



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)			Risk Movement	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 20	To provide excellent customer service	Pensions Administration	PA1	The Pensions Administration Strategy (PAS) is not complied with by employers.	High (4)	Very high (5)	High (20)	1. Communication with employers at the Annual General Meeting (AGM) to ensure they understand the PAS and their requirements under it. The PAS is also sent out to employers for consultation (closes 25 November 2016).	Implemented	100%	High (4)	High (4)	High (16)		Annually	Dec 16	Director of Pensions
								2. Employers adherence to the PAS is monitored.	In progress	40%					Annually	Apr-17	
								3. PAS regularly reviewed and cleared by committee. (Draft went to September 2016 Committee and final to go in March 2017)	Implemented	100%					Annually	Mar 17	
								4. Monthly monitoring of contribution payments by Finance.	In progress	90%					Monthly	Dec 16	
In Top 20	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	Implemented	100%	High (4)	Medium (3)	Medium (12)		Quarterly	Dec 16	Head of Client & Funding Management
								2. Monitoring is carried out on existing employers and the covenant strength is assessed and each employer is risk rated.	In progress	80%					Quarterly		
								3. Higher risk employers are monitored closely by the Employer Team	In progress	80%					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. (College employers were completed in October 2016).	In progress	40%					Quarterly		
In Top 20	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.	Implemented	100%	Medium (3)	High (4)	Medium (12)		Quarterly	Dec 16	Director of 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.	Implemented	100%					On-going	N/A	
								3. Data quality reviews of common and conditional data in place and reported to Committee half yearly in line with other TPR reporting requirements. Reviewed March 2016 and March 2015, next due March 2017 as part of TPR monitoring. Data quality updates also provided as a standard item on Pensions Committee agenda.	Implemented	100%					Quarterly	Dec 16	
								4. The PAS sets out expectations and requirements of employers in relation to data quality.	Implemented	100%					Annually	Mar 17	
								5. Communication with employers at AGM to stress the importance of complete and accurate data.	Implemented	100%					Annually	Dec 16	
								6. Data validation checks undertaken:-							(a) Triennially	Mar 16	
								(a) by actuary at valuation	Implemented	100%					(b) Every 2 years	Mar 18	
								(b) through National Fraud Initiative	Implemented	100%					(c) Monthly	Dec 16	
								(c) through Millennium Halo	Implemented	100%					On-going	N/A	
								7. Web portal in place for members to input their details directly	Implemented	100%					Quarterly	Dec 16	
8. Bulk data import in place for employers to load their joiners data	Implemented	100%	Quarterly	Dec 16													
9. Plan to move bulk data import in progress for employers to load their	Proposed	0%															
10. Individual member changes and individual early leavers data can be loaded straight to the Fund's system by employers.	Implemented	100%	Quarterly	Dec 16													
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.	In progress	50%	High (4)	High (4)	High (16)		Monthly	Dec 16	Director of Pensions
								2. Initial analysis has been completed by ITM. - First stage completed.	Implemented	100%							
								3. The Fund has engaged Equiniti to do more analysis to identify the gaps. Equiniti report due end of Nov.	In progress	50%							
								4. Progress of the project is reported monthly to the Senior Management Team.									
								5. Report to Pensions Committee quarterly as part of the Pensions Administration report - December 2016.									

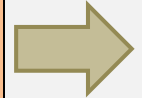
WEST MIDLANDS PENSION FUND RISK REGISTER

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,	In progress	60%	Medium (3)	High (4)	Medium (12)		1. Triennially	Mar 16	Director of Pensions
								2. Life expectancy: Although there is no life expectancy hedging, a prudent allowance is built into the actuarial assumption, for life expectancy to improve.	In progress	60%					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.	In progress	60%					3. Triennially		
								4. Interest rates: Investment returns are monitored quarterly with liabilities in mind.	In progress	60%					4. Quarterly		

INVESTMENT 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				
	All objectives	Investments	17	The Fund's SIAB currency exposure does not meet the stated funding objectives.	Very high (5)	Medium (3)	High (15)	1. Adviser and internal staff to review currency exposure of benchmark v. the funding objectives, to present to Pensions Committee recommending an action to mitigate.	Proposed	0%	Very High (5)	Medium (3)	High (15)		Monthly	Dec-16	Chief Investment Officer

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				
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	Implemented	100%	Medium (3)	High (4)	Medium (12)		Annually	Dec 16	Head of Governance/ Director of Pensions
								2. In-depth training for senior managers on information governance	Implemented	100%							
								3. There is an information governance project underway in preparation for an information governance audit in December.	Implemented	100%							
								4. Data encryption and password protection	Implemented	100%							
								5. Use of file transfer protocol	Implemented	100%							
								6. All information security breaches are reported and any systemic issues are identified and corrected.	Implemented	100%							
								7. System back-up to protect against data loss.	Implemented	100%							
								8. A data improvement plan was taken to the Dec 15 PC and Jan 16 Pensions Board (PB) - plan now in action and being monitored by the Business Performance and Data team.	Implemented	100%							
								9. A dedicated data team is being set-up, as part of the Pensions Administration structure review	Implemented	100%							

WEST MIDLANDS PENSION FUND RISK REGISTER

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.	Implemented	100%	High (4)	Medium (3)	Medium (12)		Quarterly	Dec-16	Head of Governance
								2. There are sufficient numbers on the Committee to ensure that the Fund's interests are put before individual authorities.	Implemented	100%							
								3. Members are bound by codes of conduct.	Implemented	100%							
								4. Conflicts of interest policy in place for Pensions Committee and Pensions Board	Implemented	100%							
								5. All districts are represented and have voting powers.	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.	Implemented	100%							
								7. Conflicts of interest policy in place for Pensions Committee and Pensions Board.	Implemented	100%							
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.	Implemented	100%	High (4)	High (4)	High (16)		Monthly	Dec-16	Director of Pensions
<b>FINANCE RISKS</b>																	
Top Ten	To provide excellent customer service	Finance	F6	Payment of pensions increase is not made	Very high (5)	Medium (3)	Medium (15)	1. Ensure testing of Civica software	1. Implemented - Pensioner PI - Deferred PI	100% 100%	Very high (5)	Low (2)	Medium (10)		Annual	Dec 16	Director of Pensions
								2. Ensure contingencies are put in place to cover the pensions payroll.	2. Implemented	100%							

**IMPACT AND LIKELIHOOD KEY**

**The Fund uses a 5-point scoring system to assess the likelihood and impact of the risks it identifies.**

<b>Likelihood</b>	<b>Definition</b>	<b>Scale</b>	<b>Value</b>
Very high	Extremely likely to occur	71-99% chance	5
High	Fairly likely to occur	51-70% chance	4
Medium	Possible it may occur	31-50% chance	3
Low	Low but not impossible	11-30% chance	2
Very low	Very low but not impossible	Up to 10% chance	1

<b>Impact</b>	<b>Definition</b>	<b>Scale</b>	<b>Value</b>
Very high	Cannot achieve one or more objectives	Showstopper	5
High	Large impact on objectives	Major shortfalls	4
Medium	Medium impact on objectives	Some shortfalls	3
Low	Low impact on objectives	A few shortfalls	2
Very low	Very low impact on objectives	Few shortfalls of a limited nature	1