

West Midlands Pension Fund Strategic Risk Register
Quarter 3 2021/22

	Risk Issue	Area of Concern	Current Driver	Rating	Risk ID (from operational risk map)	Responsible officer (driver)
1	Data and Information Reporting	Increased demands on the quality of Data 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.			Assistant Director Investment Management and Stewardship
			Ongoing enhancements to manage and process high volumes of business data in response to reporting requirements			Head of Governance
2	Effective Governance	Ongoing resource constraints which have the potential to impact service delivery become exacerbated by change in regulation which limit the Fund's ability to effectively plan and manage Service Enhancements.	Key vacancies in key service areas and across senior roles following resource reviews which are pending recruitment against a competitive market.	High	G1, G2, F2, F3, OP2, F4, F8, OP8, PS1, PS2, PS4, INV1, INV2	Director of Pensions
			Ongoing reliance on third party suppliers/stakeholders and the collective agreement of partners on common deliverables			Head of Operations
			The changing pace of the regulated environment in which we operate, noting the delayed publication of statutory guidance over the last 18 months which has the potential to be forthcoming in the next quarter			Head of Governance
			Ongoing resource constraints in key areas with a reliance on temporary support			Head of Governance
3	Business Continuity and Cyber Risk	The Fund is unable to perform its functions due to an external threat	Global concern on increasing Cyber risk and evolving practices required to mitigate in light of current global environment	Medium	G3, G4, F11, OP5	Head of Operations
			Potential delays in move to future space could prolong the transition and period between office moves			Head of Governance
4	Resourcing	People as a resource risk, with recruitment 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 which has opened significantly post Covid resulting in increasing employee mobility offering reducing potential for job seekers.	High	G5, F1, OP4, OP7, PS7, PS8, INV6	Head of Governance
			Number of key priorities for the organisation as it builds operational resilience and transformational change in key service areas requiring additional/interim support with some reliance on existing resource			Director of Pensions
			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.	Medium	F2, F4, F6, F10, F12, F13, PS6, OP6, PS1, INV1, INV2, INV3	Head of Operations
			Changes to system and processes will require a refresh to compliance monitoring program.			Head of Governance
			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 system change and adequate resourcing or focus on other areas in response to regulatory change.	Pending system change over, there is a halt on system development resulting in some processes remaining inefficiently manual for the short to medium term	High	F9, PS3, PS5, INV3	Head of Operations
			Key vacancies across service areas following resource reviews which are pending recruitment against a competitive market.			Director of Pensions
			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
			Increased member awareness and wider focus upon retirement planning, combined with growing complexity in scheme rules (and constrained capacity amongst employers) 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
			Employer capacity, particularly in the provision of data, 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	Medium	INV4,	Assistant Director, Investment Strategy
			Uncertainty/volatility may have a direct impact upon contribution outcomes for employers in the near term and wider risk management over the longer-term. Increased level of employer interest in risk management options and/or exit from the LGPS combined with broader affordability considerations			Assistant Director pensions
9	Investment Risk	Market uncertainty and ongoing volatility	Current actions by the Russian state having the potential to disrupt markets for the medium to long term.	Medium	INV4,	Assistant Director Investment Management and Stewardship
			Current volatility in Markets creating increased oversight and pressure on the Fund's strategy and management arrangements			Assistant Director Investment Strategy