

Risk Register

As at 25 May 2022

About this Risk Register

The following colour coding is used for the 32 residual risk scores:

- Red ≥ 45 (03 risks)
- Amber ≥ 25 but < 45 (12 risks)
- Green < 25 (16 risks)

Risk scores can range from 0 to 100 and are derived by multiplying an impact score by a probability score as follows:

Impact = 0 (none); 5 (minor); 15 (moderate); 20 (major); or 25 (severe).

Probability = 0 (no chance); 1 (25% likely to happen); 2 (50:50); 3 (75% likely); or 4 (certain to happen).

The far-right column, Residual Risk Score, includes upwards or downwards arrows if the score has changed since the previous Risk Register (as at 22 02 2022 in this case).

In the far-right column, Residual Risk Score, the scores in brackets below the current score indicate what the previous score was if the score has changed since the previous Risk Register.

The 32 risks logged in this register are in highest Residual Risk Score order:

1. WPF 12 Mismatch in asset returns and liability movements.
2. WPF 10 Being reliant on LGPS Central Limited delivering its forecasted cost savings.
3. WPF 20 Having insufficient resources in pensions administration, perhaps as a result of staff leaving or going on long term absence.
4. WPF 34 Inflation.
5. WPF 23 Employers cannot pay their contributions or take on an inappropriate level of risk or their contributions take them too close to limits of their available expenditure.
6. WPF 07 Future change to LGPS regulations or other legislation, for example from government legislation on minimum normal pension age or exit payments.
7. WPF 33 Climate change.
8. WPF 31 Pandemic affecting our staff / our employers' Payroll or HR staff / staff at payroll providers who provide services to us or our employers.
9. WPF 24 Employers having insufficient skilled resources to supply our data requirements.
10. WPF 11 Failure to pool assets using LGPS Central Limited.
11. WPF 06 Fair Deal consultation proposals being implemented.
12. WPF 02 Insufficient knowledge amongst members of Pensions Committee / Pension Board / Pension Investment Sub Committee members.
13. WPF 28 Cyber-attack leading to loss of personal data or ransom or our hardware being disabled or from financial loss from our banking / custody arrangements being compromised.
14. WPF 08 Failure to appoint suitable investment managers and review their performance / markets / contracts.
15. WPF 03 Failure of officers to maintain a sufficient level of knowledge / competence or to act in accordance with our roles and responsibilities matrix.
16. WPF 09 Being reliant on LGPS Central Limited's investment approach.
17. WPF 30 Failure to maintain the quality of our member data.
18. WPF 19 Failure to procure a pensions admin system for the future.
19. WPF 22 The following key actuarial assumptions set at each actuarial valuation do not match our actual experience between actuarial valuations: the number of ill health retirements; that employer strain costs associated with early / redundancy / flexible retirements are covered by the payments collected from employers; and life expectancy.
20. WPF 18 Failure of existing pension admin system to deliver the services contracted.
21. WPF 21 Failure of business continuity planning.
22. WPF 13 Liquidity / cash flow is not managed correctly.
23. WPF 14 Failure to exercise proper stewardship of our assets.
24. WPF 26 Fraud by staff.
25. WPF 15 Failure of the actuary to deliver the services contracted.
26. WPF 01 Failure of governance arrangements to match up to recommended best practice.
27. WPF 17 Failure of custodian to deliver the services contracted.
28. WPF 04 Not having an established and meaningful Business Plan / Pension Administration Strategy.
29. WPF 16 Failure of investment adviser to deliver the services contracted.
30. WPF 25 Fraud by scheme members.
31. WPF 29 Failure to deliver member communications in line with regulatory requirements, for example the 31 August annual benefit statement deadline.
32. WPF 27 Incorrect calculation of benefits through human error or delayed notification of a death.

| WPF Risk Register 25 May 2022 Risk Ref (risk owned by) | Description of Risk | Leading to | Gross Impact | Gross Probability | Gross Risk Score | Mitigating Actions | Residual Impact | Residual Probability | Residual Risk Score |
|--|---|--|--------------|-------------------|------------------|--|-----------------|----------------------|---------------------|
| WPF 12 (Chief Financial Officer) | Mismatch in asset returns and liability movements. | Exposure to risk or missing investment opportunities or increases in employer contributions. | 25 | 3 | 75 | We regularly review our Investment Strategy Statement (the current one was approved by the Pensions Committee on 23 March 2022), have a diversified portfolio and implement a policy of extended recovery periods to smooth employer contributions. Qualified advisers (including an independent investment adviser) are contracted and set objectives that are reviewed regularly. Funding position, actuarial valuation assumptions and mortality / morbidity experience are reviewed regularly by the Pensions Committee. We have discussed with major employers their funding positions as at 31 Oct 2021 and their possible contribution rates from 01 04 2023 and reviewed the position for the medium investment pot employers as at 31 Oct as preparation for the actuarial valuation as at 31 March 2022. We have arranged a virtual employer forum with our actuary on 22 June to brief employers on the latest re the 2022 actuarial valuation. Strategic asset allocation is reviewed quarterly by the Pension Investment Sub Committee. We have equity protection arrangements in place up to September 2022 for all of our passive market cap equity funds. We continue to liaise with all our investment managers in response to the ongoing market volatility caused by COVID-19. New ideas are always encouraged by Officers who also carry out peer group discussions. Monthly Investment Working Group meetings are held between the partner funds and LGPSC to explore new investment opportunities. | 25 | 2 | 50 |
| WPF 10 (Chief Financial Officer) | Being reliant on LGPS Central Limited delivering its forecasted cost savings. | Paying too much in fees / investment under-performance. | 25 | 2 | 50 | Whilst the Pension Investment Sub Committee and LGPS Central's Practitioners' Advisory Forum (PAF) monitor the costs of being a partner fund of LGPS Central Limited, there is little they can do about LGPSC admitting that their latest budgets that have been challenged mean any expected cost savings will not emerge as soon as anticipated. Whilst we have not transferred many assets so far, there are fixed costs of being a partner fund. The Monthly Investment Working Group meetings at which all 8 partner funds are represented review staffing changes at LGPSC, the cost savings from pooling, and the performance of assets (that we have advised LGPSC is of most importance to us, as this will far outweigh the perceived cost savings from pooling) under LGPSC's management. | 25 | 2 | 50 |

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|---|---|---|--------------|--------------------|------------------|---|-------------------------|-------------------------------|--------------------------------|
| WPF 20 (Chief Financial Officer and Pensions Administration Manager) | Having insufficient resources in pensions administration, perhaps as a result of staff leaving or going on long term absence. | Insufficient staff resource or remaining staff not having the skills to do their areas of work. | 25 | 2 | 50 | We are restructuring and will be adding resources to our pensions administration team. Our recruitment activities may be constrained by having to follow WCC policies re where we can advertise and re which agencies we can use and by a market where other LGPS funds are advertising 100% WFH positions that do not require the jobholder to go to the LGPS fund, something that may even cause us to lose staff. We interviewed for the Head of Pensions Administration on 24 May. We have internally promoted to replace the grade 4 full time member of staff who will be retiring on 31 03 2022 and recruited an external candidate to the position vacated. Home working has reduced the risks posed by COVID-19 re illness. Absences are managed in line with Worcestershire County Council's attendance policy. Exit interviews / questionnaires are used to explore the reason for anyone leaving. | 25 | 2 | 50 |
| WPF 34 (Chief Financial Officer) | Inflation | Higher employer pay settlements leading to increases in liabilities. Lower real investment returns requiring increases in employer costs and leading to weaker employer covenants. Increased pension payments putting pressure on | 25 | 2 | 50 | Intervaluation monitoring gives us our up to date funding position. The impact of inflation is mitigated to some degree, as we invest in (1) equities that via dividends have historically maintained real rates of return and in (2) assets which are sensitive to changes in inflation e.g. infrastructure / real estate / index-linked Government bonds. We are investigating liability driven investments as a potential option to aid further protection against higher inflation. Preliminary actuarial valuation as at 31 March 2022 discussions on inflation assumptions and their affect on liabilities and on employers' funding positions as at 31 Oct 2021 have been held with the actuary. We intend to develop the investment pots further to provide greater inflation protection. | 25 | 2 | 50 (25) |



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| WPF 23 (Chief Financial Officer) | Employers cannot pay their contributions or take on an inappropriate level of risk or their contributions take them too close to limits of their available expenditure. | Increase in liabilities. | 20 | 3 | 60 | Risk profile analysis is performed to understand the strength of an employer's covenant when setting the terms of admission agreements (that may require bonds) and in setting the term of deficit recovery periods after actuarial valuations. The aim is to keep employer contributions as stable and affordable as possible. We have discussed with major employers their funding positions as at 31 Oct 2021 and possible contribution rates from 01 04 2023 and reviewed the position for the medium investment pot employers as at 31 Oct as preparation for the actuarial valuation as at 31 March 2022. We have arranged a virtual employer forum with our actuary on 22 June to brief employers on the latest re the 2022 actuarial valuation. We will again be issuing interim results, offering 1:1s with the actuary and offering some flexibility in exceptional circumstances such as phasing in increased payments. Contribution increases are phased over a three year period for most employers and allowances are provided for short term pay restraint where evidence is provided. We monitor membership profiles and changes, ensure that employers are reminded of their responsibilities where this is appropriate and work with at risk employers. We have analysed selected employers' 2021 financial metrics using Mercer's Pfaroe tool. We have employer grouped investment strategies. | 20 | 2 | 40 |

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|--|---|--|--------------|-------------------|------------------|---|-----------------|----------------------|---------------------|
| WPF 07 (Chief Financial Officer) | Future change to LGPS regulations or other legislation, for example from government legislation on minimum normal pension age or exit payments. | Increasing administrative complexity or failure to comply with The Pensions Regulator. | 25 | 3 | 75 | We have produced a 2022 FSS to strengthen our DDA appeals process. We have added Pensions Dashboards to our list of projects. We have, in preparation for delivering the remedy to our members, asked our employers to complete a McCloud checklist / declarations form by 8 April 2022 and, where appropriate, to follow up by providing any missing data by 30 June 2022. In Dec 2020 we implemented revised unisex GAD capitalisation factors in response to the £95K exit cap proposals that were disapplied. On 21 July we introduced revised factors that better reflect the funding cost of redundancies and are monitoring the situation, as HM Treasury wants to tackle unjustified exit payments. Officers participate in various scheme and industry groups and fora. We are aware that as part of its Levelling Up agenda, the Government has issued a white paper on education in England which confirms plans to permit councils to establish their own Multi Academy Trusts (MATs) and to require all local authority schools to convert to academy status by 2030. We are aware that GMP equalisation will affect historic non-club transfers out. We have set up employer risk monitoring using Mercer's Pfaroe tool. We undertake annual covenant reviews, introduced employer grouped investment strategies on 1 April 2020 and work with at risk employers. | 20 | 2 | 40 |
| WPF 33 (Chief Financial Officer) | Climate Change | Investment under-performance | 20 | 3 | 60 | LGPSC have provided the latest annual climate risk report which is used to target managers where required. We ran an ESG / responsible investment workshop for the Pensions Committee on 2 February and continue to engage with funds and associated companies which have a high carbon footprint to see what measure they are taking to reduce their carbon output. We have transitioned £211m from global equities to LGPSC's All World Climate Multi Factor Fund. We have a Climate Change Risk Strategy in place. We have produced our Climate Related Financial Disclosures. We ask our investment managers to present their TCFD report and to deliver carbon risk metrics on their portfolios. | 20 | 2 | 40 |

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| WPF 31 (Pensions Administration Manager) | Pandemic affecting our staff / our employers' Payroll or HR staff / staff at payroll providers who provide services to us or our employers. | Inability to deliver critical functions like paying deaths. | 20 | 3 | 60 | Whilst we have successfully moved to home-working supported by a small postal / scanning service at County Hall and adapted to the new ways of working, our workload and resources have as yet not been tested by a significant increase in member deaths or in staff absence. As we are experiencing problems with Liberata delivering data timely, we have escalated their performance with WCC HR OD & Engagement who manage the relationship. We continue to be vigilant and to keep our priorities under review by monitoring our KPIs and the guidance from Public Health England / the LGA. We have introduced the facility to send written communications electronically to a distribution house to print / envelope and post. We have also developed amendments to our normal procedures that would cope with staff, data or systems being unavailable and specifically cope with increased volumes of deaths. We will continue to review capacity v resources and to liaise with other LGPS funds over their proposed ways forward. | 20 | 2 | 40 |

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| WPF 24 (Pensions Administration Manager) | Employers having insufficient skilled resources to supply our data requirements. | Missing, incomplete and incorrect records on pensions administration system that undermines service delivery and causes difficulties in establishing correct benefits at individual level / liabilities at employer and whole of Fund level. Potential issues with The Pensions Regulator. | 20 | 3 | 60 | As we are experiencing problems with Liberata delivering data timely, we have escalated their performance with WCC HR OD & Engagement who manage the relationship. As we are expecting more detail on the application of the McCloud remedy to the LGPS soon, we have, in preparation for delivering the remedy to our members, asked our employers to complete a McCloud checklist / declarations form by 8 April 2022 and, where appropriate, to follow up by providing any missing data by 30 June 2022. We have been processing the hours changes that we have historically received and identifying the likely gaps in our data. Following our annual employer consultation we updated the Pension Administration Strategy on 1 April 2022. We support employers with monthly newsletters / an area on our website / employer fora (the next of which will be held on 22 June on the actuarial valuation as at 31 03 2022). Officers have developed a 'New to the LGPS?' employer workshop and an employer workshop on 'Form Completion' to follow up on the 'Pensions Development Pathway', employers 'How to' and the 'What the Fund expects from its employers' calendar. We have produced a 'Transfers of staff between our employers / academy conversions' guidance note and accompanying Excel spreadsheet and expanded this material by developing information for employers ill health retirements. Checking individual records at points of significant transaction is undertaken. | 20 | 2 | 40 |

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| WPF 11 (Chief Financial Officer) | Failure to pool assets using LGPS Central Limited. | Lack of compliance with Ministry of Housing Communities & Local Government (MHCLG) requirements. | 25 | 3 | 75 | We are a working member and shareholder of LGPSC. Each pool member has an equal share in the pool. Shareholders meetings and the Practitioners Advisory Form (PAF) with the pool's investment managers are taking place regularly. The pool has a number of work streams: investments; client reporting; finance; responsible investment; and governance. Formal transition procedures are in place. We will take legal advice before not pooling our assets and monitor the willingness of the pool to invest in the sort of assets that could have a positive impact on future funding levels. The first transfers of our assets (in emerging markets and corporate bonds) were undertaken in July 2019 / Feb 2020. We have transitioned £211m from global equities to LGPSC's All World Climate Multi Factor Fund. We are also in the process of investing in the pool's Sustainable Equities Active Fund. | 15 | 2 | 30 |
| WPF 06 (Chief Financial Officer) | Fair Deal consultation proposals being implemented. | Increasing administrative complexity. | 15 | 3 | 45 | When the regulations come out we will develop measures to mitigate this risk. Risk profile analysis is performed to understand the strength of an employer's covenant when setting the terms of admission agreements (that may require bonds), and we ensure that employers are made aware of consequences of their decisions and that they are financially responsible. | 15 | 2 | 30 |
| WPF 02 (Chief Financial Officer) | Insufficient knowledge amongst members of Pensions Committee / Pension Board / Pension Investment Sub Committee members. | Poor decision-making / scrutiny. | 15 | 2 | 30 | Following an Officer review, on 23 March 2022 Pensions Committee approved our updated Training Policy and Programme. | 15 | 2 | 30 |

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| WPF 28 (Pensions Administration Manager) | Cyber attack leading to loss of personal data or ransom or our hardware being disabled or from financial loss from our banking / custody arrangements being compromised. | Data Protection breach / fraud. | 25 | 2 | 50 | WCC's IT department have reviewed our pensions administration system's supplier's Cyber Security Review 2022 and concluded that it passes muster. We have prepared a Cyber Security Data Transmission Grid detailing who we send data to or receive data from and how that data is protected when transmitted / received. Moving to the Cloud and training our staff on the risks mitigate this risk. Measures that are updated constantly are in place to stop malicious emails; to remove malicious links in emails; to prevent outbound emails being sent to unacceptable recipients; to prevent access to fake websites; to encrypt our emails; to keep our laptops clean; and to catch ransom demands. We have addressed the issues raised by Grant Thornton's July 2021 IT audit report by introducing new control measures for removing access to our pension administration system for staff who leave; for password strength; and for reporting on access attempts / amendments to non-member data. | 25 | 1 | 25 |
| WPF 08 (Chief Financial Officer) | Failure to appoint suitable investment managers and review their performance / markets / contracts. | Investment underperformance / regulatory non-compliance / paying too much in fees. | 25 | 3 | 75 | The Pension Investment Sub Committee is delivering more effective decision making than its predecessor, the Pension Investment Advisory Panel, that had to have its recommendations approved by the Pensions Committee. It monitors performance of our diverse range of investment managers (including LGPSC), meeting with / placing managers on watch as appropriate. We carry out a subjective review and objective analysis of asset performance and take advice from the investment adviser, LGPS Central Limited / its partner funds. Contract service is reviewed quarterly by the Pension Investment Sub Committee. The Finance Manager - Pensions reviews investment managers' internal control reports and reports any significant exceptions to the Chief Financial Officer. CMA objectives for our Investment Adviser were agreed at the 17 March 2020 Pensions Committee and are reviewed and reported to Committee around every 6 months. | 25 | 1 | 25 |

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|--|--|--|--------------|-------------------|------------------|---|-----------------|----------------------|---------------------|
| WPF 03 (Chief Financial Officer) | Failure of Officers to maintain sufficient level of knowledge / competence or to act in accordance with our roles and responsibilities matrix. | Inability to carry out their duties. | 25 | 3 | 75 | Our review of our Training Policy and Programme included Officer training. Officers participate in various scheme / industry groups / fora to keep up-to-date on pensions issues. They also review specialist publications. | 25 | 1 | 25 |
| WPF 09 (Chief Financial Officer) | Being reliant on LGPS Central Limited's investment approach. | Investment underperformance / regulatory non-compliance. | 25 | 2 | 50 | We have agreed to invest £60m in LGPSC's infrastructure ideas. The Pension Investment Sub Committee monitors performance of this investment manager. The Pensions Committee and Officers carry out a subjective review and objective analysis of asset performance resulting from decisions taken by the Pensions Committee following advice from our investment adviser. The Partner Fund Investment Working Group meet monthly with LGPSC to discuss and monitor performance as well as strategy to ensure the company are delivering in line with the Business Plan and the strategy agreed by shareholders. | 20 | 1 | 20 |
| WPF 30 (Pensions Administration Manager) | Failure to maintain the quality of our member data | Paying incorrect or no benefits / problems with the Pensions Regulator / reputational or financial loss. | 25 | 2 | 50 | We are working with a company called Target Professional Services (UK) to find members who we have lost touch with and using the LGPS framework for mortality screening. We undertake regular data quality reviews. An extract of data on 5 October revealed that the quality of our data had improved over 12 months. The percentage of member records passing ALL tests required by The Pensions Regulator was: Common data 95% (our 2020 score was 94.7%) and Scheme-specific data 98.7% (our 2020 score was 93.6%). We have resolved the issues identified. | 15 | 1 | 15 |

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| WPF 19 (Pensions Administration Manager) | Failure to procure a pensions admin system for the future. | Inability to pay pensions / reputational or financial loss / staff downtime / loss of service delivery / data loss. | 25 | 3 | 75 | We have extended our existing pensions administration system supplier's contract for 3 years from 30 April 2021. This opens the way for us to decide what to do re add-ons like i-Connect (middleware for the transmission of data from employers to us electronically), Insights (that can deliver improved M.I.) and Member Self Service (online access for members to their pension record). Ongoing validation of our supplier is delivered through LGPS frameworks and the supplier's user groups. | 15 | 1 | 15 |
| WPF 22 (Chief Financial Officer) | The following key actuarial assumptions set at each actuarial valuation do not match our actual experience between actuarial valuations: the number of ill health retirements; that employer strain costs associated with early / redundancy / flexible retirements are covered by the payments collected from employers; and life expectancy. | Increases required in employer contributions. | 20 | 2 | 40 | To respond to the now disappled £95K exit cap in Dec 2020 we adopted (and on 21 July implemented revised) unisex GAD capitalisation factors. We have introduced monitoring for all ill health retirements, advising employers of the increase in their liabilities associated with each case. We have made ill health liability insurance available to our employers to mitigate our exposure for those employers who take up the insurance. We check that employers have paid their strain costs for non-ill health cases and ensure that employers are made aware of the financial consequences of the retirements they offer their employees. We have added wording to our redundancy calculations about the government's intention to bring forward proposals to tackle unjustified exit payments. Mortality assumptions are set with some allowance for future increases in life expectancy, and the cost cap should limit the impact of improvements in life expectancy, something that would not be expected in the short term following COVID-19. | 15 | 1 | 15 |

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| WPF 18 (Chief Financial Officer) | Failure of existing pension admin system to deliver the services contracted. | Inability to pay pensions / reputational or financial loss / staff downtime / loss of service delivery / data loss. | 25 | 2 | 50 | We probe the supplier of our pension administration system about: (1) what they have been doing to keep the cloud / our data / our login arrangements / sending (bulk / individual) emails from Altair safe; (2) what new threats they have popped mitigations in place for; (3) what recent changes or patches have been made to their disaster recovery arrangements; (4) evidencing (perhaps via internal or external audits) the things that they have done recently to keep up to date; and (5) the ongoing vulnerability scanning they have in place alerting them to new vulnerabilities. We have obtained business continuity assurance from Heywood and contract service is reviewed annually, with regular meetings / robust system maintenance routines / internal and external systems support / back-up procedures in place. As the National LGPS Framework for pension admin systems confirms Heywood are an approved supplier, we have independent validation of our supplier. | 15 | 1 | 15 |
| WPF 21 (Chief Financial Officer) | Failure of business continuity planning. | Inability to deliver critical functions like paying pensioners. | 25 | 2 | 50 | Our and Worcestershire County Council's (WCC) Business Continuity Plans have passed the tests posed by COVID-19 to date. The cloud solution supplied by Aquila Heywood means that our system is more securely backed up than it was on WCC servers. We will ensure that WCC includes delivery of support services to us in its Risk Register. | 15 | 1 | 15 |

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|---|--|---|--------------|--------------------|------------------|---|-------------------------|-------------------------------|--------------------------------|
| WPF 13 (Chief Financial Officer) | Liquidity / cash flow is not managed correctly. | Assets may need to be sold at unplanned times or investment opportunities may be missed. | 15 | 2 | 30 | Cash flow is monitored on a monthly basis. We currently have under 15% of total net assets exposure to illiquid assets. All contributing employers are provided with deadlines for payments and clear guidelines for providing associated information. We monitor contributions payable and paid on a monthly basis and also reconcile to E5 (our accounting system) on a monthly basis. | 15 | 1 | 15 |
| WPF 14 (Chief Financial Officer) | Failure to exercise proper stewardship of our assets. | Potential erosion of investment returns or reputational damage. | 15 | 2 | 30 | Having achieved signatory status to the UK Stewardship Code 2020, we have reviewed the RI progress we have made to date and addressed the areas the FRC suggested we should improve on when submitting our 2022 application to retain our status. We have published our second annual Climate Risk Report and Climate Change Risk Strategy. We participate in LAPFF and other groups. We ran an ESG / responsible investment workshop for the Pensions Committee on 2 February. We have added SDG12 (Responsible Consumption and Production) to our investment beliefs which will aid our stewardship and help inform our future investment strategy. | 15 | 1 | 15 |
| WPF 26 (Pensions Administration Manager) | Fraud by staff. | Financial loss. | 15 | 1 | 15 | Audits of our processes take place on an ongoing basis, checking samples. Changes to Altair leave a footprint that identifies who made the change. Manager checking remains in place, supporting 'business as usual' whilst staff are working from home. Citrix has log-in security. Altair has multiple login protections. National Fraud Initiative information is processed every six months. Month end reconciliations are also carried out. | 15 | 1 | 15 |
| WPF 15 (Chief Financial Officer) | Failure of the actuary to deliver the services contracted. | Financial loss or loss of reputation / employer confidence or need to make major changes at short notice. | 20 | 1 | 20 | Following a review of their performance, we have renewed Mercer's contract to 31 Oct 2023 and require them to maintain a task list of the work they are doing for us. | 15 | 1 | 15 |

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| WPF 01 (Chief Financial Officer) | Failure of governance arrangements to match up to recommended best practice. | Financial loss or loss of reputation / employer confidence or need to make major changes at short notice. Audit criticism or reputational damage. | 25 | 2 | 50 | As detailed in our quarterly Governance Updates, good progress in preparation for SAB's Good Governance proposals being taken forward by DLUHC is being made. For example, we have drafted our first policies on representation and on conflicts of interest for approval. Our annual reports include our Governance Compliance Statement. We are monitoring The Pensions Regulator's plans to combine 10 of its 15 existing codes of practice into a new, single, combined and expanded modular document that identifies the legal duties of pension funds and provides advice on how to meet them. TPR expects to conduct a further consultation in Summer 2022. | 5 | 1 | 5 |
| WPF 17 (Chief Financial Officer) | Failure of custodian to deliver the services contracted. | Loss / inaccessibility of assets / inability to invest. | 25 | 1 | 25 | The Finance Manager - Pensions reviews managers' SAS70 audit reports. We have diversification of custody via pooled funds. Contract service is reviewed annually and there are regular meetings with / audits of the suppliers, BNY Mellon and Northern Trust. | 5 | 1 | 5 |
| WPF 04 (Chief Financial Officer) | Not having an established and meaningful Business Plan / Pension Administration Strategy. | Poor decision making and delays in responding to stakeholders e.g. elected members. | 5 | 4 | 20 | Pension admin KPIs / investment performance / project summaries are included in the Business Plan reviewed by the Pension Board and Pensions Committee on a regular basis. Investment performance is independently confirmed by Statesmen. E5 (our accounting system) management reports are available and automatic reporting is in place on the pensions admin system. Following our annual employer consultation a revised Pension Administration Strategy has been in place since 1 April 2022. | 5 | 1 | 5 |
| WPF 16 (Chief Financial Officer) | Failure of investment adviser to deliver the services contracted. | Financial loss or loss of reputation / employer confidence or need to make major changes at short notice. | 20 | 1 | 20 | Contract service is reviewed annually, objectives are in place and there are regular meetings with the supplier, M J Hudson. | 5 | 1 | 5 |

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| WPF 25 (Pensions Administration Manager) | Fraud by scheme members. | Financial loss. | 5 | 1 | 5 | We have updated our processes / documentation for transfers out following The Pensions Regulator's 8 November guidance. To comply with the new Stronger Nudge to Pensions Guidance regulations, from 1 June we will be providing members with a phone number to call if they wish us to arrange an appointment with Pension Wise along with details of how to contact Pension Wise themselves. We require a member signature as authorisation and do not take instructions over the phone. Telephone callers are asked questions to check that they are who they claim to be. We have issued updated guidance to our staff on (operating in) the e world. We carry out National Fraud Initiative (NFI) checks, sends payroll slips / communications at intervals through the year to home addresses and requires evidence of certificates (e.g. birth certificate). | 5 | 1 | 5 |
| WPF 29 (Pensions Administration Manager) | Failure to deliver member communications in line with regulatory requirements, for example the 31 August annual benefit statement deadline. | Financial loss or loss of reputation / employer confidence or need for corrective action at short notice. | 5 | 1 | 5 | Following our annual employer consultation a revised Policy Statement on Communications has been in place since 1 April 2022. Employee annual benefit statements that are returned to us are passed on to the member's employer. The 2022 deferred and employee annual benefit statements are on schedule. In November 2021 we despatched our third annual pensioner newsletter. | 5 | 1 | 5 |
| WPF 27 (Pensions Administration Manager) | Incorrect calculation of benefits through human error or delayed notification of a death. | Too much being paid out in benefits. | 5 | 1 | 5 | In addition to system testing we have a test system and a test site for Altair (the pension payroll system). Every calculation has independent checking and set procedures. Staff receive training and performance is benchmarked. We have developed a revised overpayments write off process and use it to report overpayments to the Pensions Committee. Life Certificates are also used. | 5 | 1 | 5 |