

WEST MIDLANDS PENSION FUND RISK REGISTER

PENSIONS ADMINISTRATION RISKS																
Top 10	Objective at risk	Details of risk, including consequences			Assessment of risk (Assume NO controls in place)			Control	Status (e.g. implemented, in progress, proposed)	% Complete	Assessment of risk (Control measures in place)			Review frequency	Date of next review	Risk owner
		Area at risk	Risk ref.	Risk event	Impact	Likelihood	Risk rating				Impact	Likelihood	Risk rating			
In Top 10	To improve our funding level	Pensions Administration	PA2	Liabilities need to be orphaned across the Funds remaining employers in the event of an employer failing.	High (4)	High (4)	High (16)	1. All new employer bodies need to have a suitable guarantee/covenant in place prior to being admitted into the scheme	1. Implemented	100%	High (4)	Medium (3)	Medium (12)	1. Quarterly	Dec 15	Head of Pensions Administration
								2. Monitoring is carried out on existing employers and the covenant strength is assessed and each employer is risk rated.	2. In progress	60%				2. Quarterly		
								3. Higher risk employers are monitored closely by the Employer Team	3. In progress	100%				3. Quarterly		
								4. Where there are concerns, the Fund opens dialogue with the relevant employers and where possible, arranges face-to-face meetings to explore their situation in more detail. Once the Fund has a more detailed understanding of the situation, it will discuss the possibility of the provision of additional security by those organisations to further strengthen their covenant.	4. In progress	15%				4. Quarterly		
In Top 10	To provide excellent customer service	Pensions Administration	PA3	Pension benefits are calculated with inaccurate or incomplete data (leading to under/overpayments)	Medium (3)	Very high (5)	High (15)	1. Robust process in place to ensure accuracy of calculations, including officer checking.	1. Implemented	100%	Medium (3)	High (4)	Medium (12)	1. Quarterly	Dec 15	Assistant Director - Actuarial & Pensions
								2. Induction training to ensure officers are suitably skilled, as well as regular staff training to raise awareness of the importance of data quality.	2. Implemented	100%				2. On-going	N/A	
								3. Data quality reviews of common and conditional data in place and reported to Committee quarterly.	3. Implemented	100%				3. Quarterly	Dec 15	
								4. The PAS sets out expectations and requirements of employers in relation to data quality.	4. Implemented	100%				4. Annually	Mar 16	
								5. Communication with employers at AGM to stress the importance of complete and accurate data.	5. Implemented	100%				5. Annually	Dec 15	
								6. Data validation checks undertaken:- (a) by actuary at valuation (b) through National Fraud Initiative (c) through Millennium Halo	6. (a) Implemented (b) Implemented (c) Implemented	100% 100% 100%				6. (a) Triennially (b) Every 2 years (c) Monthly	Mar 16 Mar 16 Dec 15	
								7. Web portal in place for members to input their details directly removing employee human error	7. Implemented	100%				7. On-going	N/A	
								8. Bulk data import in place for employers to load their joiners data straight to the Fund's system (UPM)	8. Implemented	100%				8. Adhoc - if required	N/A	
								9. Bulk data import in progress for employers to load their member changes data straight to UPM	9. In progress	95%				9. Adhoc - if required	N/A	
								10. Bulk data import to enable employers to load their early leavers data straight to UPM has been put on hold. The Fund provided a specification for this to Civica, but then found that Civica are producing a standard product which is likely to be cheaper.	10. Proposed	0%				10. In 6 months	May 16	
								11. Individual member changes and individual early leavers data can be loaded straight to UPM by employers.	11. Implemented	100%				11. Adhoc - if required	N/A	
In Top 10	To provide excellent customer service	Pensions Administration	PA5	The Fund does not complete the Guaranteed Minimum Pension (GMP) reconciliation.	High (4)	Very high (5)	High (20)	1. A project is underway to achieve this by December 2018.	1. In progress	10% - 15%	High (4)	High (4)	High (16)	Monthly	Dec 15	Head of Pensions Administration
								2. Initial analysis has been completed.								
								3. The Fund has engaged ITM to do more analysis to identify the gaps. ITM report due end of Nov.								
								4. Progress of the project is reported monthly to the Senior Management Team.								
								5. Report to Pensions Committee quarterly.								
In Top 10	To improve our funding level	Pensions Administration	PA7	Future liabilities increase	High (4)	High (4)	High (16)	1. The Fund undergoes a triennial valuation, in conjunction with the Fund's actuary. Although liabilities will increase, controls are put in place to ensure assets keep pace with liabilities. The closer the match,	1. Implemented	100%	Medium (3)	High (4)	Medium (12)	1. Triennially	Mar 16	Assistant Director - Actuarial and Investments
								2. Life expectancy: Although there is no life expectancy hedging, a prudent allowance is built into the actuarial assumption, for life expectancy to improve.	2. Implemented	100%				2. Triennially		
								3. Inflation and wage and salary inflation: The Fund invests in index-linked bonds and the PIP, which provides an index linked income stream.	3. Implemented	100%				3. Triennially		
								4. Interest rates: Investment returns are monitored quarterly with liabilities in mind.	4. Implemented	100%				4. Quarterly		
		Administration						1. Governance team in place to help translate regulations	1. Implemented	100%			Annually	Nov 15		
								2. Technical team in place to help translate regulations and to ensure new systems meet regulatory requirements.	2. Implemented							
								3. Robust testing process for any system changes.	3. Implemented							
								4. Use of other Fund's (that use UPM) knowledge.	4. Implemented							
								5. Civica have enhanced their specialist LGPS knowledge and can challenge any changes which do not adhere to the regulations.	5. Implemented							
								6. LGPS 2014 changes being loaded into UPM for use	6. In progress							85%

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In Top 10	To provide excellent customer service	Pensions Adminis	PAB	Failure to adhere to statutory requirements/LGPS regulations.	High (4)	Medium (3)	Medium (12)	7. Internal dispute resolution (IDRP) process: (a) Undertaken IDRP process review (b) IDRP guide updated and being piloted with employers	7. In progress	80%	High (4)	Low (2)	Medium (8)	Annually	Dec 15	Assistant Director - Actuarial & Pensions
								8. ABS delivery: (a) Provided feedback into Local Government Association (LGA) survey, to be reported to The Pensions Regulator (TPR) (b) Sent follow up letter to Civica (c) WMPF report to TPR as required to meet reporting requirements and follow up on actions (d) Produced reports for all employers, highlighting issues. Met with 4 out of 7 districts to follow up. Expect to have met with all 7 by end of November.	8. (a) - (b) Implemented (c) - (d) In progress	60%						

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INVESTMENT RISKS																
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		Area at risk	Risk ref.	Risk event	Impact	Likelihood	Risk rating				Impact	Likelihood	Risk rating			
In Top 10	To achieve target investment returns	Investments	I2	Fund does not achieve investment returns.	High (4)	High (4)	Medium (16)	1. Diversified portfolio. 2. Monthly monitoring of investment manager performance at Investment Management Team (IMT) meetings. 3. Regular monitoring of market conditions.	Implemented	100%	High (4)	Low (2)	Medium (8)	Monthly	Dec 15	Assistant Director - Investments
GOVERNANCE RISKS																
Top 10	Objective at risk	Details of risk, including consequences			Assessment of risk (Assume NO controls in place)			Control	Status (e.g. implemented, in progress, proposed)	% Complete	Assessment of risk (Control measures in place)			Review frequency	Date of next review	Risk owner
		Area at risk	Risk ref.	Risk event	Impact	Likelihood	Risk rating				Impact	Likelihood	Risk rating			
In Top 10	To become a top performing fund	Governance	G1	The Fund breaches Information Security and Data Quality regulations.	High (4)	Very high (5)	High (20)	1. Continuous staff training on data protection	1. Implemented	100%	Medium (3)	High (4)	Medium (12)	Annually	Dec 15	Head of Governance/ Assistant Director - Actuarial & Pensions
								2. In-depth training for senior managers on information governance	2. Implemented	100%						
								3. There is an information governance project underway in preparation for an information governance audit in December.	3. In progress	50%						
								4. Data encryption and password protection	4. Implemented	100%						
								5. Use of file transfer protocol	5. Implemented	100%						
								6. All information security breaches are reported and any systemic issues are identified and corrected.	6. Implemented	100%						
								7. System back-up to protect against data loss.	7. Implemented	100%						
								8. A data improvement plan to be taken to the Dec 15 PC and Jan 16 Pensions Board (PB)	8. In progress	80%						
								9. A dedicated data team is being set-up, as part of the Pensions Administration structure review	9. In progress	60-70%						
In Top 10	To become a top performing fund	Governance	G2	Lack of independence between the Fund, elected members and pension board representatives from their authorities, resulting in poor decision making	High (4)	High (4)	High (16)	1. Full trustee induction training is provided to members on joining the Pensions Committee and Pensions Board to inform them of their duties and responsibilities.	1. Implemented	100%	High (4)	Medium (3)	Medium (12)	Quarterly	Dec 15	Head of Governance
								2. There are sufficient numbers on the Committee to ensure that the Fund's interests are put before individual authorities.	2. Implemented	100%						
								3. Members are bound by codes of conduct.	3. Implemented	100%						
								4. Conflicts of interest policy in place for Pensions Committee and Pensions Board	4. Implemented	100%						
								5. All districts are represented and have voting powers.	5. Implemented	100%						
								6. Clear delegation of authority within the Council and the Fund's separate constitutions, setting out the roles and responsibilities of the Fund.	6. Implemented	100%						
								7. Conflicts of interest policy in place for Pensions Committee and Pensions Board.	7. Implemented	100%						
In Top 10	To provide excellent customer service	Governance	G3	The Fund cannot continue to operate and deliver its priority services following a disaster, IT incident or data loss scenario.	High (4)	Medium (3)	Medium (12)	1. Business continuity plan in place for incidents which deny access to Mander House. Includes ability to access systems from home. The plan is regularly reviewed and tested.	1. Implemented	100%	Medium (3)	Medium (3)	Medium (9)	Annually	Feb 16	Head of Governance
								2. WCC has 2 servers at a primary site (the Civic Centre) and 2 servers at a secondary site (Stafford County Council). The Fund's data is mirrored at both sites.	2. Implemented	100%						
								3. Testing of the business continuity plan by WCC is in the early stages. Compliance and Risk Team to liaise with WCC's IT department, to ensure testing takes place.	3. In progress	10%						
In Top 10	All objectives	Governance	G7	Change in government policy/LGPS reforms	Very high (5)	High (4)	High (20)	1. The Fund keeps abreast of developments, participating in consultation and calls for evidence, and collaborating with other funds.	1. Implemented	100%	High (4)	High (4)	High (16)	Monthly	Dec 15	Strategic Director of Pensions