

**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.7	The WPP is unable to operate efficiently or carry out its duties due to uncontrollable events.	<ul style="list-style-type: none"> <li>WPP Personnel and/or key suppliers are unable to carry out work due to fire, extreme weather, epidemics.</li> <li>Key system, IT systems, communication methods and portals fail.</li> </ul> The WPP is unable to work efficiently, required work is not completed, key decisions are unable to be made. Potential financial loss to assets held within the WPP. Alongside, potential reputational risk or referral to Scheme Advisory Board, Pension Regulator or the DLUHC	WPP Personnel/ Suppliers and Advisors	<ul style="list-style-type: none"> <li>Host Authority has business continuity/ disaster recovery plan in place.</li> <li>Majority of Personnel and Advisors are able to work remotely</li> <li>Numerous communications mechanisms in place</li> <li>WPP Personnel are located across several geographical locations</li> <li>The Constituent Authorities have their own disaster recovery policies, plan and procedures in place at local level.</li> </ul>	Current			👍	The Constituent Authorities currently have their own disaster recovery procedures however the WPP will formulate a WPP Disaster Recovery Plan, this will be heavily influenced by the Host Authority's and Constituent Authorities' existing procedures. The Host Authority will also ask the WPP's key suppliers for their disaster recovery plans to ensure that they also have sufficient procedures in place.	HA	The WPP Disaster Recovery Plan (Business Continuity Plan) is in progress and will be presented to the JGC on 8th July 2022.
	Financial / Reputational		Short Term		4	2	8				
G.8	The WPP's governance arrangements result in inefficient management and decision making.	<ul style="list-style-type: none"> <li>Failure to account for relevant guidance in relation to good governance/ best practice.</li> <li>Inability to follow existing governance structure and protocols.</li> <li>Inefficient delegation of duties and resources.</li> <li>Governance structure does not allow for sufficient time/ resources and debate on key decisions and matters.</li> </ul> The WPP is unable to work efficiently, required work is not completed, key decisions are unable to be made. Potential financial loss to assets held within the WPP. Alongside, potential reputational risk or referral to Scheme Advisory Board, Pension Regulator or the DLUHC.	OWG/ JGC/ Oversight Advisor	<ul style="list-style-type: none"> <li>Governance Structure in place and codified in the Inter Authority Agreement</li> <li>Use of tiered governance structure to assist in the prioritisation of key decisions</li> <li>Oversight Advisor in place to provide advice on governance structure</li> <li>Engagement with relevant bodies on good governance guidance and best practice</li> <li>Annual resource assessment to ensure governance structure can be adhered to</li> <li>Ongoing review of governance structure</li> <li>The WPP has a governance matrix in place which clearly outlines the different roles and decision-making responsibilities within the WPP</li> <li>The WPP Governance Manual outlines the WPP's governance arrangements, this document is continually reviewed to ensure that WPP's governance arrangements remain fit for purpose</li> <li>All the WPP's key decision-making bodies or working groups have their own terms of reference</li> <li>The WPP's Inter Authority Agreement, which is reviewed annually, provides extensive detail on the WPP's governance arrangements</li> <li>The WPP's governance structure focuses on giving decision making powers to the Constituent Authorities, with the aim of ensuring that decision making continues to focus on the needs and requirements of the Constituent Authorities.</li> </ul>	Current			👍	Now the IAA changes have taken effect, the WPP will assess whether the changes have resulted in any short- or long-term inefficiencies.	Oversight Advisor	The IAA has now been revised and this has resulted in minor changes to the wording. The WPP member representative is now in place on the Joint Governance Committee. The probability score has been revised down to a 1 now that these actions have taken place which results in a current risk score of 4, in line with target.
	Operational / Reputational / Financial		Long Term		4	1	4				
G.9	Difference of opinion/ or views within the WPP can not be reconciled.	<ul style="list-style-type: none"> <li>Different decision-making bodies are unable to come to an agreement. Conflicting interests and priorities of Constituent Authorities.</li> <li>Governance structure does not provide a mechanism or forum by which opinions and differences can be reconciled.</li> <li>Sub-optimal number of decisions makers/ opinion</li> </ul> The WPP is unable to agree on key decisions leading to delays, inefficiencies and alienation or breakup of stakeholders. Potential financial loss to assets held within the WPP and/ or reputational risk.	WPP Personnel/ Suppliers and Advisors	<ul style="list-style-type: none"> <li>High levels of communication between decision makers (and Constituent Authorities)</li> <li>Codified set of agreed/ united WPP objectives and beliefs</li> <li>Regular scheduled meetings, and ad hoc meetings if required, to facilitate the sharing and reconciliation of views</li> <li>Oversight Advisor in place to provide advice on governance structure</li> <li>Engagement with relevant bodies on good governance guidance and best practice</li> <li>Ongoing review of governance structure</li> <li>Democratic decision-making process in place</li> <li>Clear escalation process in place for obtain consent if mutual agreement cannot be reached</li> </ul>	Current			👎	The WPP is aware that Climate Risk and Responsible Investment is an area which is constantly and quickly evolving and that the requirements/ needs of the Constituent Authorities are consequently changing significantly and frequently. The WPP is trying to reduce the probability of this risk occurring by increasing its levels of consultation with the Constituent Authorities. The WPP has committed to carrying out an annual Constituent Authority Climate Risk/ Responsible Investment Consultation exercise. The Responsible Investment Sub-Group continues to meet every 6 weeks and has a representative from each Constituent Authority. The WPP will review whether these two additional risk mitigations have been effective before considering whether the probability of this risk occurring should be revised down to a 2.	OWG	No changes have been made to the actions required or risk score as this work is still ongoing.
	Operational / Reputational / Financial		Medium Term		5	3	15				
G.10	WPP suppliers fail to deliver on their contractual commitments.	<ul style="list-style-type: none"> <li>Lack of a suitable supplier monitoring framework.</li> <li>Insufficient competition amongst suppliers.</li> <li>Unsuitable/ undeliverable contractual terms agreed.</li> <li>Poor communication with suppliers on the WPP's requirements and expectations.</li> </ul> The WPP work in progress goes uncompleted or is delayed. The requirements of the WPP's stakeholders are not met. The WPP makes inappropriate decisions which could result in financial loss, inefficiencies, reputational risk.	Oversight Advisor/ OWG	<ul style="list-style-type: none"> <li>Legal Advisor in place to review contractual terms and commitments</li> <li>Regular service delivery meetings held</li> <li>Regular procurement and reappointment exercises carried out to ensure competition</li> <li>The WPP has formulated contracts that have natural break or exit points and minimal exit fees</li> <li>The WPP has a shortlist of reputable replacement suppliers, via the LGPS National Framework Lots, who can step in if required</li> <li>The Host Authority has expertise in contract and</li> </ul>	Current			👍	N/A	OWG	N/A
					4	2	8				

	Operational / Reputational / Financial			Medium Term	The Host Authority has expertise in contract and relationship management	4	2	8			Q2 2023			
G.11	WPP suppliers fail to enact the WPP's decisions in a timely and effective manner.	<ul style="list-style-type: none"> <li>• Poor communication with suppliers on the WPP's requirements and expectations.</li> <li>• Back of resources at suppliers.</li> <li>• Relevant suppliers have overwhelming and/or conflicting priorities.</li> <li>• Back of engagement or attendance from relevant suppliers.</li> <li>• Decision made are not picked up in a timely manner.</li> </ul>	The WPP work in progress goes uncompleted or is delayed, which could result in financial loss or inefficiencies. The requirements of the WPP's stakeholders are not met.	Oversight Advisor/ OWG	<ul style="list-style-type: none"> <li>• Regular service delivery meetings held</li> <li>• Regular procurement and reappointment exercises carried out to ensure competition</li> <li>• Designated Oversight Advisor in place</li> <li>• Intensive engagement protocols with relevant suppliers</li> <li>• Intensive engagement protocols with relevant suppliers</li> <li>• The monthly WPP Practitioners meeting is a forum in which any issues can be raised and then escalated at the Pool level</li> <li>• The addition of sub-groups to the WPP's governance arrangements has create additional forums in which the WPP has more time to challenge and follow up with suppliers</li> </ul>	Current		4	2	8	👍	There has been progress in this area, but the WPP will continue to monitor the performance of suppliers to ensure timely responses to queries and that all actions are completed.	OWG & Oversight Advisor	WPP has regular meetings with all suppliers and monitor performance on an on-going basis. There has been progress in this area and subsequently the probability score has been reduced to a 2 - this is now in line with the target score.
	Operational / Financial			Medium Term		Target		4	2	8			Q2 2023	
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"> <li>• Operator is not adequately resourced.</li> <li>• Operator does not put sufficient performance/risk reporting systems in place.</li> <li>• The Operator does not have the resources/expertise to carry out Manager monitoring, fee negotiations, facilitate vehicles &amp; establishment services.</li> <li>• The Operator does not put in place sufficient checks and balances to ensure compliance with all relevant regulations.</li> <li>• The Operator lacks the ability or regulatory approval to provide Depository and Custody services (via ACS).</li> <li>• Insufficient monitoring of appointed entities for fund administration &amp; transfer agency (Northern Trust).</li> <li>• The Operator fails to put in place suitable</li> </ul>	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"> <li>• Designated Operator Oversight Advisor in place</li> <li>• Intensive engagement protocols with Operator</li> <li>• Operator Oversight Framework currently in development</li> <li>• Engagement with the wider Operator market (and other suitable suppliers) is built into the WPP business plan</li> <li>• The WPP has formulated contracts that have natural break or exit points and minimal exit fees</li> <li>• The WPP has put in place an Operator Workplan to monitor the various workstreams relating to Operator Oversight</li> <li>• The FCA maintains a list of replacement ACS Operators which could step in if the WPP's Operator were to exit the market</li> </ul>	Current		5	3	15	👎	The OWG is continuing to monitor any developments resulting from the FCA's review of the ACD Operator market. The OWG recognises the resource strain this review places on the Operator. The Host Authority, with support from its Operator Oversight Advisor, is continuing to have regular review meetings with the Operator. The main workstream currently being progressed during these review meetings is the formulation of an enhanced Operator Management Information Reporting Pack.	OWG	The OWG will continue to ask the Operator for regular updates on the progress of the Scheme Implementation Deed Link Group has entered into with Dye & Durham to acquire the organisation
	Financial / Operational			Short Term		Target		5	2	10			Q2 2023	This risk continues to be significant and all current mitigations will continue. Other mitigations will also be considered if deemed necessary.
G.13	The WPP's confidential/ commercially sensitive data is leaked, stolen or misplaced.	<ul style="list-style-type: none"> <li>• Lack of adequate procedures.</li> <li>• Insufficient knowledge of best practice</li> <li>• A lack of suitable systems and IT solutions to facilitate and assist in the storing and maintenance of confidential/ commercially sensitive data</li> <li>• Misunderstanding if a piece of information is confidential/ commercially sensitive</li> <li>• Not clearly stating which audience can see certain confidential/ commercially sensitive data</li> <li>• Failure to clearly label information as being confidential/ commercially sensitive</li> </ul>	The WPP faces financial losses as a result of other external parties act on data which they should not have sight or access too. There is also the risk that this data breach results in a negative reputational impact to the WPP.	OWG/ CAS	<ul style="list-style-type: none"> <li>• Ongoing training</li> <li>• Appropriate level of expertise in place at Host Authority</li> <li>• The WPP asks and check what procedures and security measures the CA have in place a local level</li> <li>• The WPP will clearly identify documents/ emails and other materials which contain confidential/ commercially sensitive data</li> <li>• When confidential/ commercially sensitive data suitably secure methods of information sharing are used</li> <li>• The sharing and distributions of confidential/ commercially sensitive data is limited in all instance and is only done so if absolutely essential</li> <li>• External advisors and provider are informed and expected to follow the WPP's own procedures in relation to this matter</li> </ul>	Current		5	2	10	👍	N/A	OWG	N/A
	Financial/ Reputational			Medium Term		Target		5	2	10				
G.14	The WPP's fails to identify and take measures to remedy malpractice	<ul style="list-style-type: none"> <li>• Failure to encourage a culture of openness in which personnel feel comfortable to flag any potential cases of malpractice</li> <li>• Not having suitable mechanisms in place to protect any member of personnel, who reports a potential issue, from victimisation or unfair prosecution</li> <li>• An inability to put in place and adhere to an effective Whistleblowing Policy.</li> <li>• Lack of adequate procedures</li> <li>• Insufficient knowledge of best practice</li> </ul>	The WPP is negatively impacted by malpractice which may include fraud, corruption, illegal activities or unethical behaviour. The malpractice may result in financial losses, fines, legal action or negative reputational impacts.	WPP Personnel/ Suppliers and Advisors	<ul style="list-style-type: none"> <li>• The WPP has adopted a governance framework with several checks and balances which are designed to limit the potential for malpractice to occur</li> <li>• Multiple means of communication are in place within the WPP with a view to encouraging information sharing and the ability to flag any potential concerns</li> <li>• Monitoring officer in place at the Host Authority</li> <li>• The WPP has a Conflict or Interest Policy in place</li> </ul>	Current		5	2	10	👎	The WPP will: <ul style="list-style-type: none"> <li>• Formulate a procedure that ensures that Personnel have the ability and means to flag any potential malpractice concerns</li> <li>• Produce a codified Whistleblowing Policy which outlines how the WPP will protect any who 'blows the whistle', while also assuring that their job security is not impacted by their flagging/ highlighting of potential malpractice</li> <li>• Carry out ongoing training on identifying malpractice and how to safely raise any potential malpractice concerns</li> <li>• Ensure that there is enough resources and expertise available to investigate and deal with any potential cases of malpractice</li> <li>• Continue to encourage an environment in which all personnel are encouraged to speak freely and openly</li> </ul>	OWG	The WPP whistle blowing policy is in progress and will be presented to the JGC on 8th July. The risk rating will be reviewed at the next formal review in Q2 2023.
	Financial/ Reputational	<ul style="list-style-type: none"> <li>• Poor or insufficient communication mechanisms</li> <li>• Not allocating enough time or resources to the investigation of potential malpractice</li> </ul>		Short Term		Target		5	1	5			Q2 2023	