

Investment & Performance 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
I.1	The WPP Sub-funds failure to achieve their targeted investment returns.	<ul style="list-style-type: none"> <li>Underperformance of the WPP's Investment Managers.</li> <li>Adverse and unforeseen economic conditions and market events.</li> <li>Inappropriate strategic and regional asset allocations.</li> </ul> A significant strain on the WPP's key stakeholders, the Constituent Authorities. This may result in a requirement for greater employer contributions or a fall in funding level.	JGC	<ul style="list-style-type: none"> <li>Ongoing monitoring of investment performance, market developments and economic outlook reported by the Investment Manager and the Operator and discussed at OWG meetings</li> <li>The Operator/ the Investment Manager engagement with Investment Managers and ongoing reviews of their process</li> <li>Manager days hosted by the Operator/ the Investment Manager for OWG/Constituent Authorities Pension Fund Committees</li> </ul>	Current				The probability of Investment Manager underperformance needs to be reduced, this can be achieved -improved monitoring of investment performance & market developments and economic outlook.	OWG	The OWG is continuing to work with the Operator and the Investment Manager to improve the WPP's investment reporting mechanisms. The Risk Sub-Group recommends that a market benchmarking exercise of the WPP's Sub-funds and Investment Managers is undertaken every two years. The WPP has undertaken significant work during the course of the quarter to improve the WPP's engagement mechanisms with Investment Managers, this includes the finalisation of the WPP Manager Engagement Schedule and putting in place notification mechanisms to identify when and why rebalancing within Russell managed WPP Sub-funds has taken place.
	Financial		Long Term		4	3	12				
I.2	One of the WPP's Investment Managers fails/ exits the market, leading to a financial loss to WPP assets.	<ul style="list-style-type: none"> <li>Investment Manager's business model, internal controls and/ or the external oversight of the Investment Manager fails.</li> </ul> Financial loss to assets held within the WPP.	The Operator/ The Investment Manager	The Operator/The Investment Manager facilitate: <ul style="list-style-type: none"> <li>Ongoing monitoring of investment managers</li> <li>Questioning managers on their internal controls, external regulation, succession/retention policies</li> <li>Engagement with Investment Managers and the Investment Manager industry</li> <li>Maintaining a shortlist of suitable replacement Managers</li> </ul>	Current				The WPP needs to ensure that suitable procedures are in place for the oversight of Sub-Fund Managers and for the replace/ appointment or rebalancing of Sub-Funds. The WPP undertake the following workstreams: <ul style="list-style-type: none"> <li>Formulate a Sub-fund Manager Appointment, Replacement and Rebalancing Policy</li> <li>Codify the means by which the Sub-fund Investment Manager oversees, monitors and challenges underlying Investment Managers.</li> </ul> It was noted that these workstream are particularly relevant for non-Russell managed Sub-funds	OWG	The WPP RI Sub-Group will take responsibility for assessing how Sub-fund Managers oversee, monitors and challenges underlying managers on RI matters, this will be completed in Q1 2021. The OWG will be responsible for establishing a protocol for overseeing sub funds, in particular non Russell managed Sub-funds.
	Financial		Short Term		5	2	10				

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I.3	Failure of appointed Custodian may lead to assets not being properly managed resulting in financial and/or information loss in relation to investment assets.	Financial loss to assets held within the WPP.	The Operator/ OWG	<ul style="list-style-type: none"> <li>Robust procurement process overseen by The Operator</li> <li>Annual review of custodian prepared by The Operator and presented to OWG</li> <li>Analysis of Investment Manager Records vs Custodian Records</li> <li>Monitor custodian performance on annual basis</li> <li>Custodian regulated by FCA</li> <li>Receipt of annual controls reports from Custodian's External Auditors</li> </ul>	Current			👍	The OWG will work with the Operator and Oversight advisor to agree the procedure for formulating and the content of the WPP Annual Custodian Review.	OWG/ Oversight Advisor	This work will be undertaken in Q1 2021, with the expectation that the Operator will produce its Annual Custodian Review as at the 31 March 2021.
	Financial				Short Term	5	2				
I.4	The WPP does not receive or seek expert investment advice when required.	Inappropriate decisions are implemented which may harm investment performance.	OWG/ JGC	<ul style="list-style-type: none"> <li>Robust procurement processes</li> <li>Ongoing training for JGC and OWG members</li> <li>Oversight Advisor in place to oversee Investment Advise &amp; decision-making process</li> <li>Engagement with other LGPS Pools and Funds to cross verify suitability of advice</li> </ul>	Current			👍	The WPP believe that the objectivity and range of investment solutions recommendations is the biggest area of concern in relation to this risk. In particular, the WPP needs to ensure that it is fully aware of the limitations, from an objectivity point of view, of the proposal put forward by the Investment Management Solutions Provider. The WPP will ask its Oversight Advisor to codify and formalise the process by which he WPP should go about considering investment solutions. Local level advisors have a important role is considering the suitability of WPP investment solution for their Constituent Authority. The Oversight advisor will identify which aspects of an investment solution it will advise the OWG on and which will continue to be carried by local level advisors.	OWG/ Oversight Advisor	This workstream will be undertaken in the fist half of 2021.
	Financial				Long Term	4	2				
I.5	The WPP fails to challenge Manager fees, value for money and mandated objectives.	Inability to deliver value for money to the WPP's stakeholders.	OWG	<ul style="list-style-type: none"> <li>Ongoing monitoring of investment managers fees</li> <li>Question The Operator, the Investment Manager and Investment Managers on their fees</li> <li>Demand Transparency from Investment Mangers, the Investment Manager and The Operator on fees</li> </ul>	Current			👍	The WPP has identified two new means of controlling this risk. As noted in risk I.1, the WPP will undertake bi-annual benchmarking exercises, this will allow the WPP to assess the value for money that they are obtaining relative to market comparators. Furthermore, the WPP recognises that cost transparency exercises are invaluable in identifying value for money, this will be the second means by which the WPP will assess value for money.	OWG/ Oversight Advisor	The WPP will consider the findings of the SAB Cost Transparency exercise, following this the OWG will consider what additional action are required and whether there is a need for further cost transparency exercises.
	Financial				Medium Term	2	2				
					Target						
					5	2	10			Q4 2021	
					4	1	4			Q4 2021	
					2	2	4			Q4 2021	
					2	1	2			Q4 2021	

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1.6	The WPP is subjected to counterparty risk	<ul style="list-style-type: none"> <li>The WPP fails to monitor their counterparty exposure and the probability of counterparty defaults.</li> <li>A suitable escalation process to deal with excess counterparty exposure is not put in place.</li> </ul>	Financial loss to assets held within the WPP, potential legal costs, reputation risk.	OWG/ The Operator/ The Investment Manager/ The Custodian	<ul style="list-style-type: none"> <li>Ongoing monitoring of counterparty exposure</li> <li>Question The Operator, The Investment Manager, Investment Managers and Custodian on the WPP's level of counterparty exposure</li> </ul>	Current			👍	The OWG will ask the Operator to formulate an initial counterparty risk report by Q3 2021.	OWG	The OWG, with assistance from their Oversight Advisor, will review the Operators initial report on counterparty risk.
	4					2	8					
	Financial			Short Term		Target						
					4	2	8			Q4 2021		
1.7	The WPP puts in place sub-optimal sub-funds.	<ul style="list-style-type: none"> <li>Insufficient time and resources are allocated to the design and development of sub-funds.</li> <li>Constituent Authorities do not effectively articulate their requirements and/ or the WPP fails to account for Constituent Authority requirements.</li> <li>Value for money and/ or cost savings are not given adequate consideration.</li> <li>Sub-funds with insufficient scale to achieve cost saving are launched.</li> <li>Manager fee negotiations are ineffective</li> </ul>	The WPP provides sub-funds that do not deliver value for money/ cost saving and or the investment requirements of the Constituent Authorities	OWG/ The Operator/ The Investment Manager	<ul style="list-style-type: none"> <li>Numerous advisors used in the formulation of sub-funds</li> <li>Oversight advisor in place to oversee investment strategy and sub-fund design</li> <li>Numerous checks and balances on the decision-making process and approval of invest strategy and sub-funds</li> <li>Cost benefit analysis is carried out prior to each sub-fund launch</li> <li>Use of the Investment Manager's scale and the WPP's scale to negotiate the best Manager fees possible</li> <li>Frequent consultation with Constituent Authorities on their requirements</li> <li>Asset held outside of sub-fund if their inclusion in the sub-fund is cost inefficient</li> </ul>	Current			👎	<ul style="list-style-type: none"> <li>The formulation of the following two documents, as outlined in Risk 1.2, will need to be carried out to further mitigate this risk:</li> <li>Formulate a Sub-fund Manager Appointment, Replacement and Rebalancing Policy</li> <li>Codify the means by which the Sub-fund Investment Manager oversees, monitors and challenges underlying Investment Managers.</li> </ul>	The Operator/ Investment Manager / Oversight Advisor	The formulation of the WPP Annual Constituent Authority Questionnaire has significantly mitigated the risk that Constituent Authorities needs and requirements are not identified and accounted for in the formulation and alteration of WPP Sub-funds.
	4					2	8					
	Financial			Long Term		Target						
					4	1	4		These mechanism will focus on ensuring that existing sub-funds continue to be optimal for the Constituent Authorities.	Q4 2021		
1.8	The WPP fails to adequately account for climate change, climate risk and ESG factors.	<ul style="list-style-type: none"> <li>Lack of knowledge on the impacts of Climate Change, Risk and ESG Factors.</li> <li>Lack of knowledge on how the impacts of Climate Change, Risk and ESG Factors can be managed.</li> <li>Poor attendance at training events.</li> </ul>	Financial loss to assets held within the WPP and potential for stranded assets.	OWG/ The Operator/ The Investment Manager	<ul style="list-style-type: none"> <li>Development of suitable Climate Change, Climate Risk and ESG reporting metrics</li> <li>Appointment of a proxy voting and engagement provider, who engages with managers and companies on how they manage Climate Change, Climate Risk and ESG factors</li> <li>Publication of a Responsible Investment policy and Climate Risk Policy</li> <li>Constant engagement and challenging of Managers on how they account for Climate Risk/ Change and ESG factors</li> <li>Development of Sub-funds that will allow Constituent Authorities to manage their Climate risk Exposure</li> <li>Annual Climate Change, Climate Risk or ESG related training event on the WPP Training Plan</li> </ul>	Current			👎	The WPP RI Sub-Group is working with the Oversight Advisor to enhance the WPP's reporting on Responsible Investment and Climate Risk. The WPP also received training on ESG and Climate Risk reporting in Q4 2020, this training should help maximise the understanding and thus effectiveness of the WPP ESG and Reporting. The WPP RI Sub-Group was also established in Q3 2020, this group will take ownership of monitoring, challenging and reporting of how the WPP's Investment Managers account of RI matters within WPP sub-funds.	OWG/ Oversight Advisor	The WPP RI Sub-Group will consider a further draft of the WPP ESG and Climate Risk reporting in January 2021, the current plan is to deliver the finalised report as at the 31 March 2021 in Q2 2021. Additionally, the RI Sub-group will meet with the Investment Managers of the WPP's Sub-funds to understand, challenge and review how they account of RI matter in the formulation of WPP sub-funds.
	4					2	8					
	Financial			Long Term		Target						
					4	1	4			Q4 2021		

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I.9	The WPP fails to facilitate investment solutions that enable the Constituent Authorities to meet their investment strategy and objectives.	<ul style="list-style-type: none"> <li>Insufficient time and resources are allocated to engaging with and understanding Constituent Authority needs and requirements.</li> <li>Constituent Authorities do not effectively articulate their requirements and/ or the WPP fails to account for Constituent Authority requirements.</li> <li>Sub-funds are not designed to Constituent Authority requirements.</li> <li>Sub-funds are not flexible enough or able to change to better meet Constituent Authority requirements</li> </ul>	<p>The Constituent Authorities refuse to make use of the investment solution provided by the WPP. Consequently, the WPP fails to Pool assets, which may lead to government intervention and or the collapse of the WPP.</p>	<ul style="list-style-type: none"> <li>The development of further sub-funds is a prioritised item within the WPP's business plan.</li> <li>Frequent consultation with Constituent Authorities on their requirements</li> <li>Consultation with the Constituent Authorities on the ongoing suitability of existing sub-funds.</li> <li>Numerous advisors used in the formulation of sub-funds</li> <li>Oversight advisor in place to oversee investment strategy and sub-fund design</li> <li>Numerous checks and balances on the decision-making process and approval of invest strategy and sub-funds</li> </ul>	Current				The WPP needs to ensure that the feedback to the Constituent Authority questionnaire is effectively implemented into the WPP's workplan.	Oversight Advisor	<p>An annual consultation questionnaire has been developed and issued to Constituent Authorities. The questionnaire seeks to determine Constituent Authorities' individual investment requirements and longer-term aspirations. It is anticipated that this questionnaire will mitigate the risk that WPP investment solutions fail to meet the needs of the Constituent Authorities. However, the Risk Sub-fund has decided to retain the current risk score until they have reviewed how effectively the feedback from the questionnaire has filtered through into the WPP workplan for 2021/2022 and beyond.</p>
	Operational/ Reputational				Long Term	5	2				

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.	Potential Fines, loss of sovereignty and a negative impact on the WPP's reputation.	HA & OWG	<ul style="list-style-type: none"> <li>Ensure sufficient training takes place</li> <li>Maintain a mechanism for monitoring recent regulations changes and progression toward meeting the new requirements</li> <li>Engagement with relevant regulatory bodies (such as Scheme Advisory Board, Pension Regulator and MHCLG)</li> <li>Appointment of an expert legal advisor</li> <li>Regulation and Governance Updates is a standing item at each OWG meeting.</li> <li>The Operator now provides quarterly regulatory developments updates to the OWG</li> <li>The WPP has facilitated and hosted training sessions with MHGLG, 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.</li> </ul>	Current			👍			OWG (RR Sub-Group)	The probability of the Risk has been reduced from 2 to 3 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.
	5				2	10						
	Operational / Reputational		Medium Term		Target					Q1 2022		
G.2	The WPP becomes overly dependant on a single or limited decisions maker or decision making body.	The WPP is inefficiently managed. Unsuitable decisions are made due to a lack of challenge / debate/ input and variety of views.	JGC & OWG	<ul style="list-style-type: none"> <li>Ensure sufficient training takes place</li> <li>Appointment of an Oversight Advisor to advise on the WPP's governance structure</li> <li>Procurement and use of external advisors and suppliers that add inform/ provide guidance and bring a diversity of views to the decision-making process</li> <li>Use of a governance structure that ensure sufficient scrutiny prior to decisions being approved</li> <li>Adoption of a governance structure that does not allow high levels of decision-making concentration</li> <li>Annual review of WPP's resource requirements</li> <li>Bi-Annual meeting with Pension Boards held, which provide an invaluable source of knowledge and variety of views</li> <li>Pension Board Member to be added to the JGC</li> <li>Dedicated Training Policy in place</li> <li>Sub Groups used when additional debate/ discussion is required on a certain matter</li> <li>WPP has formulated a governance manual that provides transparency on the WPP's governance arrangement as well as reaffirms the WPP's governance structure</li> </ul>	Current			👍	N/A		-OWG (RR 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"> <li>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</li> <li>A dedicated Training Policy - which will limit the probability of knowledge gaps occurring</li> <li>A Scheme Member Rep on the JGC – who will provide an additional layer of challenging and variety of perspective</li> </ul>
	3				1	3						
	Operational		Long Term		Target					Q1 2022		
					3	2	6					

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G.3	The WPP fails to adhere to its pre-agreed budget.	<ul style="list-style-type: none"> <li>Inappropriate estimation of required budget.</li> <li>Failure to effectively manage costs of WPP activities and external provider fees.</li> <li>Failure to maintain a means of monitoring expenditure and remaining budget.</li> </ul>	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"> <li>Monitoring of current expenditure and remaining budget</li> <li>Engagement with relevant suppliers to ascertain whether fees are due to change and/or in line with expectation</li> <li>Annual Budget approved by the Constituent Authorities</li> <li>Budget variance is reported to the JGC on a quarterly basis as part of the Host Authority Update</li> <li>Host Authority has put in place additional fee check for its external advisors</li> </ul>	Current			👍	The WPP is developing a mechanism for the efficient monitoring of Manager fees.	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				HA/ JGC	4	2				
	Financial / Reputational		Short Term		Target					Q1 2022	
					4	1	4				
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"> <li>Lack of adequate procedures.</li> <li>Insufficient knowledge of best practice in regards to how to store personal data, documentation and records.</li> <li>A lack of suitable systems and IT solutions to facilitate and assist in the storing and maintenance of personal data, documentation and records.</li> </ul>	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"> <li>Ongoing training on best practice</li> <li>Relevant WPP personnel are expected to complete GDPR training</li> <li>Adoption of a secure documents portal to hold relevant records and documentations</li> <li>Legal Advisor appointed to provide guidance on relevant regulation and interpretation of this regulation</li> <li>External audit carried out</li> <li>Suitable internal controls in place at the Host Authority, including a cyber security policy</li> <li>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</li> </ul>	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).
					HA	4	2				
	Financial / Reputational		Medium Term		Target					Q1 2022	
					4	2	8				
G.5	The WPP fails to provide suitable and accurate accounts by the statutory deadline.	<ul style="list-style-type: none"> <li>Lack of adequate planning for closure of accounts.</li> <li>Lack of resources leads to late or inadequate accounts.</li> <li>Lack of sufficient knowledge/ expertise.</li> <li>JGC approval cannot be provided due to certain circumstances.</li> </ul>	The WPP's reputation is negatively impacted. Potential referral to the Scheme Advisory Board and the MHCLG.	<ul style="list-style-type: none"> <li>Ongoing training</li> <li>Timetabled audit process</li> <li>Engagement with external audit to discuss deadlines and forward planning</li> <li>Appropriate level of expertise in place at Host Authority</li> <li>Accounts are externally audited by an expert</li> </ul>	Current			👍	N/A	HA	N/A
					HA/ JGC	4	2				
	Reputational		Medium Term		Target					Q1 2022	
					4	2	8				

Risk Detail				Current Situation	Scoring			Management and Monitoring				
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G.6	The WPP does not manage conflicts of interests.	<ul style="list-style-type: none"> <li>•Failure of WPP Personnel to state any potential conflicts.</li> <li>•No policy in place which outlines how conflicts of interests should be managed.</li> <li>•Inability of WPP personnel to disassociate personnel interest from the interests of the WPP's stakeholders.</li> </ul>	<p>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.</p>	<p>WPP Personnel/ Suppliers and Advisors</p>	<ul style="list-style-type: none"> <li>•Declaration of conflict is an ongoing agenda item at the Joint Governance Committee</li> <li>•Conflict of interest policy in place</li> <li>•Engagement with relevant bodies such as the Scheme Advisory Board on best practice and relevant guidance</li> <li>•Managing Conflict of Interest was covered as part of the WPP's 2020/2021 training plan</li> <li>•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.</li> </ul>	Current			👍		HA/ OWG	<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"> <li>• The WPP putting in place a dedicated conflict of interest policy</li> <li>• Hosting a dedicated training session on how to manage conflicts of interest</li> <li>• Asking WPP Personal and providers to complete declaration of interest forms</li> </ul>
	Operational / Reputational					Medium Term	3	1				
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>	<p>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 MHCLG</p>	<p>WPP Personnel/ Suppliers and Advisors</p>	<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> </ul>	Current			👍	N/A	HA	<p>The WPP has continued to work effectively despite COVID-19. JGC meeting can now be held virtually.</p>
	Financial / Reputational					Short Term	4	2				
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>	<p>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 MHCLG.</p>	<p>OWG/ JGC/ Oversight Advisor</p>	<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 advise 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> </ul>	Current			👍	<p>The Oversight Advisor will consider the suitability of the WPP's governance arrangements while formulating the WPP Governance Manual. The IAA is also due to be reviewed in 2021/2022. The Oversight Advisor will review how the diversity and volume of input and opinions from the WPP's internal stakeholders can be increased, the findings will be discussed with the OWG. The WPP will develop a 'decision, owner and deadline' matrix for inclusion in all of its meeting packs. The WPP is reviewing the possibility of Scheme member representation on the JGC.</p>	Oversight Advisor	<p>The Oversight Advisor will report back to the OWG.</p>
	Operational / Reputational / Financial					Long Term	4	2				

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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>• Strong mean of communication between decision makers (and Constituent Authorities)</li> <li>• Codified set of unanimously agreed/ united 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				N/A	OWG	N/A
	Operational / Reputational / Financial					Medium Term	5	2				
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> </ul>	Current				The OWG will seek to formulate a shortlist of 'potential replacement suppliers' that could be appointed if required. This will reduce the impact of this risk by accelerating the timeframe for the appointment of a replacement supplier.	OWG	Where appropriate Advisors will assist the OWG in the formulation of these lists.
	Operational / Reputational / Financial					Medium Term	4	3				
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>• Lack of resources at suppliers.</li> <li>• Relevant suppliers have overwhelming and/or conflicting priorities.</li> <li>• Lack 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> </ul>	Current				The OWG will consider this risk while undertaking its annual review of the WPP's Communication Policy. The Oversight Advisor will review how the communication of timescales and the importance of actions, projects and activities can be more effectively conveyed to relevant suppliers. The WPP will develop a 'decision, owner and deadline' matrix for inclusion in all of its meeting packs.	OWG & Oversight Advisor	The Oversight Advisor will draft a 'decision, owner and deadline' matrix for the OWG's consideration.
	Operational / Financial					Medium Term	4	3				
					4	2	8			Q2 2021		

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.12	The WPP's Operator fails to deliver on its contractual obligations or stops providing Operator services due to existing 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 Depositary 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 Risk Management (RM), including: RM policy, procedures and mitigation strategies.</li> <li>The Operator is not adequately resourced to provide adequate relationship management and service delivery.</li> </ul>	<ul style="list-style-type: none"> <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 Depositary 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 Risk Management (RM), including: RM policy, procedures and mitigation strategies.</li> <li>The Operator is not adequately resourced to provide adequate relationship management and service delivery.</li> </ul>	<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> </ul>	Current				The OWG will develop an 'impact limitation procedure' which could be enacted if the Operator were to exit the market or if an immediate replacement needed to be appointed. 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.	OWG	The OWG will ask the Operator for an update on the progress of the takeover bid that their parent company has received.
	Financial / Operational				Short Term	Target					

## Training & Resources 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
T.1	The WPP fails to maintain and foster appropriate expertise and knowledge amongst relevant personnel	<ul style="list-style-type: none"> <li>•Knowledge gap of new or existing personnel.</li> <li>•Unsatisfactory Training program.</li> <li>•Poor attendance at training events.</li> </ul>	Knowledge gaps result in ineffective action, inability to deliver on responsibilities and inappropriate decision making.	<ul style="list-style-type: none"> <li>•Ensure sufficient training takes place</li> <li>•Maintain a mechanism for accessing training requirements</li> <li>•Ensure that new personnel receive appropriate training at the outset of their duties</li> <li>•Publication of WPP Annual Training Plan</li> <li>•Outsourcing training requirements to specialists when required</li> <li>•Outsourcing tasks to expert advisors when required level of expertise cannot be met internally</li> </ul>	Current			👍	The WPP will reduce the probability of this risk by putting in place an induction process for new WPP personnel. The WPP will also commit to delivering at least 4 training events each year.	OWG	The HA is considering how training events can be facilitate given the COVID-19 outbreak. A WPP induction procedure is also being formulated.
	Operational / Reputational / Financial				WPP Personnel	3	2				
			Medium Term		Target					Q3 2021	
T.2	The WPP makes inappropriate or untimely decisions.	<ul style="list-style-type: none"> <li>•Lack of resources.</li> <li>•Relevant WPP personnel have overwhelming and/or conflicting priorities.</li> <li>•Lack of engagement or attendance from relevant personnel.</li> <li>•Decision made are not picked up internally in a timely manner.</li> </ul>	The WPP makes inappropriate decisions. Delays in decision making reduces the effectiveness of decisions and/ or leads to a negative impact or investment returns.	<ul style="list-style-type: none"> <li>•Decisions made are noted and assigned to relevant personnel</li> <li>•Meeting attendance and absentees are noted at the commencement of each meeting</li> <li>•Annual review of resource requirements</li> <li>•Use of external suppliers when additional resources are required</li> <li>•Business Plan and Work Plan in place to prioritise key decisions and activities</li> </ul>	Current			👍	N/A	OWG & Oversight Advisor	N/A
	Operational / Reputational / Financial				WPP Personnel	4	1				
			Medium Term		Target					Q3 2021	
T.3	The WPP fails to attract, appoint and retain personnel, suppliers and providers.	<ul style="list-style-type: none"> <li>•Inappropriate decisions are made due to a lack of input and opinions from relevant personnel, adviser and/ or suppliers.</li> <li>•The WPP makes inappropriate decisions due to a lack of information/ knowledge/ advise.</li> <li>•The WPP has insufficient resources to carry out its work and deliver on its duty to stakeholders.</li> </ul>	The WPP is unable to meet the requirements of its key stakeholders. The WPP makes inappropriate decisions which could result in financial loss, inefficiencies, reputational risk.	<ul style="list-style-type: none"> <li>•Timely identification of the WPP's requirements</li> <li>•If a resource requirement is identified, then the relevant resourcing/ procurement exercises are carried out</li> <li>•Use of the National Framework</li> <li>•Regular market engagement to ensure that WPP remains a competitive and attractive employer/ client</li> </ul>	Current			👍	N/A	OWG	N/A
	Operational / Reputational / Financial				WPP Personnel	4	1				
			Medium Term		Target					Q3 2021	
T.4	Key Personnel Risk at Host Authority	<ul style="list-style-type: none"> <li>•Certain people leave the HA.</li> <li>•HA fails to put in place effective succession plans.</li> <li>•Roles and responsibilities of the HA are too heavily concentrated amongst a limited body of individuals.</li> </ul>	HA is unable to provide support to the WPP. No Action or ineffective action is taken leading to financial loss or inefficiencies. Key knowledge and existing relationships are lost.	<ul style="list-style-type: none"> <li>•Ensure sufficient training and succession planning takes place</li> <li>•Maintain a mechanism for accessing training requirements amongst existing HA Personnel</li> <li>•Ensure that new personnel receive appropriate training at the outset of their duties</li> </ul>	Current			👎	OWG to consider what action would be taken if key personnel at the HA left and consider what additional control could be put in place to reduce the probability to key personnel risk and its impact on business continuity.	OWG	This risk will be raised at the next OWG so that additional controls can be put in place ahead of the next review of this risk in Q3 2021.
	Operational				OWG	5	2				
			Short Term		Target					Q3 2021	
					5	1	5				

## Communication 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
C.1	The WPP fails to effectively communicate and engage with internal stakeholders.	<ul style="list-style-type: none"> <li>The WPP internal communication strategies are ineffective or not adhered to.</li> </ul> Inappropriate decisions are made due to a lack of input and opinions from key stakeholders (e.g. views and requirements of Constituent Authorities). The WPP makes inappropriate decisions which could result in financial loss, inefficiencies, reputational risk, alienation and a loss of engagement from key stakeholders.	WPP Personnel	<ul style="list-style-type: none"> <li>Formulation of a WPP communication policy that covers internal communication</li> <li>Use of a documents portal for internal uses</li> <li>Use of multiple communication channels</li> <li>Regular engagement with internal stakeholders (e.g. meetings, bi-weekly calls and emails)</li> </ul>	Current				The OWG will review how the diversity and volume of input and opinions from the WPP's internal stakeholders can be increased, the findings will be discussed. This includes the consideration of Scheme Member representation on the JGC.	OWG	The OWG will consider this risk alongside its annual review of the WPP's Communication Policy.
	Reputational / Operational		Medium Term		4	2	8				
					Target						
					4	1	4			Q3 2021	
C.2	The WPP fails to effectively communicate and engage with external stakeholders.	<ul style="list-style-type: none"> <li>The WPP fails to articulate its beliefs and objectives to external parties.</li> <li>The WPP is not forthcoming or active in seeking engagement with relevant external parties.</li> <li>The WPP Communication Policy is not effective or far reaching enough.</li> <li>The WPP doesn't have sufficient resources to carry out the required communication and engagement activities.</li> </ul> The WPP fails to incorporate guidance and advise for relevant external parties. External Parties perception of the WPP is unreflective and harmful. The WPP's reputation is negatively impacted.	WPP Personnel	<ul style="list-style-type: none"> <li>Formulation of a WPP communication policy that covers external communication</li> <li>Development of a WPP website</li> <li>Use of external communication channels and press releases</li> <li>Regular engagement with external stakeholders (e.g. The MHCLG, SAB, Pension Regulator Conference attendance)</li> <li>Annual WPP update published</li> </ul>	Current				N/A	OWG	The OWG will consider this risk alongside its annual review of the WPP's Communication Policy.
					Target						
					3	1	3			Q3 2021	
C.3	Advice and relevant information is not presented in a way that aids decisions making.	<ul style="list-style-type: none"> <li>Advice and information is not adequately targeted to the relevant audience.</li> <li>The format and presentation of advice and information is not well designed to the audience.</li> <li>The intended audience and/ or scope of advice &amp; information is unclear.</li> <li>Insufficient time or resources is given to the formulation and/ or consideration of advice/ information.</li> </ul> The WPP makes inappropriate decisions due to a lack of information and/ or advice. Inappropriate decisions result in inefficiencies/ financial risk and reputational risk	WPP Personnel/ The Operator/ Investment Manager/ Oversight Advisor/ Other Advisors and Suppliers	<ul style="list-style-type: none"> <li>WPP personnel, in particular decision makers, are actively encouraged to provide feedback on the relevance and presentation of advice and information</li> <li>Advice &amp; information is normally presented in at least two formats (verbal and written)</li> <li>Solely verbal updates are kept to a minimum</li> <li>Sufficient time and opportunity is given to the asking of clarification questions</li> <li>Draft advice or information is normal shared with the HA, for a sensibility check, prior to being shared or presented</li> <li>The WPP's governance structure allows for multiple checks and balance prior to decisions being made</li> </ul>	Current				N/A	Oversight Advisor	The Oversight Advisor will review this risk ahead of the end of the 2020/2021 financial year.
					Target						
					3	1	3			Q3 2021	