

West Midlands Pension Fund Risk Register - Areas of Concern Q3 2020					
Risk Theme	Specific Concern	Description	Level of Concern	Action taken	Movement
Pandemic	Covid 19	Impact of current global health concerns on the ability of the Fund to deliver services.	Medium	The Fund in response to the pandemic has changed a number of processes effecting more efficient working from home which supported its oning service delivery. Through these changes the Fund was quick to adapt to the announcement of a second lockdown.	↑
Regulatory	Public Service Pension Schemes: Changes to the transitional arrangements to the 2015 schemes	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 across the industry with an extended period over which changes may need to be backdated.	Medium	The Fund has responded to the consultation released which is due to close early Autumn and is working with employers to provide information as it is developed (including data templates).	↔
	Reforming Local Government Exit Pay	The implementation of the Public Sector Exit Payment Cap and it's consistency with wider LGPS Regulations on immediate entitlement to benefits at age 55 together with ongoing consultation on exiy pay reforms.	High	The Fund has responded to government consultation on the proposed exit pay reform and is liaising with employers to support approach	NEW
	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. 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 has issued consultation on its 15 year strategy, while being reflective of wider industry impacts there is no specific reference to LGPS and public sector schemes.	Low	The Fund will respond to the consultation (closes 15 December)	↓
	Regulatory Disclosure	The Fund is currently undertaking its annual production of annual benefit statements. The Fund has reported its non-production for the last 2 years and an assessment will need to be made on a self report this year	Medium	Initial analysis suggests the Fund's production rates to be no worse than 2019, and note the Regulator's focus on delivering priority services with ABS a second priority due to the Covid pandemic.	↔
	Statutory Guidance	A number of statutory guidance are on the horizon in relation to the governance of investment management by LGPS Funds, a new Stewardship Code, a focus on investment governance coming from the tPR together with employer funding flexibilities and amendments arising from the new Pensions Schemes Bill.	Medium	The Fund is engaged with relevant bodies responsible for drafting statutory guidance and has a number of these poicies 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	A number of statutory changes and amendments are on the horizon which potential change redundancy and compensation payments which may affect the calculation and application of pension benefits. The Fund will require statutory guidance on how these changes are implemented with a number proposed to come before year end (Dec).	High	The Fund is fully engaged in all consultations with senior officers sitting on national working groups to inform the statutory drafting. The Fund's Technical team will seek to implement temporary solutions through manual calculation of pension benefits to support the transitional changes while ongoing reviews of internal resource are being undertaken to ensure the Fund can mitigate impact on existing resource pull.	↑
	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.	↔
	Employer Resilience	Noting the unknown impact of Covid 19 on some Fund employers this remains a concern going forward as it is likely that the true impact in relation to funding and sustainability will not be known for some time	Medium	The Fund has undertaken a series of engagements with Employers during this time, with the outcomes of surveys resulting in targeted engagement where identified as necessary.	NEW
Reputational	Transfer out claims and Pension Scams	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 response.	High	The Fund has seen an increase in requests for information from its members since the determination of the Hampshire case and is monitoring these requests and activity across the industry where there appears to be a number targetted requests from claims companies	↔