

APPENDIX A: West Midlands Pension Fund – Strategic Risk Register

December 2022

Risk Ref	Risk Theme	Risk Title	Current Drivers	Corporate Priority	Pre-control Risk Assessment	Post Control Risk Assessment	Risk Outcome post control	Reason for concern and actions underway to mitigate risk	Officer responsible for Action
1	Economic Environment	Market Volatility	Global markets reacting to geopolitical issues and short-term volatility impacting longer term outlook	Investment implementation Operational Resilience Stewardship				<p>The Fund is a long-term investor taking a strategic approach to asset performance building in resilience to its overall allocation strategy with the aim of withstanding short term market impacts.</p> <p>The Fund actively monitors and is engaged in global market and industry reaction to the current environment which has seen some steadying over this last quarter.</p>	ADI
		Member behaviours	Financial constraints and the increasing cost of living have the potential to drive change in Fund member behaviour, including the potential for increased transfer out requests/opt outs and safeguarding concerns	People and Customers Corporate responsibility				<p>The Fund has a proactive member engagement strategy which seeks to support members with their pension choices and wider financial support, including signposting to government initiatives such as Money Advice services.</p> <p>The Fund continues to monitor workload trends in member-led processes which will feed into and shape member engagement activity.</p> <p>This quarter the Fund hasn't seen an increased change in member behaviour.</p> <p>The Fund is sensitive to the issues facing employers and is undertaking a broad engagement program as part of the 2022 actuarial valuation.</p> <p>The Fund is currently engaging with employers on the outcome of the valuation and future contribution requirements.</p>	ADP
		Employer funding and budget stretch	Pressure on employer covenant being driven by rising inflation and costs leading to the need to balance the setting of contributions against a backdrop of budget constraints and reduced income sources.	People and Customers Corporate Responsibility Operational Resilience Corporate Communications					ADP



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								<p>The Fund's investment strategy is being reviewed alongside the funding strategy over 2022/23.</p> <p>The Fund undertakes early engagement with suppliers to identify potential increases in costs as part of its budget planning process.</p> <p>The Fund has a contract management process supported by CWC procurement which provides consistency in contract terms and management.</p>	HOF
2	Keeping pace with change	<p>Rising costs and inflation on goods and services received</p> <p>Resourcing</p> <p>Specialist/Technical knowledge capabilities</p>	<p>Annual inflation uplift on contracted goods and services may see an additional increase in Fund costs and budget into next year</p> <p>The scale of undertaking multiple business change initiatives (driven by regulatory and service development needs), results in conflicting priorities for internal resource and the need to compromise with short term Business As Usual activities.</p> <p>Third party contractors as project reliant resource and the Fund's ability to maintain delivery in line with project scope and timeline.</p> <p>Increasing complexity and reporting demands across the scheme and pensions industry is bringing a step change in capacity, knowledge and skill requirements in both the Fund and its stakeholders/service delivery partners.</p>	<p>Operational Resilience</p> <p>People and Customers</p> <p>People and Customers</p> <p>Compliance and Risk</p> <p>Operational Resilience</p> <p>People and Customers</p> <p>Compliance and Risk</p> <p>Operational Resilience</p>				<p>The Fund continues to review its resource requirements recruiting temporary and project resource where required to support delivery.</p> <p>Progress with all major projects is monitored and reported to Project leads and steering committees, escalating risks and issues as these emerge.</p> <p>The Fund continues to develop its knowledge and development framework supporting upskilling of colleagues where change occurs.</p>	All Senior Managers

Officers Responsible for Action

EDOP	Executive Director of Pensions
ADI	Assistant Director Investments
ADP	Assistant Director Pensions
HOPs	Head of Operations
HGRA	Head of Governance, Risk and Assurance
HOF	Head of Finance