

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

	Risk Issue	Area of Concern	Current Driver	Rating	Risk ID (from operational risk map)	Responsible officer (driver)
1	Data and Information Reporting	Data Quality and the ability of the Fund to meet statutory and reporting requirements	McCloud data cleansing is an ongoing project with initial data responses highlighting additional work for rectification of records.	High	G1, F7, OP1, INV2, INV7	Head of Operations
			Increased oversight on investment governance (and Pools) and the performance of LGPS Assets.			Head of Governance
			Ongoing challenge to manage and process high volumes of business data.			Head of Governance
2	Effective Governance	The Fund is not able to update and effect its processes to ensure ongoing compliance	Forthcoming regulatory change and statutory guidance redefining reporting requirements for the Fund	High	G1, G2, F2, F3, OP2, F4, F8, OP8, PS1, PS2, PS4, INV1, INV2	Head of Governance
			Ongoing reliance on third party suppliers/stakeholders and the collective agreement of partners on common deliverables			Head of Operations
			Ongoing resource constraints in key areas with a reliance on interim support			Head of Governance
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	High	G3, G4, F11, OP5	Head of Operations
4	Resourcing	Systems and current processes ability to cope with workload demands and the impact of manual processes pending automation enhancements.  People as a resource risk, with some high turnover of employees in the last quarter. Recruitment is impacted by the ability of the Fund to offer competitive salaries and opportunities for career growth in the recruitment to vacant roles with required skills	Competition in the market for skilled and specialist roles. Increasing employee mobility offering reducing potential for job seekers.	High	G5, F1, OP4, OP7, PS7, PS8, INV6	Head of Governance
			Growing complexity in the scheme and changing demands on service delivery and the Fund's ability to keep pace with knowledge change			Director of Pensions
			Ongoing reliance on interim and individual roles to support service delivery may be needed for medium to long term			Head of Governance
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	Growing complexity in scheme regulations and the increasing reporting requirements, placing increased demands on the Fund's monitoring processes.	High	F2, F4, F6, F10, F12, F13, PS6, OP6, PS1, INV1, INV2, INV3	Head of Operations
			Manual processes for monitoring compliance create challenges to effect appropriate controls and assurance			Head of Operations
			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			Head of Operations
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.	A number of processes remain manual pending system updates and/or automation	High	F9, PS3, PS5, INV3	Head of Operations
			Key vacancies in key service areas following resource reviews which are pending recruitment against a competitive market.			Head of Governance
			Potential to impact the Fund's budget for 2022/23 noting the increased demands on LGPS Funds and the change in service delivery approach to meet it.			Head of Finance
			Growing complexity in scheme rules creating confusion for Fund stakeholders resulting in increased demands for front line services.			Assistant Director, Pensions
			Multitude of regulatory change in the operational and reporting requirements of Funds			Head of Governance
7	Service Delivery - Third Parties	The Fund is unable to deliver its services due to the reliance on third parties	Number of key service deliverables are reliant on third parties with a number of service provider contracts under general and wider review	High	OP3, F5, PS4	Head of Operations
			Employers own resource risk limits ability to deliver requirements for the Fund			Assistant Director, Pensions
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	Changing market conditions impact on investment returns and pace of change in asset allocation with the potential for increased costs for products	High	INV4,	Assistant Director, Investment Strategy
			Increased level of employer interest in exit from the LGPS combined with broader affordability considerations			Assistant Director pensions