

Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	27 th July 2016	AGENDA ITEM NUMBER
TITLE:	Risk Management Update	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 Pension Fund Risk Register		

1 THE ISSUE

- 1.1 The purpose of this report to update the current position of the Avon Pension Fund Risk Register and its top risks. A summary risk register is attached at Appendix 1.

2 RECOMMENDATION

That the Board

- 2.1 Notes the report and comment on the Risk Register.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no direct implications related to the Pension Board in connection with this report.

4 REPORT

RISK REGISTER

- 4.1 The Risk Register follows the format of the Council's risk register for each service. It identifies the significant risks that could have a material impact on the Fund in terms of value, reputation, compliance or provision of service and sets out the action taken to manage the risk.
- 4.2 The Risk Register is reviewed regularly by the pension management team. Risks identified cannot be eliminated but can be treated via monitoring.
- 4.3 The risks identified fall into the following general categories:
- (i) Fund administration & control of operational processes and strategic governance processes and TPR compliance – mitigated by having appropriate policies and procedures in place, use of electronic means to receive and send data and information

- (ii) Service delivery partners not delivering in line with their contracts or SLAs – mitigated by monitoring and measuring performance
 - (iii) Financial loss due to payments in error, loss of assets due to investment strategy and/or managers failing to deliver required return, fraud or negligence of investment managers or custodian – mitigated by processes to reconcile payments, regular review of strategic return and manager performance and annual review of investment strategy, robust legal contracts to protect against fraud & negligence
 - (iv) Changes to the scheme – mitigated by project plans with defined milestones and responsibilities, progress reviewed periodically by management team
 - (v) Increasing political pressure to reform scheme structure and governance frameworks and direct investment decisions – mitigated by having well defined investment policies and by engaging with the government through the consultation process
- 4.4 The Fund continues to invest significantly in systems and resources to ensure the risks are managed effectively and resilience is built into the service. The arrangements in place are supported by external and internal audit reviews.
- 4.5 The Fund reviews all risks annually and the top 10 risks and changes quarterly with the latest review in May 2016. A new risk specifically for the Brunel pension Partnership was added. The main risks are that the proposal is rejected by government; that not all the funds approve the proposal; that the work delivering the proposal is delayed; that the resource is unavailable. These risks are mitigated by
- (i) BPP has its own risk register
 - (ii) Shadow governance structure has been established to ensure engagement with stakeholders
 - (iii) Expert advice has been commissioned to assist in developing the proposal
 - (iv) The workplan has detailed work streams which are managed and co-ordinated by a dedicated project manager
 - (v) The investments Team has added resources to support the team through the project.
- 4.6 The top 10 risks, including their likelihood, financial impact and mitigating actions are set out in Appendix 1.

5 RISK MANAGEMENT

- 5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance and there are no significant or material risks to report.

6 EQUALITIES

6.1 A proportionate equalities impact assessment has been undertaken and there are no significant issues to report.

7 CONSULTATION

7.1 Report and Issues have been subject to consultation with the S151 Officer and Strategic Director of Resources.

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Background papers	
Please contact the report author if you need to access this report in an alternative format	