

<b>Report title</b>	Risk and Assurance	
<b>Originating service</b>	Pension Services	
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**Recommendations for action:**

The Pensions Committee is asked to note:

1. The latest Strategic Risk Register and areas being closely monitored in the current environment.
2. The Fund's engagement with the Pensions Regulator.
3. Review and development of the Fund's Business Continuity Planning Framework.
4. The compliance monitoring activity undertaken during the quarter.

## **1.0 Purpose**

- 1.1 To provide the Pensions Committee with an update on the work of the Fund to deliver a well governed scheme.

## **2.0 Risk Register**

- 2.1 The Risk Register captures the potential for impact in the Fund's service delivery as a forward-looking review, together with horizon scanning for changes which may impact or require change to the Fund's processes and delivery model. As such, the risks are refreshed each quarter and the directional arrows therefore reflect the trend on the risk assessment pre and post actions and mitigations (as opposed to a quarter-by-quarter comparison).
- 2.2 This quarter the Fund is alive to the current impact the business change program is having on its customers and wider stakeholders, noting the potential for impact on both the Fund's reputation as a high standard service provider and customer confidence. In addition, the current working environment continues to impact staff attrition rates with market competition and increased pull on current resource in the delivery of business change.
- 2.3 Regulatory risk continues to be of focus, noting the ongoing considerations on governance and oversight together with the current economic and market risk as the Fund looks to implement its investment strategy.
- 2.4 The risk register is attached at appendix A.

## **3.0 Compliance Monitoring**

### **3.1 Data Protection**

- 3.1.1 This quarter the Fund are reporting six data breaches. Analysis of the breaches has confirmed that each would be considered low risk on balance of the personal information subject to the breach and how it might be used.

The Governance team continue to monitor breaches and identify actions to improve controls. The Fund hasn't identified any systemic issues in the management of its data and the Governance team continues to work with service areas to implement ongoing enhancements in systems and individual knowledge. Where errors have occurred, feedback and, if necessary additional training, is provided to Managers and Fund employees by the Governance team.

### **3.2 Freedom of Information (FOI) Requests**

- 3.2.1 The Fund received two FOI requests during the quarter, both of which were responded to in accordance with the statutory deadlines. Information requests this quarter related to the Fund's investment holdings and queries regarding timescales for benefit processing.

### **3.3 Subject Access Requests (SARs)**

3.3.1 The number of SAR requests received this quarter has increased by three, with nine requests being received in total. The statutory deadline for responses was met for eight out of nine requests received, with a delay in one instance caused by a delay in the request being sent to relevant team within the Fund, it is noted that actions have been put in place to prevent further instances. Three of the requests received were from third party companies and six were received directly from members. As reported previously to Committee, members are always made aware of third-party requests for personal data and the Fund always obtains consent from the member prior to releasing information to third parties monitoring such requests for potential fraud in line with the Fund's commitment to the Pension Regulator's Pension Scam Pledge.

### **4.0 Customer Assurance**

4.1 The Governance Team are supporting customer assurance activities during what can be an uncertain time for members following the Fund's system transition. Support includes individual case review and management and providing assistance with response to customer queries and complaints. This includes continuing to respond and provide advice in relation to member safeguarding concerns.

### **5.0 Annual Report and Accounts**

5.1 In accordance with the statutory deadline of 1 December 2023, the Fund's Annual Report and Accounts have been published on the Fund's website, a link to which is included within the background papers of this report.

5.2 As well as being published in the Fund's own Annual Report, the Fund's accounts are included in the Statement of Accounts of the City of Wolverhampton Council (CWC). The Fund's accounts were agreed with the external auditor, Grant Thornton, on 20 February 2024 at the same time as CWC's accounts. The external auditor provided an unmodified audit opinion.

### **6.0 Engagement with the Regulator**

6.1 This quarter, the Fund has completed and submitted the Pensions Regulator's (TPR) annual scheme return, in accordance with the deadline set by the Regulator. The scheme return is completed annually and is used by the regulator to gather information about pension schemes and to identify potential risks. The Fund has actively reached out to the Regulator regarding its Active Benefit Statement production, as reported to Committee last quarter, linked to the transition of its Administration System transition.

6.2 In addition, the Fund has engaged with the Regulator in response to enquires regarding current financial challenges faced by Fund employers, as noted within the Risk Register, and any considerations or impact this may have for the Fund.

## **7.0 Business Continuity Planning**

- 7.1 It is vital that, in the event of a disruptive incident, the Fund is able to provide a sufficient level of assurance on its ability to continue to deliver priority business activities to adequately service members whilst ensuring that business-as-usual (BAU) service delivery is resumed as quickly as possible and within an acceptable timescale. This assurance is gained through having a robust and fit-for-purpose approach to Business Continuity Planning.
- 7.2 The Fund's previous Business Continuity Plan was last reviewed in response to the Coronavirus pandemic and prior to the Fund's relocation to its purpose built office at i9. These significant developments have changed the way in which the Fund would respond to a potentially disruptive incident, further supported by the introduction of hybrid working.
- 7.3 In undertaking a considerable amount of cross team engagement, documenting key operational interdependencies, and identifying alternative methods of service delivery, the Fund has sufficiently assessed its capabilities, and weaknesses, to responding to a business continuity incident.
- 7.4 The Fund is in the process of adopting a more comprehensive Business Continuity Planning framework, to be finalised by the end of March 2024, to support in developing greater operational resilience against threats and challenges. The framework has been developed in adherence with the Business Continuity Institute's (BCI) Good Practice guidelines. The framework includes:
- Business Continuity Policy Statement (Strategic)
  - Business Continuity Programme (Tactical)
  - Business Continuity Team Action Plans (Operational),
- 7.5 Following the adoption of the Business Continuity Planning Framework, the Governance team will develop a validation programme to test the framework, providing further assurance on the Fund's ability to respond in the event of an identified disruptive incident.

## **8.0 Financial Implications**

- 8.1 Effective monitoring of the management arrangements, facilitated by timely disclosure of information, is required to ensure the Fund is well placed to ensure the delivery of its administration, funding and investment strategy. Poor management of the Fund's data, financial information and assets can result in additional costs and detract from investment returns.
- 8.2 Failure by the Fund to meet statutory requirements of effective governance and administration could result in fines imposed by the Pensions Regulator (tPR).

## **9.0 Legal Implications**

9.1 Failure by the Fund to comply with legislation and/or statutory guidance can result in enforcement action and fines from both tPR and the Courts via judicial review.

## **10.0 Equalities Implications**

10.1 There are no direct equalities implications.

## **11.0 Other Potential Implications**

11.1 There are no other potential implications.

## **12.0 Schedule of Background Papers**

12.1 Final Annual Report and Accounts 2022-23: [Corporate information | West Midlands Pension Fund \(wmpfonline.com\)](https://www.wmpfonline.com)

## **13.0 Schedule of Appendices**

13.1 Appendix A: Strategic Risk Register.