

WPP Risk Register

WPP Risk Register

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 long term 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>	Loss of confidence in Russell and/or Investment Managers which results in change and additional transition costs	<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>Bi-annual sub-fund benchmarking</li> <li>Quarterly reporting on climate &amp; ESG risks</li> <li>ACS responsibilities matrix in place</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				Continued monitoring required over the next 12 months, in line with current controls.	OWG	Cycle of reporting has now been completed but continued monitoring is required in line with current controls.
	Financial				Long Term	4	3				
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.	<ul style="list-style-type: none"> <li>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> </li> <li>Sub-fund review process in place</li> <li>Rebalancing policy in place</li> <li>ACS responsibilities matrix in place</li> </ul>	Current				N/A	OWG	A WPP sub-fund review document has been formulated which includes the process for developing new sub-funds, review of sub-funds along with the process for any Manager changes.
	Financial				Short Term	5	2				
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.	<ul style="list-style-type: none"> <li>Inaccurate recording of asset valuations and transactions.</li> <li>Unsatisfactory safeguarding of assets.</li> <li>External and internal controls fail to prevent fraud or misappropriation.</li> <li>Custodian fails and exists the market, potentially leading to stranded assets.</li> </ul>	Financial loss to assets held within the WPP.	<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				N/A	OWG/ Oversight Advisor	High level custodian review information is being received from Link and details of the regular monitoring process is expected to be part of the Link Management Information template. In line with this and with increased confidence in Link's monitoring mechanisms, the current and target probability scores have been reduced to 1, with the current score in line with target
	Financial				Short Term	5	1				
I.4	The WPP does not receive or seek expert investment advice when required.	<ul style="list-style-type: none"> <li>An external adviser provides inappropriate or unsatisfactory advice to WPP.</li> <li>WPP ignores appropriate advice provided by expert advisers.</li> <li>WPP fails to seek to expert advise.</li> </ul>	Inappropriate decisions are implemented which may harm investment performance.	<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> <li>ACS responsibilities matrix in place</li> </ul>	Current				N/A	OWG/ Oversight Advisor	Work on private markets sub-funds continues to demonstrate the robustness of WPP's collective challenge in the sub fund design stage. This includes additional support from BFinance. Additional resource from Hymans on responsible investment has provided further advice and scrutiny.  Current probability scores has been reduced to 1, with the current score now in line with target. This is due to the increased activity in this area and completion of all previous actions.
	Financial				Long Term	4	1				

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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
1.5	The WPP fails to challenge Manager fees, value for money and mandated objectives.	<ul style="list-style-type: none"> <li>Lack of information and transparency from Investment Managers.</li> <li>Inability to check and challenge Investment Managers and benchmark them relative to market competitors.</li> </ul>	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> <li>Bi-annual sub fund benchmarking</li> </ul>	Current			👍	<p>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.</p> <p>OWG to consider Cost transparency actions and requirements following receipt of SAB information.</p>	OWG/ Oversight Advisor	The findings of the SAB cost transparency exercise have still not been published. Bearing in mind that this is outside of WPP's control and the risk controls in place, the current probability score has been reduced to 1, with the current score in line with target.
	Financial					Medium Term	2	1				
						Target						
						2	1	2			Q4 2023	
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 Q4 2022.	OWG	The report on counterparty risk is expected to form part of the Link Management Information template. Link have appointed a provider to deliver this report and it is due to be delivered in Q4 2022.
	Financial					Short Term	4	2				
						Target						
						4	2	8			Q4 2023	
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> <li>Rebalancing policy in place</li> <li>responsibilities matrix in place</li> <li>ACS</li> </ul>	Current			👍	<p>Carry out an annual review of the size of investment in sub funds to ensure they are of a reasonable size</p> <p>Launch of the sustainable equities sub fund</p>	The Operator/ Investment Manager / Oversight Advisor	There continues to be significant progress in this area. Key activities include: <ul style="list-style-type: none"> <li>Procurement of bFinance to assist the WPP with the allocator appointments for a range of Private Market sub-funds</li> <li>As at 31 March 2022, 72% of all WPP assets are pooled</li> <li>Current probability score has been reduced to 1, with the current score now in line with target. This is due to the increased activity in this area and completion of all previous actions.</li> </ul>
	Financial					Long Term	4	1				
						Target						
						4	1	4			Q4 2023	
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> <li>Quarterly climate risk reporting</li> <li>Annual stewardship code reporting</li> </ul>	Current			👉	Continue to drive forward the 'net zero agenda', ensuring some consistency across the pool.	OWG/ Oversight Advisor	There has been significant progress in this area over the past 12 months. Key activities include: <ul style="list-style-type: none"> <li>Robust quarterly reporting of ESG &amp; Climate risk</li> <li>WPP have become signatories of the Stewardship Code following a successful submission in Q4 2021</li> <li>Annual on-going stewardship code reporting process in place</li> <li>Additional resource from the Oversight Advisor to focus on key RI issues &amp; actions</li> <li>Integration of clear climate change ambitions in the design of private markets sub-funds</li> </ul>
	Financial					Long Term	4	2				
						Target						
						4	1	4			Q4 2023	

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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.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>	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.	OWG/ The Operator/ The Investment Manager/ Oversight Advisor	<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> <li>Sub fund review document in place</li> </ul>	Current			👍	N/A	Oversight Advisor	A WPP sub-fund review document has been formulated which includes the process for developing new sub-funds, review of sub-funds along with the process for any Manager changes.
				5		2	10	Target				
	Operational/ Reputational			Long Term		5	2	10			Q4 2023	

**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"> <li>WPP is unaware and/ or ignores relevant regulation, guidance and recent updates.</li> <li>No means of monitoring regulatory compliance.</li> <li>Mis-interpretation of how regulation and guidance applies to WPP.</li> <li>Insufficient resources to meet guidance and regulatory requirements, this includes Pooling Guidance.</li> </ul>	Potential Fines, loss of sovereignty and a negative impact on the WPP's reputation.	<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 DLUHC)</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 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.</li> </ul>	Current			👍	N/A	OWG (RR Sub-Group)	N/A
	Operational / Reputational				HA & OWG	5	2				
			Medium Term		Target					Q1 2025	
					5	2	10				
G.2	The WPP becomes overly dependant on a single or limited decisions maker or decision making body.	<ul style="list-style-type: none"> <li>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.</li> <li>Resources and other commitments limit the availability and input of relevant decision makers and decision-making bodies.</li> <li>A number of decision makers or a decision-making body is given or gains excessive decision-making power.</li> <li>Unjustifiable levels of decision-making power concentration</li> </ul>	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"> <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> </ul>	Current			👍	N/A	OWG (RR Sub-Group)	The target score has now been reduced to 3, due to the effectiveness of current controls.
					JGC & OWG	3	1				
			Long Term		Target					Q1 2025	
	Operational				3	1	3				
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 inadequate monitoring of budget 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			👍	N/A	HA/ OWG	The controls put in place in 2022 have proven to be sufficient and therefore the current probability score has been reduced to 1. This is now in line with the target score.
					HA/ JGC	4	1				
			Short Term		Target					Q1 2025	
	Financial / Reputational				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>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	N/A
					HA	4	2				
			Medium Term		Target					Q1 2025	
	Financial / Reputational				4	2	8				

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.5	The WPP fails to provide suitable and accurate accounts by the statutory deadline.	<ul style="list-style-type: none"> <li>Back of adequate planning for closure of accounts.</li> <li>Back of resources leads to late or inadequate accounts.</li> <li>Back 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 DLUHC.	HA/ JGC	<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
	Reputational			Medium Term		4	1	4				
			Target			4	1	4				
						4	1	4				
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>	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 DLUHC.	WPP Personnel/ Suppliers and Advisors	<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>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			👍	N/A	HA/ OWG	N/A
	Operational / Reputational			Medium Term		3	1	3				
			Target			3	1	3				
						3	1	3				
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> <li>WPP's key suppliers have business continuity/ disaster recovery plans in place</li> </ul>	Current			👍	N/A	HA	The Host Authority and WPP's key suppliers have business continuity/ disaster recovery plans in place
	Financial / Reputational			Short Term		4	2	8				
			Target			4	2	8				
						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			👍	N/A	Oversight Advisor	N/A
	Operational / Reputational / Financial			Long Term		4	1	4				
			Target			4	1	4				
						4	1	4				

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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.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 for example through the RI sub group meetings)</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	The WPP have effective control measures in place, however it is expected that there will be further scenarios that may test this risk so the risk score will stay as 15 until these can be 'tested' against the current controls
	Operational / Reputational / Financial					Medium Term	5	3				
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 relationship management</li> </ul>	Current				N/A	OWG	N/A
	Operational / Reputational / Financial					Medium Term	4	2				
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 to monitor ongoing performance</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>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				N/A	OWG & Oversight Advisor	N/A
	Operational / Financial					Medium Term	4	2				
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 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>	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 <ul style="list-style-type: none"> <li>The revised MI pack is monitored on a quarterly basis</li> </ul> </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				N/A	OWG	The OWG has continued to receive regular updates on the progress the Link Group sale. On 9 October 2023, the sale to Waystone Management (UK) limited was completed. Waystone are now the Operator of the WPP ACS until the end of the current contract (December 2024).
	Financial / Operational					Short Term	5	2				

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.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> </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			👍	N/A	OWG	N/A
	Financial/ Reputational	<ul style="list-style-type: none"> <li>Failure to clearly label information as being confidential/ commercially sensitive</li> </ul>	Medium Term	<td colspan="3">Target</td> <td>5</td> <td>2</td> <td>10</td>	Target			5				
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> </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			👍	N/A	OWG	The WPP whistle blowing policy is now in place.
	Financial/ Reputational	<ul style="list-style-type: none"> <li>Insufficient knowledge of best practice</li> <li>Poor or insufficient communication mechanisms</li> <li>Not allocating enough time or resources to the investigation of potential malpractice</li> </ul>	Short Term	<td colspan="3">Target</td> <td>5</td> <td>1</td> <td>5</td>	Target			5				
G.15	The WPP is not prepared for the outcomes of any consultation or regulatory change	<ul style="list-style-type: none"> <li>Failure to be aware of upcoming consultations or regulatory change</li> <li>Failure to identify possible outcomes and implications</li> <li>Failure to leverage existing relationships to 'lobby' government around proposed changes</li> </ul>	The WPP is negatively impacted by the outcomes of any government consultation or regulatory change	OWG/ CAs, Advisers	<ul style="list-style-type: none"> <li>Respond to consultations, seeking advice where required</li> <li>Consider possible consultation outcomes and undertake preparatory actions</li> <li>Maintain engagement with key individuals and organisations to ensure early notification of any change</li> <li>Maintain engagement with the Welsh Government, especially around consultations on pooling and associated mechanisms</li> </ul>	Current			👎	Further actions will depend on the regulations following the Governments pooling consultation response and the outcomes of any future consultations which may have an impact on WPP.	OWG	WPP responded to the Government consultation on the future of LGPS Investments on 2 November 2023. The Governments response to this consultation was published on 23 November and gave a strong indication of the direction of travel. It is expected that the Government will issue the regulations at some point in 2024, but the exact date is unknown. The risk rating will be monitored and discussed on a regular basis.
	Financial/ Reputational		Long term	<td colspan="3">Target</td> <td>5</td> <td>1</td> <td>5</td>	Target			5				



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> <li>Potential for risk to increase during local election period.</li> </ul>	Knowledge gaps result in ineffective action, inability to deliver on responsibilities and inappropriate decision making.	WPP Personnel	<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 (for example induction training which is now in place)</li> <li>Publication of WPP Annual Training Plan</li> <li>Outsourcing training requirements to specialists when required</li> <li>Outsourcing tasks to expert advisers when required level of expertise cannot be met internally</li> <li>JGC member attendance to be recorded at each WPP training session</li> </ul>	Current			👍	N/A	OWG	N/A
	Operational / Reputational / Financial			Medium Term		3	1	3				
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	WPP Personnel	<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	N/A
	Operational / Reputational / Financial			Medium Term		4	1	4				
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/ advice.</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.	WPP Personnel	<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			Medium Term		4	1	4				
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.	OWG	<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> <li>OWG personnel &amp; Hymans are skilled to a point that they could step in to fulfil short term skills gaps.</li> <li>Robust filing, policies &amp; processes in place to allow for quick &amp; efficient take over.</li> </ul>	Current			👍	N/A	OWG	N/A
	Operational/ Reputational / Financial			Short Term		5	2	10				

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 inefficiencies, reputational risk, alienation and a loss of engagement from key stakeholders.	WPP Personnel	<ul style="list-style-type: none"> <li>WPP communication policy covers internal communication which is reviewed annually</li> <li>Use of a documents portal for internal users</li> <li>Use of multiple communication channels</li> <li>Regular engagement with internal stakeholders (e.g. meetings, bi-weekly calls and emails)</li> <li>Regular use of sub-groups where required</li> </ul>	Current			👍	N/A	OWG	N/A
	Reputational / Operational			Medium Term		4	1	4				
						Target						
						4	1	4			Q3 2024	
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>WPP communication policy covers external communication which is reviewed regularly.</li> <li>WPP website regularly maintained</li> <li>Use of external communication channels and press releases</li> <li>Regular engagement with external stakeholders (e.g. DLUHC, SAB, Pension Regulator Conference attendance)</li> <li>Annual WPP update and report published</li> </ul>	Current			👍	N/A	OWG	N/A
	Reputational / Operational			Medium Term		4	1	4				
						Target						
						4	1	4			Q3 2024	
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 Adviser/ Other Advisers 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	OWG	N/A
	Operational / Reputational / Financial			Long Term		4	1	4				
						Target						
						4	1	4			Q3 2024	