

Governance & Regulation Risk

Risk Detail				Current Situation	Scoring			Management and Monitoring					
Risk & Nature of Risk	Cause of Risk	Implications of Risk	Risk Owner & Impact Period	Current Risk Controls	Severity	Probability	Score	Current Status	Action Required	Responsible Party & Review Date	Progress Report/ Comments		
G.1	WPP fails to comply with relevant regulation and LGPS guidance.	<ul style="list-style-type: none"> WPP is unaware and/ or ignores relevant regulation, guidance and recent updates. No means of monitoring regulatory compliance. Mis-interpretation of how regulation and guidance applies to WPP. Insufficient resources to meet guidance and regulatory requirements, this includes Pooling Guidance. 	Potential Fines, loss of sovereignty and a negative impact on the WPP's reputation.	<ul style="list-style-type: none"> Ensure sufficient training takes place Maintain a mechanism for monitoring recent regulations changes and progression toward meeting the new requirements Engagement with relevant regulatory bodies (such as Scheme Advisory Board, Pension Regulator and MHCLG) 	Current			5	2	10	👍	OWG (Risk Register Sub-Group)	The probability of the Risk has been reduced from 3 to 2 due to the addition controls that the WPP has put in place, these include a standing 'Regulation and Governance Updates' agenda item at OWGs, the facilitation of a dedicated regulation and guidance training session and receiving additional regulatory development updates for the Operator.
	Operational / Reputational				Medium Term	Target							
G.2	The WPP becomes overly dependant on a single or limited decisions maker or decision making body.	<ul style="list-style-type: none"> A number of decision makers or a decision-making body has a knowledge gap which limits their ability to contribute/ influence the decision-making process. Resources and other commitments limit the availability and input of relevant decision makers and decision-making bodies. A number of decision makers or a decision-making body is given or gains excessive decision-making power. Unjustifiable levels of decision-making power concentration 	The WPP is inefficiently managed. Unsuitable decisions are made due to a lack of challenge / debate/ input and variety of views.	<ul style="list-style-type: none"> Ensure sufficient training takes place Appointment of an Oversight Advisor to advise on the WPP's governance structure Procurement and use of external advisors and suppliers that add inform/ provide guidance and bring a diversity of views to the decision-making process Use of a governance structure that ensure sufficient scrutiny prior to decisions being approved Adoption of a governance structure that does not allow high levels of decision-making concentration Annual review of WPP's resource requirements Bi-Annual meeting with Pension Boards held, which provide an invaluable source of knowledge and variety of views Pension Board Member to be added to the JGC Dedicated Training Policy in place Sub Groups used when additional debate/ discussion is required on a certain matter WPP has formulated a governance manual that provides transparency on the WPP's governance arrangement as well as reaffirms the WPP's governance structure 	Current			3	1	3	👍	OWG (Risk Register Sub-Group)	The probability of the risk has been reduced from 2 to 1, this reflects the WPP's progress in putting in place: <ul style="list-style-type: none"> Additional Sub-Groups – these groups provide a forum for more detailed discussion and debate, while also adding an additional layer to the WPP's overall governance structure/ checks and balances A dedicated Training Policy - which will limit the probability of knowledge gaps occurring A Scheme Member Rep on the JGC – who will provide an additional layer of challenging and variety of perspective
	Operational				Long Term	Target							
G.3	The WPP fails to adhere to its pre-agreed budget.	<ul style="list-style-type: none"> Inappropriate estimation of required budget. Failure to effectively manage costs of WPP activities and external provider fees. Failure to maintain a means of monitoring expenditure and remaining budget. 	The WPP fails to meet its pre-agreed budget and/or has insufficient budget to pay suppliers and/or to fund activities.	<ul style="list-style-type: none"> Monitoring of current expenditure and remaining budget Engagement with relevant suppliers to ascertain whether fees are due to change and/or in line with expectation Annual Budget approved by the Constituent Authorities Budget variance is reported to the JGC on a quarterly basis as part of the Host Authority Update Host Authority has put in place additional fee check for its external advisors 	Current			4	2	8	👍	HA/ OWG	Additional risk controls have been put in place. However, further action is required to reduce the probability of this risk occurring, this will focus on Investment Manager fees and the Investment Management Solutions Provider fees. The WPP will focus on improving transparency and ways of checking underlying fees are in line with expectations.
	Financial / Reputational				Short Term	Target							

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G.4	The WPP fails to maintain suitable records, documentation is not filed in a suitable manner and personal data is not stored securely.	<ul style="list-style-type: none"> Lack of adequate procedures. Insufficient knowledge of best practice in regards to how to store personal data, documentation and records. A lack of suitable systems and IT solutions to facilitate and assist in the storing and maintenance of personal data, documentation and records. 	The WPP loses valuable data and intellectual property. The WPP's reputation is negatively impacted. The WPP is subject to financial penalties or fines.	<ul style="list-style-type: none"> Ongoing training on best practice Relevant WPP personnel are expected to complete GDPR training Adoption of a secure documents portal to hold relevant records and documentations Legal Advisor appointed to provide guidance on relevant regulation and interpretation of this regulation External audit carried out Suitable internal controls in place at the Host Authority, including a cyber security policy The WPP in all instances minimise the amount of personal data that it processes or stores. It does not hold or process any Member data 	Current			👍	N/A	HA	The severity of the risk has been revised upwards from a 2 to a 4, this reflects the significance of the reputational impact and financial fines that are associated the loss of personal data. The WPP will also be creating an additional risk which relates to commercially sensitive/ confidential data (Risk G13).
	Financial / Reputational				Medium Term	4	2				
G.5	The WPP fails to provide suitable and accurate accounts by the statutory deadline.	<ul style="list-style-type: none"> Lack of adequate planning for closure of accounts. Lack of resources leads to late or inadequate accounts. Lack of sufficient knowledge/ expertise. JGC approval cannot be provided due to certain circumstances. 	The WPP's reputation is negatively impacted. Potential referral to the Scheme Advisory Board and the MHCLG.	<ul style="list-style-type: none"> Ongoing training Timetabled audit process Engagement with external audit to discuss deadlines and forward planning Appropriate level of expertise in place at Host Authority Accounts are externally audited by an expert 	Current			👍	N/A	HA	N/A
	Reputational				Medium Term	4	2				
G.6	The WPP does not manage conflicts of interests.	<ul style="list-style-type: none"> Failure of WPP Personnel to state any potential conflicts. No policy in place which outlines how conflicts of interests should be managed. Inability of WPP personnel to disassociate personnel interest from the interests of the WPP's stakeholders. 	Inappropriate decisions are made that are not in the best interest of the WPP's stakeholders. The WPP's reputation is negatively impacted. Potential referral to the Scheme Advisory Board and the MHCLG.	<ul style="list-style-type: none"> Declaration of conflict is an ongoing agenda item at the Joint Governance Committee Conflict of interest policy in place Engagement with relevant bodies such as the Scheme Advisory Board on best practice and relevant guidance Managing Conflict of Interest was covered as part of the WPP's 2020/2021 training plan OWG Members need to notify the OWG at the beginning of the meeting if their declarations of interest have changed since the last meeting, written confirmation also need to be provided to the HA. 	Current			👍	HA/ OWG	Q1 2022	<p>The probability of this risk has been reduced from 2 to 1, which means the risk is now in line with target. The probability of the risk has been reduced following:</p> <ul style="list-style-type: none"> The WPP putting in place a dedicated conflict of interest policy Hosting a dedicated training session on how to manage conflicts of interest Asking WPP Personal and providers to complete declaration of interest forms
	Operational / Reputational				Medium Term	3	1				