

Appendix B- West Midlands Pension Fund - KEY RISKS										Mar-19			
Risk ID		Risk Description								Risk Rating	Movement from Last Qtr / Positions		Last Reviewed
POOLING													
P3	Pooling	Transition timeline slips causing additional cost/resource on the fund								16		No Change	Mar-19
		Controls	> Transition plan is monitored and regularly updated to pension committee										
			> Robust Client Services Agreement and Contract Management of LGPSC										
P4	Pooling	Investments not reflecting Funds investment strategy putting investment returns at risk								16		No Change	Mar-19
		Controls	> Assurance of Investment managers mandate monitoring and adherence										
			> Analysis of performance against Fund's objectives; Quarterly reporting; regular dialogue with LGPSC										
			> Pension committee review and approve investment strategy										
> Investment working group of PAF effective in feeding requirements back to LGPSC													
P6	Pooling	Resourcing - Staff transition to LGPC leaving insufficient resources to manage legacy assets								15		No Change	Mar-19
		Controls	> Client Service agreement with LGPSC to provide services to cover management of legacy assets										
			> Resourcing within Fund to oversee CSA										
			> Retain Expertise within the Fund.										
INVESTMENTS													
I2	Investments	Fund does not achieve investment returns in line with longer term strategic objectives to meet funding objectives								16		No Change	Mar-19
		Controls	> Diversified portfolio										
			> Regular reviews of asset allocation/investment strategy										
			> Monitoring of investment managers quarterly.										
			> Regular monitoring of market conditions.										
I7	Investments	Brexit uncertainty								15		No Change	Mar-19
		Controls	> Currency hedge is currently applied for 50% of foreign currency exposure thus protecting on the downside										
			> The Fund has a diversified investment portfolio allocated through strategic risk assessment of global markets.										
> Stress testing of the Fund's investments have been undertaken to ensure the Fund is able to withstand any impact on markets.													
I8	Investments	Climate Change								16		No Change	Mar-19
		Controls	> Engagement with companies to be aware of carbon risks and introduce mitigation										
			> Engagement through LAPFF										
			> Sustainable Equity Strategy										
			> Carbon positive FTSE Index investing										
			> Seek new opportunities in carbon beneficial infrastructure investments										
FINANCE													
F6	Finance	Non payment of receipt of monies due to the fund								15		No Change	Mar-19
		Controls	> Monthly monitoring of ongoing (FSR) and deficit (PSD) contribution payments by Finance. Finance are working in conjunction with the Employer and Data Teams through monthly submissions with more analysis, reviews and feedback										
F7	Finance	Compliance with new CIPFA Annual Report disclosure requirements								15		No Change	Mar-19
		Controls	> Head of Finance is preparing a schedule of data required for compiling Annual Report under new guidance										
GOVERNANCE													
G2	Governance	The Fund is unable to meet its statutory requirements on Data Quality								16		No Change	Mar-19
		Controls	> The fund has implemented a data improvement strategy to enable effective monitoring of its data quality										
			> Systems team continue to develop reporting in UPM on the common and conditional data requirements										
G4	Governance	Change in Committee and Pension Board structure								16		No Change	Mar-19
		Controls	> Induction training provided to new members joining Pension Committee and Pension Board										
			> Annual training plan in place for all members drafted with the CIPFA code of practice										
			> Code of conduct covering members training hours requirements										
			> Conflicts of Interest Policy for Pension Committee and Pension Board Members										
			> Rotation of nominations of mebership on Pension board and pension committee										
G9	Governance	Change in government policy/LGPS reforms								16		No Change	Mar-19
		Controls	> The Fund keeps abreast of developments, participating in consultation and calls for evidence, and collaborating with other funds										
G11	Governance	Adequate governance framework for pooling								16			Mar-19
		Controls	> LGPS Central follows Statutory Legislation and Guidance from CIPFA/SAB/MHCLG										
			> The Fund ensures robust governance oversight of the LGPSC Ltd via COGG (Client Oversight Governance Group)										
			> Internal Audit oversight via the Partner Funds Internal Audit Functions linking in with COGG										
			> Reporting requirements to be established with the Company via an SLA with KPI monitoring										
OPERATIONS													
OP4	Operations	Failure to adhere to statutory regulatory requirements								20		No Change	Mar-19
		Controls	> Technical team in place to translate regulations and working group to review and discuss impacts of any changes										
			> Robust testing process for any system changes										
			> Work with other Pension Funds to develop understanding i.e. Civica Technical Group and SPOG										
			> Project management for the delivery of key changes and Statutory requirements and regulations i.e. benefit statements										
			> Monitoring of KPI's and performance against disclosure										
PENSION SERVICES													
PA1	Pension Services	Pension Administration Strategy (PAS) not complied with by employers								16		No Change	Mar-19
		Controls	> Communication with employers at the Annual General Meeting (AGM) to ensure they understand the PAS and their requirements under it										
			> Employers adherence to the PAS is monitored										
			> PAS regularly reviewed by committee										
			> Reports produced for all employers highlighting issues with data files. Regularly meetings with districts to review progress and all other employers have been assigned a "data guru" who will be responsible and the main point of contact for any issues or queries										