











Appendix A- West Midlands Pension Fund - TOP RISKS										Dec-18				
Risk ID		Risk Description								Risk Rating	Movement from Last Qtr / Positions		Last Reviewed	
INVESTMENT POOLING														
P3	Pooling	Transition timeline slips causing additional cost/resource on the fund								16			4	Dec-18
		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	Dec-18
		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			3	Dec-18
		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	Dec-18
		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		New Risk	Dec-18	
		Controls	> Currency hedge is currently applied for 50% of foreign currency exposure thus protecting on the downside											
			> Dialogue with the Fund's Investment Advisory Panel on a quarterly basis to discuss risk and opportunity to inform porfolio positioning.											
			> The Fund has a diversified portfolio across geographical and sector investments, thereby limiting any risk of concentration impact.											
I8	Investments	Climate Change impacts on delivery of long term investment and funding strategy								16		New Risk	Dec-18	
		Controls	> Engagement through broad range of partnerships and with investment managers to promote active risk management and disclosure											
			> Development of climate change beliefs and supporting risk management framework and strategy											
			> Analysis and deployment of investment to capture risks and opportunities (e.g. through sustainable equity fund, development of low carbon index fund with LGPS Central and illiquid assets) by integrating into investment decision making and stewardship process.											
FINANCE														
F6	Finance	Non payment of receipt of monies due to the fund								15			No Change	Dec-18
		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	Develop reporting to meet new CIPFA Annual Report disclosure requirements								15		New Risk	Dec-18	
		Controls	> The Fund has fed into the consultaiton process in developing the new guidance											
			> A schedule of is being created to capture data requirements and the plan for delivery											
GOVERNANCE														
G2	Governance	The Fund is unable to meet its statutory requirements on Data Quality								16			No Change	Dec-18
		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											
G9	Governand	Change in government policy/LGPS reforms								16			No Change	Dec-18
		Controls	> The Fund keeps abreast of developments, participating in consultation and calls for evidence, and collaborating with other funds											
G10	Governance	Failure to have adequate internal controls and monitoring of Fund performance								16			No Change	Dec-18
		Controls	> The Fund has a number of statutory and good practice policies which seek to deliver a well governed and administered scheme											
G11	Governance	Ensuring an adequate and effective governance framework								16		New Risk	Dec-18	
		Controls	> The Fund has adopted an internal controls framework which links with its KPIs and Service Plan for ensuring effective delivery of the Fund's objectives.											
			> The Fund ensures robust governance oversight of the LGPSC Ltd via COGG (Client Oversight Governance Group) and Partner Funds' Internal Audit teams											
			> The Fund utilises the expertise of externa advisors through the Investment Advisory Panel as well as specialist data management consultants to inform and challenge working pracitices and over see the implementaiton of change											
			> 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	Dec-18
		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	Dec-18
		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											