

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 DLUHC) Appointment of an expert legal advisor Regulation and Governance Updates is a standing item at each OWG meeting. The Operator now provides quarterly regulatory developments updates to the OWG The WPP has facilitated and hosted training sessions with DLUHC and the SAB over the past twelve months. It has also hosted a dedicated training session on the different regulation and guidance that the WPP needs to be aware of and the different bodies and institutions that produce relevant guidance/ regulation. 	Current			👍	N/A	OWG (RR Sub-Group)	New pooling guidance is expected this year but exact dates are still to be confirmed.
	Operational / Reputational				HA & OWG	5	2				
					Target						
			Medium Term		5	2	10			Q1 2024	
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 Annual meeting with Pension Boards held, which provide an invaluable source of knowledge and variety of views Scheme Member Representative appointed 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			👍	N/A	OWG (RR Sub-Group)	A scheme member representative was apointed to the JGC in March 2022.
					JGC & OWG	3	1				
					Target						
	Operational		Long Term		3	2	6			Q1 2024	
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 inadequate monitoring of budget 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			👎	N/A	HA/ OWG	New control procedures were put in place in April 2022. Score to be reviewed once the controls have been in place for a complete financial year. If controls prove to be sufficient, current probability score to be changed to 1 at the next review, making it on target.
					HA/ JGC	4	2				
					Target						
	Financial / Reputational		Short Term		4	1	4			Q1 2024	
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. 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	N/A
					HA	4	2				
					Target						
	Financial / Reputational		Medium Term		4	2	8			Q1 2024	

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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. • IGC approval cannot be provided due to certain circumstances. 	The WPP's reputation is negatively impacted. Potential referral to the Scheme Advisory Board and the DLUHC.	HA/ JGC	<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	1	4				
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.	WPP Personnel/ Suppliers and Advisors	<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 • 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			👍	N/A	HA/ OWG	N/A
	Operational / Reputational			Medium Term		3	1	3				
G.12	The WPP's Operator fails to deliver on its contractual obligations or stops providing Operator services due to exiting the market or regulatory restrictions.	<ul style="list-style-type: none"> • Operator is not adequately resourced. • Operator does not put sufficient performance/risk reporting systems in place. • The Operator does not have the resources/ expertise to carry out Manager monitoring, fee negotiations, facilitate vehicles & establishment services. • The Operator does not put in place sufficient checks and balances to ensure compliance with all relevant regulations. • The Operator lacks the ability or regulatory approval to provide Depository and Custody services (via ACS). • Insufficient monitoring of appointed entities for fund administration & transfer agency (Northern Trust). • The Operator fails to put in place suitable 	The WPP assets held within the Operator ACS are put at risk. A number of the WPP's contracts are broken, as these are currently mandated via the Operator. The WPP is unable to work efficiently, required work is not completed, sub-funds are unable to be managed or launched.	Oversight Advisor/HA/ OWG/ Legal Advisor	<ul style="list-style-type: none"> • Designated Operator Oversight Advisor in place • Intensive engagement protocols with Operator • Operator Oversight Framework currently in development • Engagement with the wider Operator market (and other suitable suppliers) is built into the WPP business plan • The WPP has formulated contracts that have natural break or exit points and minimal exit fees • The WPP has put in place an Operator Workplan to monitor the various workstreams relating to Operator Oversight • The FCA maintains a list of replacement ACS Operators which could step in if the WPP's Operator were to exit the market • The process for Operator procurement has commenced 	Current			👎	The OWG is continuing to monitor any developments in relation to the Link sale, the FCA penalty/restitution payment in relation to Woodford and the FCA's review of the ACD Operator market. The OWG recognises the resource strain these items place on the Operator. The Host Authority, with support from its Oversight Advisor, is continuing to have regular review meetings with the Operator and will provide regular written updates to Constituent Authorities.	OWG	The OWG receives regular updates on the progress the Link Group sale of Link Fund Solutions, the FCA penalty/restitution payment in relation to Woodford and the FCA's review of the ACD Operator market. Link have been issued with a draft warning notice by the FCA which includes a proposed penalty of £50 million the basis for redress payments of up to £306 million. The initial stages of procurement have commenced, specifically market engagement. The process for the procurement of a new Operator has been front loaded to ensure that WPP can act quickly if needed. An enhanced Operator Management Information Reporting Pack is now in place with further developments ongoing. This risk continues to be significant, and all current mitigations will continue. Other mitigations will also be considered if deemed necessary.
	Financial / Operational			Short Term		5	3	15				
						Target						
						5	2	10				