

WEST MIDLANDS PENSION FUND RISK REGISTER

PENSIONS ADMINISTRATION RISKS																	
Top 10	Objective at risk	Details of risk, including consequences			Assessment of risk (Assume NO controls in place)			Control	Status (e.g. implemented, in progress, proposed)	% Complete	Assessment of risk (Control measures in place)			Risk Movement	Review frequency	Date of next review	Risk owner
		Area at risk	Risk ref.	Risk event	Impact	Likelihood	Risk rating				Impact	Likelihood	Risk rating				
Top 10	To improve our funding level	Pensions Administration	PA2	Liabilities need to be orphaned across the Funds remaining employers in the event of an employer failing.	High (4)	High (4)	High (16)	1. All new employer bodies need to have a suitable guarantee/covenant in place prior to being admitted into the scheme.	1. Implemented	100%	High (4)	Medium (3)	Medium (12)		1. Quarterly	Apr 16	Head of Client & Funding Management
								2. Monitoring is carried out on existing employers and the covenant strength is assessed and each employer is risk rated.	2. In progress	60%					2. Quarterly		Head of Pensions Administration
								3. Higher risk employers are monitored closely by the Employer Team.	3. In progress	80%					3. Quarterly		Head of Pensions Administration
								4. Where there are concerns, the Fund opens dialogue with the relevant employers and where possible, arranges face-to-face meetings to explore their situation in more detail. Once the Fund has a more detailed understanding of the situation, it will discuss the possibility of the provision of additional security by those organisations to further strengthen their covenant.	4. In progress	30%					4. Quarterly		Head of Pensions Administration
Top 10	To provide excellent customer service	Pensions Administration	PA3	Pension benefits are calculated with inaccurate or incomplete data (leading to under/overpayments)	Medium (3)	Very high (5)	High (15)	1. Robust process in place to ensure accuracy of calculations, including officer checking.	1. Implemented	100%	Medium (3)	High (4)	Medium (12)		1. Quarterly	Apr 16	Assistant Director (Actuarial & Pensions)
								2. Induction training to ensure officers are suitably skilled, as well as regular staff training to raise awareness of the importance of data quality.	2. Implemented	100%					2. On-going	N/A	
								3. Data quality reviews of common and conditional data in place and reported to Committee half yearly in line with other TPR reporting requirements.	3. Implemented	100%					3. Quarterly	Apr 16	
								4. The PAS sets out expectations and requirements of employers in relation to data quality.	4. Implemented	100%					4. Annually	Mar 16	
								5. Communication with employers at AGM to stress the importance of complete and accurate data.	5. Implemented	100%					5. Annually	Dec 16	
								6. Data validation checks undertaken:- (a) by actuary at valuation (b) through National Fraud Initiative (c) through Millennium Halo	6. (a) Implemented (b) Implemented (c) Implemented	100% 100% 100%					6. (a) Triennially (b) Every 2 years (c) Monthly	Mar 16 Mar 16 Feb 16	
								7. Web portal in place for members to input their details directly, removing employee human error.	7. Implemented	100%					7. On-going	N/A	
								8. Bulk data import in place for employers to load their joiners data straight to the Fund's system - reviewed at Employer Peer Group	8. Implemented	100%					8. Quarterly	Apr 16	
								9. Plan to move to bulk data import in progress, for employers to load their member changes data straight to the Fund's system in line with proposal for monthly returns instead of annual returns.	9. Proposed	0%					9. Quarterly	Apr 16	
								10. Individual member changes and individual early leavers data can be loaded straight to the Fund's system by employers.	10. Implemented	100%					11. Quarterly	Apr 16	
								Top 10	To provide excellent customer service	Pensions Administration					PA5	The Fund does not complete the Guaranteed Minimum Pension (GMP) reconciliation.	
2. Initial analysis has been completed - first stage completed.																	
3. The Fund engaged ITM to do more analysis to identify the gaps and a report was received from ITM end of November. The Fund is now formulating a plan.																	
4. Progress of the project is reported monthly to the Senior Management Team.																	
5. Report to Pensions Committee quarterly.																	

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Top 10	To improve our funding level	Pensions Administration	PA7	Future liabilities increase	High (4)	High (4)	High (16)	1. The Fund undergoes a triennial valuation, in conjunction with the Fund's actuary. Although liabilities will increase, controls are put in place to ensure assets keep pace with liabilities.	1. Implemented	100%	Medium (3)	High (4)	Medium (12)		1. Triennially	Mar 16	Assistant Director (Actuarial & Pensions)
								2. <b>Life expectancy:</b> Although there is no life expectancy hedging, a prudent allowance is built into the actuarial assumption, for life expectancy to improve.	2. Implemented	100%					2. Triennially		
								3. <b>Inflation and wage and salary inflation:</b> The Fund invests in index-linked bonds and the PIP, which provides an index linked income stream.	3. Implemented	100%					3. Triennially		
								4. <b>Interest rates:</b> Investment returns are monitored quarterly with liabilities in mind.	4. Implemented	100%					4. Quarterly		
Top 10	To provide excellent customer service	Pensions Administration	PA9	Failure of electronic data and information exchange	High (4)	High (4)	High (16)	1. Weekly calls to Civica and weekly alerts are also provided to the Fund by Civica - through this, issues are raised and can be followed up	1. Implemented	100%	Medium (3)	Medium (3)	Medium (9)		Quarterly	Apr 16	Assistant Director (Actuarial & Pensions)
								2. LGPS funds have formed a network to share issues	2. In progress	80%							
								3. Fund to formulate a Civica service improvement strategy	3. In progress	60%							
								4. In-house resource review. Enhancing the Fund's skill set on electronic data and information exchange.	4. In progress	20%							

INVESTMENT RISKS

Top 10	Objective at risk	Details of risk, including consequences			Assessment of risk (Assume NO controls in place)			Control	Status (e.g. implemented, in progress, proposed)	% Complete	Assessment of risk (Control measures in place)				Review frequency	Date of next review	Risk owner
		Area at risk	Risk ref.	Risk event	Impact	Likelihood	Risk rating				Impact	Likelihood	Risk rating				
Top 10	To achieve target investment returns	Investments	11	Investment strategy is implemented poorly.	High (4)	Medium (3)	Medium (12)	1. Planning by staff. 2. The asset allocation/strategy are reviewed annually with reference to the FSS and SIP, to ensure that they continue to reflect each other. 3. Pensions Committee (PC), Investment Advisory Sub-Committee (IASC), Investment Advisory Panel (IAP) oversight. For the Integrated Transport Authority (ITA) - Investment Strategy Panel (ISP) oversight.	Implemented	100%	High (4)	Low (2)	Medium (8)		1. Annually 2. Annually 3. Quarterly	Jun 16 Jun 16 Jun 16	Assistant Director - Investments

GOVERNANCE RISKS

Top 10	Objective at risk	Details of risk, including consequences			Assessment of risk (Assume NO controls in place)			Control	Status (e.g. implemented, in progress, proposed)	% Complete	Assessment of risk (Control measures in place)				Review frequency	Date of next review	Risk owner
		Area at risk	Risk ref.	Risk event	Impact	Likelihood	Risk rating				Impact	Likelihood	Risk rating				
Top 10	To become a top performing fund	Governance	G1	The Fund breaches Information Security and Data Quality regulations.	High (4)	Very high (5)	High (20)	1. Continuous staff training on data protection 2. In-depth training for senior managers on information governance. 3. There is an information governance project underway in preparation for an information governance audit in December. 4. Data encryption and password protection 5. Use of file transfer protocol 6. All information security breaches are reported and any systemic issues are identified and corrected. 7. System back-up to protect against data loss. 8. A data improvement plan taken to the Dec 15 PC and Jan 16 Pensions Board (PB) 9. A dedicated data team is being set-up, as part of the Pensions Administration structure review.	1. Implemented 2. Implemented 3. Implemented 4. Implemented 5. Implemented 6. Implemented 7. Implemented 8. Implemented 9. In progress	100% 100% 100% 100% 100% 100% 100% 100% 60-70%	Medium (3)	High (4)	Medium (12)		Annually	Dec 16 Dec-16	Head of Governance/ Assistant Director (Actuarial & Pensions)

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Top 10	To become a top performing fund	Governance	G2	Lack of independence between the Fund, elected members and pension board representatives from their authorities, resulting in poor decision making	High (4)	High (4)	High (16)	1. Full trustee induction training is provided to members on joining the Pensions Committee and Pensions Board to inform them of their duties and responsibilities.	1. Implemented	100%	High (4)	Medium (3)	Medium (12)		Quarterly	Apr 16	Head of Governance
								2. There are sufficient numbers on the Committee to ensure that the Fund's interests are put before individual authorities.	2. Implemented	100%							
								3. Members are bound by codes of conduct.	3. Implemented	100%							
								4. Conflicts of interest policy in place for Pensions Committee and Pensions Board.	4. Implemented	100%							
								5. All districts are represented and have voting powers.	5. Implemented	100%							
								6. Clear delegation of authority within the Council and the Fund's separate constitutions, setting out the roles and responsibilities of the Fund.	6. Implemented	100%							
								7. Conflicts of interest policy in place for Pensions Committee and Pensions Board.	7. Implemented	100%							
Top 10	To provide excellent customer service	Governance	G3	The Fund cannot continue to operate and deliver its priority services following a disaster, IT incident or data loss scenario.	High (4)	Medium (3)	Medium (12)	1. Business continuity plan in place for incidents which deny access to Mander House. Includes ability to access systems from home. The plan is regularly reviewed and tested.	1. Implemented	100%	Medium (3)	Medium (3)	Medium (9)		Annually	Feb 16	Head of Governance
								2. WCC has 2 servers at a primary site (the Civic Centre) and 2 servers at a secondary site (Stafford County Council). The Fund's data is mirrored at both sites.	2. Implemented	100%							
								3. Testing of the business continuity plan by WCC is in the early stages. Compliance and Risk Team to liaise with WCC's IT department, to ensure testing takes place. WMPF to conduct live test on relocation.	3. In progress	10%							
Top 10	All objectives	Governance	G7	Change in government policy/LGPS reforms	Very high (5)	High (4)	High (20)	1. The Fund keeps abreast of developments, participating in consultation and calls for evidence, and collaborating with other funds.	1. Implemented	100%	High (4)	High (4)	High (16)		Monthly	Feb 16	Strategic Director of Pensions

**IMPACT AND LIKELIHOOD KEY**

**The Fund uses a 5-point scoring system to assess the likelihood and impact of the risks it identifies.**

<b>Likelihood</b>	<b>Definition</b>	<b>Scale</b>	<b>Value</b>
Very high	Extremely likely to occur	71-99% chance	5
High	Fairly likely to occur	51-70% chance	4
Medium	Possible it may occur	31-50% chance	3
Low	Low but not impossible	11-30% chance	2
Very low	Very low but not impossible	Up to 10% chance	1

<b>Impact</b>	<b>Definition</b>	<b>Scale</b>	<b>Value</b>
Very high	Cannot achieve one or more objectives	Showstopper	5
High	Large impact on objectives	Major shortfalls	4
Medium	Medium impact on objectives	Some shortfalls	3
Low	Low impact on objectives	A few shortfalls	2
Very low	Very low impact on objectives	Few shortfalls of a limited nature	1