controls: (Red) However it has been replaced by PEN048. • PEN014: Failure to provide the service in accordance with sound equality principles: (Green) Risk description is vague and the basis for its reason has been replaced by more specific risks such as PEN055: The Goodwin Case & PEN055: The Accessibility Regulations. <p>9. General comment – It is recommended that risk PEN058: Service disruption is created during the implementation of the Council's Evolve Programme on the Fund (Green) be split into two risks. The first risk managing the migration of the Fund’s pension payroll and the second risk managing the remaining Evolve Programme activities affecting the Fund. This second risk be categorised as Green.</p> | |
| <p>Fund Data Security, Cyber Resilience & Business</p> | <p>1) At present the Fund’s risk register records its cyber security risk (PEN018) as “Amber”.</p> <p>a) Due to a mixed picture of progress, it is officer opinion that the overall recommendation which should be made to the Committee is to retain the risk rating at “Amber”.</p> | <p>Item 24</p> |

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| <p>Continuity Planning</p> | <p>b) Officers recommend taking all the actions to mitigate the risk outlined in the report.</p> <p>2) That officers liaise with Aquila Heywood in respect of the points in 1 to 3 within the “Recommendations for the Fund” section in Appendix 2.</p> <p>3) That the Board should recommend to the Committee that a report is produced for the December meeting of the Pension Committee, by Wiltshire Council’s ICT function, working jointly with the Funds officers, which addresses the key recommendations and additional comments set out in the SWAP audit, namely:</p> <ul style="list-style-type: none"> • That ICT work with Fund officers to establish a common framework of compliance borders, particularly where they may be beyond ICT’s own compliance requirements, for inclusion within the report. • That ICT provide an update on progress made relating to the two areas of concern (Red) and the areas marked as (Amber) highlighted in their last cyber security SWAP audit, highlighting how these concerns might specifically impact the Pension Fund, for inclusion within the report. <p>That the report also contains:</p> <ul style="list-style-type: none"> • An update on the progress made on the mitigating actions re risk PEN18 per recommendation 1. • Agreed arrangements between the Fund and ICT, under which the full ICT related audit reports provided by SWAP to Wiltshire Council can be accessed via a separate folder. • the Wiltshire Pension Fund IT security and resilience policy which is drawn up between ICT and the Funds officers. <p>That a senior officer from Wiltshire ICT attends at the December meeting of the Pension Committee to present the report and take questions.</p> <p>4) That the Board recommend to Committee, that going forward officers provide a summary to members of any software provider cyber security reports they receive, on an exception basis, or where a provider has not provided evidence of their cyber security resilience as required by the Fund.</p> | |
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