

West Midland Pension Fund Risk Register Overview

Date 06/03/2018

Risk Title and Description	Risk	Rating	Controls
Transition & Pooling	a) Fund incurs additional costs		1. Budget Monitoring 2. Benchmarking 3. Client services agreement
	b) Transition: additional costs; timeline slippage; security of assets		1. Transition plan 2. Cost management and reconciliation 3. Client services agreement
	c) Sub-Fund development not reflecting Fund's strategic asset allocation requirements		1. Investment mandate monitoring 2. Quarterly performance V fund objective KPI's 3. PAF investment working group
	d) Inadequate Systems & Controls at LGPS Central		1. Client service agreement 2. Assurance of robust systems & controls 3. Assurance of monitoring plan 4. Assurance of compliance 2nd line monitoring
Strategy	a) Employer default on contributions; exit leaving unpaid pension debt		1. Contributions monitoring 2. Covenant monitoring programme; watch list. 3. Specialist advisers in place assist migrate and manage covenant risks
	b) Fund does not achieve investment return and/or improvement in funding level in line with long term strategic objectives		1. Investment and Funding monitoring; 2. Annual progress reviews; 3. Triennial strategy reviews
	c) Fund has inappropriate asset allocation strategy		1. Asset allocation reviewed alongside ALM and FSS; 2. Investment specialists provide presentations to PC; 3. Independent advisors; 4. Approval for asset mandate
	d) Liquid assets insufficient to meet cashflow requirements		1. Cashflow monitoring; 2. Projected requirements assessed through ALM; 3. Liquidity requirements and cash levels regularly reviewed with asset allocation
Resourcing & Development	a) Transfer of staff to LGPSC leaving insufficient resource in WMPF		1. Client service agreement to provide services to cover legacy assets; 2. Dedicated WMPF workforce development team; 3. Succession planning; 4. Retain fund expertise; 5. Exit plans for staff
	b) Recruitment, retention and training of skilled staff across specialist areas insufficient to deliver service development plans		1. Training and development; 2. Forward planning and service development; 3. Monitoring work and KPIs; 4. Workforce planning, induction and training programme, support with professional qualifications, workload review and horizon (including succession) planning
Cost efficiency	a) Cost savings projected under investment pooling fail to be delivered resulting in higher regulatory and other costs		1. Oversight and scrutiny of budgets and cost savings; 2. Cost transparency reporting; 3. Financial model projections assessed and reviewed
	b) Limited cost transparency and reporting available for investments		1. Continued work with CIPFA/LGS to develop template for manager reporting
	c) Service developments do not deliver efficiency savings		1. Development expenditure based on approval business cases monitoring impact and efficiency
Report & Accounts	a) Annual report and accounts - earlier closedown and resourcing		1. Close down timetable; 2. Closedown status updates; 3. Monitoring resourcing
Data Quality	a) Fund does not meet statutory requirements on data quality		1. Find has recruited two dedicated data quality team managers; 2. Employers monthly returns programme initiated; 3. Regular engagement with TPR; 4. Compliance monitoring programme to align with the TPR; 5. Data improvement working group plan reviewed by local pension board
	b) Pension benefit calculated with inaccurate or incomplete data		1. Accuracy calculations conducted against Actuary valuation and point of submission data; 2. Data quality reviews in place and reported to Committee half yearly inline with TPR; 3. Pension administration sets the funds requirements for employer data submission; 4. Increased use of employer electronic submissions
IT & Cyber Security	a) Cyber security / Failure in IT systems		1. Firewall & internet gateway protection; 2. Secure configuration and access controls of users; 3. Malware protection; 4. Patch management; 5. Business continuity plan with regular testing; 6. Back up server arrangements; 7. Regular data backups
Service delivery & transformation	a) Gaps in provision of benefit information to members		1. Workflow monitoring, employer query review, data review and improvement programme
	b) Poor quality and/or late upgrades to systems increasing risk of errors		1. Testing environment plan in place; 2. Civica user groups
	c) Failure of service providers (including LGPS Central operator) to deliver requirement, on time and to budget		1. Contract project management; 2. Annual review of key providers; 3. Working with user groups 4. Framework procurement
PAS	a) PAS not complied with by employers impacting costs and services to members		1. AGM communication to employers; 2. Employer adherence monitored; 3. PAS Reviewed by committee; 4. Regular meetings with employers and all districts to review progress; 5. Recharges for additional admin costs
Legal & Regulatory	a) Gaps in LGPS regulations and delay in review and changes impact on delivery or risk requiring rectification		1. Review of agreements; 2. Use of advisors; 3. Review against national standards and legislation; 4. Use of precedent templates
	b) Ongoing review of employers in the fund by SAB, leads to additional work through changes to practice and policy		1. Monitoring national level developments; 2. Develop national level working groups; 3. National debate on employer developments
	c) LGPS Central Client Service Agreement		1. Assurance framework of agreed KPI's for investments, transition and compliance monitoring; 2. External legal review of agreements
	d) Implementation of GDPR		1. Fund specialist ensures GDPR requirements are distilled into fund; 2. Internal team specialists appointed; 3. Staff training; 4. Committee training; 5. Collaboration with CWC IG team to ensure compliance