

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 ongoing service delivery. Through these changes the Fund was quick to adapt to the announcement of a second lockdown.  Attention now turns to preparing for lockdown exit and how to manage return to the office with considerations of priority service returns, changing patterns of work and ongoing employee well being following an extended period of home working.	↔
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	Focus now turns to the timescales for implementation, the complexity and resourcing needs to support with active recruitment of additional resource. A ministerial statement on implementation within the LGPS is expected following HMT publication in relation to the unfunded public sector schemes.	↔
	Regulatory Oversight	The outcome of the Scheme Advisory Board Good Governance Review suggests a greater level of oversight and reporting for LGPS Funds. In addition, the Pensions Regulator has commenced discussions on its review for a Single Code of Practice.	Low	The West Midlands Pension Fund is engaged in discussions at a national level with these bodies to ensure appropriate feed in and awareness of any proposed new regulatory compliance requirements.	↔
	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 (including action on climate change) 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 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	A number of statutory changes and amendments are on the horizon which may affect the calculation of pension benefits and Fund investment governance and operations. Consultation on regulatory change and guidance for its application may impact on Fund resource requirements.	High	The Fund is fully engaged in all consultations with senior officers sitting on national working groups and assisting with the development of guidance. The Fund's Technical team continue to support in review of transitional arrangements while ongoing reviews of internal resource are being undertaken to ensure the Fund can mitigate impact on service delivery.	↔
	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, sustainability and employers' own resources 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.	↔
	Forthcoming Elections and annual appointments	Potential for change and loss of knowledge and experience within the Fund's governing bodies, Pension Committee and Local Pensions Board	Low	The Fund has a structured and bespoke training program to support new committee and local board members in developing their understanding of role and the function of the pension fund.	NEW
Reputational	Transfer out claims and Pension Scams	The Fund is seeing an increase in third party information requests (SARs) in light of an increase in review of historic transfer cases and scam risks across the pensions industry. The potential for these cases to escalate to claims of financial loss relating to poor member choices is a concern.	High	The Fund has seen an increase in requests for information from its members and is monitoring these requests and activity across the industry where there appears to be a number targeted requests from claims companies	↔
	Public agenda on investment arrangements	Increasing focus on the action required to respond to climate change and the impact of the pandemic on global economies and individual fund assets has longer term implications for investment returns and the Fund as asset owner.	Medium	The Fund continues to evolve is climate change and responsible investment strategy, recently publishing its TCFD report in December.  The Fund continues to monitor investments and asset management arrangements in areas impacted by COVID-19	NEW