



**APPENDIX A: West Midlands Pension Fund – Strategic Risk Register**

March 2023

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 allocation and building resilience across the investment portfolio in order to help manage the impact of short-term market volatility.</p> <p>The Fund actively monitors its asset positioning and broader markets and has undertaken a fundamental review of its investment strategy in conjunction with the triennial actuarial valuation with updates being reflected in the Investment Strategy Statement.</p>	ADI
		Employer funding and budget stretch	Pressure on employer covenant being driven by rising inflation and costs against a backdrop of budget constraints and reduced income sources.	People and Customers Corporate Responsibility			➔	<p>The Fund is sensitive to the issues facing employers and has undertaken a broad engagement program as part of the 2022 actuarial valuation. The key risk being potential employer default on liabilities through non-payment of contributions and/or heightened cessations.</p> <p>The Fund continues to review employer covenant, maintaining and monitoring a 'watchlist' of the employers representing the greatest risk, with associated engagement with employers.</p>	ADP
		Rising costs and inflation on goods and services received	Annual inflation uplift on contracted goods and services may see an additional increase in Fund costs and budget into next year	Operational Resilience People and Customers				<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</p>	HOF

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2	Keeping pace with change	Resourcing	The scale of undertaking multiple business change initiatives (driven by regulatory and service development needs), results in conflicting priorities for internal resource and increased reliance on the delivery by third parties to meet the Fund's statutory deadlines.	People and Customers Compliance and Risk Operational Resilience				provides consistency in contract terms and management.  The Fund continues to challenge itself on the need for business change, together with ensuring effective contract management of suppliers and the delivery of change in line with requirements set.	All Senior Managers
		Specialist/Technical knowledge capabilities	Increasing complexity and change in business process is increasing need to ensure the Fund adequately trains its people, ensuring development in knowledge and skill requirements.	People and Customers Compliance and Risk Operational Resilience				The Fund continues to develop its knowledge and development framework supporting upskilling of colleagues where change occurs.	HoPCS
		Employer resources	The ability of employers to keep pace with the business change initiatives implemented by the Fund and the need to adequately resource their delivery and ongoing processes.  Together with employer's own knowledge and capacity needs in support of the changing environment	People and Customers Corporate Responsibility Operational Resilience Corporate Communications				The Fund is conscious to the impact its business change initiatives will have on employers and is providing access to support and training as part of the roll out of the new admin system transition together with the new processes.	ADP
	Assurance and Internal Controls	Process inefficiencies and manual intervention	Linked to the business change, a number of processes across all service areas are undergoing a program of transformation and development which increases the potential for	Operational Resilience				The Fund continues to review its processes and controls to identify efficient methods of working. A number of initiatives are reliant on third party systems for which the Fund is engaging with suppliers.	All Senior Managers

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4	Data Information and Reporting	Increased demands for data and data review and the ability of the Fund to meet statutory and reporting requirements	manual processing while those systems are onboarded. Number of key projects reliant on data management and rectification (including system transition)	Operational Resilience Compliance and Risk People and Customers				The Fund continues to enhance its reporting on data quality with ongoing focussed resource to achieve key data targets, and support with data focussed projects such as McCloud.	HGRA ADP HOPs
		Evolving standards for governance and reporting requirements	The Fund continues to wait for delayed regulatory guidance on areas such as Governance and Investment however there is a general shift to increased reporting with a focus on Management Information to support trend monitoring and performance.	Compliance and Risk Operational Resilience				The Fund continues to develop its program of data information and reporting	HGRA
5	Operational Resilience	The resilience in our human capital and our ability to adequately, resource, train, and retain.	With a number of changes on the horizon, from business change to regulatory change, the ability of the Fund to ensure its people resource is able to adapt and keep pace will be key to ensuring successful transitions.	Operational resilience People and customers				The Fund is actively working across all departments on employee lifecycle from Recruitment and OD. Training is both bespoke per department, role profile and individually for employee growth and future development at the Fund.  These are complimented with our employee development plans and appraisal process, which is monitored throughout the year as per the goals set.	EDOP
		The resilience of our third-party suppliers	Ensuring our partners are able to meet our ongoing business change needs.	Operational resilience People and customers				Through effectively managing our contracts and supplier performance, we are able to challenge their ability to cope with change and respond to our growing business and customer needs.	All Senior Managers

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		Cyber and Disaster Recovery	Ensuring our systems and those of our suppliers can withstand disaster and recover to provide continuity in our service delivery.	Operational resilience People and customers				The Fund undertakes an annual assurance and testing program of all of its IT systems and suppliers, ensuring all are capable of identifying and responding to potential external threats.	HOPs HGRA
6	Annual Election Cycle	The potential for change in our Governing Body memberships	Annual cycle of elections to be held in May have the potential to change governing body memberships and impact established knowledge and understanding across the membership as a whole.	Operational Resilience People and Customers				The Fund has a robust induction and training program for governing body members which seeks to develop knowledge with term of membership.	HGRA

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
HoPCS	Head of People and Corporate Services