

**West Midlands Pension Fund Strategic Risk Register  
Quarter 2 2021**

	Risk Issue	Area of Concern	Current Driver	Rating	Risk ID (from operational risk map)
1	Data and Information Reporting	Data Quality and the ability of the Fund to produce statutory requirements for reporting together with meeting current legislative drivers.	<p>McCloud data cleansing is an ongoing project which will require additional data cleansing work by both the Fund and Employers</p> <p>Increased oversight on investment governance (and Pools) and the performance of LGPS Assets.</p> <p>Ongoing challenge to manage and process high volumes of investment and financial data.</p>		G1, F7, OP1, INV2, INV7
2	Effective Governance	The Fund is not able to update and effect its processes to ensure ongoing compliance	<p>Forthcoming regulatory change and statutory guidance redefining reporting requirements for the Fund</p> <p>Ongoing reliance on third party suppliers/stakeholders and the collective agreement of partners on common deliverables</p> <p>Ongoing resource constraints in key areas with a reliance on interim support</p>		G1, G2, F2, F3, OP2, F4, F8, OP8, PS1, PS2, PS4, INV1, INV2
3	Business Continuity and Cyber Risk	The Fund is unable to perform its functions	Global concern on increasing Cyber risk and evolving practices required to mitigate		G3, G4, F11, OP5
4	Resourcing	<p>Systems and current processes ability to cope with workload demands and the impact of manual processes pending automation enhancements.</p> <p>People resource risk and the ability to recruit to vacant roles with required skills</p>	<p>Competition in the market for skilled and specialist roles. Increasing employee mobility offering reducing potential for job seekers.</p> <p>Ongoing medium term reliance on interim and individual roles to support service delivery.</p>		G5, F1, OP4, OP7, PS7, PS8, INV6
5	Internal Controls	The Fund is not able to effectively monitor and report on its compliance with regulatory requirements with a need to conduct a full review of those in place due to ongoing regulatory change	<p>Growing complexity in scheme regulations and the increasing reporting requirements, placing increased demands on the Fund's monitoring processes.</p> <p>Manual processes for monitoring compliance create challenges to effect appropriate controls and assurance</p> <p>Ongoing challenge to manage and process high volumes of member, financial and asset data together with oversight of a large numbers of fund employers and asset managers</p>		F2, F4, F6, F10, F12, F13, PS6, OP6, PS1, INV1, INV2, INV3
6	Service Delivery - Fund	The Fund is unable to deliver its services due to the impact of adequate resourcing or focus on other areas in response to regulatory change.	<p>A number of processes remain manual pending system updates and/or automation</p> <p>Growing complexity in scheme rules creating confusion for Fund stakeholders resulting in increased demands for front line services.</p> <p>Multitude of regulatory change in the operational and reporting requirements of Funds</p>		F9, PS3, PS5, INV3
7	Service Delivery - Third Parties	The Fund is unable to deliver its services due to the reliance on third parties	<p>Software updates to support automation and process efficiencies are dependent on the software provider</p> <p>Employers own resource risk limits ability to deliver requirements for the Fund</p>		OP3, F5, PS4
8	Funding and Cost Management	The uncertainty of long term volatility in markets affecting inflation and the discount rate in a backdrop of local government budget constraints	<p>Changing market conditions impact on investment returns and pace of change in asset allocation</p> <p>Increased level of employer interest in exit from the LGPS</p>		INV4,