

West Midlands Pension Fund Risk Register - Areas of Concern Q1 2020

Risk Type	Specific Concern	Risk Description	Level of Concern	Action taken
National	Covid 19	Impact of current global health concerns on the ability of the Fund to deliver services.	High	The Fund is undertaking a number of monitoring activities to assess and preempt potential impact on its service delivery. A separate risk register has been created to monitor impact.
Regulatory	McCloud and Sargent	The outcome of the court case has increased the risk of amendments to the calculation and administration of scheme benefits, introducing the potential for increased costs and contributions for employers. Both MHCLG and GAD have encouraged Fund's to make an allowance ahead of finalising the Actuarial Valuation 2019 but the remedy and how it will be applied within the LGPS may not be determined for some time, creating uncertainty and frustration for employers and scheme members, with an extending period over which changes may need to be backdated.	High	The Fund is engaging with national bodies providing requested information which may support the assessment of any potential remedy and how it may be implemented, which includes the potential impact on administration processes and Fund costs.
	Good Governance Review	The outcome of the Scheme Advisory Board Good Governance Review suggests a greater level of oversight and reporting for LGPS Funds. The West Midlands Pension Fund already operates a high level of governance, as confirmed by the external audit conducted in 2018, however the full outcome of these requirements is not yet known.	Low	The Fund has engaged with the Scheme Advisory Board and Hymans' (the advisors appointed to support the review), feeding into the review. We remain engaged as the review moves into the third phase. The Fund has already started to build out the initial requirements into its governance assurance framework
	The Pensions Regulator's Code of Practice	The tPR is currently in the early stages of conducting a formal review of all of its codes of practices with the aim of issuing a single code to apply to all pension schemes, it is unlikely there will be a public sector/LGPS Specific code.	Medium	The Fund has engaged with the Regulator in the early stages of the formulation of this new single code with officers attending round table discussions. The new code will be launched through consultation which the Fund will actively participate in.
	Regulatory Disclosure	Following the self report to the Pensions Regulator in September for the Fund's inability to produce 100% of Annual Benefit Statements for its members, the Fund continues to engage with the Regulator on its improvement in production and is currently awaiting an outcome from the Regulator.	Low	Outcome from engagement has resulted in no further action, however remains on watch list in preparation of 2020 ABS
	Statutory Guidance	A number of statutory guidance are on the horizon in relation to the governance of investment management by LGPS Funds, including new Stewardship Code, a focus on investment governance coming from the tPR and amendments arising from the new Pensions Schemes Bill.	High	The Fund is engaged with relevant bodies responsible for drafting statutory guidance and has a number of these policies in place which will be reviewed in consideration of new guidance when issued.
Operational	Available resource to respond to service change and increase in regulatory requirements	Due to potential scheme change, increasing governance requirements and evolving guidance leading to review of a wide range of Fund policy, together with an ongoing increase in demand for Fund services, resources will need to increase to meet the standards and level of services expected. The Fund will be reliant on technically skilled individuals able to undertake the relevant tasks and there is likely to be competition for resources.	High	Current environment has added to this concern
	Timely delivery of software and system support to achieve targets on service developments (DTEP)	Poor quality and/or late deliveries of system upgrades/developments leading to an inability to process member data creating backlog and/or delays.	Medium	The Fund is engaging with its software supplier through appropriate contract management and has escalated concerns within the organisation. Roadmap for resolution has been developed and will be reviewed.
	Information and Data Management	The inability of the Fund to report on statutory data quality and deliver accurate Benefit Information to all eligible members.	Medium	tPR has rated delivery of ABS a second priority however the Fund is aiming to maintain deadline delivery
Reputational	Transfer out claims	The Fund is seeing an increase in third party information requests (SARs) in light of the LGPS Hampshire case with one letter before action having been received. The potential for these cases to escalate is a concern with limited national response/positioning on how Funds should respond.	High	Advice is being sought from Eversheds on the letter before action with work underway by the Fund to review and amend processes around transfers out